ARCONA PROPERTY FUND N.V.

ANNUAL REPORT 2024

Renovated area of Na Žertvách 34 (Palmovka office) in Prague

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Disclaimer PDF print – this document is only a ‘printed version’ and is not the original annual financial report including the audited financial statements pursuant to article 361 of Book 2 of the Dutch Civil Code. This original annual financial report, including the audited financial statements and the auditor’s report thereto, is included in the single report package which can be found at https://www.arconapropertyfund.com/investor-relations/annual-reports. In any case of discrepancies between this ‘printed version’ and the report package, the single report package prevails.

KEY FIGURES

REVENUES AND EARNINGS

	2024	2023	Change
Gross rental and service charge income (in EUR 1,000)	8,829	9,084	-/- 255
Net rental and related income (in EUR 1,000)	4,412	4,582	-/- 170
Direct result before tax (in EUR 1,000)[1]	807	201	606
Indirect result before tax (in EUR 1,000)[2]	-/- 827	779	-/- 1,606
Total result before tax (in EUR 1,000)	**-/- 20**	**980**	**-/- 1,000**
Tax (in EUR 1,000)	12	797	-/- 785
Total result after tax (in EUR 1,000)	**-/- 32**	**183**	**-/- 215**
Earnings per share (in EUR) (see 15.41.1)	-/- 0.01	0.04	-/- 0.05
Diluted customized earnings per share[3] (in EUR)	0.06	-/- 0.19	0.25
Gross distribution per share (in EUR)	-	0.18	Na
Ongoing Charges Figure (**OCF**) (without non-regular costs) (%)	8.01	7.63	0.38

BALANCE SHEET

	31-12-2024	31-12 2023	Change
Investment property and inventories (in EUR 1,000)	49,438	73,594	-/- 24,156
Assets held for sale (in EUR 1,000) (see 15.13)	19,580	5,253	14,327
Equity (in EUR 1,000)	42,476	45,396	-/- 2,920
Net asset value (NAV) per share (in EUR)	11.34	11.58	-/- 0.24
NNNAV per share (in EUR)	10.71	10.93	-/- 0.22
Net Loan-to-Value (LTV) (%)	33.42	39.52	-/- 6.10
Weighted avg. number of shares outstanding (see 15.41.3)	4,116,009	4,178,497	-/- 62,488

KEY PORTFOLIO METRICS

	31-12-2024	31-12-2023	Change
Number of properties	19	21	-/- 2
Value of assets (in EUR million)[4]	67.8	78.8	-/- 11.0
Net rental and related income (in EUR million)	4.41	4.58	-/- 0.17
Lettable area (in sqm)	47,687	55,033	-/- 7,346
Weighted average occupancy (in %)	85.87	86.54	-/- 0.67
Weighted remaining maturity of loans/ borrowings (years)[5]	3.75	3.52	0.23

[1] The difference between the Total result before tax and the Indirect result before tax.
[2] The net results on properties (see 15.30 Net result on properties).
[3] See 7.1.4. APM stands for Alternative Performance Measure.
[4] The value of the investment property, the inventory and the assets held for sale (see 15.2.3).
[5] See 15.42.14 'Liquidity risk'.

BALANCE SHEET STATEMENT (in EUR 1,000)

	2024	2023	2022	2021	2020
Investment properties	49,438	72,656	73,183	79,973	79,577
Other non-current assets	1,076	995	1,454	1,259	471
Current assets	23,081	10,021	15,582	9,334	14,374
Total assets	**73,595**	**83,672**	**90,219**	**90,566**	**94,422**
Shareholders' equity	42,476	45,396	46,515	46,403	42,954
Deferred tax liabilities	2,647	3,426	3,183	3,514	4,143
Other non-current liabilities	17,217	7,334	17,597	30,597	18,274
Current liabilities	11,255	27,516	22,924	10,052	29,051
Total equity and liabilities	**73,595**	**83,672**	**90,219**	**90,566**	**94,422**

PROFIT AND LOSS STATEMENT (in EUR 1,000)

	2024	2023	2022	2021	2020
Direct result before tax	807	201	637	1,076	-/- 277
Indirect result before tax	-/- 827	779	-/- 4,577	1,949	-/- 3,295
Total result before tax	**-/- 20**	**980**	**-/- 3,940**	**3,025**	**-/- 3,572**
Income tax expense	12	797	410	-/- 109	217
Total result after tax	**-/- 32**	**183**	**-/- 4,350**	**3,134**	**-/- 3,789**

ISSUED CAPITAL

	2024	2023	2022	2021	2020
Outstanding shares (ultimo)	4,177,083	4,177,083	4,185,984	3,758,683	3,758,683
Basic earnings p.s. (in EUR)	-/- 0.01	0.04	-/- 1.07	0.83	-/- 1.01
Diluted adj. earnings p.s. (in EUR) [6]	0.17	-/- 0.12	0.11	-/- 0.33	-/- 0.63

DATA PER SHARE (in EUR)

	2024	2023	2022	2021	2020
(Interim-) dividend	n.a.	0.18	n.a.	n.a.	n.a.
NNNAV [7]	10.71	10.93	11.81	12.76	11.84
Avg. monthly turnover	98,239	101,307	227,468	269,291	75,006
Highest share price	6.94	6.00	7.49	7.60	6.29
Lowest share price	4.57	3.80	4.61	3.40	3.70
Ultimo share price	6.05	5.00	5.90	7.50	3.93

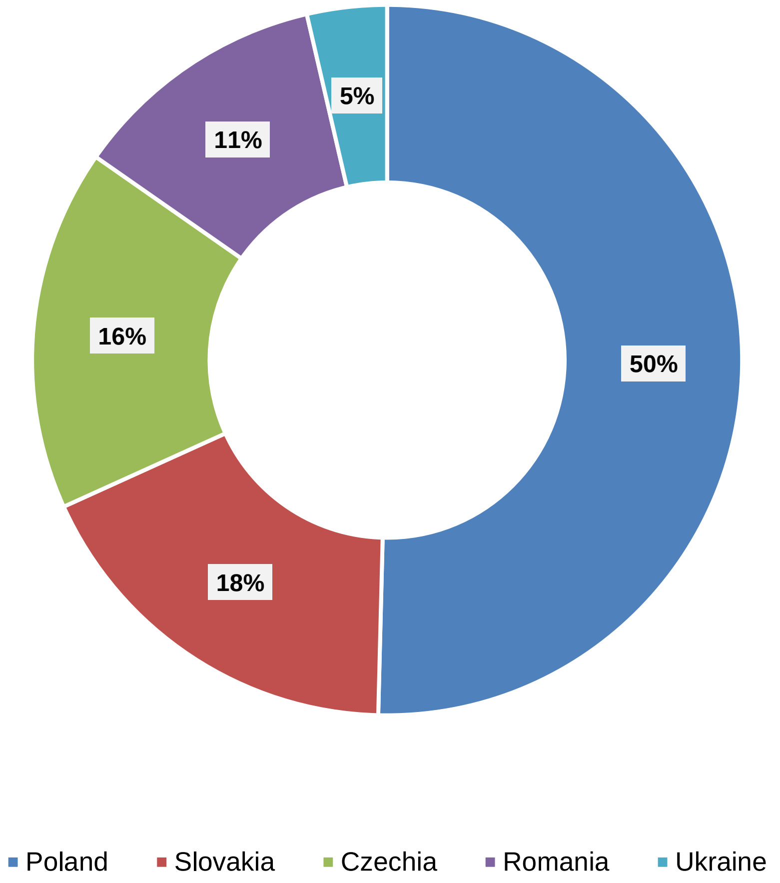
[6] As earnings is used to measure the operational performance, it is the income return generated by the investment, rather than the change in value or capital return on investments (see chapter 7 'performance indicators').
[7] See 7.1.11 'Explanation of adjustments calculation of NNNAV' for the year 2023.

REAL ESTATE PORTFOLIO AT A GLANCE

Portfolio breakdown (year-end 2024)

	Number of assets	Value (in m.EUR)	Value (in %)
Offices	5	30.7	44.5
Retail centres	6	15.3	22.2
Land plots [8]	3	3.4	5.0
Total investment properties	**14**	**49.4**	**71.6**
Held for sale [9]	5	19.6	28.4
Total portfolio	**19**	**69.0**	**100.00**

Real estate portfolio [10]



[8] Including acquired Kyinovski Lane in Kyiv
[9] Grzymaly Siedleckiego; Wolnosci; Kardynala Wyszynskiego; Legionow and Maris.
[10] Including assets held for sale.

1 ARCONA PROPERTY FUND N.V.

Incorporation
Arcona Property Fund N.V. (the **Fund**) is an investment company with variable capital within the meaning of article 76a of Book 2 of the Dutch Civil Code. The Fund was incorporated on 27 November 2002 by a notarial deed executed before Prof. D.F.M.M. Zaman, civil-law notary in Rotterdam.

Registered Office and entry in Trade Register
The Fund is registered in Amsterdam and is entered in the Trade Register of the Chamber of Commerce under number 08110094.

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De Entree 55 – floor 11
NL 1101 BH AMSTERDAM
The Netherlands
Tel: +31(0)20 82 04 720
E-Mail: info@arconacapital.com
Website: www.arconapropertyfund.com

Supervisory Board
The Supervisory Board of the Fund comprises:
Mr. drs. A.N. Krol (chairperson)
M.P. Beys Esq
Dr. J.J. van Heijst

The members of the Supervisory Board have chosen domicile at the offices of the Fund.

Nelleke Krol, born in 1966 (Rotterdam), holds a degree in Business Economics and Dutch Law from Erasmus University. She has an extensive background in corporate law, including corporate governance issues, as well as capital market transactions, such as IPOs, and regulatory issues like market abuse. Mrs. Krol has also provided financial reporting advice on the application of Dutch GAAP and EU IFRS, demonstrating her expertise in the field. With years of experience in advising on complex legal and financial transactions, she has held senior positions at Loyens & Loeff N.V. Mrs. Krol is a member of the Supervisory Board of the Dutch Vodafone Holding companies since September 2019 and was appointed to the Supervisory Board on June 22, 2022, where she will serve a term ending on June 21, 2026.

Michael Beys was born in New York, New York, USA on October 25, 1971. Appointed to the board in 2021, he is the founder and partner of a law firm in New York, the chairman of the Board of Directors of shareholder Secure Property Development & Investment Plc (**SPDI**), and also the interim CEO and director of FTE Networks, Inc., which owns and operates a real estate portfolio in the U.S. He does not hold any shares in a private capacity. He was appointed to the Supervisory Board on June 16, 2021, where he will serve a term ending on June 16, 2025.

Jan Jaap van Heijst was born in Leiden, on October 9, 1968. He received his PhD from Groningen University, having done his research partly at Boston University on a Fulbright grant. He started his professional career as a derivatives trader for Optiver in Amsterdam. He spent 2 years working for the same company in New York. In 2009 he left as a partner and started working for ValuePartners Family Office as an asset manager. Mr van Heijst owns 12,855 shares in the Fund. He was appointed to the Supervisory Board on June 16, 2021, where he will serve a term ending on June 16, 2025.

Managing Board
The Fund is managed by Arcona Capital Fund Management B.V. (**ACFM** or the **Managing Board**). ACFM is based in Amsterdam and registered in the Trade Register of the Chamber of Commerce under number 08107686.

The Managing Board currently has the following directors:
G.St.J. Barker LLB
P.H.J. Mars M.Sc.
M. van der Laan B.Sc
M.T.H. Blokland BBA

The Managing Board has chosen domicile at the offices of the Fund. More information can be found on the website: www.arconapropertyfund.com

Stichting Prioriteit
Stichting Prioriteit (the **Foundation**) of the Fund is managed by a managing board consisting of two members:
G.St.J. Barker LLB
P.H.J. Mars M.Sc

Auditors
Deloitte Accountants B.V.
Gustav Mahlerlaan 2970
NL 1081 LA Amsterdam
The Netherlands

Legal Advisor
Loyens & Loeff N.V.
Blaak 31
NL 3011 GA Rotterdam
The Netherlands

Listing Agent
ABN AMRO Bank N.V
Gustav Mahlerlaan 10
NL 1082 PP Amsterdam
The Netherlands

Administrator
Moore MKW Accountants B.V.
Colosseum 1
NL 7500 AC Enschede
The Netherlands

Depositary
CSC Depositary B.V.
Woudenbergseweg 11
NL 3953 ME Maarsbergen
The Netherlands

Identification codes
The ISIN code is NL0006311706
The REUTERS code is ARCPF
The BLOOMBERG code is ARCPF:NA

The Managing Board holds a license to manage Investment Institutions as defined by Section 2:65 Wft (Act on the Supervision of Investment Institutions, Wet op het financieel toezicht).

2 FOREWORD FROM THE MANAGING BOARD

During 2024, the Central European real estate market continued to present a mix of challenges and opportunities. High interest rates and inflationary pressures persisted, influencing financing conditions, rental markets and investor sentiment. The continuing conflict in the Ukraine remained a deterrent factor for investors from Asia and North America considering the region, but local investors have now accepted the situation and are active purchasers of perceived value. Low levels of development activity have ensured that the occupational markets have no problems of oversupply in any major sector and rental and occupancy levels have accordingly remained firm.

Against this background, the Fund’s focus during 2024 was to maintain its own occupancy levels, specifically with lease renewals pending in several large office assets across the portfolio, and to execute the monetization programme agreed at the General Meeting in December 2023.

Whilst key lease negotiations were successfully concluded at the Letna asset in Kosice (Slovakia) and important new lease contracts signed at the Maris asset in Szczecin (Poland), the tenant of one of the Fund´s Bucharest (Romania) office assets gave notice to terminate and will vacate the entire property in May 2025. This presents a key asset management challenge and will likely impact portfolio occupancy levels in the second half of the coming year.

The monetization programme was initiated by the successful sale of the Záhradnícka office building in Bratislava, the Karlin office building in Prague and the residual Boyana Residence assets in Sofia, generating a total transaction value of approximately EUR 13.5 million. These transactions enabled substantial debt repayments and the initiation of the Reverse Book Build share buyback programme in October, which acquired 294,118 shares at EUR 6.80 per share

The Fund finally completed the 6-asset acquisition programme from SPDI agreed before the COVID pandemic with the acquisition of a prime development site on Kyianovski Lane in Kyiv, Ukraine.

For 2024 the Fund posted a post-tax loss of EUR 32,000, primarily caused by value falls in Romania and Slovakia. Operational performance remained strong, however, with net rental income of EUR 4.41 million and total direct income of EUR 5,374 million (2023: EUR 5,208 million), despite the reduction in size of the portfolio.

The Fund’s share price increased by 29.8% over the year

3 ARCONA PROPERTY FUND IN BRIEF

General
The Fund is an investment company with variable capital incorporated under Dutch law and registered in Amsterdam. The shares have been listed on Euronext Amsterdam since 2003. Since 31 October 2018 the Fund is also listed on the Prague Stock Exchange (the **PSE**). It is not possible to trade in the shares on the PSE[11]. The Fund invests in commercial real estate in Central and Eastern Europe (the **CEE**).

The Fund offers several important features that distinguish it from other real estate funds:
- The focus on Central and Eastern Europe;
- Local representation of Arcona Capital with its own offices in Amsterdam (Netherlands), Munich (Germany), Prague (Czechia), Sofia (Bulgaria) and Warsaw (Poland);
- Access to regional property management knowledge and facilities;
- Long-term management experience in Central Europe (since 1992).

Managing Board
Arcona Capital Fund Management B.V. is the managing board of the Fund. On 24 January 2006, it obtained from the AFM a permit under the Wft.

Fund Structure and tradability
The Fund is a closed-end investment institution with shares listed on Euronext Amsterdam and the PSE.

Strategy
The Fund is one of a limited number of listed and regulated property vehicles active in the CEE region, providing regional market exposure for both private and institutional investors. It aims to provide capital preservation and a high dividend yield through a diversified and liquid vehicle managed by property specialists with a fiduciary mind-set. This is a key differentiation from the other listed stocks in the region, which are either very sector-specific or are primarily development-focused with a higher risk profile.

The costs of maintaining such a structure, offering daily trading in the shares, are high and impact disproportionally on smaller funds. Accordingly, since 2012 the Fund has pursued a growth strategy to achieve both critical mass and adequate investment diversification. Over the past nine years, the Fund has doubled in size, expanded into four new regional markets and into the convenience retail and residential sectors. Further growth through acquisition is, however, currently limited by the prevailing share price discount (43% as at end 2024) to NAV. Over the next 6 months, the Fund will concentrate on returning money to shareholders in accordance with the monetization plan agreed upon at the Extraordinary General Meeting (EGM) at the end of 2023. The ongoing sales program is designed to divest non-core assets and certain core assets that have reached their short-term peak values through refurbishment or re-letting programmes.

Continued strong focus on operations
The Fund continues to improve operational cost ratios (see 15.39 'Ongoing charges figure') and occupancy levels in the existing portfolio. The Fund will continue to identify and realise opportunities to add value to the existing portfolio by redevelopment and refurbishment.

Portfolio management through selective investments and disposals in core markets
Going forward, the Fund has a clear strategy for its core markets, focusing on regional sectors with above-average growth potential and limited international competition. The Fund will continue to dispose of assets that are not aligned with its strategic focus if favourable opportunities for completing such disposals arise.

Maintaining a prudent financial strategy
The Fund intends to maintain its prudent financial strategy of conservative leverage, targeting a LTV-ratio in the range of 40% - 50% (as at 31 December 2024: 33.4%), although an LTV percentage of up to 60% is possible. The Managing Board has regard to the need for flexibility, in particular the ability to sell real estate from the portfolio without incurring high debt finance breakage costs. The Fund prefers to use several different financiers, so as not to be dependent on just one party.

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[11] To trade shares on the PSE, issuing a new prospectus is required. At the moment, this is not advisable.

Investor relations and information supply
The Fund strives to achieve open, timely and clear communication with private and institutional investors, asset managers and other interested parties, and endeavours to configure its public and investor relations' policy accordingly. Currently the Fund's investors are largely private investors and asset/wealth managers.

Corporate Governance
Clarity and transparency in supervision and accounting is considered by the Fund to be the cornerstone of good management and entrepreneurship. The Fund aims for a sound system of corporate governance, with its strategy and investment objectives clearly defined and its operations effectively monitored by the Managing Board, Supervisory Board and independent external parties.

Diversity
The Dutch Corporate Governance Code mandates a diversity policy for the managing and supervisory boards of large public and private companies. Since the Fund is not classified as a large company, there is no obligation to specify a diversity policy. Currently, the Managing Board comprises four members (one female, three males), while the Supervisory Board consists of three members (one female, two males). Shareholders appoint these members based on their experience, language skills, and qualifications. Should the boards expand in the future, opportunities may arise for increased diversity in aspects such as age, gender, and geographical experience.

The Fund's Managing Board is operated by ACFM. However, formally ACFM is not obligated by the Non-Financial Information Disclosure Decree and the Diversity Policy Disclosure Decree to provide information regarding its diversity policy.

Sustainability
The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Social commitments
The Fund employs no staff directly and does not currently engage in, or provide funding for, social or community engagement activities across the markets where it is active.
However, the Fund Manager, Arcona Capital, does fund a variety of community and cultural activities both across the markets in which the Fund is active and in Africa. This includes sponsorship of the Czech Philharmonic orchestra in Prague, financial support for the Tyler Robinson Foundation (assisting the families of severely-ill young children in Czechia) and sponsorship of the Kibo Education Trust in rural Tanzania.

Financing
The Fund does not currently perceive significant risks concerning ESG in relation with bank refinancing of expiring loans in 2024 and beyond. However, this situation may change in the future if banks implement more stringent ESG standards.

4 REPORT OF THE SUPERVISORY BOARD

Recommendation to the General Meeting

This annual report of the Fund has been prepared by the Managing Board. This report contains the financial statements for the period from 1 January to 31 December 2024. The financial statements are audited and have been approved by Deloitte Accountants B.V. The auditor's report is presented on pages 198 – 208. The Supervisory Board has received notice of this approval.

On 8 April 2025, the auditors of Deloitte presented their draft report summarizing the key findings of their audit of the consolidated and company financial statements of Arcona Property Fund N.V. for the financial year ended 31 December 2024. They discussed their audit approach, the most important matters considered during the audit, and the status of outstanding items still to be resolved before finalizing their auditor's opinion. The Supervisory Board recommends the financial statements for the year 2024 to the General Meeting for adoption.

Meetings and activities of the Supervisory Board

During 2024, the Supervisory Board and the Managing Board had regular contact in the form of monthly calls to discuss the progress of asset sales pursuant to the sales and monetization program established as of 20 December 2023.

Besides these monthly calls, the Supervisory Board and the Managing Board had six joint meetings (2023: six). During these meetings, the Supervisory Board and Managing Board discussed the (administrative) organization, the operational performance, compliance with bank covenants, the proposed sales and monetization strategy and financial reporting of the Fund.
In performing its duties, the Supervisory Board is guided by the interests of the Fund, taking into account the interests of all stakeholders.

Composition of the Supervisory Board

According to the Supervisory Board Bylaws, the Supervisory Board members, with the exception of a maximum of one person, must be independent. A supervisory director who is a managing director or a supervisory director, or otherwise a representative, of a legal entity (not being a group company) that holds at least 10% of the shares in the Company is non-independent. The current composition of the Supervisory Board complies with this provision.

Mr. Beys is also the Chairman of the Board of Directors of SPDI owning 1,152,381 ordinary shares (of which 79,411 were acquired as part of the settlement for the acquisition of all shares in Aisi Ukraine LLC and final settlement of the acquisition of the Romanian assets (31 December 2023: 1,072,910)). However, SPDI is in the process of distributing these shares to its shareholders pursuant to a resolution which was adopted by SPDI´s Extraordinary General Meeting of Shareholders on 10 July 2024.

Mr. Van Heijst is a representative of the Stichting Value Partners Family Office who controls 376,787 (31 December 2023: 397,694) ordinary shares and is therefore independent. Relevant information of each of the Supervisory Board members can be found on page 6.

Finally

The Supervisory Board would like to express its appreciation for the efforts made during the financial year by the Managing Board and staff.

Amsterdam, 30 April 2025

Supervisory Board

Mr. drs. A. Nelleke Krol (chairperson)
Dr. Jan-Jaap van Heijst (vice-chairperson)
Mike P. Beys, Esq.

5 REPORT OF THE MANAGING BOARD

The Managing Board hereby presents the annual report of 2024 of the Fund. The reporting period is from 1 January 2024 to 31 December 2024.

5.1 YEAR IN REVIEW

In 2024, the Fund achieved milestones, including portfolio revaluations, loan refinancing, asset sales, and improved profitability. Strategic initiatives such as a share buyback and lease extensions further strengthened its position. The following highlights outline the year's major developments.

KEY HIGHLIGHTS OF 2024

The following events took place during the reporting period:

20 February 2024 | The Fund updates portfolio values and deferred tax liabilities
The Fund reported adjustments in its real estate portfolio values as of 31 December 2023, with valuation increases across its holdings, except for a decrease in Romanian assets. Following the Extraordinary General Meeting on 20 December 2023, the Fund has updated its deferred tax liability calculation method, now recognizing the full nominal value of these liabilities in anticipation of planned property sales in the triple NAV.

22 March 2024 | Two investor loans refinance CVI bond loan
The Fund has secured a EUR 2 million loan from two investors, which is utilized to refinance the group-level CVI bond loan. This loan was previously provided as an intercompany loan to its subsidiary, Arcona Capital Real Estate Trio Limited Liability Company, which owns three leasehold retail assets in Poland. The CVI bond loan carryied an interest rate of EURIBOR + 8.5%, effectively totalling 12.4% per annum. The new investor loan has been used to settle the EUR 1.8 million principal of the CVI loan and all accrued interest.

30 April 2024 | Strong recovery in Fund results for 2023
The Fund achieved a post-tax profit of EUR 183,000 in 2023, reversing a EUR 4.35 million loss from the previous year. Net rental income increased by 9.3% to EUR 4.6 million, supported by positive valuation adjustments and asset sales. The Fund has secured waivers for all breaches of its Debt Service Coverage Ratio (DSCR) covenants, maintaining financial stability despite rising interest expenses. The LTV-ratio improved to 39.5% in 2023 from 43.6% in 2022.

21 May 2024 | The Fund posts strong Q1 2024 results
The Fund reported a pre-tax profit of EUR 555,000 in Q1 2024, a 217% increase from Q1 2023. Gross rental income rose by 2.9% to EUR 1.70 million, while net rental and related income increased by 2.6%. The LTV-ratio declined to 39.2%, and the Fund continued progressing with its asset sales programme, increasing the total value of assets held for sale from EUR 5.25 million to EUR 11.30 million.

13 June 2024 | The Fund sells EUR 12 million of real estate
The Fund has signed agreements with a regional investment fund for the sale of the Záhradnícka office building in Bratislava and the Karlin office building in Prague, with a total transaction value of approximately EUR 10.3 million. Additionally, the Fund has agreed to sell its remaining Bulgarian real estate holdings for EUR 1.59 million. The proceeds will contribute to the planned reverse bookbuilding programme

27 June 2024 | AGM resolutions adopted
During the AGM, the Fund's shareholders approved the 2023 financial statements, granted discharge to the Managing Board and Supervisory Board, and reviewed the progress of the reverse bookbuilding process.

3 July 2024 | **The Fund leases out 1,060 m² of office space in Poland**
The Fund has secured two new rental contracts in the Maris office building in Szczecin, Poland, increasing the building's occupancy rate by 18% to 85%. The new tenants, EBZ Design and Affidea, have signed long-term leases for 575 m² and 485 m², respectively. These leases strengthen the property's valuation of EUR 9.1 million and enhance its investment market liquidity.

30 August 2024 | **Financial results improve in H1 2024**
The Fund realised a pre-tax result of EUR 674,000 in H1 2024, up 88% from the same period in 2023. Gross rental income increased by 3.6% to EUR 4.56 million, while the LTV-ratio improved to 38.7%. The Fund completed the sale of several assets, with proceeds earmarked for its planned tender offer.

18 September 2024 | **The Fund launches EUR 2.0 million share buyback**
The Fund announced a Reverse Bookbuilding Tender Offer to repurchase up to EUR 2.0 million of its shares. Shareholders could tender shares at a price between EUR 6.50 and EUR 8.00 from 19 September to 16 October 2024.

17 October 2024 | **The Fund announces tender offer results**
The Fund has successfully completed its Tender Offer, purchasing 294,118 of its own shares at a price of EUR 6.80 per share, totaling EUR 2 million. The repurchased shares are expected to be cancelled after obtaining shareholder approval, leading to an increase of EUR 0.30 in the Fund's net asset value per share.

1 November 2024 | **Fund warrants expired**
Two warrant contracts issued to SPDI in 2019, covering 144,264 shares, expired on 1 November 2024. The warrants were exercisable if the Fund's share price reached EUR 8.10.

19 November 2024 | **Lease Termination – Danone, EOS Building Bucharest**
Arcona Property Fund N.V. received a lease termination notice from Danone, the long-term tenant of the EOS office building in Bucharest. Danone has occupied the 3,386 m² property with 90 parking spaces since 2008. The termination will be effective as of May 2025 and includes a termination fee equivalent to three months' rent. The EOS property has a bank loan of EUR 2.6 million.

19 December 2024 | **The Fund acquires a development site in Kyiv**
The Fund has completed the acquisition of a prime 0.54-hectare residential development site in central Kyiv, Ukraine. The site, located on Kyianovski Lane in the Shevchenkivskyi district, is suitable for high-end residential development. The purchase was completed for a total of USD 2 million, consisting of USD 1.2 million in cash and USD 800,000 in Fund shares. This transaction marks the completion of the acquisition programme from SPDI covering six assets across Bulgaria, Romania, and Ukraine

EVENTS AFTER BALANCE SHEET DATE

16 January 2025 | **Expiration of Bydgoszcz land lease**
The land lease of the investment property at Bydgoszcz in Poland has expired. In January 2025 the Fund received a payment of approximately PLN 628,000 (approximately € 147,000) from the lessor as part payment of due compensation. The Fund is in negotiations with the lessor to agree additional compensation amounts.

6 February 2025 | **Share-Based Payments for Acquisitions**
The Managing Board provided 68,782 registered shares of the Fund to SPDI as part of the settlement for the acquisition of a 100% share in Aisi Ukraine LLC ("Share-based payment") at an issue price of EUR 11.16 per registered share. This corporate structure holds the Kyianovskyi Lane land plot. Additionally, the Board resolved to issue 10,689 registered shares to SPDI for the final settlement of the acquisition of the Romanian assets, also at an issue price of EUR 11.16 per registered share.

26 March 2025 | AT&T Lease extended at Letná 45, Košice

Arcona Property Fund N.V. has extended its lease with AT&T for approximately 3,000 m² of office space in the Letná 45 property in Košice, Slovakia, through 30 April 2030. This secures ca. 30% of the property's floorspace and enhances long-term income stability.

Although AT&T reduced its leased area by 2,000 m², the new agreement includes flexible reduction options and delivers a 16.5% rent increase per m², boosting the asset's investment value. AT&T remains the Fund's largest tenant, with global revenues of USD 122 billion and over 150,000 employees.

There were no further material events after balance sheet date.

5.2 FINANCIAL OVERVIEW

NAV PER SHARE AND SHARE PRICE DEVELOPMENT

The following tables show the development of the Fund's Triple NAV and share price during the period 1 January 2024 to 31 December 2024.

Table 2 – Total Return on share price and Triple NAV during 2024

	Based on share price		**Based on NNNAV**	
	In EUR	In %	In EUR	In %
Start of period	4.66		10.93	
End of period	6.05		10.71	
Return	**1.39**	**29.8**	**-/- 0.22**	**-/- 2.0**
Distribution to shareholders	-		-	
Total Return	**1.39**	**29.8**	**-/- 0.22**	**-/- 2.0**

During 2024, the Triple Net Asset Value (NNNAV) per share decreased by EUR 0.22, a decline of 2.0%, closing the year at EUR 10.71 (2023: EUR 10.93). This decline is primarily caused by value falls in Romania and Slovakia, and the provision regarding the leasehold asset Bydgoszcz in Poland.

Despite the decline in NNNAV, the Fund's share price increased significantly, from EUR 4.66 at the start of the year to EUR 6.05 at year-end, generating a total return of 29.8%.

On 18 September 2024, the Fund launched a reverse bookbuilding tender offer to repurchase up to EUR 2.0 million of its own shares. Shareholders were invited to tender their shares at prices ranging from EUR 6.50 to EUR 8.00 during the offer period, which ran from 19 September to 16 October 2024. The offer was successfully completed on 17 October 2024, resulting in the repurchase of 294,118 ordinary shares at a price of EUR 6.80 per share, for a total amount of EUR 2 million.

The offer was concluded at a clearing price of EUR 6.80 per share, with all accepted shares repurchased. The Fund intends to cancel these shares, permanently reducing the number of outstanding shares (see also section 15.14.3 'Share buy-back / Reverse Bookbuilding').

Figure 1 – Development of the Fund's share price per share during 2024

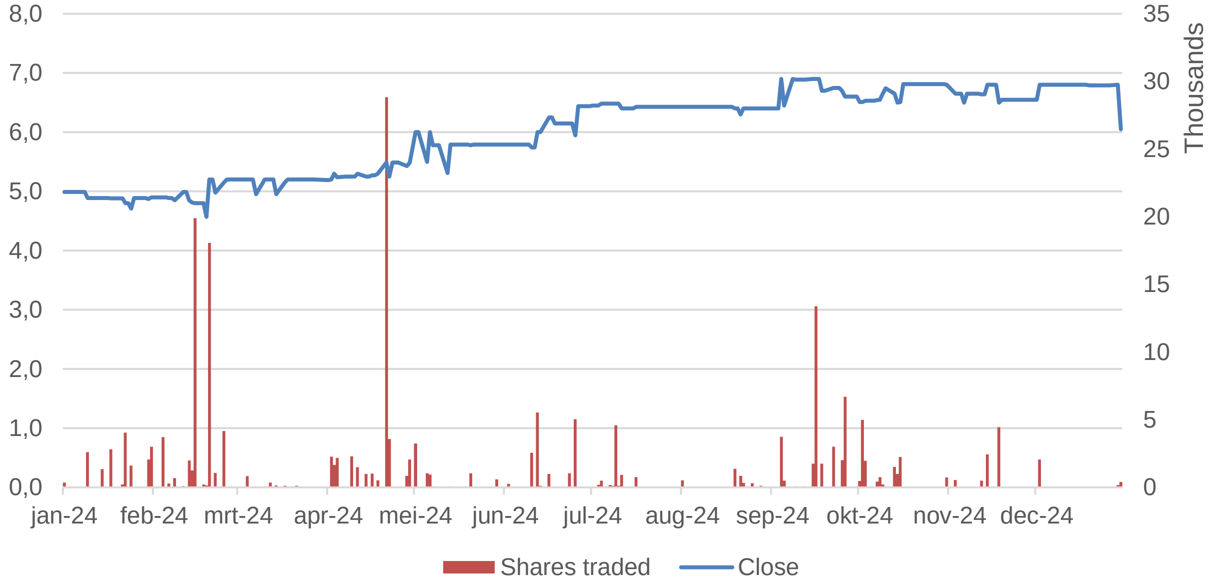


Figure 1 shows a steady upward trend in the Fund's share price throughout 2024, with minor fluctuations along the way. Trading volume remained relatively modest throughout the year, with notable spikes in May and October, partly driven by the share buyback programme.

Table 3 – Development of the share price per quarter in 2024

Quarter	Opening price Start of quarter in EUR	Closing price End of quarter in EUR	Volume number of shares
1st Quarter 2024	4.66	5.20	71,454
2nd Quarter 2024	5.19	6.44	70,470
3rd Quarter 2024	6.45	6.60	43,997
4th Quarter 2024	6.60	6.05	25,072
Average per quarter			*52,748*

The Fund's share price showed strong growth in the first half of 2024, rising from EUR 4.66 to EUR 6.44, supported by trading volumes of over 70,000 shares per quarter. Momentum slowed in the third quarter, with the price stabilizing at EUR 6.60 and trading volume dropping to 43,997 shares. In the fourth quarter, the price declined to EUR 6.05, accompanied by reduced activity (25,072 shares). On average, 52,748 shares were traded per quarter.

Table 4 – Comparative statement of the NAV per share

	31-12-2024	31-12-2023
Shareholders' equity in accordance with NAV (in EUR 1,000)	44,664	48,360
Include:		
1. Fair value of financial instruments	127	300
2. Fair value of deferred tax	-/- 2,935	-/- 3,852
3. Fair value of inventories	-	846
4. Minimum net expected value of claims under negotiation	-/- 491	-
5. Share-based payments acquisition of subsidiaries	1,082	-
Shareholder's equity in accordance with NNNAV (in EUR 1,000)	**42,447**	**45,654**
Number of profit-sharing shares	3,882,965	4,177,083
7. Effect of issuance of profit-sharing shares (share-based payments)	79,471	-
Number of profit-sharing shares (diluted) after issuance of shares	3,962,436	4,177,083
NNNAV per profit-sharing share (in EUR)	**10.71**	**10.93**
Annual return on NNNAV (in %)	-/- 2.0	-/- 7.5

See also chapter 7.1.13

The comparative statement gives an overview of the Net Asset Value (NAV) per share as at 31 December 2024 and 31 December 2023. To provide shareholders with a comprehensive and realistic view of the Fund's financial position, the NAV is adjusted to reflect the fair value of specific balance sheet items, resulting in the so-called Triple Net Asset Value (NNNAV).

These adjustments include the *fair value of financial instruments*, representing the difference between the carrying amount and market value of derivative positions. The *fair value of deferred tax* is deducted to account for the present value of potential future tax liabilities, which reduces the NNNAV. Additionally, the *fair value of inventories* is included, reflecting their estimated market value at the reporting date.

The NNNAV also includes an adjustment for the *minimum net expected value of claims under negotiation*. This reflects the difference between the carrying amount of assets as at the Statement of Financial Position's date for which the Fund is seeking compensation through ongoing negotiations, and the minimum net expected value of these claims. The adjustment is presented net of tax. For the current reporting period, this pertains to the leasehold asset in Bydgoszcz, Poland.

An additional adjustment *share-based payments acquisition of subsidiaries* is included in respect of the issuance of 79,471 shares of the Fund to SPDI as part of the final settlement for the acquisition of the 100% stake in Aisi Ukraine LLC and the Romanian assets. This transaction represents a share-based payment and affects the NNNAV accordingly.

The result of these adjustments is a more prudent and market-aligned calculation of shareholders' equity. As shown in the table, the NNNAV per profit-sharing share decreased from EUR 10.93 at year-end 2023 to EUR 10.71 at year-end 2024, representing a negative annual return of -/- 2.0%. This compares to a negative return of -/- 7.5% in the previous year. The decline in NNNAV reflects the impact of ongoing value adjustments within the property portfolio and prevailing market conditions, although offset by the share buyback, net expected value of claims, operational performance and cost management efforts.

INCOME AND EXPENSES ANALYSIS

The following section provides an analysis of the Fund’s financial performance for the year ending December 31, 2024. The analysis shows a reduction in the Fund's total assets and earnings per share due to asset sales, and commensurate reductions in total liabilities and improvements in ongoing charges ratios.

RESULT

The following table compares key financial figures for 2024 and 2023, showing the Funds performance in terms of rental income, operational costs and net results.

Table 5 – Overview of result

All in EUR 1,000	2024	2023	Change
Gross rental income	6,334	6,576	-/- 242
Service charge income	2,495	2,508	-/- 13
Service charge expenses	-/- 2,610	-/- 2,668	58
Property operating expenses	-/- 1,807	-/- 1,834	27
Net rental and related income[12]	**4,412**	**4,582**	**-/- 170**
Net result on equity investments	80	225	-/- 145
Financial and other operating income	882	401	481
Total direct income	**5,374**	**5,208**	**166**
Administrative expenses	-/- 675	-/- 675	0
Other operating expenses	-/- 1,296	-/- 1,219	-/- 77
Financial expenses	-/- 2,596	-/- 3,113	517
Total direct costs	**-/- 4,567**	**-/- 5,007**	**440**
Direct result before tax[13]	807	201	606
Indirect result before tax	-/- 827	779	-/- 1,606
Result before tax	**-/- 20**	**980**	**-/- 1,000**
Tax	12	797	-/- 785
Result after tax	**-/- 32**	**183**	**-/- 215**

The Fund saw its gross rental income decrease from EUR 6.58 million in 2023 to EUR 6.33 million in 2024, reflecting a decline of EUR 0.24 million. This decline can be largely attributed to asset sales. Meanwhile, service charge income remained relatively stable, decreasing marginally by EUR 13,000 to EUR 2.49 million.

As a result, net rental and related income declined by EUR 170,000 to EUR 4.41 million. The net result on equity investments declined by EUR 145,000 to EUR 80,000, primarily due to a lower dividend from Lelar Holdings Limited related to the Romanian Delenco asset. However, financial and other operating income rose significantly by EUR 481,000 to EUR 882,000, primarily driven by realized currency gains on net investments in group companies (see 15.33 Financial Income). This growth helped offset some of the decline in rental and investment income, leading to an overall increase in total direct income by EUR 166,000.

On the expense side, administrative expenses were EUR 675,000, reflecting stable overhead costs. However, other operating expenses increased by EUR 77,000, due to additional costs for to maintenance, legal advice, sales costs, and regulatory requirements. Notably, financial expenses decreased significantly by EUR 517,000, dropping to EUR 2.60 million.

[12] See for applicable portfolio in 2023 and 2022 paragraph 15.5
[13] Total direct income minus Total direct costs

As a result, the Direct result before tax acc. to APM improved, increasing by EUR 606,000 to EUR 810,000. However, the Indirect result before tax acc. to APM turned negative, declining by EUR 1.61 million from EUR 779,000 in 2023 to EUR -/- 827,000 in 2024. This was mainly a result of valuation downgrades in Slovakia and Romania.

Consequently, the Result before tax dropped by EUR 1.0 million, turning negative at EUR -/- 20,000 compared to EUR 980,000 in 2023. The result after tax declined by EUR 215,000, leading to a net loss of EUR 32,000 for 2024.

Table 6 – Statement of comprehensive income

All in EUR 1,000	**2024**	**2023**
Profit for the period	-/- 32	183
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences on net investment in group companies	-/- 871	-/- 551
Income tax on foreign currency translation differences on net investments in group companies	28	42
Total foreign exchange differences	**-/- 843**	**-/- 509**
Total comprehensive income for the period	**-/- 875**	**-/- 326**

See also chapter 10

In 2024, the Fund experienced a significant increase in ‘foreign currency translation differences,’ with losses widening to EUR 0.87 million from EUR 0.55 million in 2023, reflecting intensified volatility in foreign exchange rates driven by instability in global financial markets or notable currency fluctuations in key operating regions, such as Czechia with the Czech koruna. As a result, the ‘total recognized income and expense’ for the period deteriorated, shifting from a EUR 0.33 million loss in 2023 to a EUR 0.88 million loss in 2024. This decline was primarily influenced by the increased foreign exchange losses, intensified by a reversal from a EUR 183,000 profit in 2023 to a EUR 32,000 loss in 2024.

CASH FLOW

The net cash flow of the Fund after operating-, investment- and financing activities was EUR 51,000 (2023: EUR -/- 2,425,000). The table below provides a summary of the cash flow (see also chapter 12 ‘Consolidated statement of cash flow’).

Table 7 – Consolidated cash flow statement

All in EUR 1,000	**2024**	**2023**
Cash flow from operating activities	291	463
Cash flow from investing activities	9,989	2,668
Cash flow from financing activities	-/- 10,229	-/- 5,556
Net increase / decrease (-/-) in cash and cash equivalents	**51**	**-/- 2,425**

In 2024, the Fund experienced a decrease in ‘cash flow from operating activities’, declining to EUR 291,000 from EUR 463,000 in 2023.

