

P R E S S R E L E A S E

Amsterdam, 28 April 2023

Annual figures 2022 Arcona Property Fund N.V.

Amsterdam, 26 April 2023 – Arcona Property Fund N.V., a listed fund that invests in commercial real estate in Central Europe, has reported a result after tax of EUR -/ 4.35 million for 2022. The comparable direct result for 2022 amounts to EUR 449,000, compared to EUR -/ 1.23 million in 2021. Net income increased by 5% to EUR 4.2 million. The expectation for 2023 is that, as in 2022, the Fund will continue to meet all operational and financial obligations while making further progress with the sales of non-core real estate.

The loss of EUR 4.35 million in 2022 is mainly due to valuation adjustments. The depreciation on the Ukrainian plots is responsible for 43% of this negative result, the valuation of the Bulgarian apartments at cost for 31% and the fall in the fair value of the other 18 properties for 26% (EUR 1.2 million). The lower valuation of the Bulgarian apartments is a temporary accounting difference that does not reflect the true value of the assets. It is therefore adjusted in the NNNAV calculation, which amounts to EUR 11.81 per share at the end of 2022.

The value of the property portfolio was impacted by market concerns over rising interest rates and operating costs, leading to a 2.8% fall in value over the year. Despite higher debt financing rates, the structural reduction in its loan-to-value ratio from 52.7% in 2017 to 43% in 2022 has enabled the Fund to absorb these increases. The occupancy rate remained at a good level in 2022. Due to continuous reduction of operating costs, net income increased by 5% (approximately EUR 200,000) in 2022. Net rental income on a comparable basis increased by 3.7%.

The Fund continued its sales programme in 2022 with the sale of two office buildings in Košice, Slovakia and a 1960's office building in Brno, Czech Republic. The total sales proceeds of EUR 8.9 million were approximately EUR 1.5 million higher than the appraised values. The proceeds of these sales were used to repay loans and finance the share buyback programme.

The Fund completed two acquisitions during the year, expanding into Romania with the purchase of the Eos building and a part share of the Delenco building in Bucharest. These acquisitions, for a total sum of EUR 9.5 million (paid in shares at NAV) maintained the overall Fund volume at ca. EUR 90 million.

The Fund was affected by the war in Ukraine in several ways. Its two Ukrainian plots, with a total value of EUR 3.4 million at the end of 2021, were written down to nil at the end of March 2022. Based on recent developments, the plot in Odessa was then revalued to approximately EUR 1.0 million at the end of 2022. Due to the bankruptcy of Sberbank CZ, the financier of the Czech portfolio, deposits on accounts with Sberbank CZ worth EUR 300,000 were blocked. The announced sale of the loan portfolio from Sberbank CZ to Česká Spořitelna after the balance sheet date provides the prospect of a recovery of these blocked assets.

Outlook 2023

Despite the current challenges, such as high inflation, the sharp rise in interest rates in Central Europe and the war in Ukraine, the Board expects to be able to announce more sales of non-core assets in the coming months to finance the planned reverse book building (after repayment of short-term loans).

Annual meeting

Arcona Property Fund N.V. will hold its Annual General Meeting of Shareholders (AGM) on 27 June 2023. The convening notice for the AGM will be published in advance on the Fund's website, together with the agenda. The 2022 annual report can be found on the website. At the AGM, the Board expects to be able to provide more details about the reverse bookbuilding, such as the expected timing and size.

For more information, please visit the website of Arcona Property Fund N.V.

P R E S S R E L E A S E E N D S

Arcona Property Fund N.V. invests in commercial real estate in Central Europe. Shares of the Fund (ISIN code NL0006311706) can be traded daily via Euronext Amsterdam as a closed-end investment fund.

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