Additionally, cash flow from investing activities increased significantly to EUR 9.99 million, up from EUR 2.69 million in 2023. This sharp rise was driven by proceeds from the sales of Zahranická in Slovakia and Karlín in Czechia, partially offset by the acquisition of Kyanovski Lane in Ukraine at the end of the reporting period.

Meanwhile, cash flow from financing activities declined further, reaching EUR -10.23 million, compared to EUR -5.56 million in 2023. This net outflow primarily reflects the use of sales proceeds to reduce outstanding debt on Czech and Slovak bank loans.

Despite these significant cash movements, the Fund ended 2024 with a slight net increase in cash and cash equivalents of EUR 51,000, compared to a net cash decrease of EUR 2.43 million in 2023.

KEY BALANCE SHEET MOVEMENTS

Table 8 – Balance statement

All in EUR 1,000	31-12-2024	31-12-2023	Change
Investment property	49,438	72,656	-/- 23,218
Non-current assets	1,076	995	81
Current assets	23,081	10,021	13,060
Total assets	**73,595**	**83,672**	**-/- 10,077**
Shareholders' equity	42,476	45,396	-/- 2,920
Deferred tax liabilities	2,647	3,426	-/- 779
Long-term loans and borrowings	17,217	7,334	9,883
Total current liabilities	11,255	27,516	-/- 16,261
Total shareholders' equity and liabilities	**73,595**	**83,672**	**-/- 10,077**

In 2024, the value of 'investment properties' dropped significantly to EUR 49.44 million from EUR 72.66 million in 2023, a reduction of EUR 23.22 million. This decline was mainly due to asset disposals and reclassifications to assets held for sale.

'Non-current assets' saw a slight increase of EUR 0.08 million, reflecting a marginal rise in long-term holdings. Meanwhile, 'current assets' more than doubled, growing by EUR 13.06 million to EUR 23.08 million. This increase was driven by reclassifications to assets held for sale, higher cash reserves, receivables, and short-term financial assets.

As a result, 'total assets' declined by EUR 10.08 million, reflecting the disposal of assets from the portfolio.

'Shareholders' equity' decreased by EUR 2.92 million, primarily due to share buybacks, and adjustments to retained earnings. At the same time, 'long-term loans and borrowings' rose by EUR 9.88 million, following the reclassification of the HYPO NOE loan from short-term to long-term. Conversely, 'total current liabilities' fell sharply by EUR 16.26 million due to the restructuring of the Slovak bank loan, loan reclassification to long-term, and loan installment adjustments.

BANK LOANS

Table 9 – Overview of interest-bearing loans and borrowings

All in EUR 1,000	31-12-2024	31-12-2023
Non-current part of loans and borrowings		
Secured bank loans	16,532	5,727
Other loans and borrowings	250	0
Subtotal	**16,782**	**5,727**
Lease liabilities	-	1,231
Total non-current part of loans and borrowings	**16,782**	**6,958**
Current part of loans and borrowings		
Secured bank loans	3,996	20,778
Other loans and borrowings	1,764	3,959
Subtotal	**5,760**	**24,737**
Lease liabilities	-	157
Total current part of loans and borrowings	**5,760**	**24,894**
Grand total loans and borrowings	**22,542**	**31,852**

In the overview of interest-bearing loans and borrowings as of December 31, 2024, and December 31, 2023, significant shifts in the Fund's debt structure are evident. The 'non-current loans and borrowings' experienced a substantial increase from EUR 6.96 million in 2023 to EUR 16.78 million in 2024. This increase is mainly due to a rise in 'non-current secured bank loans', which grew from EUR 5.73 million to EUR 16.53 million. Meanwhile, 'lease liabilities' were fully repaid, reducing from EUR 1.23 million to zero.

Conversely, the 'current part of loans and borrowings' saw a sharp decrease, declining from EUR 24.89 million in 2023 to EUR 5.76 million in 2024. This reduction is primarily driven by a significant decrease in 'current secured bank loans,' which declined from EUR 20.78 million to EUR 3.99 million, mainly due to the reclassification of the HYPO NOE loan as a long-term loan. Additionally, 'other loans and borrowings' fell from EUR 3.96 million to EUR 1.76 million. 'Lease liabilities,' which stood at EUR 0.16 million in 2023, were also fully repaid.

Overall, the Fund's 'Grand Total Loans and Borrowings' decreased by EUR 9.31 million, from EUR 31.85 million in 2023 to EUR 22.54 million in 2024, reflecting a net reduction in the Fund's debt level. This decrease resulted from the repayment of short-term liabilities and the installment of a secured bank loan, both funded by sales proceeds. The Fund's debt management strategy is to reduce future interest costs and enhance financial flexibility.

Moving forward, the Fund plans to continue optimizing its debt structure by refinancing loans under more favorable terms and supporting DSCR covenants through strategic asset sales, thereby maintaining financial stability.

Table 10 – Overview of secured bank loans

All in EUR 1,000	31-12-2024	31-12-2023
Slovenská Sporiteľňa (Slovakian asset)	-	-
UniCredit (Czech assets)	2,774	5,727
HYPO NOE (Polish freehold assets)	11,480	-
Patria Bank (Romanian asset)	2,278	-
Total long-term secured interest-bearing loans and borrowings	**16,532**	**5,727**
Slovenská Sporiteľňa (Slovakian asset)	3,139	5,329
UniCredit (Czech assets)	57	109
HYPO NOE (Polish freehold assets)	510	12,505
Patria Bank (Romanian asset)	290	2,835
Total short-term secured interest-bearing loans and borrowings	**3,996**	**20,778**
Total secured interest-bearing loans and borrowings	**20,528**	**26,505**

UniCredit, which refinanced the Česká Spořitelna loan in 2023 offering a loan of EUR 5.73 million, was partly installed from sales proceeds from the Karlin sale. Hence, by the end of 2024, the outstanding loan amount had decreased to EUR 2.77 million.

Loans from Austrian HYPO NOE, Romanian Patria Bank, and Slovakian Slovenská Sporiteľňa underwent notable changes. The HYPO NOE loan for the Polish freehold assets, amounted to EUR 11.48 million in 2024. The Patria Bank loan for the Romanian asset is documented in 2024 with a balance of EUR 2.28 million.

The total long-term interest-bearing loans and borrowings increased significantly from EUR 5.73 million in 2023 to EUR 16.53 million in 2024, reflecting reclassification of loans.

Short-term secured bank loans also underwent significant changes. The Slovenská Sporiteľňa loan declined from EUR 5.33 million in 2023 to EUR 3.14 million in 2024. HYPO NOE Landesbank, which had been classified as a short-term loan of EUR 12.51 million in the previous year, saw this amount reduced to EUR 0.51 million in 2024 due to a substantial reclassification to long-term. The Patria Bank short-term loan also decreased from EUR 2.84 million to EUR 0.29 million. As a result, total short-term secured bank loans fell sharply from EUR 20.78 million in 2023 to EUR 3.99 million in 2024.

Overall, total secured bank loans declined from EUR 26.51 million in 2023 to EUR 20.53 million in 2024, further reducing the LTV-ratio to 33.4%.

ONGOING CHARGES FIGURE

Table 11 – Ongoing Charges Figure

All in %	2024	2023	2022	2021
Ongoing Charges Figure	8.53	7.66	8.02	9.50
OCF excl. one-off and refinancing costs acc. to APM	8.01	7.63	7.61	9.31
Fund expense ratio acc. to APM	4.08	3.87	3.71	4.07

See also chapter 15.39 “Ongoing Charges Figures”

Over the five-year period from 2021 to 2024, there has been a clear downward trend in the OCF, decreasing from 9.95% in 2020 to 8.52% in 2024, representing a total reduction of 1.42 percentage points. Although the OCF increased slightly from 7.66% in 2023 to 8.53% in 2024, this one-off rise is primarily linked to specific cost components in the reporting year, while the broader multi-year trend remains downward.

When considering the OCF excluding one-off and refinancing costs (as defined in the APM), the figure shows a decline from 9.00% in 2021 to 8.00% in 2024. After reaching 7.61% in 2022, the adjusted OCF has remained relatively stable, with 7.63% in 2023 and 8.01% in 2024.

Similarly, the fund expense ratio has improved from 4.89% in 2021 to 4.08% in 2024, despite a slight increase from 3.87% in 2023.

CURRENCY EXCHANGE RATE

Table 12 – Exchange rates used for the Statement of Financial Position (see also 13.7.4)

	31-12-2024	**31-12-2023**
Bulgarian Lev (EUR/BGN)	1.9558	1.9558
% change year-on-year	0.0	0.0
Czech Koruna (EUR/CZK)	25.1850	24.7240
% change year-on-year	-/- 1.9	-/- 2.5
Polish Zloty (EUR/PLN)	4.2750	4.3395
% change year-on-year	1.5	7.3
Romanian Leu (EUR/RON)	4.9743	4.9756
% change year-on-year	0.0	-/- 0.5
Ukrainian Hryvnia (EUR/UAH)	43.9266	42.0792
% change year-on-year	-/- 4.1	-/- 8.4
US Dollar (EUR/USD)	1.0389	1.1050
% change year-on-year	6.0	-/- 3.6

Source: European Central Bank (ECB) if available. Exchange rates Ukrainian Hryvnia are based on National Bank of Ukraine.

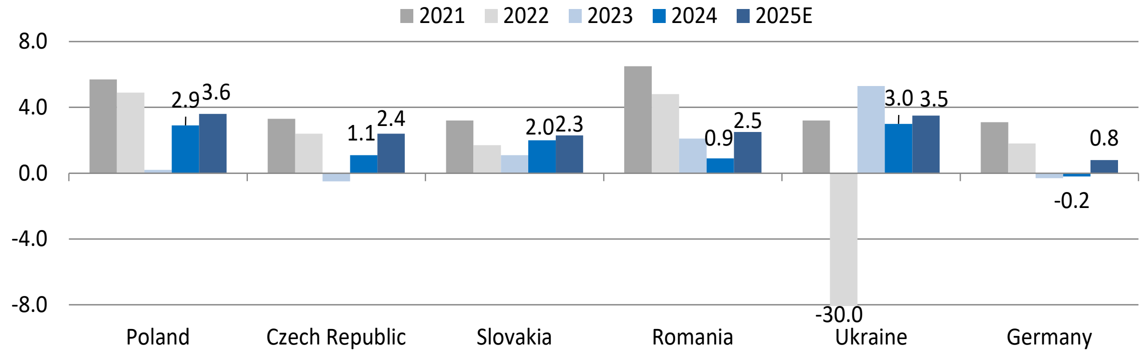
Currency movements in the past year have shown some volatility across different markets. The Bulgarian Lev (BGN) remained unchanged at 1.9558 EUR/BGN, as expected due to its fixed peg to the euro. Meanwhile, the Czech Koruna (CZK) continued its weakening trend, depreciating by 1.9% year-on-year, following a 2.5% decline the previous year. In contrast, the Polish Zloty (PLN) appreciated by 1.5%, though at a slower pace than the 7.3% surge in 2023. The Romanian Leu (RON) remained stable, showing no change after a modest 0.5% depreciation the year before. The Ukrainian Hryvnia (UAH) also continued to weaken, falling by 4.1%, albeit at a slower rate than the 8.4% decline in 2023, reflecting the ongoing conflict with Russia. Finally, the US Dollar (USD) strengthened against the euro, causing the euro to depreciate by 6.0%, reversing the 3.6% appreciation seen in 2023.

5.3 ECONOMIC BACKGROUND AND OUTLOOK

Core European and CEE economies continued a period of transition during 2024. While softer inflation readings allowed Central Banks to lower policy interest rates, economic activity in the EU remained sluggish, with Eurostat's data indicating GDP growth last year of only 0.9% across the 27-member bloc. The ramifications of Russia's February 2022 invasion of Ukraine and de-globalisation effects are still unfolding. The policy direction adopted by the new US Presidential Administration is, as of the time of writing, catalysing this process of change. New threats and opportunities are emerging for European economies.

The shock and disruption of 2022's invasion, profound inflation spike and 2022-23's hikes in interest rates continued to play out last year. Periods of high interest rates cause GDP growth in economies to slow down over the ensuing 12-24 months, as inflationary demand is curbed. This partially explains the stagnating -0.2% 2024 annual result in Europe's historical powerhouse, Germany. Germany's economy had also suffered in 2023, having lost its cheap energy input, Russian gas and as demand subsided for a key export, internal combustion engine motor vehicles. With 29% of Czech, 25% of Polish, 20% of Slovak and 19% of Romanian exports in 2023 respectively going to Germany, the poor performance of Europe's largest economy has acted as a drag on these suppliers.

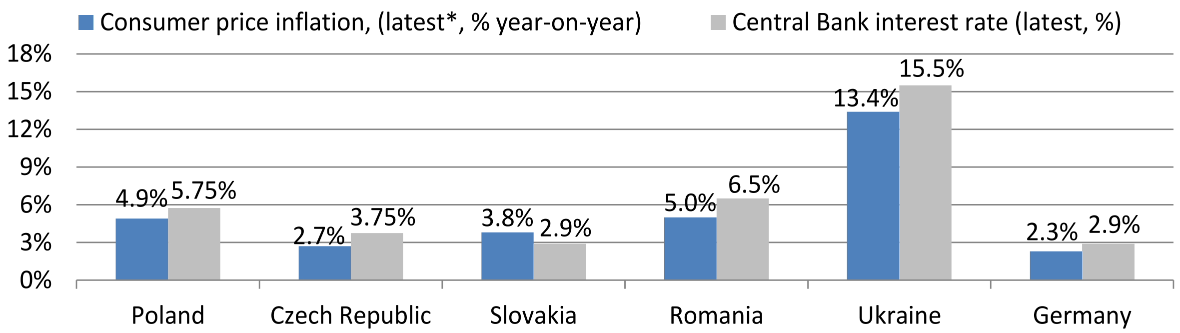
Figure 2 – GDP GROWTH, SELECTED CEE COUNTRIES AND GERMANY, 2021-25E (%)



Source: countryeconomy.com (historical data), 2022A for Ukraine from the EBRD. Arcona Capital external consultancy (2025 estimates), based on European Commission, EBRD estimates

The larger CEE countries in 2024 saw some benefit of the onset of interest rate cuts, especially in the latter part of the year, offsetting the disturbed export picture. The Czech and Polish economies emerged from stagnation and Slovakia's growth picked up. Domestic consumption and wage growth contributed to the acceleration of output in these countries. The exception was Romania, where a higher level of policy rates designed to help curb inflation and offset a wide government spending deficit meant that GDP growth slowed to just 0.9% year-on-year. Ukraine's activity expanded again, driven by agricultural exports and the demands of the war.

Figure 3 – CONSUMER PRICE INFLATION AND CENTRAL BANK POLICY INTEREST RATES, SELECTED CEE COUNTRIES AND GERMANY, FEBRUARY 2025 (%, YOY)



Source: investing.com, TradingEconomics *February 2025 data published in March 2025

Inflation rates steadying in the 2%-3% year-on-year range enabled the European Central Bank ("ECB") and the Czech National Bank to cut policy rates by 1.5% (150 basis points) and 2.0% (200 basis points) respectively over the past 12 months up to the time of writing. In contrast, the National Bank of Poland observed closely a rise in goods price pressures and kept their policy rates flat at 5.75%. Romania's inflation rate, matching that of Poland, remains sticky at 5%. Consumer prices spiking back up to 13% year-on-year justified the National Bank of Ukraine's policy of double-digit policy rates. Unemployment levels in all of these countries remain low, contributing to wage- and thus consumer price-growth during 2024.

The second Trump Presidency is, thus far as of the time of writing, accelerating the post-COVID and post-Ukraine invasion changes to the CEE, European and world economies. "Near-shoring" towards CEE began as a reaction to the disruption of COVID lockdowns and subsequent supply-chain stresses. The introduction of the same "on-shoring" logic to building the US industrial base at the expense of foreign imports, being executed in part by the threat and imposition of tariffs, has profound implications for global trade and export-dependent economies. This includes the trade-driven economies of our region and is an economic growth risk. CEE countries are likely to deepen their integration within their own continent even relative to the past. Around 85% of exports from Poland the Czech Republic and Slovakia already went to other EU countries in 2023, according to the Observatory of Economic Complexity. Romania's figure was 78%.

The apparent future downscaling of US military support for Europe has forced EU governments to act in the face of the perceived threat from Russia. The EU Commission has authorised large commitments to military spending via allowing governments in EU countries to widen budget deficits. This has the potential to add 1%-2% to EU GDP growth per annum for the coming five years. Unproductive industrial capacity looks likely to be repurposed for rearmament over coming quarters and years. Germany in addition announced another EUR 500bn multi-year investment into national infrastructure, addressing decades of under-investment. A period of stagnation becomes a period of transition when it has an end objective.

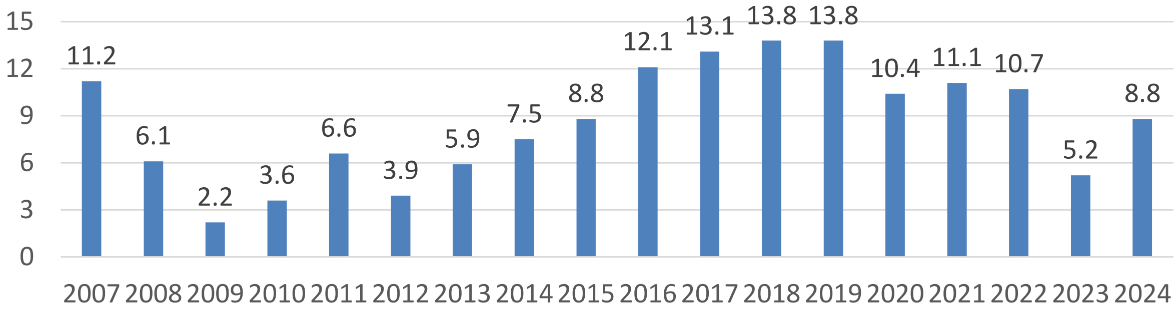
The implications of the above changes, if they are permanent, could be profound. The military and geopolitical strengthening of Europe solidifies the notion of a "Cold War"-style division with Russia, especially if the latter agrees to a ceasefire/"Korean" solution with Ukraine with the current frontlines in place and the rest of Ukraine free to join the EU. All the while the war and uncertainty rumbles on, the CEE Central Banks have to be vigilant on local currency stability and food/commodity price inflation. Politicians in the region face starker choices regarding alliances and conflict resolution. Higher government spending helps GDP growth but is inflationary, something which European bond investors have started to price in via higher long-term bond yields. Finally, a US Administration with unconventional negotiating tactics increases uncertainty, the cost and risk of doing business and therefore the cost of capital around the world.

Upcoming national elections in 2025 notwithstanding, the CEE's growing IT specialism, historical legacy of military manufacturing, labour flexibility and still-cheap workforces remain as longer-term positives in this environment.

REAL ESTATE MARKETPLACE

The peaking of interest rates in the Eurozone and CEE saw real estate volumes rise last year from their 2023 cycle-lows. Overall volumes were EUR 206bn and rose 23% year-on-year in the broader European universe versus 2022, according to CBRE data. CEE volumes jumped some 68% to EUR 8.8bn, according to Colliers. While still below the 5-year moving average of transactions, the observed recovery suggests a narrowing of the gap between vendor and purchaser pricing expectations.

Figure 4 – CEE-6 REAL ESTATE INVESTMENT VOLUMES (2007-2024, EUR bn)

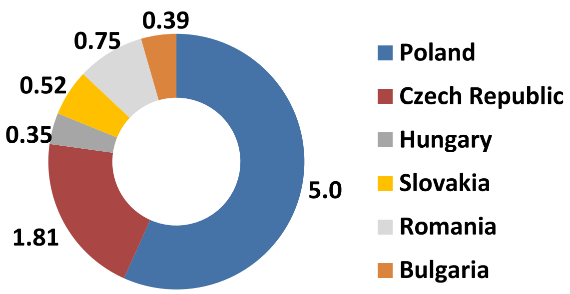


Source: Colliers data

2024's total volumes match those of 2015 and the annual growth is mainly due to a recovery in activity in CEE's main driver during the last 2015-19 cycle, Poland. Deal flows last year jumped 138% to EUR 5bn in CEE's largest market, with domestic purchasers playing a role for the first time. Transactions in the Czech, Romanian and Bulgarian arenas also jumped, up 57%, 58% and 96% respectively versus 2023. But purchases in the Hungarian and Slovakian markets contracted, down a further -41% and -24% year-on-year, according to Colliers data.

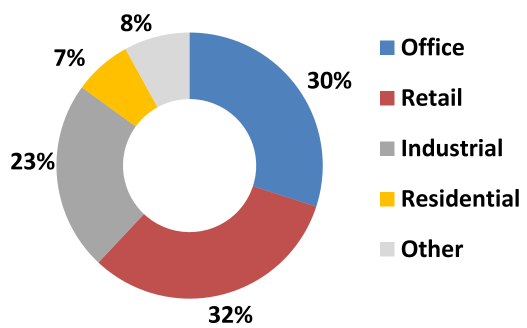
Figure 4 – CEE-6 FLOWS

BY COUNTRY (2024, EUR bn)



Source: Colliers

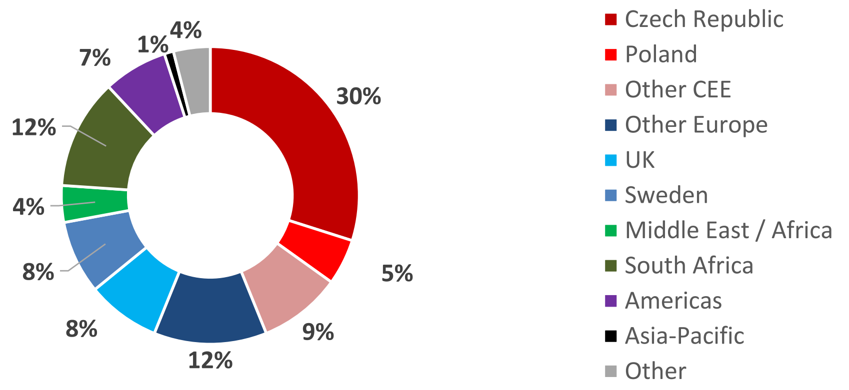
BY SECTOR (2024, %)



Source: Colliers

Of the three largest sectors, retail saw the strongest growth, with some larger-ticket shopping centre transactions reappearing, in Poland, for the first time this decade. But volumes in all of the larger sectors, including industrial and residential, grew in absolute terms. The share of these two sectors remains curtailed, to a certain extent, by a lack of product. Some offices are being converted into residential: this represents attempts to address the creeping obsolescence of assets. It is tapping into and shifting elements of the large legacy asset values that were built up in the CEE office sector during the 2010s decade.

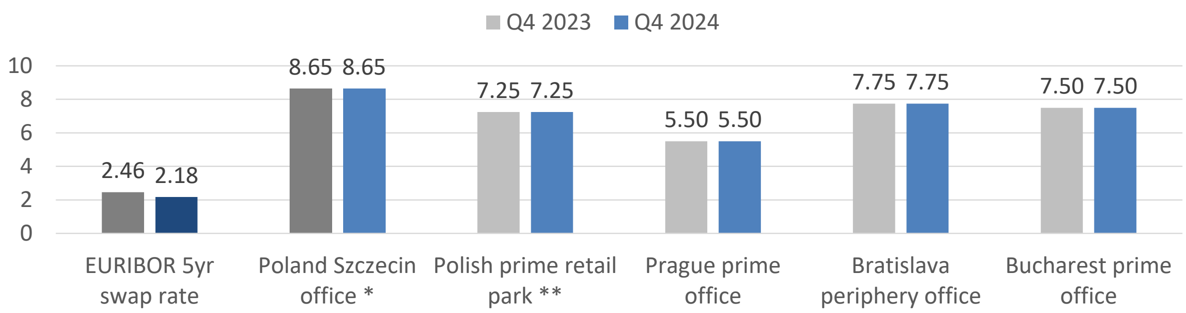
Figure 5 – INVESTMENT VOLUME IN CEE BY CAPITAL ORIGIN FROM MAJOR REGIONS (%, 2024)



Source: Colliers

A rebound in purchase volumes from Western Europe (c.28% of a larger pie of transactions, including from the UK and Sweden) last year versus c.21% of 2023's much-smaller sum contributed around half of 2024's total growth. Much of the rest of the increase came from South Africa, mainly the large retail sector transactions in Poland and a proportional increase from North American purchasers. Buyers of nearly half of the increased total volume (around 44%) again came from within the CEE region. This extends the increasing trend of local capital influence that began in earnest in 2019. The presence of investors who probably know the markets best helps, as we have seen since 2022, to provide some liquidity and help stabilise sentiment in more fragile market conditions. Specifically, Czech investors increased their spending last year versus 2023 by over EUR 1bn, while purchases from the other CEE countries broadly flat-lined in 2024 versus the year before.

Figure 6 – BENCHMARK PRIME YIELDS IN SELECTED CEE SEGMENTS & KEY FUNDING RATES (EUR, %, 2023-24)



Source: Colliers, unless stated below
* Source: CBRE, data is as of Q3 2023. No known transactions during 2024
** Source: JLL. No region specified

Buyers and sellers conducted last year's jump in CEE transaction volumes at very similar yields to a year before. Yields had backed up during 2023 by c.50-75bps in most arenas. That upward movement encouraged buyers in. And 2023's higher cost of debt funding, at above 5% in Euros, appears to have triggered acceptance to transact on the part of indebted sellers. Thus, the wide "bid-offer" spread described by the real estate consultants as a cause of 2023's illiquidity has vanished somewhat. Continued refinancings of pre-2022 legacy purchase funding debts during 2024 and into 2025 are likely to force more sellers to market at these yields. Eurozone 5-year interest rate swap ("IRS") rates fell during 2024, as Europe's inflation rates subsided and the ECB cut policy rates. There was an emerging expectation of some lowering of transaction funding costs through H2 2024, which would have bolstered sentiment into 2025. But, at the time of writing in late March 2025, the very recent geopolitical and fiscal shifts have sent Eurozone 5-year IRS rates back up to around 2.5% again. This erosion of 2024's drop and the potential for this swap rate to rise further could well act as a short-to-medium term drag on real estate transaction sentiment. If it is the case that the anticipated increase in government spending will boost Eurozone economic growth, then commercial rents would be, on average, boosted in the medium term. Such a situation would then see higher capital valuations through rental growth, which would most likely encourage transaction volumes higher.

REAL ESTATE OUTLOOK

The higher real estate transaction volumes in CEE in 2024 indicate that some improvement occurred in the commercial investment environment. Rents, linked in many cases to Eurozone CPI rates, did rise. More international buyers did return to the region. The persistence of both higher commercial benchmark yields and elevated financing costs forced some vendors into making sales happen. Where new builds did appear on the market they were of higher quality with top-notch ESG certification. Some of these factors need to continue to apply for liquidity to reach the higher levels seen in the last cycle. A falling cost of finance would, though, probably lead to a more decisive break with the post-2022 market situation. It would also lead to a recovery in developer activity.

Central Bank policy rates have, as noted, fallen in most of the CEE region. But the prospect of higher government spending across European economies probably means that the easy interest rate cuts are done already. Unless the global economy plunges into a synchronised recession, higher longer term bond yields look set to persist. Financing banks and bond buyers may well become more convinced that the European and CEE economies will grow faster in coming years. In that case, the funding premium charged to real estate players over these “base” levels could well fall moderately due to expectation of greater demand for product and rent appreciation.

Banks and bond markets know that rent growth helps CEE real estate assets hold their value in inflationary environments. The indexation linkage to Eurozone CPI, which averaged 2.4% in 2024, is set into many tenancy agreements across sectors. Tenants appeared to have absorbed the rent and service charge cost shocks of the 2022-23 period as there is no clear evidence of vacancy rates systematically rising.

CEE’s largest sector, office, is exhibiting most of these opportunities and challenges: a significant lack of developer completions has constricted supply, particularly for high-quality, ESG-compliant buildings and is forcing rents higher and vacancy rates in our locations generally lower. But structural issues remain, such as obsolescence risk as assets age, consideration of the space needed in the post-COVID environment and delivery of optimal workplace solutions. The situation in the retail sector is somewhat easier, especially for retail parks, given consumer preference for proximity. Supply of new builds is growing in this arena, particularly in Poland. Convenience retail, where our assets are positioned, benefits even more from the proximity trend and from the recovery of consumption in the CEE economies from a stagnant 2023. Inflation-linked “turnover rents” also help. The strong rent growth in the inflationary period for Logistics tenants has topped out but new supply continues to slowly appear on the market, as developers take advantage of the recent build-out of highways in Poland, the Czech Republic and Romania. Supply chain industrial assets, very common in CEE, may well have weathered recession risk through the period of low GDP growth and could see renewed substitution demand if the trend of higher government spending in the EU does unfold. Construction costs across the sectors have largely stabilised but financing costs for developers mean that new activity in this cycle is thus far muted.

The lowering of policy interest rates has led in previous cycles, with a 6-18 month lag, to a loosening of lending conditions, a decreasing of the level of transaction debt funding costs and increasing developer activity. This has not yet unfolded in CEE after 2023’s Polish and 2024’s Czech and ECB rate cuts. Present asset-holders still face elevated debt funding costs for now as international banks continue to refinance older loans and, as of now, reassess the changing geopolitical environment and the CEE region’s security arrangements. Hedging costs in and out of local currencies have eased financial conditions somewhat for tenants and landlords. Rent market outlooks look set to continue shifting slowly in favour of landlords in the office and convenience retail sectors over the next 12-24 months, as long as the region’s GDP growth accelerates.

The Polish office market

Office lease demand in Poland did not keep up with an economy that expanded 2.9% in 2024. Gross take-up across the country fell -2% to 1.454mn sqm but it was in new leases where demand was weaker: net take-up fell -13% year-on-year to 751,600sqm according to Cushman & Wakefield data. But the market remained balanced, with new supply of completed office space in the major cities falling by a third from 340,000sqm in 2023 to just 228,100 sqm by the end of last year. Taking into account conversions of office space into other uses, total office stock across the major cities nationally thus edged up only 1% to 13.07mn sqm. Office vacancy rates in the benchmark Warsaw market were thus stable, at 10.5% at the end of 2024. In the major cities outside of the capital vacancy rates vary widely, between 11.6% and 23.5%, according to Cushman & Wakefield. Office rent levels for higher-quality assets began to climb in Warsaw but remained stable in the key regional cities during 2024, reflecting the vacancy rates.

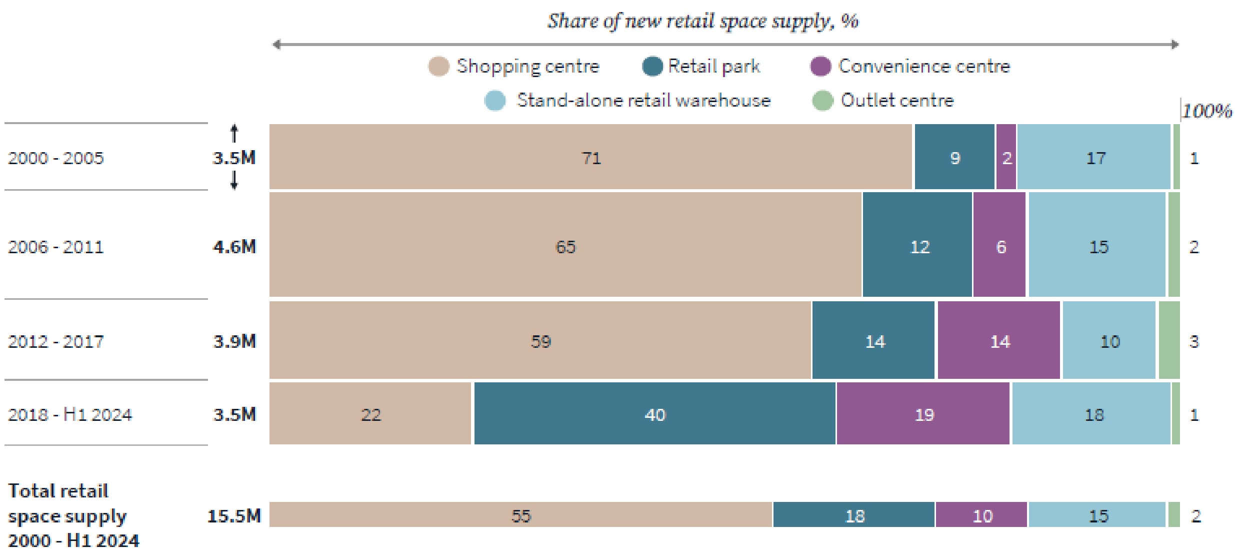
The market balance is healthier In Szczecin, where our asset is located, than in other regions. The vacancy rates sits at just 7.7%, according to Cushman & Wakefield: weak take-up, at just 2,900 sqm in 2024 compared to 9,000 sqm in 2023 did push that vacancy rate up nearly 300bps from the very low 4.8% level noted a year ago. But office supply was very limited during last year, with Cushman & Wakefield noting just a marginal increase of 1,800 sqm of new space. And a similar 2,000 sqm is under construction for delivery in 2025-26, according to BNP Paribas. The latter will expand the total stock of 187,000 sqm in the city by just 1%. As such, with the low vacancy rates, it would only take a restoration of Szczecin's recent historical take-up of 8,000-12,000 sqm to eat into the vacant stock. Szczecin's proximity to a German economy that is likely to be on a higher growth trajectory in coming years is likely to keep demand robust and perhaps push rents higher in the near run. Prime rents appeared to be stable in the EUR 13.5-15.50/sqm/month at the year end. CBRE quoted a yield level of 8.65% for Szczecin office assets as of end Q3 2023. There were no office purchase transactions of note in the city during 2024. The Czech fund Investika bought the 21,000 sqm Piastow Office Center asset from Blackstone in February 2025 for an undisclosed price.

The Polish retail market

A 3% trend Polish retail sales growth rate last year was a marked improvement on 2023, when real consumption fell amidst a stagnating economy. Significant wage growth in Poland, in the range of 9.8%-12.9% through 2024 in the corporate sector, helped drive the recovery. Looking at the latest available data, momentum may be softening slightly in Q1 2025, with corporate sector wage growth coming in at 7.9% year-on-year, though annual consumer price inflation to the end of February also surprised on the downside, at 4.9%. While spending on luxury or "discretionary" items tends to grow faster in any recovery phase, outlays on essential items are usually maintained, usually matching general inflation. This exposure to inflation spending benefits retail parks/convenience stores and e-commerce sales of necessities. The market share of e-commerce in Poland varied in a narrower range than in 2023, between 8.0% to 10.7% of total sales month-by-month according to Statistics Poland in 2024 and therefore did not steal market share. Commentators suggest that cross-border e-commerce is likely to grow faster, something that is more likely to be concentrated in discretionary purchasing rather than regular buying of staple products. The competitive threat to the "bricks & mortar" space does look contained for now. While larger traditional shopping centre deals were the driver of the improved overall investment volumes in Poland last year, retail park transactions continued and made up 21% of the total pie in the first half of 2024 according to JLL. Transactions of portfolios of retail parks, a trend that started in 2023, continued to occur: the largest of these amounted to PLN 150mn (c.EUR 33mn) for three assets. Yields for retail parks remained at 7.25% for the best assets, a premium of 75-100bps above the benchmark prime yield for Warsaw shopping centres at the end of 2024.

2024 brought a supply boom in the Polish retail park arena. 92 of the 96 retail schemes brought to market in the country last year were retail parks and accounted for 90% of the whole sector's supply of 610,200 sqm, according to CBRE. The proportion of these parks built in towns with populations below 100,000 was 46%. CBRE noted that these parks are increasingly emerging in close proximity to competitors and in areas with relatively high saturation of retail space. While the advantage for consumers will be increased convenience, proper focus on tenant mix looks to be of increasing importance at the retail park level.

Figure 7 – NEW COMPLETIONS BY RETAIL FORMATS IN POLAND (SQM GLA), 2000-2024 H1



Source: JLL, as of H1 2024.

The market opportunity is probably more robust for convenience centres specifically. While 19% of all space built in the retail sector in Poland between 2018-2024 H1 was in the convenience category it does not appear saturated. A JLL study in June 2024 stated that over 3 million Poles residing in towns of 5,000-15,000 inhabitants lack a modern retail offering. Further build-out of this format should increase asset liquidity and bring economies of scale for tenants.

Tenant composition of convenience centres by type of retailer remains well-diversified. "Value" retailers occupied 32% of the GLA in traditional retail parks and convenience centres in mid—2024, according to JLL. This proportion slipped from the 39% level in H1 2023. The key tenants remain the retailers with basic multi-brand offerings, names such as Action, Pepco, Tedi and Dealz. The drugstores (7% of space) and convenience grocery players (16%) are still anchors, while fashion's proportion (10%) is growing faster than others. Retail destinations that are close to residential areas remain the preference of consumers in Poland. Convenience centres are also becoming an important part of omnichannel strategies, with "click & collect" boxes increasing customer traffic visits. Rents have edged up, with an overall range of EUR 8-20/sqm/month according to JLL's data for H1 2024, compared to EUR 6-13/sqm/month a year before. The upper end of this range tends to be for units of 100-300 sqm. The lower service charges for retail parks and convenience centres, usually EUR 2-4/sqm/month according to JLL, remains a large advantage versus the EUR 25/sqm/month levels encountered in traditional shopping centres.

The Czech office market

Stability is the word to describe the Prague office market in 2024, with national GDP growth recovering to just 1.1% after 2023's very mild recession. Vacancy rates in the key Prague arena flatlined at 7.3% by the year end, according to Colliers' data. Developers delivered just 72,800 sqm of new space last year, adding just 1.8% to total stock sitting at 3.96mn sqm. Just 24,600 sqm of new space is scheduled for completion during 2025, out of a total of just 164,300 sqm under construction. On the demand side, net take-up also flat-lined at 240,900 sqm, excluding a 75,000sqm new owner-occupation in the Smichov City district. Renegotiations, as in 2023, remained as the majority (51%) of new leases agreed during the last year. Taking these into account, gross take-up did rise to 643,500 sqm according to Colliers, up 22%, suggesting some underlying health in the marketplace.

With demand exceeding supply, prime headline rents in Prague again ticked 7% higher to EUR 29.50/sqm/month by 2024's year end, according to Colliers. Inner city class B rent levels also rose a solid 7% to EUR 19.50/sqm/month. Prime office yields also stayed steady at the level of 5.5% throughout 2024. The proportion of the city's total office space owned by Czech real estate investors rose to 58% by the year end: Czech investors were active in their home market as well as in the wider region.

The Slovak office market
Slovakia’s economy recovered to a 2% GDP growth level during 2024. The pick-up in economic activity was evident in Bratislava’s benchmark office market and in Košice, where our sole Slovak asset is located. Vacancy rates fell and rents stabilised in the capital city. Bratislava periphery rents, an approximation for B class offices and other cities such as Kosice, remained at EUR 12.50/sqm/month for the best locations according to Cushman & Wakefield.

Eastern Slovakia is seeing good economic growth dynamics, with auto component producers continuing to locate there in 2024. The construction of a major Volvo EV production plant in Košice is on track to be finalised in 2026. Real estate developers are building out more industrial space capacity according to Cushman & Wakefield. This activity and the presence of growing IT players, such as Deutsche Telekom T-Systems Slovakia, suggests demand for office space in Košice should increase in the future. There were no completions of new office buildings in Košice last year noted by the real estate consultants. A & B class office space stock amounts to more than 181,000 sqm, according to data from Cushman & Wakefield. An approximate vacancy rate for Košice is 12%, calculated using Cushman & Wakefield and Colliers’ data. A-class rents were advertised by Cushman & Wakefield in the range of EUR 10.50-16.00/sqm/month, with B Class rents between EUR 8.50-10.50/sqm/month.

Yields for both Bratislava Prime and Bratislava Periphery office properties steadied at 6.0% and 7.75% respectively during 2024. The 175bps gap between prime and non-prime yields, relevant for considering pricing in regional cities such as Košice, thus remained constant over the past 12 months.

The Romanian office market
A continued slowing of Romania’s GDP growth rate affected activity in the Bucharest office market in 2024. Total leasing activity (gross take-up) shrank -19% to 338,600 sqm, according to Colliers but new demand, at 116,000 sqm matched 2023’s level. On top of that, expansions of floorspace accounted for c.76,000 sqm of extra demand, according to CBRE. The majority of the gross take-up (55%) was thus, like in 2023, renewals of leases. New supply however shrivelled to just 16,100 sqm, adding just 0.5% to the city’s office stock of 3.4mn sqm of space. The supply pipeline for 2025 and 2026 is, according to CBRE, very limited, with just 14,000 sqm and 50,000 sqm anticipated to be delivered over the two years.

With moderate demand exceeding the very low supply, overall vacancy rates across the city dropped to the level of 12.2%, according to CBRE. Leases taken by the IT&C sector made up 37% of total demand last year, almost matching 2023’s 44% proportion. The agencies observe that a continuation of these trends will most probably see vacancy rates track down further, if the economy avoids a recession and lead to a firming of rent levels. Prime rents for the most modern and ESG-compliant buildings in the CBD were stable last year at EUR 22/sqm/month, according to Colliers. Rents are in the EUR 11-14/sqm/month range in the Centre-East district of the city, while vacancy rates there have also dropped to 14%. Steadying rents and interest rates helped Bucharest’s prime office yields to hold at the 7.5% level through 2024.

The Ukrainian land market
Ukraine remains under martial law and fully engaged in repelling the Russian invasion that began on 24 February 2022. The land market thus remains with limited activity. The economy continued to stabilise in 2024, with real-terms GDP growth at 3.0% according to the EBRD. Spending on defence has grown as a proportion of output, naturally as all of the front line remains active and Ukraine raises its own defence-industrial base capabilities including maintaining the second-largest military force in Europe. Damage to infrastructure and civilian assets is ongoing as a result of Russian actions and the repair of which not only creates the obvious disruption but absorbs additional spending on repair and rectification. The strain of the war on the labour force and weak harvests last year saw the annual inflation rate climb from around the 4% year-on-year level 12 months ago to a reading of 13.4% year-on-year in February 2025. In response, the National Bank of Ukraine had to reverse its prior policy rate-cutting course and raise benchmark interest rates up to 15.5%. The hryvnia remained broadly stable against the Euro through 2024 as a result. If there is any prospect of peace via the current Trump-Putin process, it will of course relieve pressure on Ukraine’s macro-economic situation. Real estate activity will only return towards normal when the war comes to an

end. Much lower interest rates will then prevail, as the country will very likely have substantial support from European government and multinational agencies.

Land price inflation in Ukraine, as elsewhere, is seen as a hedge on general inflation pressures. Notional land prices in US dollar terms continued to rise in 2024 according to the SV Development land price source. Land prices in Kyiv city rose 4.8% during 2024, adding to the 3.6% rise registered during 2023. Odessa Oblast's land prices saw a 3.8% increase in USD terms at the beginning of this year compared to the end of 2023. In Dnepropretrovsk Oblast', adjacent to Zaporizhzhe Oblast', the same source saw a 3.3% increase in calendar 2024.

5.4 REAL ESTATE PORTFOLIO DEVELOPMENT

In 2024, the Fund's real estate portfolio underwent significant changes through the sales related to the monetization programme. This section provides a comprehensive overview of the portfolio's development over the year, detailing the changes in value, composition, income, and key performance indicators, while highlighting the financial impact of reclassifications across the various property categories.

Table 13 – Comparative statement of the real estate portfolio

	31-12-2024 In EUR m	**31-12-2023** In EUR m	**change** In EUR m	**change** In %
Initial portfolio	**78.85**	**81.84**	**-/- 2.99**	**-/- 3.7**
Change: due to sales and other mutations	-/- 9.83	-/- 2.99	-/- 6.84	n/a
End portfolio value (in EUR 1,000):	**69.02**	**78.85**	**-/- 9.83**	**-/- 12.5**
Investment property (incl. under development)	*46.04*	*68.97*	*-/- 22.93*	*-/- 33.2*
Inventory	*0.00*	*0.94*	*-/- 0.94*	*n/a*
Investments in associates	*3.40*	*3.69*	*-/- 0.29*	*-/- 7.9*
Asset held for sale[14]	*19.58*	*5.25*	*14.33*	*n/a*
Number of properties	19	21	-/- 2	-/- 9.5

The above table provides a comparison of the real estate portfolio as of 31 December 2024 and 31 December 2023. The total portfolio value decreased by 12.5% to EUR 69.02 million, due to asset sales and revaluations. The value of investment property declined by 33.2% to EUR 46.04 million, reflecting property sales, value adjustments, and the reclassification of several assets, such as Maris in Stettin, as assets held for sale. In contrast, assets held for sale increased from EUR 5.25 million to EUR 19.58 million following the reclassification of properties that are actively being marketed for disposal. Investments in associates decreased slightly by 7.9%, while inventory was fully reduced to zero with the sale of the remaining Bulgarian assets. The number of properties in the portfolio decreased from 21 to 19.

Table 14 – Statement of changes in investment properties (see also 15.2.4)

All in EUR 1,000	**2024**	**2023**
Balance as of 1 January	**66,622**	**67,344**
Acquisitions	1,979	-
Purchases and additions	524	818
Exchange rate differences	-/- 300	-/- 454
Fair value adjustments	-/- 1,800	244
Balance as of 31 December (including assets held for sale)	**67,025**	**67,952**
Reclassification	-/- 22,260	-/- 1,330
Balance as of 31 December	**44,765**	**66,622**

In 2024, the 'Purchases and additions' amounted to EUR 524,000, reflecting capital improvements to the investment properties, with the most significant expenditures made within the Polish portfolio. The 'Exchange rate differences' resulted in a negative impact of EUR 300,000 on the value of the investment properties, primarily due to currency movements in the Czech koruna. The 'Fair value adjustments' show a downward revaluation of EUR 1.8 million, reflecting a decrease in the market value of the portfolio over the year. The 'Reclassification (to assets held for sale)' of EUR 22.26 million negative relates to the planned sale of additional properties from the portfolio, which have been transferred to the category 'Assets held for sale' as at year-end 2024.

[14] Including right-of-use assets held for sale

Table 15 – Statement of real estate income 2024 – 2023

	2024 in EUR 1,000	**2023** in EUR 1,000	**Change** in EUR 1,000	**Change** In %
Gross rental income	6,334	6,576	-/- 242	-/- 3.7
Service cost income	2,495	2,508	-/- 13	-/- 0.5
Total income	**8,829**	**9,084**	**-/- 255**	**-/- 2.8**
Service costs	-/- 2,610	-/- 2,668	58	-/- 2.2
Operational costs	-/- 1,807	-/- 1,834	27	-/- 1.4
Net rental income	**4,412**	**4,582**	**-/- 170**	**-/- 3.7**

Tables 14 and the following table 15 present the company's real estate income from two perspectives. Table 14 reflects the income based on the properties held during 2024 and 2023, capturing the actual performance of the portfolio as it existed in those specific periods, including any acquisitions or dispositions. In contrast, Table 15 offers a like-for-like comparison by focusing solely on properties held consistently throughout both 2023 and 2024, eliminating variables introduced by portfolio changes and providing a clearer insight into the performance of long-term holdings.

Table 16 – Comparative statement[15] of real estate income 2024 – 2023

	2024 in EUR 1,000	**2023** in EUR 1,000	**Change** in EUR 1,000	**Change** In %
Gross rental income	5,854	5,656	+ 198	3.5
Service cost income	2,358	2,248	+ 110	4.9
Total income	**8,212**	**7,904**	**+ 308**	**3.9**
Service costs	2,466	2,361	+ 105	4.4
Operational costs	1,638	1,510	+ 128	8.5
Net rental income	**4,108**	**4,033**	**+ 75**	**1.9**

In 2024, the company's gross rental income increased by EUR 198,000 (3.5%) to EUR 5,854,000, up from EUR 5,656,000 in 2023, as shown in Table 15. Service cost income also rose by EUR 110,000 (4.9%), reaching EUR 2,358,000 compared to EUR 2,248,000 in the previous year. Consequently, total income experienced an uplift of EUR 308,000 (3.9%), amounting to EUR 8,212,000 in 2024, up from EUR 7,904,000 in 2023.

However, expenses also saw an upward trend. Service costs increased by EUR 105,000 (4.45%) to EUR 2,466,000, and operational costs rose by EUR 128,000 (8.5%) to EUR 1,638,000. Despite these higher expenses, net rental income improved by EUR 75,000 (1.9%), totaling EUR 4,108,000 in 2024, compared to EUR 4,033,000 in 2023.

These figures indicate a positive trajectory in rental income and overall revenue, reflecting effective property management and leasing strategies. The increase in service cost income reflects enhanced efficiency in recovering service-related expenses. While the rise in operational costs warrants attention, the overall growth in net rental income demonstrates the Fund’s ability to maintain profitability whilst reducing the overall portfolio volume .

[15] Solely based on property assets in possession during whole 2024

FUND PORTFOLIO OPERATIONS

The table below shows how the key ratios of the Fund´s operations changed over 2024:

Table 17 – Comparative statement of the real estate portfolio based on indicators

	31-12-2024	31-12-2023	Change (in %)
Fair value per asset (in EUR 1,000)	3,790	3,854	-/- 1.7
Number of properties (annual average)	19.5	20.5	-/- 17.1
Net rental & related income per asset[16] (in EUR 1,000)	226.3	223.5	1.2
Occupancy[17] (in %)	85.7	86.5	-/- 0.8
Total loan-to-value (in %)	33.8	39.5	-/- 14.4
Discount Share price to NNNAV (in %)	43.0	55.0	-/- 21.8
Ongoing Charges Figure[18] (in %)	8.5	7.7	0.9
Fund expense ratio (in %)	4.1	3.9	4.6
Solvability[19] (in %)	136.5	118.6	17.9

The table with comparative statement for 2024 presents a detailed snapshot of the portfolio's performance at the end of the year. The fair value per asset is recorded at EUR 3,790,000, indicating a slight reduction compared to the previous year. The average number of properties decreased to 19.5, reflecting a divestment of certain assets. Meanwhile, the net operating income per asset stands at EUR 256,800, showing stable revenue generation despite the lower asset count. Occupancy remains effectively stable at 85.7%, demonstrating consistent tenant demand and effective property management.

On the financial risk front, the total loan-to-value ratio has improved significantly, declining to 33.8% from a 39.5% in the previous period, reducing leverage and associated risks. Additionally, the discount on the share price relative to the net asset value has narrowed to 43.0%, bringing the market valuation of the portfolio closer to its intrinsic value. However, the ongoing charges figure has risen to 8.5%, and the fund expense ratio has slightly increased to 4.08%, both of which suggest a modest upward pressure on operating costs. Lastly, the solvability ratio has improved markedly to 133.3%, underscoring enhanced financial stability and a stronger capacity to meet liabilities.

[16] Net rental & related income per income producing asset

[17] Occupancy rate (%) = 100% - EPRA Vacancy Rate (%)

[18] Excluding one-off cost elements

[19] Defined as equity / liabilities x 100%

5.5 FUND STRATEGY AND FORWARD OUTLOOK

FUND STRATEGY AND OBJECTIVE

The Fund's primary investment focus is income-generating real estate in Central and Eastern Europe. The Fund's investment strategy aims to achieve a balanced portfolio of modern high-yielding, multi-tenanted properties across the region with a loan to value between 40% to 50% (including convertible bonds).

Table 18 – Distribution over the countries

COUNTRY	2024	2023
Poland	50.4%	42.6%
Czechia	16.5%	21.5%
Slovakia	17.8%	21.4%
Ukraine	3.6%	1.2%
Bulgaria	-	1.4%
Romania	11.7%	11.9%
Total	**100.0%**	**100.0%**

The Fund continually seeks to optimize its portfolio by balancing the allocation of assets across different countries and improving its loan to value ratio.

DIVIDEND AND SHARE BUYBACK

The Fund's dividend policy is to distribute approximately 35% of the operational result to shareholders based on the annual results. This annual distribution may be replaced or supplemented by specific share buyback programmes. A combination of cash distributions for shareholders and the retention of a portion of the profits to reinvest in physical assets and improve tenant retention should ultimately yield the highest total return. The Fund aims to pay an interim dividend with the half-year results, followed by a final dividend after year-end, in cash. However, dividend proposals will consider various factors, such as expected future capital requirements, growth opportunities, net cash generation and regulatory developments.

OUTLOOK

In 2025, the Fund will prioritize returning substantial capital amounts to shareholders by completing the monetization programme approved at the Extraordinary General Meeting in December 2023. The ongoing sales programme has been expanded to include select core assets where short-term peak values have been achieved through refurbishment or reletting initiatives, in addition to non-core assets.

The success of the disposal programme will depend on market sentiment and liquidity, both of which have been adversely affected by the war in Ukraine and elevated interest rates. While the ongoing conflict continues to deter international capital flows into the region, local buyers have adjusted their risk assessments and are actively seeking value opportunities. For this segment, the availability and cost of debt financing remain key considerations.

To support the monetization programme and to ensure the majority of the proceeds therefrom are able to be returned to shareholders rather than retained by the financing banks, the operational performance of the Fund needs to be maintained at its current levels or higher. This requires focussed asset management to retain existing tenants, attract new ones and to control operational costs. In parallel, the Fund´s banking relationships need to be constantly monitored to ensure compliance with income and valuation covenants. In this respect the consistent reduction in the Fund´s loan to value ratios, achieved over recent years and which now stand at 33%, provides some positive flexibility for future financing structures.

5.6 RISK MANAGEMENT AND GOVERNANCE

RISK MANAGEMENT

The management of risk is an essential responsibility of the Board. We can report that there have been no significant changes to the risk management framework outlined in section 15.42 of this annual report.

Risk appetite and risk management
Our risk management policy is designed to identify, assess and respond to the primary risks inherent in the Fund's activities. We conduct an annual top-down review and risk inventory to manage our risk exposure by taking mitigating measures while pursuing our business opportunities to achieve our strategic objectives.

We have identified the risks presented in section 15.42 'Risk management' as our primary risks. We have not found any other risks that could materially impact our business, but we acknowledge that unidentified or unforeseen risks could have such an impact.

We have established an Internal Control Framework to provide reasonable assurance that risks are identified and mitigated to achieve our significant objectives. The framework comprises monthly KPI reporting, a cloud-based work environment supported by a data recovery plan, and a planning and control structure. We have also implemented administrative organization and internal controls based on a division of functions. Both contracting and payments take place based on the 'four-eyes' principle.

Internal control framework
Risk reports are a recurring topic at our supervisory and managing board meetings, and we continuously monitor risks with mitigating measures in place. We stress test and discuss the results with both the Managing and Supervisory Board to ensure effective risk management.

For further details on our main risks and uncertainties, please refer to section 15.42 'Risk management' and the notes to the consolidated financial statements.

REMUNERATION POLICY

The Fund's Managing Board applies a remuneration policy that contributes to appropriate and effective risk management while avoiding unnecessary risks within the framework of the Fund's prospectus and statutes. This policy is in line with the Fund's strategy, the goals and values of the Managing Board, and the interests of the Fund's investors. Additionally, the remuneration policy includes measures aimed at preventing conflicts of interest.

The goal is to maintain a healthy balance between fixed and variable remuneration. Fixed remuneration is sufficient for daily expenses and includes payments for education and pension contributions. Variable remuneration should be viewed as an addition to the fixed remuneration and is based on evaluating individual employees' achievements for the company as a whole.

The Managing Board does not provide a guaranteed variable bonus. Instead, any variable bonus is determined based on measurable results or clear achievement goals. For further information, the full remuneration policy of the Managing Board can be downloaded from http://www.arconacapital.com.

Remuneration to the Managing Board for the period 2024 – 2020
In 2024 the Fund paid a total fee of EUR 1,180,000 (2023: EUR 1,237,000) to the Managing Board, affiliated companies and Secure Management. Of this total amount, the Managing Board received a fund management fee of EUR 675,000 (2023: EUR 675,000) and affiliated companies received an asset management fee of EUR 505,000 (2023: EUR 497,000).

Table 19 – Total remuneration per year

All in EUR	2024	2023	2022	2021	2020
The Managing Board	675,000	675,000	705,000	648,000	665,000
Arcona Capital Czech Republic	233,000	263,000	295,000	406,000	473,000
Arcona Capital Poland	199,000	196,000	203,000	185,000	180,000
Arcona Capital Bulgaria	8,000	28,000	-	-	-
Secure Management	65,000	75,000	83,000	62,000	89,000
Total remuneration	**1,180,000**	**1,237,000**	**1,286,000**	**1,301,000**	**1,407,000**

The remuneration for the Managing Board is described in section 15.35.1 ‘Specification of administrative expenses’. The Managing Board employed on average 4 employees (2023: 4 employees). The managing directors of the Managing Board are employed by Arcona Capital Nederland N.V. (1), Arcona Capital Fund Management B.V. (2) and Arcona Capital GmbH (1). The total number of employees involved in the activities of the Fund is 7 (2023: 7). The Managing Board of the Fund receives a fixed management fee, described in the prospectus of the Fund. Part of the fixed management fee is paid as asset management fee to Arcona Capital Czech Republic; since 2017, it has been paid to Arcona Capital Poland, and since 2019, to Secure Management.

People in senior management functions with the Managing Board are seen as identified staff. Identified staff are defined as follows:

- Managing directors of the Managing Board; and
- Employees fronting administration, portfolio management, marketing and human resources.

No employees received (according to article 1:120 Wft) a remuneration exceeding EUR 500,000. The Managing Board comprises three men and one woman. During 2024 the Fund did not employ any staff directly (2023: 0). The identified staff is represented by a Managing Director of Arcona Capital Nederland N.V. and its parent company, Arcona Capital GmbH. This director is not a policy maker of the Managing Board.

Remuneration for the Supervisory Board for the period 2024 – 2020

The Supervisory Board received a total remuneration of EUR 28,000 (2023: EUR 28,000) in 2023.

Table 20 – Supervisory board remuneration per year

All in EUR	2024	2023	2022	2021	2020
Supervisory Board	28,000	28,000	35,000	35,000	28,000

The Managing Board´s management contract with the Fund is described in the prospectus of the Fund and determines the annual level of management fee. The Supervisory Board is therefore not required to issue a remuneration report under the remuneration policy. The Supervisory Board monitors that the fees paid are in accordance with these contractual arrangements. An adjustment of the remuneration can only be implemented if approved by the General Meeting of Shareholders.

The remuneration for the Supervisory Board and the remuneration for the statutory directors are described in section 15.34.3 Analysis of Supervisory Board fees and 15.34.4 Analysis of other operating expenses.

Rules on appointment and replacement of board members

According to the Articles of Association (Articles 18 and 23) and under the oversight of the Priority share foundation, board members are appointed through a structured process. The Foundation identifies qualified candidates in line with the board regulations, and the proposed appointments are approved by the general meeting. Vacancies are filled using a similar evaluation process, with all decisions transparently recorded.

CORPORATE GOVERNANCE

As a listed investment company, the Fund is not formally required to fully apply the Dutch Corporate Governance Code. However, the Managing Board and Supervisory Board consider its principles of transparency and accountability highly relevant and aim to apply them wherever possible in the Fund's operations.

Capital structure

The Fund's share capital consists of 3,882,965 ordinary shares, 294,118 treasury shares, and one priority share. Treasury shares carry no voting or dividend rights (see 19.9.4 Treasury shares). Registered shares are restricted from trading related to their listing on Euronext Fund Services (EFS) in Amsterdam and the Prague Stock Exchange (PSE). There are no other restrictions with regard to registered shares (see 19.9.3 Registered shares). Further details on the capital structure, including the number of shares, are provided in the financial statements (sections 19.9 Issued capital and 20.4 Special controlling rights).

Transfer of shares

There are no restrictions on the transfer of ordinary shares. Registered shares, however, are subject to certain limitations, as explained in the financial statements (section 19.9.3 Registered shares).

Significant shareholders

The Fund's significant direct and indirect shareholders are disclosed in the financial statements (see 15.45.3 Specification major investors), including holdings exceeding 5% of the share capital.

Special controlling rights

The priority share grants special rights, including the authority to nominate members of the Managing Board and members of the Supervisory Board. These rights are detailed in the financial statements (sections 19.9.5 Priority shares and 20.4 Special controlling rights).

Employee share schemes

The Fund has no employee share schemes in place.

Voting rights

There are no voting restrictions, except that treasury shares have no voting rights. Voting procedures and deadlines are set out in the Fund’s articles of association.

Shareholder agreements

The Fund is not aware of any agreements between shareholders that could affect control of the Fund.

Board powers on share issuance and buybacks

The Managing Board (ACFM) is authorised to issue and repurchase shares, as described in Article 7 of the articles of association, subject to the role of the Priority share foundation.

Change of Control Agreements

There are no agreements in place that would take effect upon a change of control following a public takeover bid.

5.7 STATEMENT REGARDING ADMINISTRATIVE ORGANISATION AND INTERNAL CONTROL

The Managing Board has reviewed all elements of the administrative organization during the reporting period. We consider that the administrative organization and internal control as prescribed by Article 121 of the **Bgfo** (Besluit gedragstoezicht financiële ondernemingen), meet the requirements prescribed by the Wft and related regulations. Pursuant to this, we declare as the Managing Board of the Fund that the Company possesses a description as prescribed by Article 121 of the Bgfo, which meets the requirements as prescribed by the Bgfo. In addition, the Managing Board declares with a reasonable degree of certainty that the administrative organization and internal control function effectively and in accordance with this description.

Amsterdam, April 30, 2025

The Managing Board:

Arcona Capital Fund Management B.V.
On behalf of,

G.St.J. Barker LLB	P.H.J. Mars M.Sc	M. Van der Laan B.Sc	M.T.H. Blokland BBA
Managing director	*Managing director*	*Managing director*	*Managing director*

6 THE REAL ESTATE PORTFOLIO

6.1 PORTFOLIO OVERVIEW

As of December 31, 2024, the Fund's real estate portfolio encompasses nineteen properties across five Central European countries.

ASSET ALLOCATION BY REGION

Country	**Number of properties**	**Fair Value** In EUR 1,000	**Fair Value** In % of total
Poland	11	33,799	49.7
Czechia	2	11,025	17.6
Slovakia	1	11,940	16.2
Romania	2	7,817	11.5
Ukraine	3	3,395	5.0
Total	**19**	**67,976**	**100.0**

SECTORAL BREAKDOWN

Sector	**Number of properties**	**Fair Value** In EUR 1,000	**Fair Value** In % of total
Retail	10	24,409	35.9
Office	6	40,172	59.1
Land	3	3,395	5.0
Total	**19**	**67,976**	**100.0**

6.2 REGIONAL PORTFOLIO

POLAND

As of December 31, 2024, the Fund's Polish portfolio consists of ten retail centres situated in regional cities and one modern office building located in Szczecin. All properties are multi-tenanted. Key details of each property are summarized below:

8 Laubitza, Inowrocław	
Type	Retail
Rentable Surface (in sqm)	1,781
Occupation Rate (in %)	95.6
Fair value (in EUR)	1,980,000

The property is located in Inowrocław, within Stare Miasto district, at 8 Laubitza Street, close to Dworcowa Street. The area is mostly commercial in nature. The retail building, completed in 2001, comprises one floor above ground of 1,765 sqm of total lettable area and 41 parking spaces situated at the east, south and west sides of the property. In April 2023, Rossmann signed a 5-year lease for 459 square meters, and started to operate in August 2023.

800-lecia Inowrocławia 27, Inowrocław

Type	Retail
Rentable Surface (in sqm)	2,366
Occupation Rate (in %)	90.9
Fair value (in EUR)	2,530,000

Inowrocław is located in the central part of Poland near to Bydgoszcz and Toruń. The city has approximately 75,000 inhabitants. The site is located on the south-eastern edge of the city, in a residential area comprising apartment blocks and single-family houses. The immediate area is served by seven bus lines providing convenient access to the property for customers using public transport. The centre provides 2,366 sqm lettable area and 100 parking places. In June 2022, Carrefour signed a seven-year lease for 1,430 square meters (rentable area 1,268), under enhanced rental terms. The new supermarket opened its doors in early August 2022.

1 Krzemowa, Gdańsk

Type	Retail
Rentable Surface (in sqm)	1,622
Occupation Rate (in %)	100.0
Fair value (in EUR)	3,240,000

The Gdańsk–Sopot-Gdynia (750,000 inhabitants) conurbation (TriCity) is located in the northern part of Poland, on the Baltic coast. The property is situated in the southern part of Gdańsk, within the city's most densely populated district, Chełm (50,000 inhabitants). To the north-east it borders the Śródmieście district, home of the medieval old town. Surrounded by multifamily residential buildings, the property benefits from high volumes of passing traffic, with Gdańsk's city centre reachable by car within less than 10 minutes. The site has two entry points, provides 46 parking spaces and extends to 5,122 sqm. The main tenant is Biedronka, on a lease expiring in 2027.

1 Plutona, Głogów

Type	Retail
Rentable Surface (in sqm)	1,669
Occupation Rate (in %)	77.6
Fair value (in EUR)	1,920,000

Głogów is a developing medium-sized town in the south-east part of Poland, with a current population of nearly 70,000. The property is located in the city's largest housing estate, Kopernik, with a population of 22,500. High-rise residential buildings dominate the property's direct surroundings. The lettable area is 1,669 sqm and there are 62 parking places. Anchor tenant in this location is Polo Market with a lease agreement expiring in 2030.

82 Kalinkowa, Grudziądz (Kalinkowa)

Type	Retail
Rentable Surface (in sqm)	2,556
Occupation Rate (in %)	100.0
Fair value (in EUR)	2,850,000

Grudziądz is a city with nearly 100,000 inhabitants, located in the north of Poland. The property is located in the south-western part of Grudziądz in a densely populated residential area. It is bordered by the Strzemięcin housing estate with its 12-storey blocks of flats to the north and the Kopernika housing estate with its medium-density dwellings to the north-east. The site size is 8,932 sqm and is predominantly held freehold. The parking area overall has 126 parking places.

137 Wojska Polskiego, Piotrków Trybunalski

Type	Retail
Rentable Surface (in sqm)	2,603
Occupation Rate (in %)	94.6
Fair value (in EUR)	3,210,000

Piotrków Trybunalski is located in the central part of Poland near to Łódź. The city has approximately 75,000 inhabitants. The city's main competitive advantage is its location in central Poland on the main transport artery providing fast connections to the country's major towns and cities. With recent improvements in the national road and transport infrastructure the city has become one of the most important distribution locations in Poland. The property is located on Wojska Polskiego Street, the main road connecting Piotrków city centre with the north-western peripheries. Its neighbourhood comprises residential areas to the north and business facilities to the south. Because of its prominent location on the main road and its distinctive signage, the retail centre is highly visible. Extensive new residential developments were developed adjoining the site to north-west which increased the centre's catchment area. The property has 95 parking places. The main tenant is Biedronka, expiring in 2028.

6 Wolnosci, Słupsk - held-for-sale

Type	Retail
Rentable Surface (in sqm)	1,831
Occupation Rate (in %)	100.0
Fair value (in EUR)	2,260,000

Słupsk is an historic town in north-western Poland, located just 18 km away from Ustka, a popular seaside resort on the Baltic coast. The current population is 95,000 inhabitants. The property is located in the northern part of the city and its immediate surroundings comprise high density mid-rise residential developments. In year 2022 next to Wolności site stand alone Biedronka shop was built – which increased pedestrian traffic near the property. The Old Town is within 10-minutes' walk. Two bus stops are located directly in front of the property with several others within walking distance. The property has 48 parking places.

216 Legionów St., Toruń – held-for-sale

Type	Retail
Rentable Surface (in sqm)	2,229
Occupation Rate (in %)	100.0
Fair value (in EUR)	3,170,000

This single-storey retail building, completed in 2001, comprises 2,229 sqm of total lettable area and 64 parking spaces. The property is located in Toruń, Koniuchy district, at 216 Legionów St., close to Wielki Rów St. The area is predominantly residential in nature. There is direct access to the building from Legionów and Kozacka Sts. Car parking is located from the north (Wielki Rów St.), west (Legionów St.) and south sides of the property and consists of 64 over ground car spaces. Public transport is secured with 2 bus lines that have stops at Wielki Rów St. and 4 bus lines that have stops at Legionów St. The site of the property is held leasehold.

20 Grzymały Siedleckiego St., Bydgoszcz – held-for-sale

Type	Retail
Rentable Surface (in sqm)	1,793
Occupation Rate (in %)	100.0
Fair value (in EUR)	1,380,000

This single-storey retail building, completed in 2001, comprises 1,793 sqm of total lettable area and 64 parking spaces. The subject property is located in the capital of kujawsko-pomorskie voivodeship and ca. 3 km away from the Old Town, on the same side of the Brda River. The surroundings of the property are dominated by multifamily residential development and services. The nearest bus and tram stops are located at Wojska Polskiego Street at a distance of approx. 300 m and are serviced by 4 bus lines (including a night one) and 3 tram lines. The site of the property is held leasehold.

107 Kardynala Wyszynskiego St., Łódź - held-for-sale

Type	Retail
Rentable Surface (in sqm)	1,608
Occupation Rate (in %)	77.1
Fair value (in EUR)	1,870,000

This single-storey retail building, completed in 2001, provides 1,608 sqm of total lettable area and 60 parking spaces situated in the north and east sides of the property. The property is located in Łódź, Polesie District, at 107 Kardynała Wyszyńskiego St., close to Popiełuszki St. The area is predominantly residential in nature. Public transport is secured with 7 bus lines that have stops to the west of the property. The main tenant is Netto, on a lease expiring in 2033. The site of the property is held leasehold.

9 Holdu Pruskiego Square, Szczecin - held-for-sale

Type	Office
Rentable Surface (in sqm)	5,945
Occupation Rate (in %)	83.1
Fair value (in EUR)	9,390,000

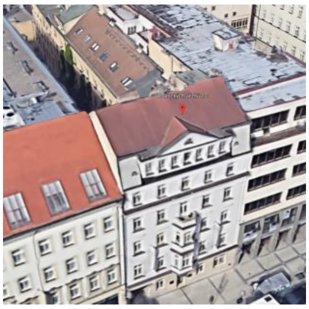
This office building, completed in 2005, comprises six floors above ground and three underground levels (with 119 parking spaces) and is located in the city centre opposite Szczecin´s iconic new concert hall. The total rentable area is 5,945 sqm. The property is currently multi-leased, with 11 tenants. The main tenant is Intive.

CZECHIA

The portfolio comprises two commercial properties located in Prague, the capital city. The properties vary in construction, specification and tenant mix however both are multi tenanted and are primarily used as office accommodation with ground floor retail units. The main characteristics of the two properties are summarised below.

Na Zertvach 34, Prague 8	
Type	Office
Rentable Surface (in sqm)	2,263
Occupation Rate (in %)	72.9
Fair value (in EUR)	4,264,000

The modern office building is located in Prague near the Palmovka metro station in a fast-developing area on the border of the Prague districts of Karlin, Libeň and Vysočany. The total rentable area is 2,263 sqm. The accessibility by road is good and by public transport excellent. The building dates from 1998-1999 and has 28 underground parking spaces.



Politických vězňů 10, Prague 1	
Type	Office
Rentable Surface (in sqm)	2,308
Occupation Rate (in %)	79.1
Fair value (in EUR)	6,760,000

This representative office building is located in Prague's city centre, near Wenceslas Square. The main building has eight floors and the total rentable space is 2,308 sqm. The whole complex has partly been reconstructed with additional parking spaces. The property is close to the Wilsonova arterial road through Prague city centre and within 5 minutes' walk of the central railway station.

SLOVAKIA

The Fund portfolio as at end 2024 holds one commercial property in Slovakia, a multi storey B class office property in Kosice, in the east of the country.

Letná 45, Košiče	
Type	Office
Rentable Surface (in sqm)	11,169
Occupation Rate (in %)	76.1
Fair value (in EUR)	11,940,000

This office building (the biggest in the portfolio) is prominently situated on Festival Square, approx. 1 km northwest from the historical centre of Košice. There is an ongoing refurbishment programme to increase accessibility, aesthetics and tenant facilities. The building is easily accessible by car or public transport as it is near the outer city ring road. There are 70 parking places and 14 garages available. The main tenant is AT&T.

ROMANIA

The Fund´s portfolio includes two office properties in Bucharest, Romania. The main characteristics of the properties are summarised below:

EOS office, Bucharest	
Type	Office
Rentable Surface (in sqm)	3,386
Occupation Rate (in %)	100%
Fair value (in EUR)	3,965,000

The office building completed in June 2008 has a total gross lettable area (**GLA**) of 3,386 sq m and 90 exterior parking places. The EOS office Building is located in the North-Eastern part of Bucharest 900 metres north of Fundeni Road, a major artery within that particular area of the city. The neighbouring area comprises a mix between light industrial (food processing and logistics) and residential use. The property is 100% let to Danone. Danone will vacate the property in the second half of 2025.

Delenco office, Bucharest (Fund has 24.35% ownership)	
Type	Office
Rentable Surface (in sqm)	10,384 (of which 711 sqm retail)
Occupation Rate (in %)	86.0%
Fair value (in EUR)	15,820,000
a 24.35% stake is :	3,852,000

The property is a multi-storey office building in central Bucharest, completed in June 2008.The DELENCO Building has a GLA of 10,384 sq m with 2 UG levels, lobby and retail space on the ground floor and offices on upper floors. The property has different height levels, from 7 upper floors in the north wing facing Calea Calarasilor to 9 partial floors in the main wing, facing Delea Noua, and 10 floors in the wing facing Matei Basarab St. The main tenant is ANCOM, the National Authority for Management and Regulation in Communications of Romania.

UKRAINE

The Fund´s portfolio includes three land plots located in Ukraine, in the cities of Kiev, Odessa and Zaporizhzhia. The main characteristics of the properties are briefly summarised below:

Nerubaiske Village, Odessa	
Type	Land plot
Surface area (in sqm)	223,934
Occupation Rate (in %)	n/a
Fair value (in EUR)	1,278,000

The land plot fronts the Odessa-Kiev M-05 Highway, a six-lane strategic road with high levels of freight traffic connecting Ukraine´s capital city with its largest seaport. The land plot is approximately 7.5 km from the Odessa Ring Road and 1.8 km from the nearest motorway exit. The immediate neighbourhood is developing as a logistics and industrial hub for Odessa, with two major schemes, the established temperature-controlled complex 'Inrise Logistics Park' and the newly built 'Odessa Logistics Park' already in operation. The plot has been prepared for warehouse construction with extensive foundation works already completed. The Fund´s business plan for the project is to update the development documentation and planning and then to sell to a local or international warehouse developer.

Balabynska Village, Zaporizhzhia	
Type	Land plot
Surface area (in sqm)	263,834
Occupation Rate (in %)	n/a
Fair value (in EUR)	0

This very large land plot is located about 2 km to the south of the city of Zaporizhzhia and borders the M105 highway from Kharkov to Mariupol. The site is zoned for commercial use and offers potential for retail park or shopping centre development.

Kyianovski Lane, Kyiv – new acquisition Biliayivskyi

Type	Land plot
Surface area (in sqm)	5,400
Occupation Rate (in %)	n/a
Fair value (in EUR)	2,118,000

The landplot is a 0.54-hectare site in the city centre of Kyiv. The site, on Kyianovski Lane in the Shevchenkivskyi district, is 500 meters from Lvivska Square and suitable for high-end residential development. This acquisition completes the purchase programme from SPDI, originally agreed in 2020.

7 PERFORMANCE INDICATORS

The following performance indicators have been prepared in accordance with standards comparable to those of EPRA[1]. The (diluted) adjusted earnings and (diluted) customized earnings are performance indicators introduced by the management. There are no prescribed rules for such performance indicators, meaning that each company develops its own policy and applies it consistently. Thus, performance indicators with the same name can be determined in a different manner.

7.1.1 (Adjusted) earnings

Earnings reported in the Consolidated Income Statement, while compliant with IFRS, may not offer shareholders the most relevant insight into the operating performance of real estate investment funds.

Earnings measures the Fund's operational performance and the extent to which its dividend payments to shareholders are underpinned by earnings is the level of income arising from operational activities. The Fund's operational performance represents the net income generated from the operational activities. Unrealised changes in valuation of properties, gains or losses on disposals of properties and certain other items do not necessarily provide an accurate picture of the Fund's underlying operational performance.

As earnings are used to measure the operational performance, it excludes all components not relevant to the underlying net income performance of the portfolio, such as valuation result of owned investment properties, valuation result of investment property under development, result on disposals of owned investment properties and result on disposals of investment property under development. In effect, what is left as earnings is the income return generated by the investment, rather than the change in value or capital return on investments.

Adjusted earnings per share[2] should be calculated on the basis of the basic number of profit-sharing shares. The main reason for this is that earnings and the dividends to which they give rise accrue to current shareholders and therefore it is more appropriate to use the basic number of profit-sharing shares.

The diluted adjusted earnings per share should be calculated on a diluted basis considering the impact of any options, convertibles, etcetera that are dilutive. For the explanation of the effect of exercise of options, convertibles, and other equity interests (fully diluted basis) reference is made to the explanation in (3), mentioned in section 7.1.8 "Explanation of adjustments calculation of NAV".

[1] European Public Real Estate Association.

[2] The adjusted earnings per share includes all types of profit-sharing shares (e.g., ordinary and registered shares). Therefore, treasury shares are excluded from the adjusted earnings per share.

7.1.2 Calculation of (diluted) adjusted earnings per share

	Notes	2024 In € 1,000	2023 In € 1,000
Earnings per IFRS Consolidated Income Statement	*9*	-/- 32	183
Exclude:			
1. Valuation results of:			
a. owned investment property	*15.28*	1,797	-/- 303
b. investment property under development	*15.28*	-/- 366	-/- 65
c. equity investments	*15.32*	-/- 80	-/- 225
2. Result on disposals of:			
a. realised currency results on net investments in group companies	*15.33*	-/- 638	-/- 220
3. Tax on result on disposals of properties and equity investments		-	-
4. Changes in fair value of financial instruments of:			
a. derivatives	*15.38*	173	179
5. Acquisition costs on share deals		-	-
6. Taxes in respect of adjustments		-/- 201	-/- 54
Adjusted earnings		**653**	**-/- 505**
Basic number of profit-sharing shares	*19.9.1*	3,882,965	4,177,083
Adjusted earnings per share (in €)		**0.17**	**-/- 0.12**
Basic number of profit-sharing shares (fully diluted)		3,882,965	4,177,083
Diluted adjusted earnings per share (in €)		**0.17**	**-/- 0.12**

7.1.3 Explanation of adjustments calculation of (diluted) adjusted earnings per share

1. Valuation results of properties and equity investments

This adjustment includes the gain or loss in the Consolidated Income Statement arising in the period from the revaluation of owned investment property, investment property under development and equity investments at their fair value. Therefore the valuation result of properties held for sale and right-of-use assets are not excluded from earnings.

2. Result on disposals of properties and equity investments

This adjustment includes the gain or loss on disposal of owned investment property, investment property under development and equity investments. Therefore the result on disposals of owned investment property held for sale, right-of-use assets, right-of-use assets held for sale and investment property under development held for sale are not excluded from earnings.

This adjustment also includes the gain or loss on foreign currency translation differences in case of (partial) reduction of net investment in foreign activities (release from reserve for currency translation differences).

3. **Tax on result on disposals of properties and equity investments**

This adjustment includes the tax charge or credit relating to gains or losses on owned investment property, investment property under development and equity investments sold in the period, calculated consistently with 1 and 2 above.

4. Changes in fair value of financial instruments

This adjustment includes the surplus or deficit arising in the period from the net mark-to-market adjustment to the value of financial instruments (market value less acquisition price paid or received) which are used for hedging purposes and where the Fund has the intention of keeping the hedge position until the end of the contractual duration. Whether the Fund has chosen to apply hedge accounting under IFRS is irrelevant. Material gains / costs associated with the early close-out of financial instruments used for hedging and / or debt instruments should also be excluded from earnings.

The only exception to this is the early close-out of financial instruments or debt with a maturity date ending within the current reporting period. In such circumstances, the cost of early close-out should not be adjusted as the fair value difference would have been recognised in the current year's earnings through the interest line and therefore including the cost of early close-out should not significantly change earnings for that year.

5. Acquisition costs on share deals

This adjustment includes the acquisition costs related to share deals (IFRS 3) and joint venture interests which are, under IFRS, recognised in the Consolidated Income Statement when incurred. Property-related acquisition costs are first capitalised and subsequently recognised in the Consolidated Income Statement as a fair value change. To achieve consistency, acquisition costs related to share deals and joint venture interests should be excluded to arrive at earnings.

6. Taxes in respect of adjustments

This adjustment includes the deferred taxes in the period which only relates to the above items, and which would not crystallise until or unless the property, investment or financial instrument is sold. This would typically include deferred tax on fair value surpluses on owned investment property and investment property under development which could reverse on disposal of the asset. This adjustment also includes any current income tax relating directly to the above adjustments to the extent that they are considered material.

7.1.4 Calculation of (diluted) customized earnings per share

	Notes	2024 In € 1,000	2023 In € 1,000
Adjusted earnings	*7.1.2*	653	-/- 505
Exclude:			
1. Valuation results of owned investment property held for sale	*15.28*	-/- 996	-/- 2,350
2. Valuation results of right-of-use assets	*15.28*	38	147
3. Valuation results of right-of-use assets held for sale	*15.28*	127	-
4. Result on disposals owned investment property held for sale	*15.29*	1,006	2,885
5. Result on disposals of inventories	*15.30*	-/- 779	-/- 1,093
6. Penalties for early termination of rental contracts	*15.34*	-/- 5	-
7. Steering Committee fees	*15.36.2*	47	-
8. Court fees	*15.36.2*	68	-
9. Costs of funding and acquisition	*15.36.5*	182	11
10. Interest expense on lease liabilities	*15.38*	99	91
11. Variable compensation on other long-term liabilities	*15.38*	29	101
12. Fee for early repayment loans and borrowings		14	-
13. Waiver fee loans and borrowings		2	8
14. Foreign exchange and currency results	*15.38*	62	135
Include:			
15. Operating leases	*15.16.5 / 15.21.4*	-/- 264	-/- 219
Subtotal adjustments (before taxes)		-/- 370	-/- 284
16. Taxes in respect of above adjustments		-/- 33	9
Total adjustments		**-/- 403**	**-/- 275**
Customized earnings		**250**	**-/- 780**
Basic number of profit-sharing shares	*19.9.1*	3,882,965	4,177,083
Customized earnings per share (in €)		**0.06**	**-/- 0.19**
Basic number of profit-sharing shares (diluted)		3,882,965	4,177,083
Diluted customized earnings per share (in €)		**0.06**	**-/- 0.19**

7.1.5 Explanation of adjustments calculation of (diluted) customized earnings per share

The earnings is a measure of the underlying operating performance of an investment property company. It therefore does provide a measure of recurring income, but does not, for example, exclude “exceptional” items that are part of IFRS earnings. For that reason, the Fund has introduced its own (diluted) customized earnings. In this calculation the Fund excludes “exceptional” and “one-off costs” and “one-off revenues”. Moreover, in this calculation valuation results, as well as result on disposals of properties held for sale, right-of-use assets and right-of-use assets held for sale are excluded, as well as accrued interest lease liabilities.

The operating leases are included in the calculation of the (diluted) customized earnings according to APM. As a result of above-described adjustments the impact of applying IFRS 16 (e.g. fair value adjustments right-of-use assets) are eliminated in the (diluted) customized earnings.

7.1.6 Net Asset Value

Net Asset Value (**NAV**) is a key performance measure used for real estate investment funds. However, NAV reported in the Consolidated Financial Statements under IFRS does not provide shareholders with the most relevant information on the fair value of the assets and liabilities within an ongoing real estate investment company with a long-term investment strategy.

The NAV measures the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of derivative financial instruments and deferred taxes on investment property, investment property under development or other non-current investments are therefore excluded.

NAV should be calculated on a diluted basis considering the impact of any options, convertibles, etcetera that are dilutive.

7.1.7 Calculation of NAV

	Notes	**31-12-2024** In € 1,000	**31-12-2023** In € 1,000
Group equity in accordance with IFRS	*11*	42,476	45,396
Exclude:			
1. Fair value of financial instruments	*15.5*	-/- 127	-/- 300
2. Deferred tax	*15.6.1*	2,315	3,264
Group equity in accordance with NAV		**44,664**	**48,360**
Total number of profit-sharing shares	*19.9.1*	3,882,965	4,177,083
3. Effect of exercise of options, convertibles and other equity interests (diluted basis)		-	-
Total number of profit-sharing shares (diluted)		**3,882,965**	**4,177,083**
NAV per profit-sharing share (in €)		**11.50**	**11.58**

7.1.8 Explanation of adjustments calculation of NAV

1. Fair value of financial instruments

This adjustment includes the net mark-to-market adjustment to the value of financial instruments (market value less acquisition price paid or received) which are used for hedging purposes and where the Fund has the intention of keeping the hedge position until the end of the contractual duration. Whether the Fund has chosen to apply hedge accounting under IFRS is irrelevant. The mark-to-market of any convertible debt is also excluded from the net assets.

The logic for this adjustment is that, under normal circumstances, the derivative financial instruments which property investment companies use to provide an economic hedge are held until maturity and so the theoretical gain or loss at Statement of Financial Position's date will not crystallise.

The above adjustments do not include (possible) foreign currency hedging instruments (fair value hedges or net investment hedges) where the hedged item market value changes are also reflected in the Consolidated Statement of Financial Position. The fair value of such instruments should remain in NAV to offset the movement in the underlying investment being hedged.

2. Deferred tax

This adjustment includes the recognised deferred taxes in the Consolidated Statement of Financial Position in respect of the difference between the fair value and tax value of owned investment property, investment property under development, or other non-current investments (including investments in group companies) as these deferred taxes would only become payable if the assets are sold. Therefore, deferred taxes on properties held for sale, right-of-use assets held for sale as well as on lease incentives are not excluded from NAV.

The deferred tax liability relating to the fair value of financial instruments, which would not crystallise until or unless the financial instrument is sold, should also be added back.

3. Effect of exercise of options, convertibles and other equity interests (diluted basis)

A convertible bond is viewed as dilutive provided that the following criteria are satisfied:

1. the convertible bond is dilutive in accordance with IAS 33.50; and
2. the share price as at Statement of Financial Position's date exceeds the conversion price ("in the money").

7.1.9 Triple Net Asset Value

The Triple Net Asset Value (**NNNAV**) measures the Net Asset Value including fair value adjustments in respect of all material Statement of Financial Position's items which are not reported at their fair values as part of the NAV.

7.1.10 Calculation of NNNAV

	Notes	**31-12-2024** In € 1,000	**31-12-2023** In € 1,000
Group equity in accordance with NAV	*7.1.7*	44,664	48,360
Include:			
1. Fair value of financial instruments	*15.5*	127	300
2. Fair value of deferred tax		-/- 2,935	-/- 3,852
3. Fair value of inventories		-	846
4. Minimum net expected value of claims under negotiation		-/- 491	-
Group equity in accordance with NNNAV		**41,365**	**45,654**
Total number of profit-sharing shares	*19.9.1*	3,882,965	4,177,083
5. Effect of exercise of options, convertibles and other equity interests (diluted basis)		-	-
Total number of profit-sharing shares (diluted)		**3,882,965**	**4,177,083**
NNNAV per profit-sharing share (in €)		**10.65**	**10.93**

7.1.11 Explanation of adjustments calculation of NNNAV

1. Fair value of financial instruments

This reinstates, and is equal to, the adjustment 1, as mentioned in the calculation of NAV. The reason for reinstating is that NNNAV approximates fair value NAV.

2. Fair value of deferred tax

This adjustment includes the fair value of the deferred taxes concerning owned investment property, investment property under development or other non-current investments (including investments in group companies; these three items hereinafter mentioned as "non-current investments"). The deferred taxes are calculated with regard to all taxable temporary differences with regard to the non-current investments, whether these deferred taxes are included in the Statement of Financial Position or not. For items not included in the

Statement of Financial Position reference is made to section 13.41.3 “Deferred tax” in the Accounting Principles Consolidated Financial Statements.

The taxable temporary difference with regard to the non-current investments is calculated by the difference between the fair value of the non-current investment less the tax value of the non-current investment. In case the taxable temporary difference should result in a deferred tax asset, this deferred tax asset will only be recognised as far as it is probable that future taxable profits will be available against which they can be used. Deferred taxes are measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, using tax rates enacted or substantively enacted at the Statement of Financial Position’s date. The deferred taxes are considered without applying any discount (nominal value), which is in accordance with IFRS.

The Managing Board assessed that the fair value of the deferred taxes to non-current investments is equal to the nominal value (similar as mentioned in the Statement of Financial Position), adjusted for unrecognised deferred taxes of non-current investments as mentioned in section 13.41.3 “Deferred tax” in the Accounting Principles Consolidated Financial Statements. Since a substantial portion of the assets will likely be sold in the near future, the Managing Board is exercising prudence with regard to the recognised deferred tax assets related to non-current investments.

4. Minimum net expected value of claims under negotiation

This adjustment includes the difference between the carrying amount of assets as at Statement of Financial Position’s date for which the Fund is seeking compensation through ongoing negotiations, and the minimum net expected value of the claims under settlement discussions. This adjustment is net of tax.

5. Effect of exercise of options, convertibles, and other equity interests (diluted basis)

For the effect of exercise of options, convertibles, and other equity interests (fully diluted basis) reference is made to the explanation in section 7.1.8 (3) “Explanation of adjustments calculation of NAV”.

7.1.12 Calculation of NNNAV before distributions to shareholders

	Notes	**31-12-2024** In € 1,000	**31-12-2023** In € 1,000
Group equity in accordance with NNNAV	*7.1.10*	41,365	45,654
Exclude:			
1. Cumulative distributions to shareholders		3,857	3,857
Group equity in accordance with NNNAV before distributions to shareholders		**45,222**	**49,511**
Total number of profit-sharing shares	*19.9.1*	3,882,965	4,177,083
2. Effect of exercise of options, convertibles, and other equity interests (diluted basis)		-	-
Total number of profit-sharing shares (diluted)		**3,882,965**	**4,177,083**
NNNAV per profit-sharing share before distributions to shareholders (in €)		**11.65**	**11.85**

7.1.13 Calculation of NNNAV after issuance of shares (share-based payments)

	Notes	**Proforma 31-12-2024** In € 1,000	**31-12-2024** In € 1,000
Group equity in accordance with NNNAV	*7.1.10*	41,365	41,365
Include:			
1. Share-based payments acquisition of subsidiaries		1,082	N.a.
Group equity in accordance with NNNAV after issuance of shares (share-based payments)		**42,447**	**431,365**
Total number of profit-sharing shares (diluted) in accordance with NNNAV	*19.9.1*	3,882,965	3,882,965
2. Effect of issuance of profit-sharing shares (share-based payments)		79,471	N.a.
Total number of profit-sharing shares (diluted) after issuance of shares (share-based payments)		**3,962,436**	**3,882,965**
NNNAV per profit-sharing share after issuance of shares (in €)		**10.71**	**10.65**

7.1.14 Explanation of adjustments calculation of NNNAV after issuance of shares (share-based payments)

1. Share-based payments acquisition of subsidiaries

This adjustment includes the final settlement of the remaining fair value of identifiable assets acquired and liabilities assumed as at the acquisition date related to the acquisition of the 100% stake in Aisi Ukraine LLC and the Romanian assets. This settlement was completed on February 6, 2025.

2. Effect of issuance of profit-sharing shares (share-based payments)

This adjustment relates to the issuance of 79,471 registered shares of the Fund to SPDI as part of the final settlement for the acquisition of the 100% stake in Aisi Ukraine LLC and the Romanian assets. This settlement was completed on February 6, 2025.

CONSOLIDATED FINANCIAL STATEMENTS 2024

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8 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31-12-2024** In € 1,000	**31-12-2023** In € 1,000
Assets			
Investment property	*15.2*	44,765	68,022
Investment property under development	*15.3*	1,271	945
Investments in associates	*15.4*	3,402	3,689
Derivative financial instruments	*15.5*	24	94
Deferred tax assets	*15.6*	95	-
Trade and other receivables	*15.9*	956	892
Prepayments and deferred expenses	*15.10*	1	9
Total non-current assets		**50,514**	**73,651**
Derivative financial instruments	*15.5*	103	206
Tax assets	*15.8*	60	367
Trade and other receivables	*15.9*	675	576
Prepayments and deferred expenses	*15.10*	244	299
Inventories	*15.11*	-	938
Cash and cash equivalents	*15.12*	2,419	2,382
Assets held for sale	*15.13*	19,580	5,253
Total current assets		**23,081**	**10,021**
Total assets		**73,595**	**83,672**
Group equity (attributable to Parent Company shareholders)	*11*	**42,476**	**45,396**
Liabilities			
Loans and borrowings	*15.16*	16,776	6,956
Deferred income and tenant deposits	*15.18*	441	378
Deferred tax liabilities	*15.20*	2,647	3,426
Total non-current liabilities		**19,864**	**10,760**
Tax liabilities	*15.15*	707	168
Loans and borrowings	*15.16*	5,766	24,896
Trade and other payables	*15.17*	3,163	2,148
Deferred income and tenant deposits	*15.18*	100	228
Liabilities directly associated with assets held for sale	*15.21*	1,519	76
Total current liabilities		**11,255**	**27,516**
Total liabilities		**31,119**	**38,276**
Total Group equity and liabilities		**73,595**	**83,672**

9 CONSOLIDATED INCOME STATEMENT

	Notes	2024 In € 1,000	2023 In € 1,000
Gross rental income	*15.26*	6,334	6,576
Service charge income	*15.27*	2,495	2,508
Service charge expenses	*15.27*	-/- 2,610	-/- 2,668
Property operating expenses	*15.27*	-/- 1,807	-/- 1,834
Net rental and related income		**4,412**	**4,582**
Valuation results of properties	*15.28*	-/- 600	2,571
Result on disposals of properties	*15.29*	-/- 1,006	-/- 2,885
Result on disposals of inventories	*15.30*	779	1,093
Net results on properties	*15.31*	**-/- 827**	**779**
Share in results of investments in associates	*15.32*	80	225
Net results on equity investments		**80**	**225**
Financial income	*15.33*	865	394
Other operating income	*15.34*	17	7
Other income		**882**	**401**
Total income		**4,547**	**5,987**
Administrative expenses	*15.35*	675	675
Other operating expenses	*15.36*	1,296	1,219
Total operating expenses		**1,971**	**1,894**
Net operating result before financial expenses		**2,576**	**4,093**
Financial expenses	*15.38*	2,596	3,113
Profit / loss before income tax		**-/- 20**	**980**
Income tax expense	*15.40*	12	797
Profit / loss for the period		**-/- 32**	**183**
Profit / loss for the period attributable to:			
Parent Company shareholders		-/- 32	183
Profit / loss for the period		**-/- 32**	**183**
Basic earnings per share (€)	*15.41.1*	-/- 0.01	0.04
Diluted earnings per share (€)	*15.41.4*	-/- 0.01	0.04

10 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	**2024** In € 1,000	**2023** In € 1,000
Profit / loss for the period	*9*	-/- 32	183
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange and currency translation differences on net investment in group companies		-/- 871	-/- 551
Income tax on foreign exchange and currency translation differences on net investments in group companies		28	42
Total foreign exchange differences		-/- 843	-/- 509
Other comprehensive income for the period, net of tax		**-/- 843**	**-/- 509**
Total comprehensive income for the period		**-/- 875**	**-/- 326**
Total comprehensive income attributable to:			
Parent Company shareholders		-/- 875	-/- 326
Total comprehensive income for the period		**-/- 875**	**-/- 326**

11 CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	Issued capital In € 1,000	Share premium In € 1,000	Legal revaluation reserve In € 1,000	Reserve currency translation differences In € 1,000	Retained earnings In € 1,000	Total share-holders' equity In € 1,000
Balance as at January 1, 2024	20,885	21,077	7,683	564	-/- 4,813	45,396
Profit or loss	-	-	-	-	-/- 32	-/- 32
Change in legal revaluation reserve	-	-	-/- 1,711	-	1,711	-
Other comprehensive income	-	-	-	-/- 843	-	-/- 843
Share buy-back / Reverse Bookbuilding[3]	-	-	-	-	-/- 2,045	-/- 2,045
Balance as at December 31, 2024	**20,885**	**21,077**	**5,972**	**-/- 279**	**-/- 5,179**	**42,476**
Balance as at January 1, 2023	21,190	21,922	7,911	1,073	-/- 5,581	46,515
Profit or loss	-	-	-	-	183	183
Change in legal revaluation reserve	-	-	-/- 228	-	228	-
Other comprehensive income	-	-	-	-/- 509	-	-/- 509
Share buy-back / Reverse Bookbuilding	-/- 305	-/- 108	-	-	357	-/- 56
Distributions to shareholders	-	-/- 737	-	-	-	-/- 737
Balance as at December 31, 2023	**20,885**	**21,077**	**7,683**	**564**	**-/- 4,813**	**45,396**

[3] For further information reference is made to section 15.14.3 “Share buy-back / Reverse Bookbuilding”.

12 CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2024 In € 1,000	2023 In € 1,000
Cash flows from operating activities			
Profit / loss for the period	*9*	-/- 32	183
Adjustments for:			
Net results on properties (inventories excluded)[4]	*15.28*	406	-/- 988
Share in results of investments in associates	*15.32*	-/- 80	-/- 225
Financial income	*15.33*	-/- 865	-/- 394
Financial expenses	*15.38*	2,596	3,113
Income tax expense	*15.40*	12	797
Changes in:			
Tax assets		17	-/- 21
Trade and other receivables		-/- 70	-/- 349
Prepayments and deferred expenses		62	-/- 96
Tax liabilities		-/- 36	-/- 201
Trade and other payables		29	-/- 707
Deferred income and tenant deposits		-/- 66	57
Cash generated from operating activities		**1,973**	**1,169**
Proceeds from the sale of inventories		272	2,328
Acquisitions of / additions to inventories		-	-/- 181
Interest received		230	174
Interest paid		-/- 2,326	-/- 3,034
Income tax paid / income tax received		142	7
Net cash from / used in (-/-) operating activities		**291**	**463**
Cash flows from investing activities			
Acquisitions of subsidiaries, net of cash acquired		-/- 970	-
Sale of subsidiaries, net of cash disposed of		1,589	-
Dividend from associates		245	123
Proceeds from the sale of assets held for sale		10,180	3,378
Acquisitions of / additions to owned investment properties		-/- 524	-/- 818
Acquisitions of / additions to assets held for sale		-/- 531	-/- 15
Net cash from / used in (-/-) investing activities	*15.44.1*	**9,989**	**2,668**
Cash flows from financing activities			
Share buy-back / Reverse Bookbuilding (treasury shares)		-/- 2,005	-/- 67
Proceeds from (refinanced) secured bank loans		3,200	6,049
Proceeds from other long-term liabilities		2,000	1,000
Distributions to shareholders		-	-/- 737
Transaction costs related to loans and borrowings		-/- 63	-/- 87
Repayments of secured bank loans		-/- 9,113	-/- 9,596
Repayments of other long-term liabilities		-/- 3,984	-/- 1,899
Payments of lease liabilities		-/- 264	-/- 219
Net cash from / used in (-/-) financing activities	*15.44.2*	**-/- 10,229**	**-/- 5,556**
Net increase / decrease (-/-) in cash and cash equivalents		51	-/- 2,425
Cash and cash equivalents as at 1 January	*15.12*	2,382	4,740
Effect of exchange and currency translation result on cash held		-/- 14	67
Cash and cash equivalents as at 31 December	*15.12*	**2,419**	**2,382**

[4] Transaction costs and change in lease incentives excluded.

13 ACCOUNTING PRINCIPLES CONSOLIDATED FINANCIAL STATEMENTS

13.1 REPORTING ENTITY

The company Arcona Property Fund N.V., hereinafter referred to as "the **Fund**", was incorporated on November 27, 2002 in accordance with Dutch law and is established in Amsterdam (the Netherlands). The Fund obtained a listing on the Euronext Fund Services in Amsterdam on November 13, 2003 and a listing on the Prague Stock Exchange in Prague on October 30, 2018.

The Fund is registered in Amsterdam, De Entree 55, 1101 BH and is entered in the Trade Register of the Chamber of Commerce under number 08110094.

The Fund is a closed-end investment company with variable capital within the meaning of Article 76a of Book 2 of the Dutch Civil Code. The Fund invests in commercial real estate in Central and Eastern Europe (**CEE**).

The Consolidated Financial Statements have been approved by the Supervisory Board.

The Consolidated Financial Statements of the Fund for the financial period comprise the Fund and its subsidiaries.

13.2 STATEMENT OF COMPLIANCE AND FUTURE RELATED ASSUMPTIONS

The Fund has applied the significant accounting principles as set out in sections 13.3 to 13.41. The Managing Board authorised the Consolidated Financial Statements for issue on April 30, 2025.

As at December 31, 2024, Group equity of the Fund is positive. As stated in the liquidity forecast up to May 2026, the current cash position is sufficient to cover budgeted costs. This forecast considers debt service requirements, the repayment and / or refinancing of loans and uncertainty regarding the impact of the financial markets (reference is made to section 15.42 "Risk management" and section 15.46 "Events after Statement of Financial Position's date").

Going concern

During the reporting period, the Fund's financing position continued to strengthen, driven by both decreasing interest rates and significant financial restructuring. This restructuring included the repayment of secured and more expensive unsecured loans through substantial loan instalments funded by sales proceeds, as well as refinancing initiatives, such as the replacement of the CVI loan with two investor loans. As a result, the Loan-to-Value (LTV) ratio declined to 33.4% (2023: 39.5%) by the end of 2024, solvency improved, and the Debt Service Coverage Ratio (DSCR) showed further enhancement. At year-end, the real estate portfolio - excluding the 3.6% land plot component - was 96.4% income-generating.

Looking ahead, the expected proceeds from additional disposals, other assets classified as held-for-sale, and potential further sales opportunities, will allow for the full repayment of all short-term residual investor loans at the Group level. These transactions will strengthen liquidity and ensure ongoing compliance with bank loan covenants at the subsidiary level. This proactive financial strategy reinforces the Fund's long-term financial stability and its ability to operate as a going concern.

The cumulative reduction in the Fund's LTV ratio in recent years has allowed it to meet all financial obligations despite the current high-interest-rate environment. The Managing Board believes that the Fund will continue to meet its financial commitments, supported by declining interest rates in its core markets, ongoing cash generation from operations, and the execution of its sales programme.

The Managing Board expects that the real estate portfolio, excluding temporary and indirect impacts, will continue to maintain good occupancy levels and to generate positive returns. Furthermore, the cash flow will remain positive, driven by the expected sale of real estate in the upcoming period.

The Fund will continue to return money to shareholders in accordance with the monetization plan agreed upon at the Extraordinary General Meeting (EGM) at the end of 2023. The ongoing sales programme will divest non-core assets and certain core assets that have reached their short-term peak values through refurbishment or re-letting campaigns.

Based on the assumptions outlined above, the Managing Board believes that the Fund can continue as a going concern up to mid-2026. Therefore, these Consolidated Financial Statements are prepared on the assumption of going concern.

13.3 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (**IFRS**) and the interpretations thereof adopted by the International Accounting Standards Board (**IASB**) as adopted by the European Union (hereinafter referred to as **EU-IFRS**) and in accordance with Part 9 of Book 2 of the Dutch Civil Code (Titel 9, Boek 2 van het Burgerlijk Wetboek) and the Dutch Act on Financial Supervision (Wet op het financieel toezicht, the **Wft**).

13.4 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

13.4.1 General

The Consolidated Financial Statements have been prepared based on historical cost, except for:

- investment property;
- investment property under development;
- assets held for sale;
- financial assets at fair value through profit or loss; and
- financial liabilities at fair value through profit or loss.

The accounting policies explained below have been consistently applied to the results, other gains and losses, assets, liabilities, and cash flows of entities included in the Consolidated Financial Statements and are consistent with those used in the prior period, with the exception of the application of new and amended IFRS's as mentioned in section 13.4.4 "New and amended IFRS Standards and interpretations that are effective for the current period".

13.4.3.1 Amortised cost

The amortised cost is the amount for which a financial asset or financial liability is recognised on the Consolidated Financial Statements at initial recognition less repayments on the principal, increased or decreased by the cumulative amortisation of the difference between that initial amount and the final maturity amount - determined through the effective interest method - less any write-downs (directly or by forming a provision) due to impairments or uncollectability.

13.4.3.2 Netting

Financial assets and financial liabilities are reported net in the Consolidated Financial Statements exclusively if and to the extent:

- a proper legal instrument is available to set-off the recognised amounts; and
- there is a firm intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

13.4.2 Judgements, assumptions, and estimation uncertainties

13.4.3.1 General

Preparation of the Consolidated Financial Statements in accordance with EU-IFRS requires the Managing Board to make judgements, estimates and assumptions that affect the application of policies and the reported value of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of the judgements made about carrying amounts of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

13.4.3.2 Judgements

Judgements made by the Managing Board in the application of the EU-IFRS that have significant effect on the Consolidated Financial Statements with a significant risk of material adjustment in the next financial period are:

- equity-accounted investees: whether the Fund has significant influence over an investee;
- consolidation: whether the Fund has de facto control over an investee; and
- lease term: whether the Fund is reasonably certain to exercise extension options.

13.4.3.3 Assumptions and estimation uncertainties

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Assumptions and estimation uncertainties made by the Managing Board that have significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial period are:

- fair value measurements: in estimating the fair value of an asset or liability, the Fund uses observable market data to the extent it is available. The Fund engages external, independent appraisers to perform the valuation. The Managing Board works closely with the external, independent appraisers to establish the appropriate valuation techniques and inputs to the model;
- recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- measurement of expected credit losses allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired, and liabilities assumed, measured on a provisional basis;
- identifying related parties.

13.4.3 Measurement of fair values

Several of the Fund’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Fund uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the following notes:

- 13.8 “Financial instruments”;
- 13.9.2 “Investment property”;
- 13.10 “Investment property under development”;
- 13.11 “Investments in associates”;
- 13.18.2 “Assets held for sale”.

13.4.4 New and amended IFRS Standards and interpretations that are effective for the current period

A number of new standards and amendments to existing standards and interpretations are effective for annual periods beginning after January 1, 2024:

- Non-current Liabilities with Covenants: “Amendments to IAS 1”;
- Classification of Liabilities as Current or Non-current: “Amendments to IAS 1”;
- Lease Liability in a Sale and Leaseback: ”Amendments to IFRS 16”;
- Supplier Finance Arrangements: “Amendments to IAS 7 and IFRS 7”.

These new standards, amendments and interpretations did not have a significant impact on the Consolidated Financial Statements of the Fund.

13.4.5 New and amended IFRS Standards and interpretations not yet applied

A number of new standards, amendments to existing standards, and interpretations will become effective for annual periods beginning after January 1, 2024, and have not been applied in preparing these Consolidated Financial Statements:

- Lack of Exchangeability: “Amendments to IAS 21”;
- Classification and Measurement of Financial Instruments: “Amendments to IFRS 7 and IFRS 9”;
- Presentation and Disclosure in Financial Statements: “IFRS 18”;
- Disclosures subsidiaries without Public Accountability: “IFRS 19”.

The Managing Board expects these new standards, amendments and interpretations will not have a material impact on the Consolidated Financial Statements of the Fund in the current or future reporting periods, or on foreseeable future transactions.

13.5 BASIS OF CONSOLIDATION

13.5.1 Subsidiaries

Subsidiaries are entities over which the Fund has direct or indirect predominant control. The Fund has predominant control if:

- it has power over the entity;
- it is exposed to or entitled to variable returns because of its involvement in the entity; and
- it has the possibility of using its predominant control over the entity to influence the size of these returns.

Every one of these three criteria must be satisfied before the Fund is deemed to have predominant control over the entity in which it has an interest.

Subsidiaries are fully consolidated with effect from the date on which predominant control commences until the date that control ceases.

Consolidated Financial Statements are prepared using uniform accounting policies for similar transactions. Accounting principles of subsidiaries are consistent with the policies adopted by the Fund.

13.5.2 Acquisitions of subsidiaries

The Fund recognises acquisitions if IFRS 3 (revised) "Business Combinations" or IAS 40 "Investment property" applies. Acquisitions are considered a business combination if there is an acquisition of assets, rental activities and such a management organisation, that the acquired entity can operate as an independent company, with the aim of generating economic results. The Fund does not necessarily consider acquisitions of properties within a legal company as a business combination, but evaluates these acquisitions individually for the above operational characteristics.

The Fund applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquired assets and the equity interests issued by the Fund. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Fund recognises any non-controlling interest in the acquired assets on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred. Goodwill is the amount by which the cost of an acquired entity at first recognition exceeds the net fair value of the identifiable assets and liabilities and contingent liabilities assumed. Changes in the purchase price after the acquisition date do not result in recalculation or adjustment of the goodwill. After first recognition, the goodwill is valued at costs less any cumulative impairment losses. Goodwill is attributed to cash-generating entities and is not amortised. Goodwill is assessed for impairment annually, or earlier if circumstances give cause. Negative goodwill resulting from an acquisition is recognised directly into Income Statement.

For acquisitions of subsidiaries not meeting the definition of a business, the Fund allocates the cost between the individual identifiable assets and liabilities assumed in the Fund based on their relative fair values at the date of acquisition. Acquisition-related costs are capitalised. Such transactions or events do not give rise to goodwill and deferred taxes as at date of acquisition are not stated.

13.5.3 Elimination of transactions on consolidation

All intercompany receivables, payables, significant transactions and any unrealised profits and losses on transactions within the Fund, or income or expenses from such transactions within the Fund have been eliminated in the Consolidated Financial Statements to the extent that no impairment loss is applicable.

13.6 BASIS OF PREPARATION OF CONSOLIDATED STATEMENT OF CASH FLOWS

The Fund has used the indirect method for the Consolidated Statement of Cash Flows. Given the nature of the Fund (investment company) financial income is not netted against financial expenses but presented separately under the total income (reference is made to section 13.36 "Financial income"), so financial income is presented in the Consolidated Statement of Cash Flows under cash flows from operating activities.

Cash and cash equivalents as mentioned in the Consolidated Statement of Cash Flows include the Statement of Financial Position's item cash and cash equivalents and, if applicable bank overdrafts. Transactions without settlement in cash are not recognised in the Consolidated Statement of Cash Flows.

13.7 CURRENCY

13.7.1 Functional and presentation currency

The functional currency of the Fund is the Euro (EUR or €), reflecting the fact the majority of the Fund's transactions are settled in Euro. The Fund has adopted the Euro as its presentation currency since the shares of the Fund are denominated in Euro.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

13.7.2 Foreign currency transactions

Foreign currency transactions are translated into Euros at the exchange rate applicable on the transaction date. Assets and liabilities denominated in foreign currencies are translated into Euros at the exchange rate applicable on the Statement of Financial Position's date. Exchange rate differences arising from translation are recognised in the Income Statement. Cash flows in foreign currencies are converted at the exchange rate applicable on settlements date.

13.7.3 Financial Statements of foreign activities and net investment in foreign activities

The assets and liabilities of foreign operations and fair value adjustments arising on consolidation are translated into Euros at the exchange rate applicable on the Statement of Financial Position's date.

The income and expenses of foreign operations are translated into Euros at the exchange rates at the dates of the transactions. For practical reasons, the average monthly exchange rates for the financial period are used to approximate the exchange rates at the dates of the transactions, however only if the exchange rates do not fluctuate significantly.

Foreign currency translation differences arising on translation of the net investment in foreign activities, and the associated hedging transactions, are taken through the comprehensive income and are recognised in the reserve currency translation differences. In case of a (part) reduction of the net investments in foreign activities, the deferred cumulative amount recognised in the comprehensive income relating to that particular foreign operation will be recognised in the Income Statement.

13.7.4 Exchange rates used for the Consolidated Statement of Financial Position

	31-12-2024	**31-12-2023**
Bulgarian Lev (EUR / BGN)	1.95580	1.95580
% change	*0.0%*	*0.0%*
Czech Koruna (EUR / CZK)	25.18500	24.72400
% change	*-/- 1.9%*	*-/- 2.5%*
Polish Zloty (EUR / PLN)	4.27500	4.33950
% change	*1.5%*	*7.3%*
Romanian Leu (EUR / RON)	4.97430	4.97560
% change	0.0%	-/- 0.5%
Ukrainian Hryvnia (EUR / UAH)	43.92660	42.20790
% change	*-/- 4.1%*	*-/- 8.4%*
US Dollar (EUR / USD)	1.03890	1.10500
% change	*6.0%*	*-/- 3.6%*

Source: European Central Bank (ECB) if available. Ukrainian Hryvnia: National Bank of Ukraine.

13.7.5 Average exchange rates used for the Consolidated Income Statement

	2024	**2023**
Bulgarian Lev (EUR / BGN)	1.95580	1.95580
Czech Koruna (EUR / CZK)	25.15608	23.97092
Polish Zloty (EUR / PLN)	4.30209	4.52335
Romanian Leu (EUR / RON)	4.97528	4.95140
Ukrainian Hryvnia (EUR / UAH)	43.57652	39.76890

13.8 FINANCIAL INSTRUMENTS

13.8.1 General

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Fund becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

13.8.2 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

13.8.2.1 Classification of financial assets

In accordance with IFRS 7 financial assets have been classified as follows:

I. Debt instruments that meet the following conditions are measured subsequently at amortised cost:
   - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
   - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

II. Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (**FVTOCI**):
   - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
   - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

III. By default, all other financial assets are measured subsequently at fair value through profit or loss (**FVTPL**).

Despite the foregoing, the Fund may make the following irrevocable election / designation at initial recognition of a financial asset:

- the Fund may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see below); and
- the Fund may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see below).

I. Financial assets at amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Fund recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the financial income.

II. Financial assets classified as at FVTOCI

There are no debt instruments or equity instruments designated as at FVTOCI as at Statement of Financial Position's date.

III. Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see I.) are measured at FVTPL. Specifically:

- investments in equity instruments are classified as at FVTPL, unless the Fund designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition;
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (I.) and (II.) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Fund has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the financial income or financial expenses.

All the Fund's financial assets are classified as financial assets at amortised cost and effective interest method, with the exception of:

- investments in associates; and
- derivative financial instruments.

Investments in associates and derivative financial instruments are classified as financial assets at FVTPL.

13.8.2.2 Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Fund always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Fund recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Fund measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Fund's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Fund's core operations.

In particular, the following information is considered when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.
Despite the foregoing, the Fund assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

1. the financial instrument has a low risk of default,
2. the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
3. adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Fund considers a financial asset to have low credit risk when the asset has external credit rating of ‘investment grade’ in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of “performing”. Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guaranteed contracts, the date that the Fund becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Fund considers the changes in the risk that the specified debtor will default on the contract.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Fund considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full (without considering any collateral held by the Fund).

Irrespective of the above analysis, the Fund considers that default has occurred when a financial asset is more than 3 months past due unless the Fund has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

A. significant financial difficulty of the issuer or the borrower;
B. a breach of contract, such as a default or past due event (see above);
C. the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
D. it is becoming probable that the borrower will enter bankruptcy or undergo other forms of financial reorganisation; or
E. the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Fund writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Fund’s recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Fund's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Fund in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses are consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the Fund is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Fund expects to receive from the holder, the debtor or any other party.
If the Fund has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Fund measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which a simplified approach was used.

The Fund recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the revaluation reserve, and does not reduce the carrying amount of the financial asset in the Statement of Financial Position.

Derecognition of financial assets
The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received, and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

13.8.3 Financial liabilities and equity

13.8.3.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Fund are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Fund's own equity investments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Fund's own equity instruments.

Compound instruments

The component parts of convertible bonds issued by the Fund are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Fund's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to retained earnings. Where the conversion option remains unexercised at the maturity date of the convertible bond, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.

13.8.3.2 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Fund, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is:

1. contingent consideration of an acquirer in a business combination;
2. held for trading; or
3. it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative financial instrument, except for a derivative financial instrument that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Fund of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Fund's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivative financial instruments, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in financial income or financial expenses.
However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guaranteed contracts issued by the Fund that are designated by the Fund as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not:

1. contingent consideration of an acquirer in a business combination, or
2. held-for-trading, or
3. designated as at FVTPL

are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

All the Fund's liabilities are classified as financial liabilities measured subsequently at amortised cost, with the exception of derivative financial instruments. Derivative financial instruments are classified as Financial liabilities at FVTPL.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Fund exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Fund accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If the modification is not substantial, the difference between:

1. the carrying amount of the liability before the modification; and
2. the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

13.8.3.3 Derivative financial instruments

The Fund enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivative financial instruments are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative financial instrument with a positive fair value is recognised as a financial asset whereas a derivative financial instrument with a negative fair value is recognised as a financial liability. Derivative financial instruments are not offset in the Consolidated Financial Statements unless the Fund has both the legal right and the intention to offset. A derivative financial instrument is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Other derivative financial instruments are presented as current assets or current liabilities.

13.9 INVESTMENT PROPERTY

13.9.1 General

Investment property comprises owned investment property, as well as right-of-use assets.

Investment property is property that is held to realise rental income or an increase in value, or both. The initial recognition of investment property is at cost including related transaction costs. Additions to investment property also includes letting fees. After initial recognition, investment property is carried at fair value, with an adjustment for the carrying amount of lease incentives.

Right-of-use assets are assets that represent a lessee's right to use an underlying asset for the lease term. For the accounting principles of right-of-use assets reference is made to section 13.38 “Leases”.

Lease incentives are initially and subsequently measured at historical cost. Lease incentives are allocated proportionally to subsequent periods.

The time of accounting an investment property sale is based on an assessment of the time when control is transferred. The Fund believes that control is transferred when the investment property is transferred to the buyer and this party can therefore actually dispose of the investment property.

13.9.2 Measurement of fair value

Fair value is the price that would be received for an asset in an orderly transaction between market participants at the measurement date and adjusted, if necessary, for differences in the nature, location, or condition of the specific asset. If this information is not available, the Fund uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow or capitalisation projections. Valuations are performed as at Statement of Financial Position’s date. External valuations are performed by an independent appraiser with relevant recognised qualifications and recent experience with the location and the type of property. The valuations have been made in accordance with the appropriate sections of the current RICS Valuation Standards. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Considering the type of investment property Level 3 fair value hierarchy is applied for all real estate assets in the portfolio.

The valuations are made on the basis of the total of the net annual rents generated by the property and, where relevant, the associated costs. The major sources of uncertainty in estimates are as follows:

A. development of rents;
B. capitalisation factor for transactions;
C. fair rents per type of property;
D. property prices;
E. vacancy;
F. remaining period of non-cancellable rental contracts.

Three standard methods of valuation computation are considered, namely:

I. term and reversion method;
II. hard core and top-slice method;
III. initial yield method.

I. Term and reversion method

The term and reversion method involves the following: net income up to the end of the contract term and the market-based net income over the following at least ten years are discounted back to the valuation date (“term”). For the time after this period, the stabilised net rental income is capitalised at the market interest rate and also discounted back to the valuation date to determine the perpetual yield (“reversion”). Depending on the estimates of risk - which are based on the type of property, location and region as well as current market circumstances - different discount rates are applied to the current rental income and the capitalisation of the perpetual yield. The assumptions underlying the valuation, e.g. for risk, void periods, vacancies or maintenance costs and capex are based on estimates by relevant market players, on derived data or the appraisers’ experience. Capital expense (**CAPEX**) is expenditure in the foreseeable future which falls outside the scope of the normal annual maintenance programme.

II. Hard core and top-slice method

The hard core and top-slice method is similar to the logic behind the term and reversion model. Net income generated by the property - up to the market rent (hard core component) - is capitalised at a normal market interest rate as a perpetual yield over the entire term (term of the rental contract plus subsequent rental). The top-slice component (the net income for this same term that exceeds the market rent) is then discounted at a risk-adjusted market interest rate. The amount of the risk premium is dependent on the probability of vacancy.

III. Initial yield method

The initial yield method applies a single all risks yield at the date of valuation, i.e. net income / gross purchase price.

For all investment property that is measured at fair value, the current use of the property is its highest and best use. In these Financial Statements all properties were externally valued using the “hard core and top-slice method”. In order to arrive at the valuation of the property, the annual net rents are capitalized using a yield factor that reflects the specific risks inherent to the net cash flows.

13.9.3 Analysis of assumptions and input parameters used in the valuations per property category

The fair value is the outcome of the (theoretical) rent divided by the net initial yield (expressed as a percentage) of the investment property. The yields applied are specific to the type of property, location, maintenance condition and letting potential of each asset. The yields are determined based on comparable transactions, as well as on market and asset-specific knowledge.

The most important assumptions and input parameters used in the valuations are set out in the tables below.

No.	Property category	2024 Yield factor[5] in %	2023 Yield factor in %
A	Office B⁺-class	6.01 - 9.50	6.01 - 9.27
B	Office B⁻-class	N.a.	7.50 - 9.75
C	Office / business B / C-class	N.a.	N.a.
D	Retail B-class[6]	N.a.	7.35 - 9.25

No.	Property category	2024 Market rent per sqm in €	2023 Market rent per sqm in €
A	Office B⁺-class	132 - 208	113 - 189
B	Office B⁻-class	N.a.	116 - 126
C	Office / business B / C-class	N.a.	N.a.
D	Retail B-class	92 - 154	92 - 162

No.	Property category	2024 Vacancy in %	2023 Vacancy in %
A	Office B⁺-class	0.0 - 27.1	0.0 - 23.9
B	Office B⁻-class	N.a.	8.2 - 37.5
C	Office / business B / C-class	N.a.	N.a.
D	Retail B-class	0.0 - 22.9	0.0 - 54.8

[5] The yield factors 2023 and 2024 corresponds with the equivalent yield specifications of the external independent appraiser.
[6] Higher yields are related to the leasehold retail assets.

Where necessary the following aspects are reflected in the valuation:

- the type of tenant that uses the property or that is responsible for fulfilling the rental obligations, or the type of tenant that is likely to use the property after vacancy, and the general expectation with regard to their creditworthiness;
- void periods, vacancies, and maintenance costs, which are based on estimates by relevant market players, on derived data or the appraisers' experience;
- the residual economic life of the property. Standard and infinite economic life is assumed;
- it is assumed that in the case of rent adjustment or extension of the lease, in the case of which a rent increase is expected, all notifications, and where necessary notices to the contrary, meet all legal requirements and have been sent in good time.

Profits or losses arising from changes in the fair value are recognised in the Income Statement. In determining the property fair value capitalized lease incentives are reflected in the valuation results, to avoid double counting.

On valuation date, the ongoing situation in Ukraine continues to create significant uncertainty in property valuations, particularly due to the persistent military conflict and the scarcity of relevant or sufficient market evidence for valuers to base their judgments on. In accordance with VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, valuations are reported with material valuation uncertainty, meaning less certainty and a higher degree of caution should be attached to the reported values. Market instability and potential further developments in the conflict could lead to rapid changes in property values, necessitating frequent reviews.

As of April 30, 2025, the Managing Board does not anticipate any direct adverse impacts from developments in Ukraine on the Fund's remaining real estate portfolio in Central Europe. With the exception of Ukraine the Fund operates in countries that are NATO members, and while geopolitical tensions remain heightened, the likelihood of military escalation into NATO territories remains low, given the potential for immediate collective defence measures. The Fund continues to monitor macroeconomic conditions and market stability in its investment regions to mitigate potential indirect effects.

13.10 INVESTMENT PROPERTY UNDER DEVELOPMENT

Property currently under construction or development for future use as investment property is classified as investment property under development. Such property is measured at fair value when its fair value can be reliably determined. If the fair value of investment property under development cannot reliably be determined but is expected to be reliably determinable upon completion of construction, it is measured at cost less impairment until the fair value can be reliably determined or construction is completed - whichever occurs first.

Determining the fair value of the investment property under development can sometimes present challenges. To assess this, the Managing Board considers various factors, including, but not limited to:

- provisions of the construction contract;
- stage of completion;
- whether the project / property is standard (typical for the market) or non-standard;
- reliability of expected cash inflows after completion;
- specific development risks associated with the property;
- experience with similar constructions;
- status of construction permits.

Costs include the material and labour for the construction, costs of staff related to technical supervision, project management on the basis of time spent and finance costs. The finance cost refers to the capitalized interest charged up until the delivery date. This interest is allocated to development projects based on either a specific project's financing rate or, in cases where no specific project financing exists, it is determined by the Fund's average effective rate. Interest charges include interest, and all costs associated with the Fund.
Capitalised interest will cease when substantially all the activities necessary to prepare the investment property under development for its intended use or sale are completed.

The fair value of investment property under development is determined in a manner consistent with that of investment property, with the understanding that the capitalisation factor is adjusted to reflect development risks.

Changes in fair value and impairment losses are recognised in the Income Statement as valuation result. Investment property under development will be transferred to investment property on the date of delivery.

13.11 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Fund has significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. If the Fund holds, directly or indirectly (e.g. through subsidiaries), 20 percent or more of the voting power of the investee, it is presumed that the Fund has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the Fund holds, directly or indirectly (e.g. through subsidiaries), less than 20 percent of the voting power of the investee, it is presumed that the Fund does not have significant influence, unless such influence can be clearly demonstrated. A substantial or majority ownership by another investor does not necessarily preclude the Fund from having significant influence.

The existence of significant influence by the Fund is usually evidenced in one or more in the following ways:

A. representation on the board of directors or equivalent governing body of the investee;
B. participation in policy-making processes, including participation in decisions about dividends or other distributions;
C. material transactions between the Fund and its investee;
D. interchange of managerial personnel; or
E. provision of essential technical information.

The Fund may own share warrants, share call options, debt or equity instruments that are convertible into ordinary shares, or other similar instruments that have the potential, if exercised or converted, to give the Fund additional voting power or to reduce another party's voting power over the financial and operating policies of another entity (i.e. potential voting rights). The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Fund has significant influence. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event.

In assessing whether potential voting rights contribute to significant influence, the Fund examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential rights, except the intentions of Managing Board and the financial ability to exercise or convert those potential rights.

The Fund loses significant influence over an investee when it loses the power to participate in the financial and operating policy decisions of that investee. The loss of significant influence can occur with or without a change in absolute or relative ownership levels. It could occur, for example, when an associate becomes subject to the control of a government, court, administrator, or regulator. It could also occur as a result of a contractual arrangement.

Usually, investments in associates are valued using the equity method. Since the investments in associates are held by, or are held indirectly through a "mutual fund" the Fund elects to measure the investments in associates at fair value through profit or loss in accordance with IFRS 9 (IAS 28:18). Therefore, investments in associates are initially and subsequently recognised at fair value, with transaction costs recognised in the Income Statement.

13.12 DERIVATIVE FINANCIAL INSTRUMENTS

For the accounting principles with regard to derivative financial instruments (assets and liabilities) reference is made to section 13.9 “Financial instruments”.

13.13 DEFERRED TAX ASSETS

For the accounting principles with regard to deferred tax assets reference is made to section 13.41 “Income tax expense”.

13.14 TAX ASSETS

Tax assets comprise the expected tax receivable on the taxable amounts and any adjustments to the tax receivable in respect of previous years. The amount of the tax receivable is the best estimate of the tax amount expected to be received, reflecting uncertainty related to taxes.

13.15 TRADE AND OTHER RECEIVABLES

Trade and other receivables (without a significant financing component) are initially measured at the transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

13.16 PREPAYMENTS AND DEFERRED EXPENSES

Prepayments and deferred expenses are initially and subsequently measured at historical cost. Prepayments and deferred expenses are allocated proportionally to subsequent periods.

13.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and cash held in bank accounts. Time deposits are only included in cash and cash equivalents if the expectation is that they will be used to fund working capital within a period of three months or less from the date of acquisition. Cash and cash equivalents meet the definition given by IFRS 9, i.e., short-term, highly-liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash and cash equivalents are recognised and measured at fair value through profit or loss in accordance with IFRS 9, as described in section 13.8 “Financial instruments”.

In the Consolidated Statement of Cash Flows, bank overdrafts at call, which are an integral part of the Fund's asset management, are included as part of cash and cash equivalents.

13.18 ASSETS HELD FOR SALE

13.18.1 General

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. This only applies if the asset or disposal group is available for immediate sale in its present condition. Furthermore, the sale must be highly probable, the Managing Board must be committed to a plan to sell the asset or disposal group and an active programme to locate a buyer must have been initiated. It is expected the sale will principally be completed within one year from the date of classification.

13.18.2 Measurement of fair value

Assets or disposal groups held for sale are generally measured at the lower of their carrying amount and fair value less cost of disposal, except for investment property. Investment property held for sale and right-of-use assets held for sale are measured in accordance with section 13.9 “Investment property”. Any impairment loss on a disposal group is allocated to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets or investment property, which continue to be measured in accordance with the Fund’s regular accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on re-measurement are recognised in the Income Statement.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

13.19 GROUP EQUITY

For the accounting principles of the several shareholders’ equity components reference is made to sections 18.3.4 “Issued capital” to 18.3.8 “Legal reserve investments in group companies”.

13.20 TAX LIABILITIES

Tax liabilities comprise the expected tax payable on the taxable amounts and any adjustments to the tax payable in respect of previous years. The amount of the tax payable is the best estimate of the tax amount expected to be paid, reflecting uncertainty related to taxes.

13.21 LOANS AND BORROWINGS

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost, with any difference between cost and the redemption amount being stated in the Income Statement over the term of the loans using the effective interest method.

13.22 TRADE AND OTHER PAYABLES

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

13.23 DEFERRED INCOME AND TENANT DEPOSITS

Deferred income and tenant deposits are initially and subsequently measured at historical cost. Deferred income is allocated proportionally to subsequent periods. Tenant deposits are recognised at their received amounts.

13.24 DEFERRED TAX LIABILITIES

For the accounting principles with regard to the deferred tax liabilities reference is made to section 13.41 “Income tax expense”.

13.25 PROVISIONS

A provision is a liability of uncertain timing or amount.

A provision shall be recognised when:
- the Fund has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

If these conditions are not met, no provision shall be recognised.

A provision is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period and is discounted if the effect of discounting is material. Future events that may affect the amount required to settle an obligation shall be reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

The best estimate of the expenditure required to settle the present obligation is the amount that the Fund would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. It will often be impossible or prohibitively expensive to settle or transfer an obligation at the end of the reporting period. However, the estimate of the amount that the Fund would rationally pay to settle or transfer the obligation gives the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

13.26 LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

For the accounting principles with regard to the liabilities directly associated with assets held for sale reference is made to section 13.18 “Assets held for sale”.

13.27 GROSS RENTAL INCOME

Gross rental income from investment property is stated in the Income Statement excluding value added tax (VAT), on the basis of the period of the lease. If the investment property has been acquired during the financial period, the rental income is accounted as of the date of acquisition by the Fund. If office or other equipment is leased together with the premises, this is included in the rental income.

Rent adjustments due to indexation are recognised as they arise.

Rent-free periods and investments made, or allowances granted to tenants by the Fund (lease incentives) are allocated on a linear basis over the lease term. The lease term consists of the period until the first break option for the tenants, which period can be extended by the Managing Board with the expected prolongation of the leases.

Revenue received from tenants for early termination of leases is directly recognised in the Income Statement as it arises.

13.28 SERVICE CHARGE INCOME AND SERVICE CHARGE EXPENSES

The Fund is acting as principal for service charge income. Service charge income corresponds to service charges invoiced to tenants and is presented separately in the Income Statement. Service charge income is recorded as income in the period in which it is earned.

Service charge expenses cover the costs of services such as general maintenance and repairs, security, heating, cooling, lighting and cleaning of common areas. Service charge expenses are recognised in the Income Statement of the period to which they relate.

13.29 PROPERTY OPERATING EXPENSES

Property operating expenses consist mainly of maintenance costs, property taxes, insurance premiums and management and collection costs. Service charges are stated separately in the Income Statement. If the investment property has been acquired during the financial period, the direct operating expenses are accounted for from the date of acquisition by the Fund.

13.30 VALUATION RESULTS OF PROPERTIES

The valuation results of properties (inventories excluded) relate to unrealised changes in the fair value of properties compared to the fair value as at 31 December of the preceding financial period. In case (part of) a property is sold the valuation result of properties also includes the reversal of the unrealised changes in the fair value from prior years (reference is made to section 13.31 “Result on disposals of properties”).

13.31 RESULT ON DISPOSALS OF PROPERTIES

The result on disposals of properties comprises realised result on disposals of properties (inventories excluded). This result is calculated by the difference between the selling price less the original purchase price. Therefore, the result on disposals of properties comprise the valuation result of properties in the current year as well as the unrealised valuation result of properties booked in prior years.

13.32 (REVERSAL OF) IMPAIRMENT ALLOWANCE OF INVENTORIES

The (reversal of) impairment allowance of inventories relate to (reversal of) impairment changes of the inventories in relation to the valuation as at 31 December of the preceding financial period.

13.33 RESULT ON DISPOSALS OF INVENTORIES

The result on disposals of inventories relates to realised result on disposals of inventories. This result is calculated by the difference between the selling price less valuation as at 31 December of the preceding financial period.

13.34 SHARE IN RESULTS OF INVESTMENTS IN ASSOCIATES

The share in results of investments in associates relates to its share in the unrealised changes in the fair value of investments in associates compared to its share in the fair value as at 31 December of the preceding financial period, as well as the dividends the Fund is entitled to during the financial period. In case (part of) an investment in an associate is sold the share in results of investments in associates also includes the reversal of the unrealised changes in the fair value from prior years (reference is made to section 13.35 “Result on disposals of investments in associates”).

13.35 RESULT ON DISPOSALS OF INVESTMENTS IN ASSOCIATES

The result on disposals of investments in associates relates to the realised result on disposals of investments in associates. This result is calculated by the difference between the selling price less the original purchase price. Therefore the result on disposals of investments in associates comprises the valuation result of investments in associates in the current year as well as the unrealised valuation result of investments in associates booked in prior years.

13.36 FINANCIAL INCOME

Interest income on funds invested is recognised in the Income Statement as it accrues.

Given the nature of the Fund (investment company) financial income is not netted against finance charges, but presented separately under the total income, except:

- foreign exchange and currency results;
- change in fair value of derivative financial instruments;
- interest income / interest expense on derivative financial instruments; and
- interest income / interest expense of Tax Authorities.

Financial income arises principally from the investments held in order to be used for investment in property. Financial income also includes the exchange and currency translation profits that arise principally from the settlement of monetary items or from the translation of monetary items in foreign currency.

Financial income also includes the positive changes in fair value of derivative financial instruments.

13.37 OTHER OPERATING INCOME

Other operating income is recognised in the Income Statement when it is probable that the economic benefits will flow into the Fund and the (net) revenues can be measured reliably.

Other operating income also includes penalties for early termination of rental contracts. Tenants who terminate leases prior to the contractual expiration date are liable to pay early termination penalties, which are credited to income for the period in which they are recognised.

13.38 LEASES

At inception of a contract, the Fund assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Fund uses the definition of a lease in IFRS 16.

13.38.1 The Fund as a lessee

At commencement or on modification of a contract that contains a lease component, the Fund allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Fund has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Fund recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses or, if it relates to investment property the right-of-use will be valued at fair value in line with IAS 40. The right-of-use will additionally be adjusted for any remeasurement of the lease liability, when applicable.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Fund's incremental borrowing rate. The Fund uses its incremental borrowing rate as the discount rate.

The Fund determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Fund is reasonably certain to exercise, lease payments in an optional renewal period if the Fund is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Fund is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

13.38.2 Short-term leases and low value assets

The Fund has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (USD 5,000 or less) and short-term leases. The Fund recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

13.38.3 The Fund as a lessor

At inception or on modification of a contract that contains a lease component, the Fund allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Fund acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Fund makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Fund considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

When the Fund is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Fund applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Fund applies IFRS 15 to allocate the consideration in the contract.

The Fund applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Fund further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Fund recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of other operating income.

Generally, the accounting policies applicable to the Fund as a lessor in the comparative period did not differ from IFRS 16.

13.39 ADMINISTRATIVE EXPENSES AND OTHER OPERATING EXPENSES

Administrative expenses and other operating expenses are recognised in the Income Statement. Expenses may only be deferred if they meet the definition of an asset.

13.40 FINANCIAL EXPENSES

Financial expenses comprise the interest expense on funds taken up, calculated using the effective interest method, exchange, and currency translation losses, which arise principally from the settlement of monetary items, or in the translation of monetary items in foreign currency.

Financial expenses also include the negative changes in fair value of derivative financial instruments.

Interest expense is recognised in the Income Statement as it accrues, by means of the effective interest rate method.

13.41 INCOME TAX EXPENSE

13.41.1 Income tax expense

The income tax expense for the financial period comprises current and deferred tax. It is recognised in Income Statement except to the extent that it relates to a business combination, or items recognised in equity or in other comprehensive income.

The Fund has determined that the global minimum top-up-tax - which is required to be paid under Pillar Two legislation - is an income tax. The Fund has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

13.41.2 Current tax

The current tax comprises the expected tax payable or receivable on the taxable statement of income for the financial period and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted as at Statement of Financial Position's date. Current tax also includes any tax arising from dividends.

Tax assets and liabilities are offset only if certain criteria are met.

13.41.3 Deferred tax

Deferred tax is recognised in respect of taxable and / or deductible temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is not recognised for:

- taxable and / or deductible temporary differences on the initial recognition of assets or liabilities in a transaction which:
    - is not a business combination; and
    - at the time of the transaction, affects neither accounting nor taxable profit or loss ("Initial Recognition Exception"); and
    - at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- taxable and / or deductible temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Fund is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable and / or deductible temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Fund. Deferred tax assets are reviewed at each Statement of Financial Position's date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each Statement of Financial Position's date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, using tax rates enacted or substantively enacted at the Statement of Financial Position's date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Fund expects, at Statement of Financial Position's date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of properties measured at fair value is presumed to be recovered through sale, and the Fund has not rebutted this presumption.

Deferred tax assets and deferred tax liabilities are not discounted.

Deferred tax assets and liabilities are offset in case the Fund or its subsidiaries has a legally enforceable right to set-off tax assets against tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same Tax Authority.

14 SEGMENT INFORMATION

14.1 GENERAL

Segment information is given for each operating segment. An operating segment is a component of the Fund:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the Fund);
- whose operating results are used by the fund manager to make decisions about resources to be allocated to the segment and to regularly review and assess its performance; and for which discrete financial information is available.

Given the Fund’s management decision-making structure and internal reporting structure each property is indicated as an operating segment. The properties held during the financial period (current period and / or previous period), as mentioned in section 14.5.1 “Overview of segment result (Overview A)”, are taken into account in the segment reporting overviews.

The following segment reporting overviews are given for each property:

A. overview of segment result (net operating income), apportioned to the Fund’s geographic categories;
B. overview carrying amount of type of property, apportioned to the Fund’s business categories;
C. overview of assets apportioned to the Fund’s geographic categories.

Since each separate property is indicated as an operating segment, most of the Fund’s assets cannot be allocated to the operating segments. Therefore, only the carrying amount of each property is reported as a segment asset. For an overview of the carrying amount of each property reference is made to section 14.5.3 “Specification carrying amount of each property per business category (overview B)”.

14.2 GEOGRAPHIC CATEGORIES

The Fund distinguishes the following geographic categories:

A. Czechia;
B. Slovakia;
C. Poland;
D. Ukraine;
E. Romania;
F. The Netherlands;
G. Other countries.

14.3 BUSINESS CATEGORIES

The Fund distinguishes the following business categories:

A. Office;
B. Retail;
C. Residential;
D. Land.

14.4 SEGMENTATION CRITERIA

The Fund uses the following segmentation criteria of its assets:

- if the assets in an individual foreign country represent more than 1% of the total assets as at Statement of Financial Position’s date, these assets shall be disclosed separately. If those assets represent less than 1% of the total assets as at Statement of Financial Position’s date, these items will be allocated as other countries. The assets located in the Fund’s country of domicile are disclosed separately, also in case these assets are less than 1% of the total assets;
- the allocation of the property is based on the geographic location of the premises;
- the allocation of deferred tax assets is based on the geographic location of the company which generated the deferred tax assets;
- the allocation of investments in associates and other equity investments is based on the business location of the company the Fund invests in;
- the allocation of other assets (tax assets, trade and other receivables, prepayments and deferred expenses and cash and cash equivalents) is based on the geographic location of the debtor and / or contracting party.

The allocation of segment results to the several geographic categories is based on the geographic location of the premises.

14.5 SEGMENT RESULTS

14.5.1 Overview of segment result (overview A)

Segment	Gross rental income 2024	Gross rental income 2023	Service charge income 2024	Service charge income 2023	Service charge expenses 2024	Service charge expenses 2023	Property operating expenses 2024	Property operating expenses 2023	Subtotal net rental & related income 2024	Subtotal net rental & related income 2023
	in € 1,000		in € 1,000		in € 1,000		in € 1,000		in € 1,000	
Czechia:										
Palmovka	288	326	149	157	-/- 108	-/- 108	-/- 103	-/- 77	226	298
Karlin	289	568	130	248	-/- 95	-/- 190	-/- 62	-/- 130	262	496
Newton House	340	348	151	161	-/- 125	-/- 136	-/- 108	-/- 98	258	275
Total Czechia	**917**	**1,242**	**430**	**566**	**-/- 328**	**-/- 434**	**-/- 273**	**-/- 305**	**746**	**1,069**
Slovakia:										
Záhradnícka	191	352	7	12	-/- 45	-/- 111	-/- 96	-/- 142	57	111
Letná	1,377	1,229	23	25	-/- 238	-/- 233	-/- 427	-/- 391	735	630
Total Slovakia	**1,568**	**1,581**	**30**	**37**	**-/- 283**	**-/- 344**	**-/- 523**	**-/- 533**	**792**	**741**
Poland:										
Laubitza 8	218	145	101	66	-/- 91	-/- 83	-/- 77	-/- 93	151	35
800-lecia Inowroclawia	199	196	174	167	-/- 185	-/- 181	-/- 101	-/- 91	87	91
Krzemowa	305	294	239	215	-/- 171	-/- 159	-/- 94	-/- 94	279	256
Plutona	176	167	67	62	-/- 95	-/- 87	-/- 48	-/- 48	100	94
Kalinkowa	328	294	252	224	-/- 232	-/- 214	-/- 96	-/- 91	252	213
Wojska Polskiego	321	306	263	262	-/- 204	-/- 213	-/- 99	-/- 95	281	260
Wolnosci	86	69	82	54	-/- 110	-/- 113	-/- 65	-/- 64	-/- 7	-/- 54
Grzymaly Siedleckiego	251	246	155	135	-/- 148	-/- 129	-/- 32	-/- 30	226	222
Kardyn. Wyszynskiego	191	193	131	137	-/- 142	-/- 133	-/- 49	-/- 49	131	148
Legionow	381	372	223	255	-/- 207	-/- 208	-/- 63	-/- 68	334	351
Maris	603	764	348	328	-/- 410	-/- 364	-/- 163	-/- 140	378	588
Total Poland	**3,059**	**3,046**	**2,035**	**1,905**	**-/- 1,995**	**-/- 1,884**	**-/- 887**	**-/- 863**	**2,212**	**2,204**
Ukraine:										
Aisi Bela	-	-	-	-	-	-	-/- 15	-/- 15	-/- 15	-/- 15
Kiyanovskiy Residence	-	N.a.	-	N.a.	-	N.a.	-	N.a.	-	N.a.
Total Ukraine	**-**	**-**		**-**	**-**	**-**	**-/- 15**	**-/- 15**	**-/- 15**	**-/- 15**
Bulgaria:										
Boyana	N.a.	-	N.a.	-	N.a.	-	N.a.	-/- 11	N.a.	-/- 11
Inventories	-	-	-	-	-/- 4	-/- 6	-/- 11	-/- 41	-/- 15	-/- 47
Total Bulgaria	**-**	**-**	**-**	**-**	**-/- 4**	**-/- 6**	**-/- 11**	**-/- 52**	**-/- 15**	**-/- 58**
Romania:										
EOS Business Park	790	707	-	-	-	-	-/- 98	-/- 66	692	641
Lelar (Delenco)	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.	N.a.
Total Romania	**790**	**707**	**-**	**-**	**-**	**-**	**-/- 98**	**-/- 66**	**692**	**641**
Grand total	**6,334**	**6,576**	**2,495**	**2,508**	**-/- 2,610**	**-/- 2,668**	**-/- 1,807**	**-/- 1,834**	**4,412**	**4,582**

Segment	Subtotal net rental & related income 2024	2023	Net result on properties and equity investments 2024	2023	Other operating income[7] 2024	2023	Financial expenses / other operating expenses[8] 2024	2023	Total segment result 2024	2023
	in € 1,000		in € 1,000		in € 1,000		in € 1,000		in € 1,000	
Czechia:										
Palmovka	226	298	55	550	3	-	-	-	284	848
Karlin	262	496	70	106	1	-	-	-	333	602
Newton House	258	275	332	-/- 256	1	-	-	-	591	19
Total Czechia	**746**	**1,069**	**457**	**400**	**5**	**-**	**-**	**-**	**1,208**	**1,469**
Slovakia:										
Záhradnícka	57	111	-/- 137	45	-	-	-	-	-/- 80	156
Letná	735	630	-/- 984	-/- 60	-	-	-	-	-/- 249	570
Total Slovakia	**792**	**741**	**-/- 1,121**	**-/- 15**	**-**	**-**	**-**	**-**	**-/- 329**	**726**
Poland:										
Laubitza 8	151	35	-/- 31	203	-	-	-	-	120	238
800-lecia Inowroclawia	87	91	-/- 80	-/- 64	-	-	-	-	7	27
Krzemowa	279	256	61	-/- 10	-	-	-	-	340	246
Plutona	100	94	-/- 20	40	-	-	-	-	80	134
Kalinkowa	252	213	59	66	-	-	-	-	311	279
Wojska Polskiego	281	260	-/- 93	9	-	-	-	-	188	269
Wolnosci	-/- 7	-/- 54	380	-/- 151	-	-	-	-	373	-/- 205
Grzymaly Siedleckiego	226	222	-/- 35	-/- 108	-	-	3	6	188	108
Kardyn. Wyszynskiego	131	148	-/- 381	-/- 26	-	-	24	24	-/- 274	98
Legionow	334	351	-/- 55	113	-	-	71	60	208	404
Maris	378	588	-/- 1	-/- 140	-	-	-	-	377	448
Total Poland	**2,212**	**2,204**	**-/- 196**	**-/- 68**	**-**	**-**	**98**	**90**	**1,918**	**2,046**
Ukraine:										
Aisi Bela	-/- 15	-/- 15	366	65	-	-	-	-	351	50
Kiyanovskiy Residence	-	N.a.	126	N.a.	-	N.a.	-	N.a.	126	N.a.
Total Ukraine	**-/- 15**	**-/- 15**	**492**	**65**	**-**	**-**	**-**	**-**	**477**	**50**
Bulgaria:										
Boyana	N.a.	-/- 11	N.a.	-/- 579	N.a.	-	N.a.	-	N.a.	-/- 590
Inventories	-/- 15	-/- 47	779	1,093	-	-	-	-	764	1,046
Total Bulgaria	**-/- 15**	**-/- 58**	**779**	**514**	**-**	**-**	**-**	**-**	**764**	**456**
Romania:										
EOS Business Park	692	641	-/- 1,238	-/- 117	-	-	-	-	-/- 546	524
Lelar (Delenco)	N.a.	N.a.	80	225	-	N.a.	26	30	54	195
Total Romania	**692**	**641**	**-/- 1,158**	**108**	**-**	**-**	**26**	**30**	**-/- 492**	**719**
Grand total	**4,412**	**4,582**	**-/- 747**	**1,004**	**5**	**-**	**124**	**120**	**3,546**	**5,466**

[7] Other operating income relates solely to penalties for early termination of rental contracts.

[8] Financial expenses relate solely to interest expense on lease liabilities. Other operating expenses relates solely to Asset management fee Delenco.

14.5.2 Reconciliation segment result with profit for the period

The reconciliation between the total segment results as calculated in section 14.5.1 “Overview of segment result (overview A)” with the profit for the period, as stated in the Consolidated Income Statement, is made below.

	2024	**2023**
	in € 1,000	in € 1,000
Total segment result (overview A)	3,546	5,466
Unallocated income:		
Financial income	865	394
Other operating income	17	7
Less: early termination of rental contracts (allocated)	-/- 5	-
Subtotal unallocated income	877	401
Unallocated expenses:		
Administrative expenses	675	675
Other operating expenses	1,296	1,219
Less: asset management fee (allocated)	-/- 26	-/- 30
Subtotal unallocated other operating expenses	1,945	1,864
Financial expenses	2,596	3,113
Less: interest expense on lease liabilities (allocated)	-/- 98	-/- 90
Subtotal unallocated expenses	4,443	4,887
Profit before income tax	**-/- 20**	**980**
Income tax expense	12	797
Profit for the period	**-/- 32**	**183**

14.5.3 Specification carrying amount of each property[9] per business category[10] (overview B)

Segment	31-12-2024 Carrying amount In € 1,000	31-12-2023 Carrying amount In € 1,000
Office:		
Palmovka	4,264	4,053
Karlin	Sold	6,190
Newton House	6,761	6,507
Záhradnícka	Sold	3,846
Letná	11,940	12,830
Maris	9,390	9,100
EOS Business Park	3,965	5,202
Total office	**36,320**	**47,728**
Retail:		
Laubitza 8	1,980	2,000
800-lecia Inowroclawia	2,530	2,610
Krzemowa	3,240	3,170
Plutona	1,920	1,940
Kalinkowa	2,850	2,790
Wojska Polskiego	3,210	3,310
Wolnosci	2,260	1,520
Grzymaly Siedleckiego	1,380	1,330
Kardyn. Wyszynskiego	1,870	2,190
Legionow	3,170	3,210
Total retail	**24,410**	**24,070**
Residential:		
Inventories Boyana	Sold	938
Land plots:		
Aisi Bela	1,271	945
Kiyanovskiy Residence	2,105	N.a.
Total land	**3,376**	**945**
Grand total	**64,106**	**73,681**

14.5.4 Major tenants

The Fund reports the following tenants with a gross rental income of more than 10% of the Fund’s total gross rental income.

Tenant	Building	2024 In € 1,000	2023 In € 1,000
AT&T Global Network Services Slovakia, s.r.o.	Letná	820	755
Danone PDPA	EOS Business Park	790	707
		1,610	**1,462**

[9] Right-of-use assets excluded.

[10] Based on main purpose of the property.

14.5.5 Overview of geographic assets (overview C)

	Czechia		Slovakia		Poland		Ukraine		Bulgaria	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023
	in € 1,000		in € 1,000		in € 1,000		in € 1,000		in € 1,000	
Investment property	11,025	16,750	11,940	12,830	15,730	33,240	2,105	-	N.a.	-
Investment property under development	-	-	-	-	-	-	1,271	945	N.a.	-
Investments in associates	-	-	-	-	-	-	-	-	N.a.	-
Derivative financial instruments	-	-	-	-	-	-	-	-	N.a.	-
Deferred tax assets	-	-	-	-	-	-	95	-	N.a.	-
Inventories	N.a.	-	N.a.	-	N.a.	-	N.a.	-	N.a.	938
Tax assets	-	98	-	160	55	107	3	-	N.a.	-
Trade and other receivables	183	50	238	233	349	284	-	-	N.a.	21
Prepayments and deferred expenses	68	46	31	95	137	156	-	2	N.a.	-
Cash and cash equivalents	260	674	467	312	978	1,105	4	-	N.a.	85
Assets held for sale	-	-	-	3,846	19,580	1,407	-	-	N.a.	-
	11,536	**17,618**	**12,676**	**17,476**	**36,829**	**36,299**	**3,478**	**947**	**N.a.**	**1,044**

	Romania		The Netherlands		Other countries		Total	
	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023	31-12-2024	31-12-2023
	in € 1,000		in € 1,000		in € 1,000		in € 1,000	
Investment property	3,965	5,202	-	-	-	-	44,765	68,022
Investment property under development	-	-	-	-	-	-	1,271	945
Investments in associates	3,402	3,689	-	-	-	-	3,402	3,689
Derivative financial instruments	-	-	-	-	127	300	127	300
Deferred tax assets	-	-	-	-	-	-	95	-
Inventories	N.a.	-	N.a.	-	N.a.	-	N.a.	938
Tax assets	2	2	-	-	-	-	60	367
Trade and other receivables	378	204	-	3	483	673	1,631	1,468
Prepayments and deferred expenses	5	5	4	4	-	-	245	308
Cash and cash equivalents	181	45	529	161	-	-	2,419	2,382
Assets held for sale	-	-	-	-	-	-	19,580	5,253
	7,933	**9,147**	**533**	**168**	**610**	**973**	**73,595**	**83,672**

15 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15.1 SUBSIDIARIES

15.1.1 Consolidated subsidiaries

All subsidiaries of the Fund have been included in the consolidation. These are as follows:

Name of subsidiary	Registered office	Country of incorporation	31-12-2024 Proportion of shares held by the Parent	Proportion of shares held by the Group
			In %	In %
Arcona Capital RE Bohemia s.r.o.	Prague	Czechia	100.0	N.a.
Arcona Capital RE Slovakia s.r.o.	Bratislava	Slovakia	100.0	N.a.
Arcona Capital Real Estate Poland Sp. z o.o.	Warsaw	Poland	100.0	N.a.
Arcona Capital Real Estate Trio Sp. z o.o.	Warsaw	Poland	100.0	N.a.
Arcona Real Estate B.V.	Amsterdam	The Netherlands	100.0	N.a.
Arcona Poland B.V.	Amsterdam	The Netherlands	N.a.	100.0
Arcona Poland Project 5 Sp. z o.o.	Warsaw	Poland	N.a.	100.0
Aisi Bela LLC	Kyiv	Ukraine	100.0	N.a.
Boyana Residence E.O.O.D.	Sofia	Bulgaria	Sold	N.a.
Arcona Black Sea Real Estate B.V.	Amsterdam	The Netherlands	100.0	N.a.
N-E Real Estate Park First Phase S.r.l.	Bucharest	Romania	N.a.	100.0
Aisi Ukraine LLC	Kyiv	Ukraine	N.a.	100.0
Trade Center LLC	Kyiv	Ukraine	N.a.	100.0

Name of subsidiary	Registered office	Country of incorporation	31-12-2023 Proportion of shares held by the Parent	Proportion of shares held by the Group
			In %	In %
Arcona Capital RE Bohemia s.r.o.	Prague	Czechia	100.0	N.a.
Arcona Capital RE Slovakia s.r.o.	Bratislava	Slovakia	100.0	N.a.
Arcona Capital Real Estate Poland Sp. z o.o.	Warsaw	Poland	100.0	N.a.
Arcona Capital Real Estate Trio Sp. z o.o.	Warsaw	Poland	100.0	N.a.
Arcona Real Estate B.V.	Amsterdam	The Netherlands	100.0	N.a.
Arcona Poland B.V.	Amsterdam	The Netherlands	N.a.	100.0
Arcona Poland Project 5 Sp.k.	Warsaw	Poland	N.a.	100.0
Aisi Bela LLC	Kyiv	Ukraine	100.0	N.a.
Boyana Residence E.O.O.D.	Sofia	Bulgaria	100.0	N.a.
Arcona Black Sea Real Estate B.V.	Amsterdam	The Netherlands	100.0	N.a.
N-E Real Estate Park First Phase S.r.l.	Bucharest	Romania	N.a.	100.0

15.1.2 Subsidiaries incorporated during the financial period

During the financial period, the Fund incorporated no subsidiaries.

15.1.3 Subsidiaries acquired during the financial period

During the financial period, the Fund acquired the following subsidiaries:

Subsidiary	Interest In %	Date of acquisition
Aisi Ukraine LLC	100.0	December 18, 2024
Trade Center LLC	100.0	December 18, 2024

The acquisitions during the financial period are not determined as a business combination (IFRS 3), but as an asset acquisition. Therefore the results on acquisition of the identifiable assets acquired and liabilities assumed are attributed to the acquired properties.

15.1.3.1 Acquisition of Aisi Ukraine LLC

As at acquisition date Aisi Ukraine LLC held a 100%-share in Trade Center LLC. The following tables summarize the total recognised fair values on acquisition, as well as the total recognised amounts at fair value of assets acquired and liabilities assumed at the date of acquisition and the result on acquisition. The result on acquisition relates to the amount by which the balance of the identifiable net assets acquired exceeds the consideration paid, including acquisition-related costs. This surplus is attributed to the acquired properties.

In € 1,000	19-12-2024			
Identifiable assets acquired and liabilities assumed	**Recognised fair values on acquisition Aisi Ukraine LLC**	**Recognised fair values on acquisition Trade Center LLC**	**Eliminations**	**Total recognised fair values on acquisition**
Investment property	1,154	941	-	2,095
Investments in group companies	860	-	-/- 860	-
Receivables from group companies	80	-	-/- 80	-
Deferred tax assets	116	-	-	116
Tax assets	2	2	-	4
Debts to group companies	-	-/- 80	80	-
Deferred tax liabilities	-/- 116	-	-	-/- 116
Trade and other payables	-/- 1	-/- 3	-	-/- 4
Identifiable net assets acquired	**2,095**	**860**	**-/- 860**	**2,095**

In € 1,000	19-12-2024		
Identifiable assets acquired and liabilities assumed	**Total recognised fair values on acquisition**	**Fair value adjustments**	**Total acquisition carrying amount**
Investment property	2,095	-/- 116	1,979
Deferred tax assets	116	-	116
Tax assets	4	-	4
Deferred tax liabilities	-/- 116	116	-
Trade and other payables	-/- 4	-	-/- 4
Identifiable net assets acquired	**2,095**	**-**	**2,095**

Result on acquisition	**19-12-2024** In € 1,000
Balance of identifiable net assets acquired	2,095
Consideration paid (in cash and cash equivalents)	-/- 1,133
Consideration paid (by issuance of shares of the Parent Company)	-/- 962
Acquisition-related costs	-
Result on acquisition	**-**

15.1.4 Subsidiaries sold during the financial period

As at October 2, 2024 the Fund sold its 100%-share in Boyana Residence E.O.O.D. for an amount of € 1,590,000. The following table summarizes the identifiable assets and liabilities disposed of and the result on sale. The result on sale relates to the amount by which the balance of the net identifiable assets and liabilities disposed of exceeds the consideration received, excluding sales-related costs. This surplus is attributed to the sold inventories.

In € 1,000	02-10-2024		
Identifiable assets and liabilities disposed of	**Carrying amount**	**Result on sale of subsidiaries**	**Sales carrying amount**
Inventories	809	677	1,486
Trade and other receivables	13	-	13
Cash and cash equivalents	1	-	1
Tax liabilities	-/- 3	-	-/- 3
Trade and other payables	-/- 13	-	-/- 13
Net identifiable assets disposed of	**807**	**677**	**1,484**

Result on sale	**02-10-2024**
	In € 1,000
Consideration received (in cash and cash equivalents)	1,590
Balance of net identifiable assets disposed of	-/- 1,484
Sales-related costs	-/- 106
Result on sale	**-**

15.2 INVESTMENT PROPERTY

15.2.1 Analysis of investment property

	31-12-2024	**31-12-2023**
	In € 1,000	In € 1,000
Owned investment property (lease incentives excluded)	44,709	66,540
Lease incentives	56	82
Owned investment property	44,765	66,622
Right-of-use assets	-	1,400
	44,765	**68,022**

15.2.2 Analysis of owned investment property

	31-12-2024	**31-12-2023**
	In € 1,000	In € 1,000
Buildings (including underground)	42,660	66,622
Land plots	2,105	-
	44,765	**66,622**

15.2.3 Specification of owned investment property

Name of property	Address	31-12-2024 In € 1,000	31-12-2023 In € 1,000
In ownership of Arcona Capital RE Bohemia s.r.o. (Czechia)			
Palmovka	Na Žertvách 34, Prague	4,264	4,053
Karlin	Prvního Pluku 621/8a, Prague	Sold	6,190
Newton House	Politických Vězňu 10, Prague	6,761	6,507
Subtotal		**11,025**	**16,750**
In ownership of Arcona Capital RE Slovakia s.r.o. (Slovakia)			
Letná	Letná 45, Košice	11,940	12,830
In ownership of Arcona Capital Real Estate Poland Sp. z o.o. (Poland)			
Laubitza	Laubitza 8, Inowroclaw	1,980	2,000
Lecia Inowroclawia	800-lecia Inowroclawia 27, Inowroclaw	2,530	2,610
Krzemowa	Krzemowa 1, Gdansk	3,240	3,170
Plutona	Plutona 1, Glogow	1,920	1,940
Kalinkowa	Kalinkowa 82, Grudziadz	2,850	2,790
Wojska Polsiekgo	Wojska Polskiego 137, Piotrkow Trybunalski	3,210	3,310
Wolnosci	Wolnosci 6, Slupsk	Held for sale	1,520
Subtotal		**15,730**	**17,340**
In ownership of Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Kardynala Wyszynskiego	Kardynala Wyszynskiego 107, Lodz	Held for sale	2,190
Legionow	Legionow 216, Torun	Held for sale	3,210
Subtotal		**-**	**5,400**
In ownership of Arcona Capital Poland Project 5 Sp. z o.o. (Poland)			
Maris	Holdu Pruskiego 9 & 12 Malopolska 12, Szczecin	Held for sale	9,100
In ownership of Aisi Bela LLC (Ukraine)			
Balabino Project	Territory of Balabynska Village Council, Zaporizkyi District, Zaporizhzhia Region	-	-
In ownership of Aisi Ukraine LLC (Ukraine)			
Kiyanovskiy Residence	Kiyanovskiy Lane, Shevchenkisvkyi District, Kiev Region	2,105	N.a.
In ownership of N-E Real Estate Park First Phase S.r.l. (Romania)			
EOS Business Park	Strada Nicolae Cânea 140-160, Bucharest	3,965	5,202
		44,765	**66,622**

15.2.4 Statement of changes in owned investment property

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	66,622	67,344
Acquisitions	1,979	-
Additions	524	818
Fair value adjustments	-/- 1,800	244
Exchange rate differences	-/- 300	-/- 454
Reclassification (to "Assets held for sale")	-/- 22,260	-/- 1,330
Balance as at 31 December	**44,765**	**66,622**

The "Reclassification (to "Assets held for sale")" for the amount of € 22,260,000 negative relates to the properties:

- Karlin (Czechia);
- Wolnosci (Poland);
- Kardynala Wyszynskiego (Poland);
- Legionow (Poland); and
- Maris (Poland),

which have been reclassified to "Assets held for sale". For further reference see section 15.13.4 "Statement of changes in owned investment property held for sale".

15.2.5 Valuation of owned investment property

The owned investment property, as listed in section 15.2.3 "Specification of owned investment property", was valued by an external, independent appraiser as at Statement of Financial Position's date, with the exception of the Zaporizhzhia plot (Ukraine). Regarding the Zaporizhzhia plot, the Managing Board decided, given the current situation in Ukraine and the plot's proximity to the active front lines, to maintain the value of the land plot at zero. The situation will be reviewed regularly in consultation with the Fund's local advisors.

The valuations are prepared for accounting purposes and are in accordance with relevant IFRS regulations.

15.2.6 Specification of right-of-use assets

Nature of right-of-use asset	Related to owned investment property	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Right-of-use held by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Land lease	Kardynala Wyszynskiego	Held for sale	382
Land lease	Legionow	Held for sale	1,018
		-	**1,400**

15.2.7 Statement of changes in right-of-use assets

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	1,400	1,294
Remeasurement (as a result of an index / inflation)	186	330
Fair value adjustments	-/- 38	-/- 147
Reclassification (to assets held for sale)	-/- 1,548	-/- 77
Balance as at 31 December	**-**	**1,400**

The “Remeasurement (as a result of an index / inflation)” for the amount of € 186,000 relates to the remeasurement of the lease liability. For further reference see section 15.16.5 “Statement of changes in lease liabilities”).

The “Reclassification (to assets held for sale)” for the amount of € 1,548,000 negative relates to the properties Kardynala Wyszynskiego (Poland) and Legionow (Poland), which have been reclassified to “Assets held for sale”. For further reference see section 15.13.7 “Statement of changes in right-of-use assets held for sale”.

15.2.8 Valuation of right-of-use assets

The right-of-use assets, as listed in section 15.2.6 “Specification of right-of-use assets”, were not valued by an external, independent appraiser as at Statement of Financial Position’s date. Right-of-use assets are initially measured at cost, which compromises the initial amount of the lease liability adjusted by the amount of any prepaid or accrued lease payment, less any lease incentives received. The right-of-use asset is subsequently measured at fair value (subject to certain exceptions), less accumulated depreciation and impairment losses. The right-of-use asset will additionally be adjusted for any remeasurement of the lease liability, when applicable.

The Managing Board is of the opinion the above method is the most appropriate approach to the valuation of right-of-use assets as required by IFRS 16.

15.2.9 Transactions with related parties

The property sale and purchase transactions executed during the financial period were not executed with parties affiliated with the Managing Board or the Fund, except the purchase of Aisi Ukraine LLC and Trade Center LLC, which were acquired from SPDI.

15.2.10 Sensitivity analysis

The appraisal of the buildings including underground, hereinafter referred to as the Portfolio implies an average weighted “Reversion Yield” of 8.2% (December 31, 2023: 8.1%).

In case the yields used for the appraisals of the Portfolio as at Statement of Financial Position’s date had been 50 basis points higher, the value of the Portfolio would have decreased by 6.6% (December 31, 2023: 6.5%). In this situation, the Group equity would have been € 3,328,000 lower (December 31, 2023: € 3,874,000 lower).

In case the yields used for the appraisals of the Portfolio as at Statement of Financial Position’s date had been 50 basis points lower, the value of the Portfolio would have increased by 7.5% (December 31, 2023: 7.5%). In this situation, the Group equity would have been € 3,757,000 higher (December 31, 2023: € 4,461,000 higher).

A sensitivity analysis with possible changes in Yield and Estimated Rental Value (**ERV**) results in the following changes in portfolio value:

	31-12-2024				
Change in	**Change in yield**				
ERV	**-/- 0.50%**	**-/- 0.25%**	**0.00%**	**0.25%**	**0.50%**
-/- 5.0%	3.0%	-/- 0.7%	-/- 4.2%	-/- 7.4%	-/- 10.4%
-/- 2.5%	5.2%	1.5%	-/- 2.1%	-/- 5.4%	-/- 8.5%
0.0%	7.5%	3.6%	0.0%	-/- 3.4%	-/- 6.6%
2.5%	9.7%	5.7%	2.0%	-/- 1.5%	-/- 4.7%
5.0%	12.0%	7.9%	4.1%	0.5%	-/- 2.8%

	31-12-2023				
Change in	**Change in yield**				
ERV	**-/- 0.50%**	**-/- 0.25%**	**0.00%**	**0.25%**	**0.50%**
-/- 5.0%	2.8%	-/- 0.8%	-/- 4.3%	-/- 7.5%	-/- 10.5%
-/- 2.5%	5.2%	1.4%	-/- 2.1%	-/- 5.4%	-/- 8.6%
0.0%	7.5%	3.7%	0.0%	-/- 3.4%	-/- 6.5%
2.5%	9.9%	5.9%	2.2%	-/- 1.3%	-/- 4.6%
5.0%	12.2%	8.1%	4.3%	0.8%	-/- 2.6%

The ERV is the external appraisers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of an investment property.

15.3 INVESTMENT PROPERTY UNDER DEVELOPMENT

15.3.1 Specification of investment property under development

Name of property	**Address**	**31-12-2024**	**31-12-2023**
		In € 1,000	In € 1,000
In ownership of Aisi Bela LLC (Ukraine)			
Bela Logistic Park	Territory of Nerubaiske Village Council, Biliayivskyi District, Odessa Region	1,271	945

15.3.2 Statement of changes in investment property under development

	2024	**2023**
	In € 1,000	In € 1,000
Balance as at 1 January	945	958
Fair value adjustments	366	65
Exchange rate differences	-/- 40	-/- 78
Balance as at 31 December	**1,271**	**945**

15.3.3 Valuation of investment property under development

The investment property under development, as listed in section 15.3.1 "Specification of investment property under development", was valued by an external, independent appraiser as at Statement of Financial Position's date. The fair value of investment property under development is primarily derived using the "Market approach" based on comparable properties in the market.

An external, independent appraiser has stated that there remains a significantly higher-than-usual degree of uncertainty regarding the reported value of the land. The key external risks identified are:

1. Market Disruptions and Data Limitations. The valuation is conducted under conditions of extreme market uncertainty due to the ongoing war in Ukraine. The real estate market continues to be affected by military operations, economic instability, and disrupted investment flows. As of the valuation date, the appraiser faces a unique set of circumstances, including a lack of high-quality market data and comparable transactions. This is caused by the significant decline in transaction volumes and limited market evidence to support valuations.

2. Volatility and Economic Risks. The value of the land is likely to experience continued volatility over time. The long-term impact of the war remains uncertain, affecting economic recovery and external financing availability. Market conditions may change rapidly due to geopolitical developments, regulatory adjustments, or shifts in investor sentiment. Given these factors, the appraiser strongly recommends that the Managing Board review the valuation of the land plot on a frequent basis.

Additionally, the appraiser has issued a "Material Valuation Uncertainty" disclaimer in accordance with RICS guidelines (VPS 3 and VPGA 10 of the RICS Red Book Global). As a result, greater caution should be exercised in interpreting the valuation outcome, as it does not guarantee the value that may be realized in an open market transaction.

15.4 INVESTMENTS IN ASSOCIATES

15.4.1 Specification of investments in associates

Name of project	Name of associate	Country	Asset type	31-12-2024	31-12-2023
				In € 1,000	In € 1,000
Delea Nuova Project	Lelar Holdings Limited and S.C. Delenco Construct S.r.l.	Romania	Office building	3,402	3,689

	31-12-2024			2024		
Name of project	**Proportion of shares held by the Group** In %	**Total assets** In € 1,000	**Total liabilities** In € 1,000	**Net rental and related income** In € 1,000	**Valuation result of properties** In € 1,000	**Profit for the period** In € 1,000
Delea Nuova Project	24.35	16,548	2,581	1,451	-/- 810	326

	31-12-2023			2023		
Name of project	**Proportion of shares held by the Group** In %	**Total assets** In € 1,000	**Total liabilities** In € 1,000	**Net rental and related income** In € 1,000	**Valuation result of properties** In € 1,000	**Profit for the period** In € 1,000
Delea Nuova Project	24.35	17,356	2,208	1,406	-/- 120	925

15.4.2 Statement of changes in investments in associates

	2024	2023
	In € 1,000	In € 1,000
Balance as at 1 January	3,689	3,587
Fair value adjustments	-/- 287	102
Balance as at 31 December	**3,402**	**3,689**

The “Fair value adjustments” for the amount of € 287,000 negative consists of the following amounts:

- share in result of investments in associates for an amount of € 80,000; less
- dividend for an amount of € 367,000, which is recognised in the consolidated income statement;

For further reference see section 15.32 “Share in results of investments in associates”.

15.5 DERIVATIVE FINANCIAL INSTRUMENTS

15.5.1 Specification of derivative financial instruments

	31-12-2024	31-12-2023
	In € 1,000	In € 1,000
Non-current part of derivative financial instruments	24	94
Current part of derivative financial instruments	103	206
	127	**300**

15.5.2 Specification of derivative financial instruments

	31-12-2024	31-12-2023
	In € 1,000	In € 1,000
Interest rate swaps used for hedging	127	300

15.6 RECOGNISED DEFERRED TAXES

15.6.1 Specification of recognised deferred taxes

	31-12-2024		
	Recognised deferred tax assets	**Recognised deferred tax liabilities**	**Total recognised deferred taxes**
	In € 1,000	In € 1,000	In € 1,000
Owned investment property	268	2,557	-/- 2,289
Receivables from shareholders and other group companies	-	26	-/- 26
Subtotal non-current investments	268	2,583	-/- 2,315
Tax losses (carried forward)	200	-	200
Trade and other receivables	12	2	10
Prepayments and deferred expenses	73	5	68
(Interest) receivables from shareholders and group companies	-	40	-/- 40
Assets held for sale	1	319	-/- 318
Loans and borrowings	-	139	-/- 139
Loans due to shareholders and other group companies	-	56	-/- 56
Derivative financial instruments	-	19	-/- 19
Trade and other payables	57	-	57
Deferred taxes before set-off	611	3,163	-/- 2,552
Set-off deferred taxes	-/- 516	-/- 516	-
	95	**2,647**	**-/- 2,552**

	31-12-2023		
	Recognised deferred tax assets	**Recognised deferred tax liabilities**	**Total recognised deferred taxes**
	In € 1,000	In € 1,000	In € 1,000
Owned investment property	201	3,411	-/- 3,210
Receivables from shareholders and other group companies	-	54	-/- 54
Subtotal non-current investments	201	3,465	-/- 3,264
Tax losses (carried forward)	158	-	158
Trade and other receivables	25	7	18
Prepayments and deferred expenses	36	6	30
(Interest) receivables from shareholders and group companies	10	55	-/- 45
Cash and cash equivalents	1	-	1
Assets held for sale	-	215	-/- 215
Loans and borrowings	-	120	-/- 120
Loans due to shareholders and other group companies	3	19	-/- 16
Interest due to shareholders and other group companies	7	-	7
Derivative financial instruments	-	45	-/- 45
Trade and other payables	65	-	65
Deferred taxes before set-off	506	3,932	-/- 3,426
Set-off deferred taxes	-/- 506	-/- 506	-
	-	**3,426**	**-/- 3,426**

15.6.2 Analysis of recognised deferred taxes

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Will expire	56	104
Will never expire	-/- 2,608	-/- 3,530
	-/- 2,552	**-/- 3,426**

An allocation of the recognised deferred tax assets to the various geographic segments is presented in section 14.5.5 “Overview of geographic assets (overview C)”.

15.6.3 Analysis of recognised deferred tax assets concerning tax losses (carried forward)

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Expires in 2025	43	100
Expires in 2028	-	4
Expires in 2029	13	-
Subtotal will expire	56	104
Will never expire	144	54
	200	**158**

Based on the tax forecast the Managing Board expects (considering local tax law and regulations) that in the future there will be sufficient taxable profit to set-off these recognised tax losses.

15.6.4 Statement of changes in recognised deferred taxes

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	-/- 3,426	-/- 2,751
Adjustments related to prior years	19	-/- 3
Additions / withdrawals	839	-/- 599
Change in tax rate	3	-/- 94
Exchange rate differences	13	21
Balance as at 31 December	**-/- 2,552**	**-/- 3,426**

15.7 UNRECOGNISED DEFERRED TAXES

15.7.1 Specification of unrecognised deferred taxes

	31-12-2024		
	Unrecognised deferred tax assets	**Unrecognised deferred tax liabilities**	**Total unrecognised deferred taxes**
	In € 1,000	In € 1,000	In € 1,000
Owned investment property	419	620	-/- 201
Investment property under development	235	-	235
Receivables from shareholders and group companies	415	-	415
Tax losses (carried forward)	2,882	-	2,882
Trade and other receivables	4	-	4
Trade and other payables	4	-	4
Interest due to shareholders and other group companies	297	-	297
Tax assets	4	-	4
	4,260	**620**	**3,640**

	31-12-2023		
	Unrecognised deferred tax assets	**Unrecognised deferred tax liabilities**	**Total unrecognised deferred taxes**
	In € 1,000	In € 1,000	In € 1,000
Owned investment property	415	588	-/- 173
Investment property under development	313	-	313
Receivables from shareholders and group companies	399	-	399
Tax losses (carried forward)	2,849	-	2,849
Inventories	14	-	14
Trade and other receivables	9	-	9
Trade and other payables	2	-	2
Interest due to shareholders and other group companies	239	-	239
	4,240	**588**	**3,652**

15.7.2 Analysis of unrecognised deferred taxes

	31-12-2024	**31-12-2023**
	In € 1,000	In € 1,000
Will expire	154	358
Will never expire	3,486	3,294
	3,640	**3,652**

15.7.3 Analysis of unrecognised deferred tax assets concerning tax losses (carried forward)

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Expires in 2024	-	11
Expires in 2025	-	46
Expires in 2026	97	126
Expires in 2027	-	42
Expires in 2028	24	133
Expires in 2029	33	-
Subtotal will expire	154	358
Will never expire	2,728	2,491
	2,882	**2,849**

The Managing Board expects (considering local tax law and regulations) that in the future there will be insufficient taxable profit to set-off these unrecognised tax losses.

The unrecognised deferred tax assets concerning tax losses (carried forward) which will never expire relates mainly to tax losses of the Parent Company. Mainly as a result of applying the participation exemption in the Netherlands it is expected the Parent Company will not generate taxable profits in the (near) future. Therefore the Managing Board is of the opinion no deferred tax assets can be recognised for these tax losses (carried forward).

15.7.4 Statement of changes in unrecognised deferred taxes

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	3,652	3,028
Adjustments related to prior years	21	-/- 9
Additions as a result of acquisition of subsidiaries	157	-
Withdrawals as a result of sale of subsidiaries	-/- 250	-
Additions / withdrawals	79	650
Change in tax rate	1	-
Exchange rate differences	-/- 20	-/- 17
Balance as at 31 December	**3,640**	**3,652**

15.8 TAX ASSETS

15.8.1 Specification of tax assets

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of tax assets	-	-
Current part of tax assets	60	367
	60	**367**

15.8.2 Specification of tax assets

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Corporate income tax (**CIT**)	54	347
Value added tax (**VAT**)	-	6
Property tax	6	14
	60	**367**

15.9 TRADE AND OTHER RECEIVABLES

15.9.1 Analysis of trade and other receivables

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of trade and other receivables	956	892
Current part of trade and other receivables	675	576
	1,631	**1,468**

15.9.2 Specification of trade and other receivables

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Debt Service Reserve Account (**DSRA**)	956	892
Trade receivables	445	439
Receivable dividend from associates	122	-
Invoiceable amounts	92	-
Receivables SPDI	-	91
Sold properties	-	21
(Claim) termination derivative financial instruments (interest rate swap)	4	-
Interest income	3	6
Other trade and other receivables	9	19
	1,631	**1,468**

The “Receivable dividend from associates” for the amount of € 122,000 relates to the declared dividend Lelar Holdings Limited, which has been received during first quarter of 2025.

15.9.3 Analysis of (claim) termination derivative financial instruments (interest rate swap)

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Termination derivative financial instruments (gross)	4	76
Individually assessed expected credit losses for derivative financial instruments	-	-/- 76
	4	**-**

As at October 25, 2022 the Fund agreed with Sberbank CZ to terminate the interest rate swap for an amount of approximately CZK 1,884,000 (€ 75,000). Sberbank CZ was declared bankrupt during August 2022. The Fund has sued Sberbank CZ for the termination of the interest rate swap whose value was downrated to zero by Sberbank CZ. During 2024 the terminated interest rate swap claim has been approved within the insolvency proceedings and the Fund has already received 95% of the claim.

15.9.4 Analysis of trade receivables

	31-12-2024	31-12-2023
	In € 1,000	In € 1,000
Trade receivables (gross)	731	825
Total expected credit losses for trade receivables	-/- 286	-/- 386
	445	**439**

15.9.5 Expected credit losses for trade receivables

The Fund always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The Fund has chosen to apply the “simplified model” for the calculation of the loss allowance for trade receivables. The expected credit loss-rate is based on historical information (chosen is a 5-year history), whereby the historical default loss percentage is adjusted for forecast information. The Fund presumed that all trade receivables are homogenous. Usually, the Fund has recognised a loss allowance of 100% for collective assessed expected credit losses with regard to trade receivables over one year past due (after reduction of recoverable value added tax), because historical experience has indicated that these trade receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Fund writes-off on a trade receivable when there is information indicating the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed into liquidation or has entered into bankruptcy proceedings.

15.9.6 Risk profile of trade receivables

The following table details the risk profile of trade receivables based on the Fund's provision matrix.

	31-12-2024					
	Not past due	**Up to 1 month past due**	**1 to 3 months past due**	**3 months to 1 year past due**	**More than 1 year past due**	**Total**
Expected credit loss rate	4.2%	4.6%	11.8%	82.9%	99.2%	
Trade receivables (gross) (in € 1,000)	333	108	17	35	238	731
Collective assessed expected credit losses (in € 1,000)	-/- 14	-/- 5	-/- 2	-/- 29	-/- 236	-/- 286
Individually assessed expected credit losses (in € 1,000)						-
Trade receivables (net) (in € 1,000)						**445**

	31-12-2023					
	Not past due	**Up to 1 month past due**	**1 to 3 months past due**	**3 months to 1 year past due**	**More than 1 year past due**	**Total**
Expected credit loss rate	4.4%	3.0%	8.9%	36.1%	98.1%	
Trade receivables (gross) (in € 1,000)	318	66	45	36	360	825
Collective assessed expected credit losses (in € 1,000)	-/- 14	-/- 2	-/- 4	-/- 13	-/- 353	-/- 386
Individually assessed expected credit losses (in € 1,000)						-
Trade receivables (net) (in € 1,000)						**439**

15.9.7 Movement in lifetime expected credit losses for trade receivables

The following table shows the movement in lifetime expected credit losses that has been recognised for trade and other receivables in accordance with the "simplified approach" as set out in IFRS 9.

	2024		
	Collective assessed expected credit losses In € 1,000	**Individually assessed expected credit losses** In € 1,000	**Total expected credit losses** In € 1,000
Balance as at 1 January	386	-	386
Amounts written-off	-/- 107	-	-/- 107
Amounts recovered	-/- 53	-	-/- 53
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	76	-	76
Withdrawals as a result of sale of subsidiaries	-/- 16	-	-/- 16
Balance as at 31 December	**286**	**-**	**286**

	2023		
	Collective assessed expected credit losses In € 1,000	**Individually assessed expected credit losses** In € 1,000	**Total expected credit losses** In € 1,000
Balance as at 1 January	447	-	447
Amounts written-off	-/- 67	-	-/- 67
Amounts recovered	-/- 90	-	-/- 90
Change in loss allowance due to new trade and other receivables originated net of those derecognised due to settlement	94	-	94
Exchange rate differences	2	-	2
Balance as at 31 December	**386**	**-**	**386**

15.10 PREPAYMENTS AND DEFERRED EXPENSES

15.10.1 Analysis of prepayments and deferred expenses

	31-12-2024 In € 1,000	**31-12-2023** In € 1,000
Non-current part of prepayments and deferred expenses	1	9
Current part of prepayments and deferred expenses	244	299
	245	**308**

15.10.2 Specification of prepayments and deferred expenses

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Deferred expenses	166	160
Prepayments	79	148
	245	**308**

15.11 INVENTORIES

15.11.1 Analysis of inventories

		31-12-2024		31-12-2023	
Name of inventory	**Address**	**Quantity**	**Carrying amount** In € 1,000	**Quantity**	**Carrying amount** In € 1,000
In ownership of Boyana Residence E.O.O.D. (Bulgaria)					
Apartment 1-D	Gardova Glava, Boyana	-	Sold	3	233
Apartment 3-C	Gardova Glava, Boyana	-	Sold	2	269
Apartment 7-D	Gardova Glava, Boyana	-	Sold	2	189
Apartment 8-E	Gardova Glava, Boyana	-	Sold	2	159
Parking places	Gardova Glava, Boyana	-	Sold	21	88
			-		**938**

15.11.2 Statement of changes in inventories

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	938	1,835
Additions	-	181
Disposals	-/- 938	-/- 1,078
Balance as at 31 December	**-**	**938**

The fair value of the inventories as at Statement of Financial Position's date amounts to € zero (December 31, 2023: € 1,784,000).

During 2024 the inventories were sold for an amount of € 1,848,000.

15.12 CASH AND CASH EQUIVALENTS

The cash and cash equivalents are at the free disposal of the Fund, with the exception of € 237,000 (December 31, 2023: € 282,000), which amount is retained on reserve accounts (e.g. "Security Deposit Account", "Repair Reserve Account" and "CAPEX Account").

15.12.1 Specification of cash and cash equivalents

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Bank balances	2,171	2,236
Deposits	247	144
Cash	1	2
	2,419	**2,382**

15.13 ASSETS HELD FOR SALE

15.13.1 Analysis of assets held for sale

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Owned investment property held for sale (lease incentives excluded)	18,055	5,174
Lease incentives held for sale	15	2
Owned investment property held for sale	18,070	5,176
Right-of-use assets held for sale	1,510	77
	19,580	**5,253**

15.13.2 Analysis of owned investment property held for sale

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Buildings (including underground)	18,070	5,176

15.13.3 Specification of owned investment property held for sale

Name of property	Address	31-12-2024 In € 1,000	31-12-2023 In € 1,000
In ownership of Arcona Capital RE Bohemia s.r.o. (Czechia)			
Karlin	Prvního Pluku 621/8a, Prague	Sold	Owned IP
In ownership of Arcona Capital RE Slovakia s.r.o. (Slovakia)			
Záhradnícka	Záhradnícka 46, Bratislava	Sold	3,846
In ownership of Arcona Capital Real Estate Poland Sp. z o.o. (Poland)			
Wolnosci	Wolnosci 6, Slupsk	2,260	Owned IP
In ownership of Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Grzymaly Siedleckiego	Grzymaly Siedleckiego 20, Bydgoszcz	1,380	1,330
Kardynala Wyszynskiego	Kardynala Wyszynskiego 107, Lodz	1,870	Owned IP
Legionow	Legionow 216, Torun	3,170	Owned IP
Subtotal		**6,420**	**1,330**
In ownership of Arcona Capital Poland Project 5 Sp. z o.o. (Poland)			
Maris	Holdu Pruskiego 9 & 12 Malopolska 12, Szczecin	9,390	Owned IP
		18,070	**5,176**

The Fund has identified the properties listed above as owned investment property held for sale.

15.13.4 Statement of changes in owned investment property held for sale

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	5,176	6,777
Reclassification (from “Owned investment property”)	22,260	1,330
Additions	531	15
Fair value adjustments	283	-/- 445
Disposals	-/- 10,180	-/- 2,501
Balance as at 31 December	**18,070**	**5,176**

The “Reclassification (from “Owned investment property”)” for the amount of € 22,260,000 relates to the properties:

- Karlin (Czechia);
- Wolnosci (Poland);
- Kardynala Wyszynskiego (Poland);
- Legionow (Poland) and
- Maris (Poland).

For further reference see section 15.2.4 “Statement of changes in Owned Investment Property”.

The “Disposals” for the amount of € 10,180,000 negative relate to the sale of:

- Karlin (Czechia) as at June 27, 2024 for an amount of € 6,380,000 (CZK 160,500,000) and
- Záhradnícka (Slovakia) as at July 1, 2024 for an amount of € 3,800,000.

15.13.5 Valuation of owned investment property held for sale

The owned investment property held for sale, as listed in section 15.13.3 "Specification of owned investment property held for sale", has been valued by an external, independent appraiser as of the Statement of Financial Position's date, with the exception of Grzymaly Siedleckiego (Bydgoszcz in Poland). For the general valuation uncertainty and sensitivity analyses, reference is made to section 15.2.10, "Sensitivity Analysis." For the properties valued by an external independent appraiser, similar uncertainties and sensitivities are applicable.
For the respective property, Grzymaly Siedleckiego, the following approach and assumptions are applicable: A land lease was established for the property on 16 January 2000, with a duration of 25 years.

As of 16 January 2025, the land lease for Grzymaly Siedleckiego has expired as a result the commercial and legal title of the property (building) will automatically be transferred to the lessor (owner) of the land. Which obliges the lessor to compensate the Fund in an amount equivalent to either the unamortised building cost or the market value, whichever is lower. As at the valuation date of 31 December 2024, there was a leasehold interest with only 16 days remaining and a right to compensation upon expiry.

In this context, "market value" refers to the value of the property to the lessor upon reversion—an unencumbered freehold without a head leasehold interest—allowing a ten or fifteen-year lease to be granted to an occupational tenant, excluding the ground component.

The valuation approach focused on a specific premise of evaluating the compensation provisions detailed in the lease, assessing the two alternative financial amounts (unamortised building cost and market value) for their accuracy, and ultimately adopting the lower amount as the relevant figure for the 2024 accounts. This figure is the unamortised building cost compensation of PLN 5,859,922.82 (€1,380,000), with the involvement of an external, independent expert.

Management is of the opinion that the respective unamortised building cost compensation would be the most appropriate amount to reflect the market value. However, management acknowledges that, based on the specific contractual agreements with the land lease lessor, accurately assessing a precise market valuation would be very difficult. As a result, management assumes there is a material valuation uncertainty regarding the underlying property. Consequently, management expects a potentially negative valuation uncertainty in the range of 20-30% or larger.

In January 2025, the Fund received a payment of approximately PLN 628,000 (€147,000) from the lessor as partial payment of the due compensation. The Fund is currently in negotiations with the lessor to agree on additional compensation amounts and is seeking to resolve the matter through mutual agreement. The potential for settlement could indicate a likely resolution for receiving a reduced amount, thus necessitating a greater degree of caution and uncertainty associated with the valuation than would typically be the case. For further details, please refer to section 15.46 "Events after Statement of Financial Position Date".
These valuations have been prepared in accordance with the applicable IFRS regulations and are intended for accounting purposes.

15.13.6 Specification of right-of-use assets held for sale

Nature of right-of-use asset	**Related to owned investment property**	**31-12-2024**	**31-12-2023**
		In € 1,000	In € 1,000
Right-of-use held by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Land lease	Grzymaly Siedleckiego	4	77
Land lease	Kardynala Wyszynskiego	364	ROU asset
Land lease	Legionow	1,142	ROU asset
		1,510	**77**

15.13.7 Statement of changes in right-of-use assets held for sale

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	77	-
Remeasurement (as a result of an index / inflation)	12	-
Fair value adjustments	-/- 127	-
Reclassification (from “Right-of-use assets”)	1,548	77
Balance as at 31 December	**1,510**	**77**

The “Reclassification (from “Right-of-use assets”)” for the amount of € 1,548,000 relates to the properties Kardynala Wyszynskiego (Poland) and Legionow (Poland). For further reference see section 15.2.7 “Statement of changes in right-of-use assets”.

15.13.8 Valuation of right-of-use assets held for sale

The right-of-use assets held for sale, as listed in section 15.13.6 “Specification of right-of-use assets held for sale”, were not valued by an external, independent appraiser as at Statement of Financial Position’s date. Right-of-use assets held for sale are initially measured at cost, which compromises the initial amount of the lease liability directly associated with assets held for sale adjusted by the amount of any prepaid or accrued lease payment, less any lease incentives received. The right-of-use asset held for sale is subsequently measured at fair value (subject to certain exceptions), less accumulated depreciation and impairment losses. The right-of-use asset held for sale will additionally be adjusted for any remeasurement of the lease liability directly associated with assets held for sale, when applicable.

The Managing Board is of the opinion the above method is the most appropriate approach to the valuation of right-of-use assets held for sale as required by IFRS 16.

15.14 GROUP EQUITY

15.14.1 “Closed-end” structure

The Fund operates as a closed-end investment company. Ordinary shares can be traded continuously through Euronext Fund Services in Amsterdam (The Netherlands).

The registered shares are currently restricted from trading on Euronext Fund Services. There are no other restrictions with regard to registered shares.

15.14.2 Capital management

All issued ordinary, treasury and registered shares are part of the Fund’s capital management responsibilities. The Fund’s objectives when managing capital are to safeguard the Fund’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Fund reserves the right to declare dividends and / or distributions if the Managing Board so decides.

Shares of the Fund shall be issued by the Managing Board. The Managing Board shall also determine the time of the issuance, the issue price and the other conditions of the issuance.

The Managing Board shall be authorised to perform legal acts relating to contributions in kind on ordinary shares and other legal acts referred to in Section 2:94 of the Dutch Civil Code, without the approval of the General Meeting. A resolution to enter into these legal acts shall require the approval of the Supervisory Board.

The Managing Board is authorised to alienate shares in its own capital or depository receipts thereof, held by the Fund.

15.14.3 Share buy-back / Reverse Bookbuilding

As part of the share buy-back programme in 2024, the Fund has repurchased 294,118 ordinary shares of the Fund (equivalent to approximately € 2 million) through a Reverse Bookbuilding Tender Offer. As at September 18, 2024 the Fund announced that it would launch a Reverse Bookbuilding Tender Offer to repurchase € 2 million worth of ordinary shares on the open market. Shareholders were given the opportunity to offer their shares at a price between € 6.50 and a maximum of € 8.00 from September 19, 2024 to October 16, 2024. All shares repurchased by the Fund were redeemed at the same price, the "Clearing Price". The Tender Offer resulted in at a "Clearing Price" of € 6.80 per ordinary share.

The Fund intends to cancel the repurchased ordinary shares at the General Meeting of Shareholders in June 2025.

15.14.4 Nature and purpose of reserves

For the nature and the purpose of the various reserves reference is made to section:

- 18.3.6 "Legal revaluation reserve";
- 18.3.7 "Reserve currency translation differences".

15.14.5 Equity components

For further analysis and statements of changes in the various equity components reference is made to section 19.8.1 "Statement of changes in shareholders' equity".

15.15 TAX LIABILITIES

15.15.1 Specification of tax liabilities

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of tax liabilities	-	-
Current part of tax liabilities	707	168
	707	**168**

15.15.2 Analysis of tax liabilities

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Corporate income tax (**CIT**)	583	5
Value added tax (**VAT**)	81	129
Withholding tax (**WHT**)	40	32
Property tax	1	2
Other tax liabilities	2	-
	707	**168**

15.16 LOANS AND BORROWINGS

15.16.1 Analysis of loans and borrowings

Kind of loans and borrowings	31-12-2024 Non-current liabilities	Current liabilities	Total
	In € 1,000	In € 1,000	In € 1,000
Secured bank loans	16,526	4,002	20,528
Lease liabilities	-	-	-
Other loans and borrowings	250	1,764	2,014
	16,776	**5,766**	**22,542**

Kind of loans and borrowings	31-12-2023 Non-current liabilities	Current liabilities	Total
	In € 1,000	In € 1,000	In € 1,000
Secured bank loans	5,725	20,780	26,505
Lease liabilities	1,231	157	1,388
Other loans and borrowings	-	3,959	3,959
	6,956	**24,896**	**31,852**

15.16.2 Statement of changes in secured bank loans

	2024	2023
	In € 1,000	In € 1,000
Balance as at 1 January	26,505	30,175
Loans advanced	3,200	6,049
Redemptions	-/- 9,113	-/- 9,596
(Amortisation) flat fee and transaction costs	40	25
Exchange rate differences	-/- 104	-/- 148
Balance as at 31 December	**20,528**	**26,505**

The “Loans advanced” for the amount of € 3,200,000 refers to the refinancing of the Slovak real estate portfolio's loan, held by Slovenská Spořitelna.

15.16.3 Analysis of secured bank loans

Name of company	31-12-2024 Name of credit institution	Date of maturity	Weighted average interest rate	Face value	Carrying amount
			In %	In € 1,000	In € 1,000
Arcona Capital RE Bohemia s.r.o.	UniCredit	31-12-2028	6.29	2,854	2,831
Arcona Capital RE Slovakia s.r.o.	Slovenská Sporiteľňa	31-12-2029	5.21	3,158	3,140
Arcona Capital Real Estate Poland Sp. z o.o. & Arcona Poland Project 5 Sp. z o.o.	Hypo Noe	31-03-2026	6.11	12,040	11,989
N-E Real Estate Park First Phase S.r.l.	Patria Bank	10-12-2031	6.83	2,622	2,568
				20,674	**20,528**

The fair value of the secured bank loans does not deviate substantially from carrying amount, since the applicable interest rate as at Statement of Financial Position's date are comparable to the market interest rate for comparable loans.

	31-12-2023				
Name of company	**Name of credit institution**	**Date of maturity**	**Weighted average interest rate** In %	**Face value** In € 1,000	**Carrying amount** In € 1,000
Arcona Capital RE Bohemia s.r.o.	UniCredit	31-12-2028	8.87	5,865	5,836
Arcona Capital RE Slovakia s.r.o.	Slovenská Sporiteľňa	30-09-2024	6.36	5,329	5,328
Arcona Capital Real Estate Poland Sp. z o.o. & Arcona Poland Project 5 Sp. z o.o.	Hypo Noe	31-03-2026	7.07	12,600	12,506
N-E Real Estate Park First Phase S.r.l.	Patria Bank	10-12-2031	7.50	2,897	2,835
				26,691	**26,505**

15.16.4 Securities provided, bank covenants and ratios secured bank loans

As at Statement of Financial Position's date the following securities were provided, and bank covenants agreed with regard to the secured bank loans. The ratios, as well as the withdrawable credit facilities as at Statement of Financial Position's date are also mentioned.

	UniCredit	**Slovenská Sporiteľňa**	**Hypo Noe**	**Patria Bank**
Carrying amounts securities provided:				
• Owned investment property (in € 1,000)	11,025	11,940	15,730	3,965
• Assets held for sale (in € 1,000)	-	-	11,650	-
• Trade and other receivables (in € 1,000)	147	231	697	193
• Cash and cash equivalents (in € 1,000)	260	466	824	181
Bank covenants:				
• Debt Service Coverage Ratio (**DSCR**) (minimum)	1.20	1.20	0.95	1.30
• Debt Service Reserve Account (**DSRA**) (in € 1,000)	29 [11]	150	483	180 [12]
• Capital expenditure (**CAPEX**) (in € 1,000)	60 [13]	40	N.a.	N.a.
• Minimum total annual collection in the bank account (in € 1,000)	N.a.	N.a.	N.a.	603[14]
• Loan to value (maximum)	60.00%	50.00%	44.00%	N.a.
• Negative equity borrower	N.a.	N.a.	no[15]	N.a.
• Issued shares borrower pledged	No	No	Yes[16]	No
• Contractual testing date(s) of bank covenants	30.06 & 31.12	30.06 & 31.12	Quarterly [17]	31.12
Ratios:				
Debt Service Coverage Ratio (**DSCR**)	1.32	1.22	0.95	1.36
Loan to value (**LTV**)	25.89%	26.49%	46.10%	66.13%
Withdrawable credit facilities:				
Maximum credit facilities	4,840	3,158	12,040	2,622
Outstanding amount	2,854	3,158	12,040	2,622
Withdrawable credit facilities	1,986[18]	-	-	-

For further information on pledged issued shares of the borrower reference is made to section 19.1.3 "Securities provided".

[11] In accordance with the bank covenant CZK 720,000.
[12] In accordance with the bank covenant the Debt Service Reserve account (DSRA) has to be built up monthly with an amount of € 5,000 until an amount of € 265,000 is reached.
[13] In accordance with the bank covenant CZK 1,500,000.
[14] In accordance with the bank covenant RON 3,000,000.
[15] Each borrower (Arcona Capital Real Estate Poland Sp. z o.o. and Arcona Poland Project 5 Sp. z o.o.) has to ensure that, at all times, its total assets increased by the aggregate of the subordinated liabilities then outstanding are greater than its total liabilities. For the purpose of this calculation contingent and prospective liabilities will not be considered and liabilities under subordinated shareholders loan will be treated as equity and not as liabilities.
[16] Only the shares in Arcona Capital Real Estate Poland Sp. z o.o. are pledged. The shares in Arcona Poland Project 5 Sp. z o.o. are not pledged.
[17] March 31, June 30, September 30 and December 31.
[18] UniCredit has made a credit line of up to CZK 50,000,000 available for investments, including for investments in the office building Politickych Veznu 10.

Slovenská Sporiteľňa
The lease contract with AT&T has been successfully prolonged, hence the secured bank loan will be due by December 31, 2029.

Based on above conditions the secured bank loan of Slovenská Sporiteľňa is fully classified as current as at Statement of Financial Position's date.

The remaining loans, primarily from Hypo Noe, have been reclassified as non-current as at the Statement of Financial Position date, mainly due to the rectification of breaches.

15.16.5 Statement of changes in lease liabilities

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	1,388	1,162
Remeasurement (as a result of an index / inflation)	186	330
Redemptions	-/- 87	-/- 219
Accrued interest	48	91
Exchange rate differences	10	100
Reclassifications (to "Liabilities directly associated with assets held for sale")	-/- 1,545	-/- 76
Balance as at 31 December	**-**	**1,388**

The "Reclassification (to "Liabilities directly associated with assets held for sale")" for the amount of € 1,545,000 negative relates to the properties Kardynala Wyszynskiego (Poland) and Legionow (Poland). For further reference see section 15.21.4 "Statement of changes in liabilities directly associated with assets held for sale".

15.16.6 Analysis of lease liabilities

Nature of lease liability	Related to property	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Lease liability by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Land lease	Grzymaly Siedleckiego	Held for sale	Held for sale
Land lease	Kardynala Wyszynskiego	Held for sale	379
Land lease	Legionow	Held for sale	1,009
		-	**1,388**

15.16.7 Maturity analysis contractual undiscounted cash flows of lease liabilities

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Less than 1 year	184	232
1 year to 5 years	706	639
More than 5 years	1,710	1,619
	2,600	**2,490**

15.16.8 Statement of changes in other loans and borrowings

	2024	2023
	In € 1,000	In € 1,000
Balance as at 1 January	3,959	4,788
Loans advanced	2,000	1,000
Redemptions	-/- 3,984	-/- 1,899
(Amortisation) flat fee and transaction costs	32	37
Accrued interest	9	37
Exchange rate differences	-/- 2	-/- 4
Balance as at 31 December	**2,014**	**3,959**

15.16.9 Analysis of other loans and borrowings

Name of company	Name of counterparty	Secured / unsecured	Date of maturity	31-12-2024 Weighted average interest rate In %	Face value In € 1,000	Carrying amount In € 1,000
Aisi Bela LLC	Almaz-Press-Ukraine LLC	Unsecured	-	0.00	47	47
Arcona Capital Real Estate Trio Sp. z o.o.	Bond holder	Secured	29-03-2024	N.a.	N.a.	N.a.
Arcona Property Fund N.V.	Other third party (I)	Unsecured	15-01-2026	9.50	250	250
Arcona Property Fund N.V.	Other third party (II)	Unsecured	30-06-2025	9.00	667	667
Arcona Property Fund N.V.	Other third party (III)	Unsecured	18-12-2025	11.00	600	600
Arcona Property Fund N.V.	Other third party (IV)	Unsecured	18-12-2025	12.00	450[19]	450
					2,014	**2,014**

Name of company	Name of counterparty	Secured / unsecured	Date of maturity	31-12-2023 Weighted average interest rate[20] In %	Face value In € 1,000	Carrying amount In € 1,000
Aisi Bela LLC	Almaz-Press-Ukraine LLC	Unsecured	-	0.00	49	49
Arcona Capital Real Estate Trio Sp. z o.o.	Bond holder	Secured	29-03-2024	12.45[21]	1,800	1,788
Arcona Property Fund N.V.	Other third party (I)	Unsecured	15-01-2024[22]	9.50	250	250
Arcona Property Fund N.V.	Other third party (II)	Unsecured	30-06-2024	9.00	334	327
Arcona Property Fund N.V.	Other third party (III)	Unsecured	30-06-2024	9.00	400	396
Arcona Property Fund N.V.	Other third party (IV)	Unsecured	30-06-2024	9.00	667	660
Arcona Property Fund N.V.	Other third party (V)	Unsecured	30-06-2024	9.00	500	489
					4,000	**3,959**

The bond, secured by Arcona Capital Real Estate Trio Sp. z o.o. and having a carrying amount of € 1.79 million, set to mature on March 29, 2024, has been successfully refinanced in March 2024 through two investor loans from third parties, each of € 1 million. These loans are designated to be repaid with the proceeds from the forthcoming sales in 2025.

[19] This loan has been successfully refinanced during January 2025 at more favourable loan conditions.
[20] Exclusive variable remunerations.
[21] The weighted average interest rate used amounts to 11.78%.
[22] During January 2024 the date of maturity has been extended for 2 years (January 15, 2026).

15.16.10 Securities provided of other loans and borrowings

As at Statement of Financial Position's date there were no securities provided with regard to the other loans and borrowings.

15.17 TRADE AND OTHER PAYABLES

15.17.1 Analysis of trade and other payables

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of trade and other payables	-	-
Current part of trade and other payables	3,163	2,148
	3,163	**2,148**

15.17.2 Specification of trade and other payables

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Trade payables	501	539
Accruals	615	542
Fund Management fee	436	550
Interest payables	219	397
Payable settlement acquisitions	1,187	120
Sales performance-related fee	169	-
Sales fee	32	-
Other trade and other payables	4	-
	3,163	**2,148**

The "Payable settlement acquisitions" for the amount of € 1,187,000 relates to the remaining balance of the acquisition of the Ukrainian and Romanian assets from SPDI, which was settled during the first quarter of 2025.

15.18 DEFERRED INCOME AND TENANT DEPOSITS

15.18.1 Analysis of deferred income and tenant deposits

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of deferred income and tenant deposits	441	378
Current part of deferred income and tenant deposits	100	228
	541	**606**

15.18.2 Specification of deferred income and tenant deposits

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Deposits received from tenants	524	591
Advance payments received from tenants	17	15
	541	**606**

15.19 PROVISIONS

15.19.1 Analysis of provisions

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of provisions	-	-
Current part of provisions	-	-
	-	**-**

15.19.2 Specification of provisions

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Sales performance-related fee	-	-

The provision for sales performance-related fee relates to the best estimate of the amount, with regard to the Incentive for the Managing Board for the achieved sales of assets.
The sales performance-related fee consists of two tiers:

1. in the case the sale of an asset is realised within the 12-month period (December 21, 2023 - December 20, 2024) the sales performance-related fee is 20.0%% of the excess gross sales price over valuation;
2. in the case the sale of an asset is realised within the 13-to-18-month period (December 21, 2024 - June 20, 2025) the sales performance-related fee is 15.0% of the excess gross sales price over valuation.

The sales performance-related fee is calculated separately for each period on the entire positive or negative deviation compared to the asset value as at June 30, 2023 during the 12- and 6-months period. For further reference see section 15.35.5 “Sales fee and sales performance-related fee”.

Since the 12-month period has expired, an amount of € 169,000 of the provision was used during the financial period, since this has become due.

15.19.3 Statement of changes in provisions

In € 1,000	2024 Sales performance-related fee
Balance as at 1 January	-
Provisions made during the financial period	169
Provision used during the financial period	-/- 169
Balance as at 31 December	**-**

15.20 DEFERRED TAX LIABILITIES

For the specification and analysis of the (un)recognised deferred tax liabilities reference is made to sections:

- 15.6.1 “Specification of recognised deferred taxes”;
- 15.6.4 “Statement of changes in recognised deferred taxes”;
- 15.7.1 “Specification of unrecognised deferred taxes”; and
- 15.7.4 “Statement of changes in unrecognised deferred taxes”.

15.21 LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

15.21.1 Analysis of liabilities directly associated with assets held for sale

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Loans and borrowings	1,519	76

15.21.2 Analysis of loans and borrowings

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Lease liabilities	1,519	76

15.21.3 Analysis of lease liabilities

Nature of lease liability	Related to property	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Lease liability by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Land lease	Grzymaly Siedleckiego	4	76
Land lease	Kardynala Wyszynskiego	366	-
Land lease	Legionow	1,149	-
		1,519	**76**

15.21.4 Statement of changes in liabilities directly associated with assets held for sale

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	76	-
Remeasurement (as a result of an index / inflation)	12	-
Redemptions	-/- 177	-
Accrued interest	50	-
Exchange rate differences	13	-
Reclassifications (from “Lease liabilities”)	1,545	76
Balance as at 31 December	**1,519**	**76**

The “Reclassification (from “Lease liabilities”)” for the amount of € 1,545,000 relates to the properties Kardynala Wyszynskiego (Poland) and Legionow (Poland). For further reference see section 15.16.5 “Statement of changes in lease liabilities”.

15.22 CONTINGENT ASSETS

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund.

As of the Statement of Financial Position's date, the Fund did not hold any contingent assets that are not included in the Statement of Financial Position, except for unrecognised deferred tax assets, as mentioned in section 15.7 "Unrecognised deferred taxes".

15.23 NON-CONTINGENT ASSETS

As of the Statement of Financial Position's date, the Fund did not hold any non-contingent assets other than those already recognised in the Statement of Financial Position.

15.24 CONTINGENT LIABILITIES

A contingent liability is:

A. a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund; or

B. a present obligation that arises from past events but is not recognised because:
   - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   - the amount of the obligation cannot be measured with sufficient reliability.

As at Statement of Financial Position's date the Fund has the following contingent liabilities which are not included in the Statement of Financial Position:

A. Arcona Capital RE Bohemia s.r.o. has a contingent liability for the amount of CZK 4,509,000 (€ 179,000) towards the buyer of the investment property Štefánikova with regard to rent received in advance by Arcona Capital RE Bohemia s.r.o. for usage of the parking places (free of payment) by the lessee of Štefánikova. Based on the agreement (2012) the buyer of Štefánikova will pay the taxes with regard to this rent;

B. As a result of acquisitions through share-based payments the Fund has a contingent liability to issue ordinary shares against an exercise price as mentioned below as a result of the outstanding warrants. The conditions are as follows:

Holder	Number of warrants	Date of Issue	Expiration date	Required share price	Exercise price
SPDI	76,085	29-03-2022	29-03-2027	€ 7.20	€ 0.00
SPDI	39,458	15-06-2022	15-06-2027	€ 7.20	€ 0.00

The exercise date of the outstanding warrants is the trading day immediately following the 10th trading day on which the shares have traded on a regulated market (or system comparable to a regulated market) and for which the volume-weighted average price of a share was € 7.20 or higher (the "required share price"), provided that this warrant may not be exercised within a 12 months period following the issue date, unless a prospectus approved by the AFM with respect to the warrants and / or the warrant shares is published by the Fund.

In case the conditions are met the warrant shares will be issued against an exercise price of € 0.00. The fair value of the warrants is nil. In case the conditions are met each warrant entitles the holder to one ordinary share of the Fund and the warrant shares will be charged from the share premium or other freely distributable reserve to the issued capital.

The statement of changes in warrants is as follows:

	2024	**2023**
	In pieces	In pieces
Balance as at 1 January	259,807	259,807
Granted during the financial period	-	-
Forfeited during the financial period	-	-
Expired during the financial period	-/- 144,264	-
Balance as at 31 December	**115,543**	**259,807**
Exercisable as at 31 December	**-**	**-**

C. The Fund has a contingent liability towards the Managing Board with regard to sales fee and sales performance-related fee, which is described in section 15.35.5 "Sales fee and sales performance-related fee.

As at Statement of Financial Position's date the Fund was not subject to any further contingent liabilities, including any obligations that result from security transactions related to (exchange) rate risk in connection with investments.

15.25 NON-CONTINGENT LIABILITIES

As of the Statement of Financial Position's date, the Fund was not subject to any contractual obligations, such as investments, repairs, maintenance, or other non-contingent liabilities, that require settlement in a future financial period.

15.26 GROSS RENTAL INCOME

15.26.1 General

The Fund leases out its investment property. The Fund has classified these leases as operating leases because the Fund does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. All gross rental income can be classified as operating lease income, with the exception of amortisation of lease incentives.

During the financial period, as well as during the previous financial period no contingent rental income was accounted for as income in the Income Statement. Leases for a determined time are normally indexed yearly with annual inflation stated by the relevant national Central Banks. New leases for a determined time are usually signed for a term of five years. All these lease contracts usually include at least a three-month deposit.

15.26.2 Analysis of gross rental income

	2024	2023
	In € 1,000	In € 1,000
Gross rental income collected / accrued	6,542	6,794
Amortisation of lease incentives	-/- 208	-/- 218
	6,334	**6,576**

15.26.3 Analysis of gross rental income collected / accrued

	2024	2023
	In € 1,000	In € 1,000
Fixed lease payments received	6,542	6,794
Variable lease payments received	-	-
	6,542	**6,794**

15.26.4 Weighted average percentage of the vacant space

Weighted to the fair value, the weighted average percentage of the vacant space as at Statement of Financial Position's date is as follows:

	31-12-2024	31-12-2023
	In %	In %
Buildings (including underground)	15.2	14.3
Land plots	N.a.	N.a.
Investment property under development	100.0	100.0
Inventories	Sold	100.0
Buildings (including underground) held for sale	10.8	28.2

Weighted to the fair value, the weighted average percentage of the vacant space during the financial period is as follows:

	2024	2023
	In %	In %
Buildings (including underground)	13.9	13.4
Land plots	N.a.	N.a.
Investment property under development	100.0	100.0
Inventories	Sold	100.0
Buildings (including underground) held for sale	22.3	29.7

15.26.5 Non-cancellable leases

The gross rental income receivable on account of non-cancellable leases related to owned investment property, investment property under development and inventories as at Statement of Financial Position's date is as follows (The future minimum gross rental income receivable in foreign currency has been translated at the average exchange rate used for the Consolidated Income Statement for the financial period):

	31-12-2024	31-12-2023
	In € 1,000	In € 1,000
Less than 1 year	4,295	5,778
1 year to 2 years	3,079	3,365
2 years to 3 years	2,587	2,343
3 years to 4 years	1,988	1,778
4 years to 5 years	900	1,237
More than 5 years	3,262	1,167
	16,111	**15,668**

15.27 REBILLED AND NON-REBILLED SERVICE CHARGES AND PROPERTY OPERATING EXPENSES

15.27.1 General

As the Fund invoices service charges independently (or as principal) to the lessees on the basis of the leases entered into, such reimbursed service charges are shown separately in the Consolidated Income Statement. The work associated with the service charges is carried out either by the Fund, or by third parties on a contract basis. Contracts for the performance of service work are usually entered into for a maximum period of six months. In addition, service charge expenses also include charges related to vacant units and / or other irrecoverable service charges due to contractual limits or insolvent tenants.

15.27.2 Analysis of property operating expenses

	2024 In € 1,000	2023 In € 1,000
Property management	456	476
Asset management	479	532
Maintenance expenses in respect of properties	431	481
Property taxes and fees	385	322
Insurance premiums	55	52
Other property operating expenses	1	-
Subtotal	1,807	1,863
Adjustment property taxes and fees previous year(s)	-	9
Reimbursement from tenants	-	-/- 38
	1,807	**1,834**

15.27.3 Allocation of service charges and property operating expenses

The determination of costs from non-rented properties is based on properties that had an average vacancy of more than 10% during the financial period. The allocation of service charges and direct operating expenses to the properties, whether or not rent generating, is as follows:

	2024 In € 1,000	2023 In € 1,000
For properties let	3,966	4,028
For properties not let	451	474
	4,417	**4,502**

15.27.4 Non-cancellable operating leases (not in scope of IFRS 16)

Non-cancellable operating leases of investment properties and inventories as at 31 December of the relevant financial period, which are not in scope of IFRS 16 are shown as follows (the future non-cancellable operating leases in foreign currency have been translated at the average exchange rate used for the Consolidated Income Statement for the financial period):

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Less than 1 year	-	-
1 to 5 years	-	-
More than 5 years	-	-
	-	**-**

15.28 VALUATION RESULTS OF PROPERTIES

	2024 In € 1,000	2023 In € 1,000
Owned investment property	-/- 1,797	303
Right-of-use assets	-/- 38	-/- 147
Investment property under development	366	65
Owned investment property held for sale	996	2,350
Right-of-use assets held for sale	-/- 127	-
	-/- 600	**2,571**

15.29 RESULT ON DISPOSALS OF PROPERTIES

15.29.1 Analysis of result on disposals of properties

	2024 In € 1,000	2023 In € 1,000
Owned investment property held for sale	-/- 1,006	-/- 2,885

15.29.2 Specification of result on disposals of properties - per building

	2024 In € 1,000	2023 In € 1,000
Záhradnícka (Slovakia)	-/- 1,691	-
Karlin (Czechia)	685	-
Gardova Glava, Sofia (Bulgaria)	-	-/- 2,885
	-/- 1,006	**-/- 2,885**

15.29.3 Specification of result on disposals of properties

	2024 In € 1,000	2023 In € 1,000
Realised value adjustments	-/- 703	-/- 2,795
Sales fee	204	-
Sales performance-related fee	85	-
Transaction costs on sale of investment properties	6	78
Consultancy fees and legal fees	8	12
Subtotal costs on sale of investment properties	303	90
	-/- 1,006	**-/- 2,885**

15.30 RESULT ON DISPOSALS OF INVENTORIES

15.30.1 Analysis of result on disposals of inventories

	Quantity	2024 In € 1,000	2023 In € 1,000
Apartment 1-D, Gardova Glava, Sofia (Bulgaria)	3	198	227
Apartment 2-A, Gardova Glava, Sofia (Bulgaria)	-	-	26
Apartment 3-C, Gardova Glava, Sofia (Bulgaria)	2	188	155
Apartment 7-D, Gardova Glava, Sofia (Bulgaria)	2	144	129
Apartment 8-E, Gardova Glava, Sofia (Bulgaria)	2	109	474
Parking places, Gardova Glava, Sofia (Bulgaria)	21	140	82
		779	**1,093**

15.30.2 Specification of result on disposals of inventories

	2024 In € 1,000	2023 In € 1,000
Selling price	1,848	2,349
Less: carrying amount of sold inventories	938	1,078
	910	1,271
Sales fee	37	-
Sales performance-related fee	84	-
Adjustment refund of value added tax	10	177
Transaction costs on sale of inventories	-	1
Subtotal costs on sale of inventories	131	178
	779	**1,093**

The “Adjustment refund of value added tax” for the amount of € 10,000 represents the expense for Bulgarian valued added tax as a result of the repayment of a tax credit incurred by the sale of the inventories.

15.31 NET RESULTS ON PROPERTIES

	2024 In € 1,000	2023 In € 1,000
Valuation gains	2,636	2,519
Valuation losses	-/- 3,029	-/- 1,472
	-/- 393	1,047
Costs on sale of properties	434	268
	-/- 827	**779**

15.32 SHARE IN RESULTS OF INVESTMENTS IN ASSOCIATES

15.32.1 Analysis of share in results of investments in associates

	2024 In € 1,000	2023 In € 1,000
Lelar Holdings Limited	80	225

15.32.2 Specification of share in results of investments in associates

	2024 In € 1,000	2023 In € 1,000
Fair value adjustments	-/- 287	102
Dividend	367	123
	80	**225**

15.33 FINANCIAL INCOME

	2024 In € 1,000	2023 In € 1,000
Realised currency results on net investments in group companies	638	220
Interest income on derivative financial instruments	200	150
Interest income of bank balances and deposits	14	19
Interest on trade receivables	4	4
Penalty interest and fees	9	1
	865	**394**

15.34 OTHER OPERATING INCOME

	2024 In € 1,000	2023 In € 1,000
Penalties for early termination of rental contracts	5	-
Other operating income	12	7
	17	**7**

15.35 ADMINISTRATIVE EXPENSES

15.35.1 Specification administrative expenses

	2024 In € 1,000	2023 In € 1,000
Fund management fee	675	675
Performance-related remuneration	-	-
	675	**675**

15.35.2 Management fee

This is the total fee received by the Managing Board (Arcona Capital Fund Management B.V.) for the management it performs. The total management fee consists of the Fund management fee as well as the Asset management fee. The management fee is calculated by percentages on the value of the Fund's total assets at month-end. In accordance with the Fund's prospectus, the Registration Document dated October 19, 2016, Security Note dated October 28, 2016 and the addendum of the Registration Document dated December 20, 2023 these percentages are:

- for assets below € 75 million: 1.50% per annum (0.125% per month);
- for assets as of € 75 million and above: 1.00% per annum (0.083% per month).

15.35.3 Specification Fund management fee

	2024 In € 1,000	**2023** In € 1,000
Management fee	1,180	1,237
Less: Asset management fee:		
Arcona Capital Czech Republic s.r.o.	233	263
Arcona Capital Poland Sp. z o.o.	199	196
Arcona Capital Bulgaria E.O.O.D.	8	28
CEG South East Continent Unique Real Estate Management Limited	65	75
	505[23]	562
Fund management fee (Arcona Capital Fund Management B.V.)	**675**	**675**

15.35.4 Performance-related remuneration

Until December 20, 2023 the Managing Board was entitled to performance-related remuneration dependent on the Fund's total annual return. The total return is defined as the increase in Net Asset Value per profit-sharing share over the relevant financial period increased by dividends distributed during that financial period. The sum of these components is expressed as a percentage of the Net Asset Value per profit-sharing share at the start of the financial period. The total performance-related remuneration is calculated on the total average number of outstanding profit-sharing shares in the relevant financial period multiplied by the Net Asset Value per profit-sharing share at the start of the relevant financial period.

In accordance with the Fund's prospectus, the Registration Document dated October 19, 2016, Security Note dated October 28, 2016 and the First Amendment (Addendum May 24, 2018) the performance-related remuneration consists of three tiers:

1. in the case of a total return of up to 12% the performance-related remuneration is 0%;
2. in the case of a total return of 12% to 15% the performance-related remuneration is 20% of the total return less 12%;
3. in the case of a total return of more than 15% the performance-related remuneration is 30% of the total return less 15%. In addition, the remuneration indicated under 2 will be awarded.

The performance-related remuneration will be charged annually in arrears and is budgeted and put aside on a three-monthly basis. This performance-related remuneration will not be due if the stock exchange price of the share plus the dividends distributed in the relevant financial period is lower than that of any preceding period for which the performance-related remuneration was deducted.

50% of the performance-related remuneration is payable in shares of the Fund, such shares to be issued at Net Asset Value as at year-end rather than the prevailing stock exchange price (unless the stock market price is above the Net Asset Value per share). The share component of the performance-related remuneration due

[23] Reference is made to section 15.26.2 "Analysis of property operating expenses" and 15.36.2 "Analysis of costs of service providers".

for a financial period is payable after publication of the Annual Report after the end of the relevant financial period, the cash components are payable in three equal amounts on 30 April, 31 July and 31 October following the end of the relevant financial period.

As of June 21, 2025, the original agreement (Registration Document dated October 19, 2016 and the Securities Note dated October 28, 2016) and the First Amendment (Addendum May 24, 2018) will come into force again.

For the financial period, the Managing Board is not entitled to performance-related remuneration.

15.35.5 Sales fee and sales performance-related fee

In accordance with the addendum of the Registration Document dated December 20, 2023 the Managing Board is entitled to a sales fee and sales performance-related fee, which replaces the performance-related remuneration is described in section 15.35.4 “Performance-related remuneration”.

The sales fee consists of two tiers:

1. in the case the sale of an asset is realised within the 12-month period the sales fee is 2.0% of the gross sales price agreed;
2. in the case the sale of an asset is realised within the 13-to-18-month period the sales fee is 1.5% of the gross sales price agreed.

The sales performance-related fee consists of two tiers:

1. in the case the sale of an asset is realised within the 12-month period the sales performance-related fee is 20.0%% of the excess gross sales price over valuation;
2. in the case the sale of an asset is realised within the 13-to-18-month period the sales performance-related fee is 15.0% of the excess gross sales price over valuation.

Starting points for the calculation of the Incentive for the Managing Board:

1. gross sales price is the sales price before costs;
2. valuation: the assessed value in local currency as reported as at June 30, 2023;
3. a sale is realised on the date of the contractual signing of the sales agreement;
4. the 12-months period runs from December 21, 2023 up to and including December 20, 2024;
5. the 13 to 18-months period runs from December 21, 2024 up to and including June 20, 2025;
6. the sales fee is payable upon receipt of the sale proceeds (sales closed);
7. the 20.0% sales performance-related fee is payable as of December 21, 2024 for sales closed prior to this date or (if closed on or later than December 21, 2024) at the moment of closing;
8. the 15.0% sales performance-related fee is payable as of June 21, 2025 for sales closed prior to this date or (if closed on or later than June 21, 2025) at the moment of closing;
9. the sales performance-related fee is calculated separately for each period on the entire positive or negative deviation compared to the assessed value as at June 30, 2023 during the 12- and 6-months period.

As of June 21, 2025, the original agreement (Registration Document dated October 19, 2016 and the Securities Note dated October 28, 2016) and the First Amendment (Addendum May 24, 2018) will come into force again.

15.35.6 Specification sales fee and sales performance-related fee

	2024 In € 1,000	2023 In € 1,000
Sales fee	241[24]	-
Sales performance-related fee	169[24]	-
	410	**-**

[24] Reference is made to section 15.29.3 “Specification of result on disposal of properties” and 15.30.2 “Specification of result on disposals of inventories”.

15.36 OTHER OPERATING EXPENSES

15.36.1 Specification of other operating expenses

	2024 In € 1,000	2023 In € 1,000
Costs of service providers	1,049	1,059
Other operating expenses	65	149
	1,114	1,208
Costs of funding and acquisitions	182	11
	1,296	**1,219**

15.36.2 Analysis of costs of service providers

	2024 In € 1,000	2023 In € 1,000
Accounting expenses	278	275
Audit fees	252	262
Consultancy fees	128	239
Court fees	68	3
Custody fees	57	59
Steering Committee fees	47	-
Appraisal expenses	39	39
Asset management	26	30
Supervisory Board fees	28	28
Marketing expenses	7	26
Supervisors' expenses	22	22
Insurance AIFMD	22	22
Bank costs	21	17
Listing, Paying and Fund Agent fees	12	14
Other costs of service providers	42	23
	1,049	**1,059**

For the items listed above the following explanation can be given:

- the "Accounting expenses" include the expenses in respect of bookkeeping, consolidation activities on a quarterly basis for results announcements and the determination of corresponding Net Asset Value (**NAV**), preparation of (semi)-annual report and other activities to fulfil administrative requirements for the Fund and its subsidiaries;
- the "Audit fees" include the fees for the audit of the Consolidated Financial Statements and Parent Company Financial Statements, as well as audits of accounts of subsidiaries. The fees for the audit of the Consolidated Financial Statements, Parent Company Financial Statements and European Single Electronic Format (**ESEF**) reporting 2024 (Deloitte Netherlands) are estimated at € 88,000 (2023: € 86,000). During the financial period audit fees related to prior years have been booked in an amount of € 1,000 negative (2023: € 1,000 negative). The audit fees of accounts of subsidiaries (Deloitte other countries) amount to € 165,000 (2023: € 177,000).
  Except for:
  - audit of the Consolidated Financial Statements and Parent Company Financial Statements,
  - audits of accounts of subsidiaries, and
  - audit of ESEF reporting and requirements

  no services of Deloitte have been used.

- the “Court fees” relates mainly to court fees and corresponding legal fees related to a (potential) claim against Spółdzielnia “Budowlani (the Cooperative) concerning the leased Bydgoszcz property.
- the “Consultancy fees”, including legal fees, relate mainly to consultancy fees for tax structuring;
- the “Custody fees” include the fees for operational activities by the AIFMD Depositary;
- the “Asset management” relate to asset management fee Delenco (associates);
- the “Supervisors’ expenses” include expenses for supervision by the AFM and DNB;
- the “Other costs of service providers” include, among others, costs of press releases, required software ESEF, Euronext Fund Services and Prague Stock Exchange.

15.36.3 Analysis of Supervisory Board fees

	2024	**2023**
	In € 1,000	In € 1,000
Mr. M.P. Beys	14	14
Mrs. A.N. Krol	14	14
Mr. J.J. van Heijst MSc[25]	-	-
	28	**28**

The Fund has provided no loans, advances, or guarantees for the members of the Supervisory Board. The members of the Supervisory Board receive no options or remuneration in the form of the Fund’s shares.

15.36.4 Analysis of other operating expenses

	2024	**2023**
	In € 1,000	In € 1,000
Change in expected credit losses termination interest rate swaps	-/- 75	79
Irrecoverable trade receivables	107	67
Change in expected credit losses for trade receivables	-/- 84	-/- 63
Non-refundable value added tax (**VAT**)	105	54
Wages and salaries statutory directors	12	12
	65	**149**

15.36.5 Analysis of costs of funding and acquisitions

	2024	**2023**
	In € 1,000	In € 1,000
Consultancy fees / legal fees	182	11

The costs of funding and acquisitions include costs of technical, legal and tax due diligence for (potential) acquisitions.

[25] Mr. J.J. van Heijst M.Sc. has waived his Supervisory Board fee.

15.36.6 Transaction costs

In accordance with the EU-IFRS accounting principles the Fund includes the transaction costs incurred on purchase of properties, inventories and other equity investments in the purchase price of investments and recognises the transaction costs incurred on sale of properties, inventories and other equity investments under result on disposals of investments.

Based on article 123:1.c of the Decree on Conduct of Business Supervision of Financial Undertakings under the Act of Financial Supervision (in Dutch: Besluit Gedragstoezicht Financiële ondernemingen Wft) the analysis of identifiable and quantifiable transaction costs on purchase and sale of investments during the financial period is disclosed. The analysis is as follows:

	2024	**2023**
	In € 1,000	In € 1,000
Transaction costs on purchase of investments	-	-
Transaction costs on sale of investments	434	268
	434	**268**

15.36.7 Costs of lending financial instruments

During the financial period, no financial instruments were borrowed or lent by either the Fund or its related parties (so-called securities lending). No expenses were therefore incurred, or fees requested.

15.36.8 Remuneration for orders on behalf of the Fund

Neither the Managing Board, the directors of the Managing Board, the Fund, the Depositary of the Fund, nor parties affiliated with these parties, received any remuneration for performing assignments for the Fund, other than as described in section 15.35 “Administrative expenses” and 15.36 “Other operating expenses”. The management fee is paid to the Fund Manager by the Fund. This fee also contains the remuneration of the Managing Board. However, this is not possible to quantify to the Fund.

15.36.9 Outsourcing expenses

The Managing Board of the Fund has in the ordinary course of business outsourced the accounting activities of the Fund to Moore MKW Accountants B.V.

The related expenses are included in the section accounting expenses, as indicated in section 15.36.2 “Analysis of costs of service providers”.

15.36.10 Comparison of actual costs with prospectus

	2024		**2023**	
	Actual	**Prospectus**	**Actual**	**Prospectus**
	In € 1,000	In € 1,000	In € 1,000	In € 1,000
Costs of service providers	1,049	900	1,059	900

For comparison of actual costs of service providers with budgeted costs of service providers as per the Fund’s prospectus, the Registration Document dated October 19, 2016 in conjunction with the Security Note dated October 28, 2016 has been used.

For the analysis of costs of service providers reference is made to section 15.36.2 “Analysis of costs of service providers”.

15.37 PERSONNEL COSTS

The Fund does not employ any personnel, with the exception of statutory directors of the Fund's subsidiaries. The statutory directors receive a wage, which is specified in "Other operating expenses" (reference is made to section 15.36.4 "Analysis of other operating expenses").

15.38 FINANCIAL EXPENSES

	2024 In € 1,000	2023 In € 1,000
Interest expense on secured bank loans	1,752	1,932
Interest expense on other loans and borrowings	425	620
Change in fair value of derivative financial instruments	173	179
Interest expense on lease liabilities	99	91
Foreign exchange and currency losses	62	135
Variable compensation on other loans and borrowings	29	101
Withholding tax on loans due to shareholders and other group companies	40	37
Interest expense and costs of Tax Authorities	-	5
Penalty interest and costs on secured bank loans	-	1
Other financial expenses	16	12
	2,596	**3,113**

15.39 ONGOING CHARGES FIGURE

Based on article 123:1.l of the Decree on Conduct of Business Supervision of Financial Undertakings under the Act of Financial Supervision (in Dutch: "Besluit Gedragstoezicht Financiële ondernemingen Wft") the Ongoing Charges Figure (**OCF**) is disclosed. The OCF is calculated by dividing the total expenses (including operating expenses) during the financial year by the average Group equity of the Fund during the financial year. The total expenses include the expenses charged to the profit for the period as well as to Group equity. They also include the operating expenses of the properties. No net service charges are included in the total expenses, since these are entirely covered by the service income from service fees and the fees part of the gross rental income. The expenses which are related to the issuance and the redemption of own ordinary shares, as far as these are covered by surcharges and reductions received, are not taken into consideration. Regular interest charges for loans contracted, as well as costs of investment transactions, are also not included in the calculation of the OCF.

The average Group equity is determined by the average of all calculated and published Triple Net Asset Values (**NNNAV**'s).

	2024 In %	2023 In %	2022 In %	2021 In %	2020 In %
OCF	8.53	7.66	8.02	9.50	9.96

In 2024 the OCF increased as a result of an increase of the total expenses (including "Other operating expenses") by approximately 1%, in conjunction with the decrease of the average Group equity by approximately 9%.

The total expenses also include non-regular costs, such as costs of funding and acquisition and Steering Committee fees (reference is made to section 15.36.2 “Analysis of costs of service providers” and 15.36.5 “Analysis of costs of funding and acquisitions”). Without these non-regular costs, the OCF would be as follows:

	2024	**2023**	**2022**	**2021**	**2020**
	In %	In %	In %	In %	In %
OCF (without non-regular costs)	8.01	7.63	7.61	9.31	9.00

15.40 INCOME TAX EXPENSE

15.40.1 Tax position

The taxable profits of the Fund are subject to corporate income tax (**CIT**).

15.40.2 Income tax expense recognised in the Consolidated Income Statement

	2024 In € 1,000	2023 In € 1,000
Current income tax expense		
Current year	723	63
Adjustments related to prior years	6	-/- 4
Subtotal current income tax expense	729	59
Deferred income tax expense		
Origination and reversal of taxable temporary differences	-/- 758	249
Recognition of previously unrecognised (derecognition of previously recognised) tax losses carried forward	20	35
Recognition of previously unrecognised (derecognition of previously recognised) other taxable temporary differences	43	357
Change in tax rate	-/- 3	94
Adjustments related to prior years	-/- 19	3
Subtotal deferred income tax expense	-/- 717	738
Total income tax expense	**12**	**797**

15.40.3 Reconciliation of effective tax rate

	2024 In %	2024 In € 1,000	2023 In %	2023 In € 1,000
Profit before income tax		**-/- 20**		**980**
Tax using the Parent Company's domestic tax rate	-/- 25.8	-/- 5	25.8	253
Effect of tax rates in foreign jurisdictions	915.0	183	-/- 11.4	-/- 112
Change in tax rate	-/- 15.0	-/- 3	9.6	94
Tax effect of:				
Non-deductible expenses	490.0	98	5.6	55
Tax exempt revenues	-/- 1,934.2	-/- 387	-/- 19.8	-/- 194
Tax on phantom results	-/- 95.0	-/- 19	-/- 7.3	-/- 72
Current year losses for which no deferred tax asset is recognised	475.0	95	38.9	382
Recognition of previously unrecognised (derecognition of previously recognised) tax losses	100.0	20	3.6	35
Recognition of previously unrecognised (derecognition of previously recognised) other taxable temporary differences	215.0	43	36.4	357
Adjustments related to prior years	-/- 65.0	-/- 13	-/- 0.1	-/- 1
	60.0	**12**	**81.3**	**797**

15.40.4 Deferred income tax recognised directly in Group equity

	2024 In € 1,000	2023 In € 1,000
Related to receivables from shareholders and other group companies	-/- 28	-/- 42

15.40.5 Applicable local corporate income tax rates

	2025 In %	2024 In %	2023 In %	2022 In %	2021 In %
The Netherlands:					
- first bracket	19.00	19.00	19.00	19.00	15.00
- second bracket as of € 200,000	25.80	25.80	25.80	25.80	N.a.
- second bracket as of € 395,000	N.a.	N.a.	N.a.	N.a.	25.80
Czechia:	21.00	21.00	21.00	19.00	19.00
Poland:					
- regular	19.00	19.00	19.00	19.00	19.00
- small taxpayers[26]	9.00	9.00	9.00	9.00	9.00
Romania:					
- regular	16.00	16.00	16.00	16.00	16.00
- micro-companies[27] with at least 1 employee	1.00	1.00	1.00	1.00	1.00
- micro-companies with no employees	N.a.	N.a.	N.a.	N.a.	3.00
Slovakia:					
- regular	21.00	21.00	21.00	21.00	21.00
- micro-taxpayers[28]	15.00	15.00	15.00	15.00	15.00
Ukraine	18.00	18.00	18.00	18.00	18.00

[26] As of January 1, 2019, a reduced corporate income tax rate was introduced in Poland for so-called “small taxpayers”. Small taxpayers are, for example, entities whose revenues, including value added tax (**VAT**), in a given tax year did not exceed in the preceding tax year the PLN equivalent of € 2.0 million. The reduced corporate income tax rate will not be available for entities created or involved in certain restructuring activities.

[27] Micro-companies in Romania are corporate taxpayers and entrepreneurs and self-employed individuals that achieve turnover up to € 0.5 million for the relevant tax period (until January 1, 2023: up to € 1.0 million). The reduced tax rate of 1.00% is solely applicable if the company has at least one employee with full-time employment contract for an indefinite period.

[28] As of January 1, 2021, a reduced corporate income tax rate was introduced in Slovakia for so-called “micro-taxpayers”. Micro-taxpayers are corporate taxpayers and entrepreneurs and self-employed individuals that achieve taxable income (revenues) up to € 49,790 for the relevant tax period.

15.41 EARNINGS PER SHARE[29]

15.41.1 Calculation of basic earnings per share

The basic earnings per share are calculated by dividing the profit for the period attributable to holders of shares by the weighted average number of shares outstanding during the financial period.

The weighted average number of shares is adjusted for events, other than the conversion of potential ordinary shares, which have changed the number of ordinary shares outstanding without a corresponding change in resources.
If the number of shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share and of the comparative figures is adjusted retrospectively.

15.41.2 Profit for the period attributable to shareholders (basic)

	2024	**2023**
	In € 1,000	In € 1,000
Profit for the financial period	-/- 32	183

15.41.3 Weighted average number of outstanding shares (basic)

	2024	**2023**
	In pieces	In pieces
Issued shares as at 1 January	4,177,083	4,185,984
Effect of treasury shares held during the financial period	-/- 61,074	-/- 7,487
	4,116,009	**4,178,497**

15.41.4 Calculation of diluted earnings per share

The diluted earnings per share are calculated by dividing the profit for the period attributable to holders of shares, adjusted for costs relating to the convertible securities included in the profit for the period, by the weighted average number of shares during the financial period, adjusted for the maximum number of shares that could be converted during the financial period.

The adjustments as described are only made in case conversion will cause dilution of earnings. In case conversion will have a positive effect on the earnings per share, these adjustments are not made.

15.41.5 Profit for the period attributable to shareholders (diluted)

	2024	**2023**
	In € 1,000	In € 1,000
Profit for the period	-/- 32	183
Interest expense on convertible bonds (net of tax)	-	-
	-/- 32	**183**

[29] The calculation of the earnings per share includes all types of profit-sharing shares (e.g. ordinary and registered shares). Therefore, treasury shares are excluded from the earnings per share.

15.41.6 Weighted average number of outstanding shares (diluted)

	2024 In pieces	2023 In pieces
Weighted average number of outstanding shares outstanding during the financial period (basic)	4,116,009	4,178,497
Effect of conversion of warrants	-	-
Effect of conversion of convertible bonds	-	-
	4,116,009	**4,178,497**

15.42 RISK MANAGEMENT

15.42.1 General

According to its investment policy set out in the prospectus, the Registration Document dated October 19, 2016 in conjunction with the Security Note dated October 28, 2016, as well as the addendum of the Registration Document dated December 20, 2023 the Fund may hold investments in direct property in Central Europe. The Fund's investment portfolio currently consists of property in Czechia, Slovakia, Poland, Ukraine and Romania. These properties in principle are held for an indefinite period. However, the goal is to monetize a significant portion of the portfolio within an 18-month period by selling, among other things, the assets in Ukraine, as well as non-core assets in Slovakia and Poland. The Fund's investment activities result in exposure to various risks, as also defined in the prospectus.

The Managing Board of the Fund determines the tactical investment mix. The Managing Board regularly monitors the deviation between the previously determined tactical investment mix and the actual investment mix. The risks are summarised in the table below:

Risk category	Risk	Policy	Notes	Risk appetite	Impact	Likelihood
Strategy	Market	Mitigation	15.42.2	High	Medium	High
	Concentration	Avoidance / control	15.42.3	Low	Medium	Medium
	Economic	Acceptance	15.42.4	High	High	High
Operational	Fraud	Avoidance / mitigation	15.42.5	Low	Medium	Low
	Internal control	Mitigation	15.42.5	Low	Medium	Low
	Counterparty	Mitigation	15.42.6	Low	Medium	Low
	Integrity	Avoidance	15.42.7	Low	Medium	Low
Financial position	Currency	Mitigation / avoidance	15.42.8	Medium	Medium	High
	Interest rate	Mitigation	15.42.9	Low	High	High
	Price	Acceptance	15.42.10	High	High	High
	Borrowed money / credit	Avoidance	15.42.11	Low	High	Medium
	Rent	Mitigation	15.42.12	Medium	Medium	High
	Debtor	Mitigation	15.42.13	Medium	Medium	High
	Vacancy	Mitigation	15.42.14	Medium	Medium	High
	Liquidity	Avoidance	15.42.15	Low	High	Medium
Financial reporting	Outsourcing	Avoidance	15.42.16	Low	Low	Low
Legal and compliance risk	Regulations	Mitigation	15.42.17	Low	Medium	Medium
	Tax	Mitigation / acceptance	15.42.18	Low	Medium	High
	Legal	Mitigation	15.42.19	Low	High	High
	ESG	Mitigation / avoidance	15.42.20	Low	Medium	Medium

The nature and scope of properties as at Statement of Financial Position's date and the risk policy with regard to the above-mentioned risks and other risks are discussed below.

15.42.2 Market risk

Market risk is the risk of losses in positions arising from movements in market prices. Property values are affected by many factors, including the outlook for economic growth, inflation rate, and developments on the capital markets and the rental income at the time of sale of the property.

The greater the fluctuation in the development of these factors, the greater the risk. The Fund cannot influence macro-economic factors that determine property value. However, through good investment property management the Fund will try to mitigate the risk and will seek to maximise the attraction of the properties in its portfolio to prospective tenants and purchasers. The Fund invests in countries which have different legal systems to Western Europe. In some areas there is much less public information available than would be the case in Western Europe.

Control of the market risk is determined by the Managing Board's investment policy, which is aimed at achieving investment results by purchasing investments that are assumed to have been undervalued and are expected to benefit from the further development of the Czech, Slovak, Polish, Ukrainian, and Romanian economy. The market risk is managed on a day-to-day basis.

The Fund's policy is *mitigation*. The risk appetite is high. The impact is considered medium, the likelihood is high (reference is made to section 15.2.10 "Sensitivity analysis" of the buildings (including underground)).

15.42.3 Concentration risk

The concentration risk is the risk that can occur if the Fund has a large concentration of investments in certain regions or types of properties or if the Fund depends on a limited number of large tenants. To reduce this risk, investments of the Fund are spread across different types of properties in several regions in Central Europe and the portfolio has many small and medium-sized tenants. The Fund has decreased its concentration in Košice, Slovakia by selling during 2024 a further one of the eight properties it originally owned in Košice, reducing the holding to a single property (Letna).

The Fund's policy towards this risk is *Avoidance / control.* The risk appetite is low. The impact of this risk is medium, the likelihood is medium.

15.42.4 Economic risk

Economic risk is derived from direct financial factors (developments in interest rates and inflation) and market developments (changes in for example GDP growth and employment). The former tends to affect capital values, the latter occupancy rates and rental levels. Economic risk is managed by the Fund through focussing the Fund's investments on flexible assets in economically stable regional centres, and managing these assets through local professional teams closely attuned to developments in local market conditions.

The Fund's policy towards this risk is *Acceptance.* The risk appetite is high. The impact of economic risk is high, the likelihood is also high.

15.42.5 Operational risk

Operational risk is the risk of losses coming from failed internal processes, people or systems or from external operational events. Examples of operational risk incidents are fraud, claims, losses, errors, violation of laws and system failure. During the financial period, no material operational risks materialised.

The risk appetite is low. The Fund's policy towards operational risks is *Avoidance / mitigation.* The Fund for example does not tolerate fraud, executes an extensive supplier due diligence / know your customer analysis for service contracts and for transactions and asks for Supervisory Board approval for the purchase or sale of real estate. The impact of these risks is medium, the likelihood is low.

15.42.6 Counterparty risk (credit risk)

The credit risk can be defined as the risk of a counterparty being unable to fulfil its obligation to the Fund associated with monetary assets. The Fund has a credit policy, and the counterparty risk is monitored and controlled on a continuous basis. The risk is presumed to be low, given the short settlement period of most of such monetary assets. The Fund does business with various parties; the most important are banks, tenants and the local administrators of the properties. The Fund will mitigate this risk by regular contact with these counterparties. If credits rise above certain risk limits, measures will be taken to reduce the risk for the Fund.

The carrying amount of monetary assets best represents the maximum credit risk exposure as at Statement of Financial Position's date. As this date, the Fund's monetary assets exposed to credit risk amounted to the following, related to the Fund's net assets attributable to the holders of redeemable (ordinary registered and treasury) shares:

	31-12-2024	**31-12-2024**	**31-12-2023**	**31-12-2023**
	In € 1,000	In %	In € 1,000	In %
Derivative financial instruments	127	0.3	300	0.7
Tax assets[30]	6	0.0	20	0.0
Trade and other receivables	1,631	3.8	1,468	3.2
Cash and cash equivalents	2,419	5.7	2,382	5.2
	4,183	**9.8**	**4,170**	**9.1**

Other than the above-mentioned items, there were no significant concentrations of credit risk to counterparties as at Statement of Financial Position's date. No individual financial investment exceeded 10% of the net assets attributable to the holders of redeemable (ordinary, registered and treasury) shares either as at Statement of Financial Position's date.

The following table sets out the ageing analysis of the Fund's monetary assets. The amounts are based on the carrying amount of monetary assets.

In € 1,000	**31-12-2024**					
	Current (not past due)	**Up to 1 month past due**	**1 to 3 months past due**	**3 months to 1 year past due**	**More than 1 year past due**	**Total**
Gross monetary assets						
Derivative financial instruments	127	-	-	-	-	127
Tax assets [30]	6	-	-	-	-	6
Trade and other receivables	1,390	230	17	35	245	1,917
Cash and cash equivalents	2,419	-	-	-	-	2,419
	3,942	**230**	**17**	**35**	**245**	**4,469**
Impairment of monetary assets						
Derivative financial instruments	-	-	-	-	-	-
Tax assets [30]	-	-	-	-	-	-
Trade and other receivables	14	5	2	29	236	286
Cash and cash equivalents	-	-	-	-	-	-
	14	**5**	**2**	**29**	**236**	**286**
Net monetary assets						
Derivative financial instruments	127	-	-	-	-	127
Tax assets [30]	6	-	-	-	-	6
Trade and other receivables	1,376	225	15	6	9	1,631
Cash and cash equivalents	2,419	-	-	-	-	2,419
	3,928	**225**	**15**	**6**	**9**	**4,183**

[30] Exclusive of corporate income tax (**CIT**).

In € 1,000	31-12-2023					
	Current (not past due)	Up to 1 month past due	1 to 3 months past due	3 months to 1 year past due	More than 1 year past due	Total
Gross monetary assets						
Derivative financial instruments	300	-	-	-	-	300
Tax assets[31]	20	-	-	-	-	20
Trade and other receivables	1,254	66	47	36	527	1,930
Cash and cash equivalents	2,382	-	-	-	-	2,382
	3,956	**66**	**47**	**36**	**527**	**4,632**
Impairment of monetary assets						
Derivative financial instruments	-	-	-	-	-	-
Tax assets [31]	-	-	-	-	-	-
Trade and other receivables	14	2	4	13	429	462
Cash and cash equivalents	-	-	-	-	-	-
	14	**2**	**4**	**13**	**429**	**462**
Net monetary assets						
Derivative financial instruments	300	-	-	-	-	300
Tax assets [31]	20	-	-	-	-	20
Trade and other receivables	1,240	64	43	23	98	1,468
Cash and cash equivalents	2,382	-	-	-	-	2,382
	3,942	**64**	**43**	**23**	**98**	**4,170**

The impairment with regard to trade and other receivables relates to trade receivables and termination derivative financial instruments. For further details with regard to these amounts is referred to section 15.9 “Trade and other receivables”. The following table sets out the pledges of the Fund’s financial assets.

In € 1,000	31-12-2024		
	Guarantee deposits from tenants	Other pledge	Total
Trade and other receivables	100	-	100
Prepayments and deferred expenses	28	-	28
	128	**-**	**128**

In € 1,000	31-12-2023		
	Guarantee deposits from tenants	Other pledge	Total
Trade and other receivables	235	-	235
Prepayments and deferred expenses	93	-	93
	328	**-**	**328**

The Fund’s policy towards this risk is *Mitigation.* The risk appetite is low. The impact is medium, the likelihood is low.

15.42.7 Integrity risk

Within organizations there is a risk that people harm organizations by committing fraud or theft. The Managing Board therefore evaluates the reliability and integrity of its staff. All staff in key positions employed the Managing Board will be screened by “Pre-Employment Screening of Dutch Securities Institute”

[31] Exclusive of CIT.

(**DSI**). The Fund's policy towards the integrity risk is *Avoidance*. The risk appetite is low. The impact of the risk is medium, the likelihood low.

15.42.8 Currency risk

The currency risk can be defined as the risk that the fair value of investments and the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund may invest in properties in countries where the Euro has not (yet) been implemented. There is a currency risk that the exchange rate fluctuates. The Fund has the option to mitigate the risk by using financial instruments to hedge the currency risk. The Fund also seeks to mitigate/avoid the risk by concluding rental contracts in Euro.

The Fund invests in property in currencies other than the functional currency (the Euro) used in these Consolidated Financial Statements. At present, the currencies involved are:

- Czech Koruna (CZK);
- Polish Zloty (PLN);
- US Dollar (USD);
- Ukrainian Hryvnia (UAH); and
- Romanian Leu (RON).

Consequently, the Fund is exposed to the risk that the exchange rate of the functional currency in relation to the foreign currency may develop in such a way that this has a negative impact on the value of the investment portfolio in foreign currency.

Taking into account the high costs involved and Managing Board's expectation that the EUR / CZK exchange rate, EUR / PLN exchange rate, EUR / USD exchange rate, EUR / UAH exchange rate and EUR / RON exchange rate will continue to show relative stability over the long term, the Managing Board has opted not to hedge the currency risk by means of financial derivative financial instruments, such as forward contracts. The EUR / UAH exchange rate is more vulnerable to fluctuations, as the UAH is, compared to the other currencies, less liquid. As at Statement of Financial Position's date the Fund had the following exposure with regard to financial assets. The percentages are based on the carrying amount of financial assets.

	31-12-2024	**31-12-2023**
	In %	In %
Euro (EUR)	76.8	77.0
Polish Zloty (PLN)	13.3	10.3
Czech Koruna (CZK)	6.5	10.2
Romanian Leu (RON)	3.4	1.6
Bulgarian Lev (BGN)	N.a.	0.9
	100.0	**100.0**

The following table sets out the Fund's total exposure to currency risk and the net exposure to currencies of the monetary assets and liabilities. The amounts are based on the carrying amount of monetary assets and liabilities.

In € 1,000	**31-12-2024**		
	Monetary assets	**Monetary liabilities**	**Net exposure**
Euro (EUR)	2,618	21,423	-/- 18,805
Czech Koruna (CZK)	443	3,035	-/- 2,592
Polish Zloty (PLN)	859	1,956	-/- 1,097
Romanian Leu (RON)	259	85	174
Ukrainian Hryvnia (UAH)	4	56	-/- 52
US Dollar (USD)	-	939	-/- 939
	4,183	**27,494**	**-/- 23,311**

	31-12-2023		
	Monetary assets	Monetary liabilities	Net exposure
Euro (EUR)	2,604	26,237	-/-23,633
Czech Koruna (CZK)	723	6,045	-/- 5,322
Polish Zloty (PLN)	632	1,979	-/- 1,347
Bulgarian Lev (BGN)	79	93	-/- 14
Romanian Leu (RON)	132	48	84
Ukrainian Hryvnia (UAH)	-	51	-/- 51
US Dollar (USD)	-	4	-/- 4
	4,170	**34,457**	**-/- 30,287**

If the Euro had weakened by 5.0% in relation to one of the other currencies, with all variables held constant, net assets attributable to shareholders per the Consolidated Income Statement and equity would have decreased by the amounts shown below:

	31-12-2024	31-12-2023
	In € 1,000	In € 1,000
Czech Koruna (CZK)	130	266
Polish Zloty (PLN)	55	67
Bulgarian Lev (BGN)	N.a.	1
Romanian Leu (RON)	-/- 9	-/- 4
Ukrainian Hryvnia (UAH)	3	3
US Dollar (USD)	47	-

A 5% strengthening of the Euro against the above currencies would have resulted in an equal but opposite effect on the above Financial Statement amounts, on the basis that all other variables remain constant.

The Fund’s policy is mitigation / avoidance. The risk appetite is medium, the impact is medium and the likelihood high.

15.42.9 Interest rate risk

General

The interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund’s investment policy allows loans to be taken up. For reasons of control of liquidity, the Fund holds limited cash and cash equivalents. The Fund has the possibility of investing these funds in short-term deposits. The Fund manages its interest rate risk with the objective of reducing the cash flow interest rate risk by the use of derivative financial instruments.

In Czechia, Sberbank CZ (the former lender of the Czech portfolio) asserts that on October 25, 2022, they terminated the interest rate swap as part of the insolvency process, thus reducing its value to zero. On February 9, 2024, Sberbank CZ rejected the objections of ACREB regarding the zero value of the interest rate swap. The Fund has filed a lawsuit against Sberbank CZ seeking the termination of the interest rate swap, the value of which was reduced to zero by Sberbank CZ. During 2024 the terminated interest rate swap claim has been approved within the insolvency proceedings and the Fund has already received 95% of the claim.

As at Statement of Financial Position's date the Fund has contracted into the following derivative financial instruments for the loans contracted Poland (Interest rate swap II).

	31-12-2024					
	Nominal amount	**Average fixed interest rate**	**Termination date**	**Assets**	**Liabilities**	**Line item in the SFP where the hedging instrument is included**
	In € 1,000	In %		In € 1,000	In € 1,000	
Interest rate swap I	N.a.	1.995	25-10-2022	4	-	Trade and other receivables
Interest rate swap II	8,428	1.480	31-03-2026	127	-	Derivative financial instruments

	31-12-2023					
	Nominal amount	**Average fixed interest rate**	**Termination date**	**Assets**	**Liabilities**	**Line item in the SFP where the hedging instrument is included**
	In € 1,000	In %		In € 1,000	In € 1,000	
Interest rate swap I	N.a.	1.995	25-10-2022	-	-	Trade and other receivables
Interest rate swap II	8,820	1.480	31-03-2026	300	-	Derivative financial instruments

Exposure to interest rate risk
The following table details the Fund's exposure to interest rate risks. It includes the Fund's financial assets and financial liabilities, categorised by the earlier of contractual re-pricing or maturity date measured by the carrying amount of the financial assets and financial liabilities.

In € 1,000	31-12-2024						
	Less than 1 month	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
Investments in associates	-	-	-	-	-	3,402	3,402
Derivative financial instruments	-	-	127	-	-	-	127
Tax assets	-	-	-	-	-	60	60
Trade and other receivables	956	-	-	-	-	675	1,631
Prepayments and deferred expenses	-	-	-	-	-	245	245
Cash and cash equivalents	2,418	-	-	-	-	1	2,419
Financial assets	**3,374**	**-**	**127**	**-**	**-**	**4,383**	**7,884**
Loans and borrowings	24	8,890	13,477	250	-	47	22,688
Effect of interest rate swaps	-	-	-/- 8,428	-	-	-	-/- 8,428
Tax liabilities	-	-	-	-	-	707	707
Trade and other payables	-	-	-	-	-	3,163	3,163
Deferred income and tenant deposits	-	-	-	-	-	541	541
Liabilities directly associated with the assets held for sale	11	15	67	404	1,022	-	1,519
Financial liabilities	**35**	**8,905**	**5,116**	**654**	**1,022**	**4,458**	**20,190**
Total interest sensitivity gap	**3,339**	**-/- 8,905**	**-/- 4,989**	**-/- 654**	**-/- 1,022**		**-/- 12,231**

In € 1,000	31-12-2023						
	Less than 1 month	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**	**Non-interest bearing**	**Total**
Investments in associates	-	-	-	-	-	3,689	3,689
Derivative financial instruments	-	-	300	-	-	-	300
Tax assets	-	-	-	-	-	367	367
Trade and other receivables	772	-	-	-	-	696	1,468
Prepayments and deferred expenses	-	-	-	-	-	308	308
Cash and cash equivalents	2,380	-	-	-	-	2	2,382
Financial assets	**3,152**	**-**	**300**	**-**	**-**	**5,062**	**8,514**
Loans and borrowings	284	16,164	14,419	262	969	49	32,147
Effect of interest rate swaps	-	-	-/- 8,820	-	-	-	-/- 8,820
Tax liabilities	-	-	-	-	-	168	168
Trade and other payables	-	-	-	-	-	2,148	2,148
Deferred income and tenant deposits	-	-	-	-	-	605	605
Financial liabilities	**284**	**16,164**	**5,599**	**262**	**969**	**2,970**	**26,248**
Total interest sensitivity gap	**2,868**	**-/- 16,164**	**-/- 5,299**	**-/- 262**	**-/- 969**		**-/- 19,826**

Fair value sensitivity analysis for fixed-rate instruments
An increase of 100 basis points in interest rates as at Statement of Financial Position’s date would have decreased Group equity and profit for the period by € 122,000 (2023: € 198,000). A decrease of 100 basis points in interest rates as at Statement of Financial Position’s date would have increased Group equity and profit for the period by € 122,000 (2023: € 198,000). This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

Cash flow value sensitivity analysis for variable-rate instruments
A possible change of 100 basis points (**bp**) in interest rates as at Statement of Financial Position’s date would have increased and / or decreased profit for the period by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

In € 1,000	31-12-2024		31-12-2023	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
Variable rate instruments	-/- 153	172	-/- 169	284
Interest rate swaps	71	-/- 71	95	-/- 55
Cash flow sensitivity (net)	**-/- 82**	**101**	**-/- 74**	**229**

Weighted average interest rate of loans and borrowings
The main part of the financial liabilities represents loans and borrowings. As at Statement of Financial Position’s date the weighted average interest rate of loans and borrowings is as follows:

	31-12-2024	**31-12-2023**
	In %	In %
Weighted average interest rate of loans and borrowings	6.44	7.83

The Fund’s policy is *mitigation.* The risk appetite is low. The impact of interest rate risk is high, the likelihood of the risk is high.

15.42.10 Price risk

The price risk can be defined as the risk that the value of the investments will fluctuate as a result of changes in market prices (other than those arising from currency risk or interest rate risk), caused by factors specific to the individual investment or the issuing institution or factors applicable to the market as a whole.

Rental risk includes the risk of loss of rental income due to vacancies, the ease with which space can be leased, and fluctuations in market rents.

Property value risk includes the risk of loss of property value due to changing economic circumstances, economic decline and / or oversupply of comparable real estate.

Since the Fund's properties are stated at fair value, with both realised and unrealised value adjustments being recognised directly in the Income Statement, a change in market conditions impacts directly on the Fund's investment result. The price risk is managed by the Fund by constructing a portfolio such that optimum diversification across sectors and markets is achieved.

The Fund's risk policy towards price risk is *Acceptance.* The risk appetite is high. The impact of this risk is high, the likelihood is also high. For the sensitivity analysis of the buildings (including underground) is referred to section 15.2.10 "Sensitivity analysis".

15.42.11 Risk associated with investing with borrowed money

The risk associated with investing with borrowed money lies in the fact that shareholders might lose their investment because the lender has a priority call on the proceeds of realisation. The investments are indeed used as a security for the (bank) loans. However, this risk is limited to the equity within the borrower subsidiary as there is no cross collateralisation and no parent entity guarantee. If the LTV-ratio is too high according to the bank covenants it is possible that the Fund needs to sell property to improve LTV. The Fund manages this risk by keeping the LTV below 60% and preferably around 50%. For the LTV reference is made to section 15.16.4 "Securities provided, bank covenants and ratios secured bank loans".

The Fund's policy towards this risk is *Avoidance / mitigation.* The risk appetite is low. The impact of this risk is high, the likelihood is medium.

15.42.12 Rent risk

Rent levels may be subject to downward pressure in periods of economic weakness. In the market, vacancy rates can increase, and rents will drop. This can also occur at other points of the economic cycle when new development creates supply that temporarily exceeds demand. Rental risk can be best mitigated by professional, active local asset management with the ability to deploy cash resources to modernise assets and fund tenant incentives. It is also mitigated by ensuring diversification in lease contract expiry dates, to avoid a number of contracts expiring contemporaneously into a weak market.

The Fund's policy towards the risk is *Mitigation.* The risk appetite is medium. The impact of the rent risk is medium, the likelihood is high.

15.42.13 Debtor risk

Debtor risk is the risk that arises from the possibility that a specific counterparty is unable to meet its obligations to the Fund. The policy of the Fund is to reduce the default risk by applying a capital adequacy ratio to (potential) tenants and by ensuring a diverse tenant base across industries (e.g. Food Retail, Financial Services, Communications, Healthcare, Technology, Government, Transportation & Logistics) so that an exposure to certain sectors is limited.

The Fund's policy towards this risk is *Mitigation*. The risk appetite is medium. The impact of this risk is medium, the likelihood is high.

15.42.14 Vacancy risk

The occupancy of properties may decrease by lease termination or bankruptcy of tenants. This risk is mitigated and most effectively managed by the Fund by active local asset management and by a regular programme of capital investment at asset level. For information about non-cancellable leases reference is made to section 15.25.5 “Non-cancellable leases”.

The Fund’s policy towards this risk is *Mitigation.* The risk appetite is medium. The impact of this risk is medium, the likelihood is high.

15.42.15 Liquidity risk

The liquidity risk can be defined as the risk of the Fund being unable to fulfil its obligation to counterparties associated with monetary liabilities.

The Fund invests in real estate, a characteristic of which is its relative illiquidity; typically, the sale of real estate takes time, and this could potentially affect the liquidity position of the Fund. The Fund will continuously monitor and manage liquidity to meet its obligations.

The following table shows the contractual, undiscounted cash flows of the Fund’s monetary liabilities. The loans and borrowings include the payable interest. The payable interest is calculated by using the weighted average interest rate of loans and borrowings as at Statement of Financial Position’s date.

In € 1,000	**31-12-2024**						
	Less than 1 month	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**	**No stated maturity**	**Total**
Non-derivative liabilities							
Tax liabilities[32]	124	-	-	-	-	-	124
Loans & borrowings	193	654	6,301	16,786	949	-	24,883
Trade and other payables	3,011	152					3,163
Liabilities directly associated with assets held for sale	19	31	137	717	1,476	-	2,380
	3,347	837	6,438	17,503	2,425	-	30,550
Derivative liabilities							
Interest rate swaps	-	-	-	-	-	-	-
Monetary liabilities	**3,347**	**837**	**6,438**	**17,503**	**2,425**	**-**	**30,550**

In € 1,000	**31-12-2023**						
	Less than 1 month	**1 month to 3 months**	**3 months to 1 year**	**1 year to 5 years**	**More than 5 years**	**No stated maturity**	**Total**
Non-derivative liabilities							
Tax liabilities [32]	163	-	-	-	-	-	163
Loans & borrowings	541	2,700	9,337	23,215	2,817	-	38,610
Trade and other payables	1,879	168	101	-	-	-	2,148
Liabilities directly associated with assets held for sale	6	15	55	-	-	-	76
	2,589	2,883	9,493	23,215	2,817	-	40,997
Derivative liabilities							
Interest rate swaps	-	-	-	-	-	-	-
Monetary liabilities	**2,589**	**2,883**	**9,493**	**23,215**	**2,817**	**-**	**40,997**

[32] Exclusive of CIT.

Weighted remaining maturity of loans and borrowings
The main part of the financial liabilities represents loans and borrowings. As at Statement of Financial Position's date the weighted remaining maturity of loans and borrowings is as follows:

	31-12-2024	31-12-2023
	In years	In years
Weighted remaining maturity of loans and borrowings	3.75	3.52

Withdrawable credit facilities
As at Statement of Financial Position's date the withdrawable credit facilities of the Fund are as follows:

	31-12-2024	31-12-2023
	In € 1,000	In € 1,000
Withdrawable credit facilities	1,986	2,022

For further information with regard to the withdrawable credit facilities reference is made to section 15.16.4 "Securities provided, bank covenants and ratios secured bank loans".

The Fund's policy towards this risk is *Avoidance.* The risk appetite is low. The Fund works with budgets where the debt service obligation towards banks is carefully monitored. The impact of this risk can be high, the likelihood medium.

15.42.16 Outsourcing risk
Risk of outsourcing activities brings with it the risk that the counterparty does not fulfil its contractual obligations or makes mistakes. The Fund periodically assesses the compliance of the agreements and acts as it deems necessary, e.g. when mistakes occur.

The Fund's policy towards this risk is *Avoidance*. The risk appetite, impact and likelihood are low.

15.42.17 Risks with regard to regulations
Political decisions to change the law on, for example, soil pollution, zoning, rent control and taxation can affect the yield of the Fund. This risk is mitigated by the undertaking of detailed analysis of potentially relevant risks (due diligence) before an acquisition. The Fund also follows new developments and adjusts its policy, if necessary, based on changes in laws and regulations.

The Fund's policy is *Mitigation*. The risk appetite is low. The impact of this risk is medium, the likelihood also is medium.

15.42.18 Tax risk
Tax risk is the risk associated with possible changes in tax laws or changing interpretations and effects of government policy and regulation.

The Fund's policy towards this risk is *Mitigation / acceptance.* The Fund tries to mitigate this risk by using local specialists on regulation and taxation. The risk appetite is low. The impact of this risk is medium, the likelihood is high.

15.42.19 Legal risk
Legal risk is the risk associated with possible changes in legislation or changing interpretations. In normal times legislative changes are proposed by governments and made subject to comment by interested parties before finally being passed into law. This enables drafting errors and unintended consequences to be identified and removed and market participants to prepare themselves carefully for the impact of such changes. The COVID-19 pandemic has led to a wave of emergency legislation from governments across the region in which the Fund invests. This legislation has not been subject to the usual consultation and review processes. As a result, there is a significantly increased risk that such legislation will impact negatively on the interests of the

Fund and its subsidiaries. In particular, there is a risk that cancellation or deferment of lease obligations, ostensibly to help retail tenants affected by the pandemic, will lead to a long-term diminution of value in some of the Fund´s properties. The Managing Board will carefully assess all such legislation and seek to mitigate its negative effects to the fullest extent possible by active asset management and by specific legal action.

The Fund’s policy is therefore *Mitigation*. The risk appetite is low. The impact can be high, the likelihood is high.

15.42.20 ESG risk

ESG risk refers to the risk of non-compliance with ESG standards for properties, which can have adverse effects. To mitigate this risk, the Fund actively strives to meet ESG standards by investing in energy-saving measures, enhancing real estate, and fostering a positive social environment for tenants. As of now, the Fund does not perceive significant ESG risks, such as refinancing of expiring loans in 2025 and beyond. However, this may change in the future if banks establish higher ESG standards, which they presently do not.

The Fund's policy for managing this risk is *Mitigation / avoidance*, with a low-risk appetite. The impact of this risk is considered medium, while the likelihood is medium.

15.42.21 Offsetting financial assets and financial liabilities

As at Statement of Financial Position’s date the Fund has set-off the following financial assets and / or financial liabilities:

In € 1,000	31-12-2024		
	Gross amounts before set-off	**Gross amounts set-off**	**Net amounts presented in SFP**
Trade and other receivables	1,752	-/- 121	1,631
Trade and other payables	3,284	-/- 121	3,163

In € 1,000	31-12-2023		
	Gross amounts before set-off	**Gross amounts set-off**	**Net amounts presented in SFP**
Trade and other receivables	1,468	-	1,468
Trade and other payables	2,148	-	2,148

The above set-off relates to:

- a receivable towards SDPI for the amount of € 85,000 with regard to settlements acquisition Bulgarian subsidiaries. The receivable for an amount of € 85,000 has been set-off against the liability towards SPDI with regard to the acquisition of Aisi Ukraine LLC;
- a receivable towards Hypo Noe for the amount of € 36,000 with regard to accrued interest interest rate swap. The receivable for an amount of € 36,000 has been set-off against the liability towards Hypo Noe with regard to accrued interest secured bank loan.

The Fund does not intend to set-off other financial assets and / or financial liabilities and / or does not have the legally enforceable right to do so in the business as usual.

15.43 DISCLOSURES LEASES

15.43.1 Impact as at Statement of Financial Position's date

The following table present the impact of the application of IFRS 16 as at Statement of Financial Position's date:

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Right-of-use assets	-	1,400
Right-of-use assets held for sale	1,510	77
Total assets	**1,510**	**1,477**
Non-current lease liabilities	-	1,231
Current lease liabilities	1,519	233
Total liabilities	**1,519**	**1,464**

For the specification and statement of changes in right-of-use assets reference is made to sections:

- 15.2.6 "Specification of right-of-use assets";
- 15.2.7 "Statement of changes in right-of-use assets";
- 15.13.6 "Specification of right-of-use assets held for sale"; and
- 15.13.7 "Statement of changes in right-of-use assets held for sale".

For the statement of changes, analysis, and maturity analysis of undiscounted cash flows of lease liabilities reference is made to sections:

- 15.16.5 "Statement of changes in lease liabilities";
- 15.16.6 "Analysis of lease liabilities;
- 15.16.7 "Maturity analysis contractual undiscounted cash flows of lease liabilities";
- 15.21.3 "Analysis of lease liabilities"; and
- 15.21.4 "Statement of changes in liabilities directly associated with assets held for sale".

15.43.2 Amounts recognised in Consolidated Income Statement

The following table present the impacts of the application of IFRS 16 in the Consolidated Income Statement:

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Valuation losses of right-of-use assets	38	147
Valuation losses of right-of-use assets held for sale	127	-
Interest expense on lease liabilities	99	91
Foreign exchange and currency results of lease liabilities	10	100
Foreign exchange and currency results of liabilities directly associated with the assets held for sale	13	-
Expenses relating to short-term leases	-	-
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-	-
	287	**338**

15.43.3 Amounts recognised in Consolidated Statement of Cashflows

The following table present the impacts of the application of IFRS 16 in the Consolidated Statement of Cashflows:

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Payment of lease liabilities	87	219
Payment of liabilities directly associated with the assets held for sale	177	-
	264	**219**

15.43.4 Analysis of lease payments

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Fixed lease payments	264	219
Variable lease payments	-	-
	264	**219**

15.44 DISCLOSURES CONSOLIDATED STATEMENT OF CASH FLOWS

15.44.1 Changes in cash flows arising from investing activities

The following table shows the changes in cash flows arising from investing activities, including:

- changes arising from cash flows; and
- non-cash changes.

In € 1,000	2024		
Investing activities	**Cash changes**	**Non-cash changes**	**Total**
Acquisitions of / additions to owned investment property	-/- 524	-/- 1,979	-/- 2,503
Acquisitions of / additions to assets held for sale	-/- 531	-	-/- 531
Acquisition of subsidiaries, net of cash acquired	-/- 970	-	-/- 970
Sale of subsidiaries, net of cash disposed of	1,589	1	1,590
Proceeds from the sale of assets held for sale	10,180	-	10,180
Dividend from associates	245	122	367
Fair value adjustments of owned investment property	-	1,800	1,800
Fair value adjustments of right-of-use assets	-	38	38
Fair value adjustments of investment property under development	-	-/- 366	-/- 366
Fair value adjustments of investments in associates	-	-/- 80	-/- 80
Fair value adjustments of assets held for sale (owned investment property)	-	-/- 283	-/- 283
Fair value adjustments of assets held for sale (right-of-use assets)	-	127	127
Remeasurements (as a result of an index / inflation) of right-of-use assets	-	-/- 186	-/- 186
Remeasurements (as a result of an index / inflation) of assets held for sale	-	-/- 12	-/- 12
Effect of changes in exchange rate of owned investment property	-	300	300
Effect of changes in exchange rate of property under development	-	40	40
Reclassifications of owned investment property	-	22,260	22,260
Reclassifications of assets held for sale (owned investment property)	-	-/- 22,260	-/- 22,260
Reclassifications of right-of-use assets	-	1,548	1,548
Reclassifications of assets held for sale (right-of-use assets)	-	-/- 1,548	-/- 1,548
	9,989	**-/- 478**	**9,511**

In € 1,000	2023		
Investing activities	**Cash changes**	**Non-cash changes**	**Total**
Acquisitions of / additions to owned investment property	-/- 818	-	-/- 818
Acquisitions of / additions to assets held for sale	-/- 15	-	-/- 15
Proceeds from the sale of assets held for sale	3,378	-/- 877	2,501
Dividend from associates	123	-	123
Fair value adjustments of owned investment property	-	-/- 244	-/- 244
Fair value adjustments of right-of-use assets	-	147	147
Fair value adjustments of investment property under development	-	-/- 65	-/- 65
Fair value adjustments of investments in associates	-	-/- 102	-/- 102
Fair value adjustments of assets held for sale	-	445	445
Remeasurements (as a result of an index / inflation) of right-of-use assets	-	-/- 330	-/- 330
Effect of changes in exchange rate of owned investment property	-	454	454
Effect of changes in exchange rate of property under development	-	78	78
Reclassifications of owned investment property	-	1,330	1,330
Reclassifications of assets held for sale (owned investment property)	-	-/- 1,330	-/- 1,330
Reclassifications of right-of-use assets	-	77	77
Reclassifications of assets held for sale (right-of-use assets)	-	-/- 77	-/- 77
	2,668	**-/- 494**	**2,174**

15.44.2 Changes in cash flows arising from financing activities

The following table shows the changes in cash flows arising from financing activities, including:

- changes arising from cash flows; and
- non-cash changes.

In € 1,000	2024		
Financing activities	**Cash changes**	**Non-cash changes**	**Total**
Share buy-back / Reverse Bookbuilding (treasury shares)	-/- 2,005	-/- 40	-/- 2,045
Proceeds from / acquisitions of secured bank loans	3,200	-	3,200
Proceeds from other loans and borrowings	2,000	-	2,000
Repayments of secured bank loans	-/- 9,113	-	-/- 9,113
Repayments of other loans and borrowings	-/- 3,984	-	-/- 3,984
Payments of lease liabilities	-/- 87	-	-/- 87
Payment of liabilities directly associated with assets held for sale	-/- 177	-	-/- 177
(Amortisation) flat fee and transaction costs of secured bank loans	-/- 48	88	40
(Amortisation) flat fee and transaction costs of other loans and borrowings	-/- 15	47	32
Accreted interest of lease liabilities	-	48	48
Accreted interest of other loans and borrowings	-	9	9
Accreted interest of liabilities directly associated with the assets held for sale	-	50	50
Effect of changes in exchange rate of secured bank loans	-	-/- 104	-/- 104
Effect of changes in exchange rate of lease liabilities	-	10	10
Effect of changes in exchange rate of other loans and borrowings	-	-/- 2	-/- 2
Effect of changes in exchange rate of liabilities directly associated with the assets held for sale	-	13	13
Remeasurements (as a result of an index / inflation) of lease liabilities	-	186	186
Remeasurements (as a result of an index / inflation) of liabilities directly associated with the assets held for sale	-	12	12
Reclassifications of lease liabilities	-	-/- 1,545	-/- 1,545
Reclassifications of liabilities directly associated with assets held for sale	-	1,545	1,545
	-/- 10,229	**317**	**-/- 9,912**

In € 1,000	2023		
Financing activities	**Cash changes**	**Non-cash changes**	**Total**
Distribution to shareholders	-/- 737	-	-/- 737
Share buy-back / Reverse Bookbuilding (treasury shares)	-/- 67	11	-/- 56
Proceeds from / acquisitions of secured bank loans	6,049	-	6,049
Proceeds from other loans and borrowings	1,000	-	1,000
Repayments of secured bank loans	-/- 9,596	-	-/- 9,596
Repayments of other loans and borrowings	-/- 1,899	-	-/- 1,899
Payments of lease liabilities	-/- 219	-	-/- 219
(Amortisation) flat fee and transaction costs of secured bank loans	-	25	25
(Amortisation) flat fee and transaction costs of other loans and borrowings	-/- 87	124	37
Accreted interest of lease liabilities	-	91	91
Accreted interest of other loans and borrowings	-	37	37
Effect of changes in exchange rate of secured bank loans	-	-/- 148	-/- 148
Effect of changes in exchange rate of lease liabilities	-	100	100
Effect of changes in exchange rate of other loans and borrowings	-	-/- 4	-/- 4
Remeasurement (as a result of an index / inflation) of lease liabilities	-	330	330
Reclassifications of lease liabilities	-	-/- 76	-/- 76
Reclassifications of liabilities directly associated with assets held for sale	-	76	76
	-/- 5,556	**566**	**-/- 4,990**

15.45 RELATED PARTIES

15.45.1 Identity of related parties

For the Fund, the following categories of related parties were identified during the financial period:

I. Managers in key positions, meaning the Managing Board and the Supervisory Board;
II. Major investors (more than 20% voting rights);
III. All organisational entities within the Group designated as Arcona Capital;
IV. Investment trusts, investment funds and other investment companies which are managed by an entity belonging to Arcona Capital;
V. Investments undertaken by Arcona Capital, in which Arcona Capital has significant influence (more than 20% of voting rights).

Related parties include both natural and legal persons. Close members of the family of natural persons, being related parties, are also classified as related parties.

15.45.2 Transactions with and / or interests of managers in key positions (I)

During the financial period, the Fund entered into the following transactions with the managers in key positions:

A. the Managing Board received a remuneration (management fee) for an amount of € 1,180,000 (2023: € 1,237,000);
B. the Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Czech Republic s.r.o. for the amount of € 233,000 (2023: € 263,000);
C. the Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Poland Sp. z o.o. for the amount of € 199,000 (2023: € 196,000);
D. the Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Bulgaria E.O.O.D. for the amount of € 8,000 (2023: € 28,000);
E. the Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to CEG South East Continent Unique Real Estate Management Limited for the amount of € 65,000 (2023: € 75,000);
F. the Managing Board received a sales fee for an amount of € 37,000 (2023: € nil). The remaining sales fee was received at the local entities for an amount of € 204,000 (2023 € nil);
G. the Managing Board received a sales performance-related fee for an amount of € 169,000 (2023: € nil);
H. the Supervisory Board received a remuneration for an amount of € 28,000 (2023: € 28,000).

During the financial period, no other transactions occurred with members of the Managing Board and / or members of the Supervisory Board.

For the personal interests of members of the Managing and Supervisory Board reference is made to section 20.3 “Personal interests”.

For the remuneration of the Managing Board reference is made to section 15.35 “Administrative expenses”.

For the calculation of the sales fee and sales performance-related fee reference is made to section 15.35.5 “Sales fee and sales performance-related fee.

For the remuneration of the Supervisory Board and the remuneration of the statutory directors’ reference is made to section 15.36.3 “Analysis of Supervisory Board fees” and section 15.36.4 “Analysis of other operating expenses”.

15.45.3 Specification major investors

As at Statement of Financial Position’s date the Fund identified the following major investors:

Name	Type of share	Direct real voting rights In %	Indirect real voting rights In %	Direct potential voting rights In %	Total In %
Stichting Prioriteit APF	Priority shares	100.00	N.a.	N.a.	100.00
SPDI	Ordinary shares	25.32	N.a.	2.98	28.30
H.M. van Heijst	Ordinary shares	19.16	6.57	N.a.	25.73

The voting rights are based on information in the Register of substantial holdings and gross short positions of the AFM, as at Statement of Financial Position’s date, and have been adjusted to reflect the expiry - without conversion - of two 2019 warrant contracts for a total of 144,264 ordinary shares in Arcona Property Fund N.V.

15.45.4 Transactions with and / or interests of major investors (II)

During the financial period, the Fund entered into or maintained the following transactions with major investors:

Name	Kind of transaction	2024 Amount of transaction In € 1,000	31-12-2024 Carrying amount In € 1,000
SPDI	Acquisition 21.18%-share in Lelar Holding Ltd.	-	57
SPDI	Acquisition 3.17%-share in Lelar Holding Ltd.	-	16
SPDI	Acquisition 100%-share in N-E Real Estate Park First Phase S.rl.	-	47
SPDI	Receivable / current account	-/- 6	85
SPDI	Acquisition 100%-share in Aisi Ukraine LLC	2,095	1,152
SPDI	Conversion 1,072,910 pieces registered shares into 1,072,910 pieces ordinary shares	-	-
SPDI	144,286 pieces warrants expired	-	-
H.M. van Heijst	Providing unsecured loan	1,000	600
H.M. van Heijst	Payable interest unsecured loan provided	76	18

Name	Kind of transaction	2023 Amount of transaction In € 1,000	31-12-2023 Carrying amount In € 1,000
SPDI	Acquisition 21.18%-share in Lelar Holding Ltd.	-	57
SPDI	Acquisition 3.17%-share in Lelar Holding Ltd.	-	16
SPDI	Acquisition 100%-share in N-E Real Estate Park First Phase S.r.l.	-	47
SPDI	Receivable / current account	-	91

15.45.5 Transactions with other related parties (III-IV-V)

During the financial period, the Fund entered into or maintained the following transactions with other related parties:

Name	Kind of transaction	Other information	2024 Amount of transaction In € 1,000	31-12-2024 Carrying amount In € 1,000
Arcona Capital Czech Republic s.r.o.	Asset management fee	-	233	-
Arcona Capital Poland Sp. z o.o.	Asset management fee	-	199	-
Arcona Capital Bulgaria E.O.O.D.	Asset management fee	-	8	-
			440	-
Arcona Capital Czech Republic s.r.o.	Sales fee	-	204	-
Arcona Capital Czech Republic s.r.o.	Advisory services	-	18	-
Several	Rental income	268 m^2	65	-
Statutory directors	Wages and salaries	-	12	4

Name	Kind of transaction	Other information	2023 Amount of transaction In € 1,000	31-12-2023 Carrying amount In € 1,000
Arcona Capital Czech Republic s.r.o.	Asset management fee	-	263	-
Arcona Capital Poland Sp. z o.o.	Asset management fee	-	196	-
Arcona Capital Bulgaria E.O.O.D.	Asset management fee	-	28	-
			487	-
Arcona Capital Czech Republic s.r.o.	Advisory services	-	13	-
Several	Rental income	268 m^2	69	-
Statutory directors	Wages and salaries	-	12	1

15.45.6 Investments in other related parties (III-IV-V)

Investment trusts, investment funds and other investment companies managed by an entity within Arcona Capital, do hold investments in companies in which the Fund also has investments. As at Statement of Financial Position's date the Fund held no investments in other related parties.

15.45.7 Transactions with related parties

During the financial period, the Fund entered into or maintained the following transactions with related parties affiliated with the Managing Board of the Fund:

Name	Kind of transaction	2024 Amount of transaction In € 1,000	31-12-2024 Carrying amount In € 1,000
R.J. Barker	Providing unsecured loan	-	250
R.J. Barker	Payable interest unsecured loan provided	24	6

Name	Kind of transaction	2023 Amount of transaction In € 1,000	31-12-2023 Carrying amount In € 1,000
R.J. Barker	Providing unsecured loan	-	250
R.J. Barker	Payable interest unsecured loan provided	24	6

The Fund has not entered into any other transactions with parties affiliated with the Managing Board of the Fund.

15.45.8 Loans from third parties

During the financial period, the Fund has entered into loan agreements with third parties. Those third parties are not related parties to the Fund or the Managing Board but are investors in other funds managed by the Managing Board.

15.46 EVENTS AFTER STATEMENT OF FINANCIAL POSITION'S DATE

The following material events after Statement of Financial Position's date have occurred:

A. As at January 16, 2025 the land lease of the investment property Bydgoszcz has expired. In January 2025 the Fund received a payment of approximately PLN 628,000 (approximately € 147,000) from the lessor as part payment of due compensation. The Fund is in negotiations with the lessor to agree additional compensation amounts. Reference is made to note 15.13.5 "Valuation of owned investment property held for sale".

B. As at February 6, 2025 the Managing Board provided 68,782 registered shares of the Fund to SPDI as part of the settlement of the acquisition of the 100% stake in Aisi Ukraine LLC ("Share-based payment"). The issue price was € 11.16 per registered share.

C. As at February 6, 2025 the Managing Board provided 10,689 registered shares of the Fund to SPDI as the (final) settlement for the acquisition of the Romanian assets. The issue price was € 11.16 per registered share.

D. As at March 26, 2025 the Fund has extended its lease with AT&T for approximately 3,000 m² of office space in the Letná 45 property in Košice, Slovakia, through April 30, 2030. This secures approximately 30% of the property's floorspace and enhances long-term income stability. Although AT&T reduced its leased area by 2,000 m², the new agreement includes flexible reduction options and delivers a 16.5% rent increase per m², boosting the asset's investment value. AT&T remains the Fund's largest tenant, with global revenues of USD 122 billion and over 150,000 employees.

For further information is referred to section 13.2 "Statement of compliance and future related assumptions".

No further material events have occurred after Statement of Financial Position's date.

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16 PARENT COMPANY BALANCE SHEET

After proposal result appropriation	***Notes***	**31-12-2024** In € 1,000	**31-12-2023** In € 1,000
Investments			
Investments in group companies	*19.1*	25,876	29,659
Receivables from group companies	*19.2*	20,274	22,219
		46,150	**51,878**
Receivables			
Other receivables	*19.3*	461	1,226
Deferred expenses	*19.4*	4	4
		465	**1,230**
Other assets			
Cash at bank	*19.7*	529	160
Total assets		**47,144**	**53,268**
Shareholders' equity	*19.8*		
Issued capital	*19.9*	20,885	20,885
Share premium	*19.10*	21,077	21,077
Revaluation reserve	*19.8.1*	5,972	7,683
Reserve currency translation differences	*19.8.1*	-/- 279	564
Reserve investments in group companies	*19.8.1*	8,853	7,750
Retained earnings	*19.8.1*	-/- 14,032	-/- 12,563
		42,476	**45,396**
Long-term liabilities			
Private loans	*19.12*	250	-
Debts to group companies	*19.13*	597	581
		847	**581**
Current liabilities			
Private loans	*19.12*	1,717	2,122
Debts to group companies	*19.13*	910	4,255
Tax liabilities	*19.14*	16	3
Other liabilities	*19.15*	96	48
Accruals	*19.16*	1,082	863
Total current liabilities		**3,821**	**7,291**
Total shareholders' equity and liabilities		**47,144**	**53,268**

17 PARENT COMPANY PROFIT AND LOSS ACCOUNT

	Notes	**2024** In € 1,000	**2023** In € 1,000
Income from investments			
Interest	*19.19*	1,864	1,334
Realised valuation results of investments			
Investments in group companies	*19.20*	1,257	104
Receivables from group companies	*19.21*	58	116
		1,315	220
Unrealised valuation results of investments			
Investments in group companies	*19.22*	-/- 1,160	219
Receivables from group companies	*19.23*	-/- 62	377
		-/- 1,222	596
Other operating income	*19.24*	17	53
Total income		**1,974**	**2,203**
Administrative expenses	*19.25*	775	675
Other operating expenses	*19.26*	650	460
Interest expenses	*19.28*	553	843
Total expenses		**1,978**	**1,978**
Result before income tax		**-/- 4**	**225**
Income tax expense	*19.29*	28	42
Result after income tax		**-/- 32**	**183**

18 ACCOUNTING PRINCIPLES PARENT COMPANY FINANCIAL STATEMENTS

18.1 GENERAL

The Parent Company Financial Statements for the financial period are part of the Consolidated Financial Statements for the financial period.

18.2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Parent Company Financial Statements have been prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code (Titel 9, Boek 2 van het Burgerlijk Wetboek). For the purpose of determining the principles of valuation of assets and liabilities and the determination of results for its Parent Company Financial Statements, the Parent Company makes use of the option offered in Book 2, article 2:362 (8) of the Dutch Civil Code. This means that the principles of valuation of assets and liabilities and determination of results (hereinafter referred to as the “principles of valuation”) of the Fund’s Parent Company Financial Statements are identical to those that have been applied for the Consolidated Financial Statements. In this context investment in group companies, on which significant influence is exercised, are valued at Net Asset Value. The Consolidated Financial Statements have been prepared in accordance with the standards adopted by the International Accounting Standards Board (“**IASB**”) and accepted by the European Union (hereinafter referred to as “EU-IFRS”). Reference is made to sections 13.6 “Basis of preparation of the consolidated financial statements” to 13.41 “Income tax expense”, inclusive for a description of those principles.

18.3 BASIS OF PREPARATION OF THE PARENT COMPANY FINANCIAL STATEMENTS

18.3.1 Investments in group companies

Investments in group companies in which the Parent Company either exercises voting control or effective management responsibility are valued at Net Asset Value. The initial recognition in the accounts and valuations at balance sheet dates is made at Net Asset Value. The value is adjusted with the share of the Parent Company in the results of the group company, based on the principles for determining results as applied in the Consolidated Financial Statements and with the share in the other movements in equity of the group company with effect from the date on which control commences.

In case the value of the group company is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Parent Company has incurred legal or constructive obligations or made payments on behalf of the group company. If the group company subsequently reports profits, the Parent Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Net Asset Value of the foreign group companies is translated into Euros at the exchange rate as at the balance sheet date. The results of foreign group companies are translated into Euros at the exchange rates at the dates of the transactions. For practical reasons, the average monthly exchange rates for the financial period are used to approximate the exchange rates at the dates of the transactions, as long as the exchange rates have not fluctuated significantly.

18.3.2 Receivables from group companies

Receivables from group companies are initially measured at fair value and subsequently measured at amortised cost. As at balance sheet date the receivables from group companies are translated into Euros at the exchange rate as at the balance sheet date. The recognition and determination of impairments takes place in a forward-looking manner based on the expected credit loss model (**ECL**). The ECL model applies to the receivables from group companies. Due to the fact that investments in group companies are considered as a combination of assets and liabilities, this means in general that expected credit losses on receivables from group companies are eliminated. The elimination is recognised in the carrying amount of the receivables from group companies.

18.3.3 Acquisitions through share-based payments

In case the Fund acquires investments in group companies, receivables from group companies, investments in associates or other assets by share-based payments (IFRS 2), the difference between the fair value of those assets and the purchase price agreed is recognised directly into share premium.

18.3.4 Issued capital

Incremental costs directly attributable to the issue of (ordinary and registered) shares are recognised as a deduction from shareholders' equity.

When equity shares are repurchased (e.g. through share buy-back or reverse bookbuilding), the consideration paid, which includes directly attributable costs, is recognized as a deduction from shareholders' equity. The Parent Company classifies the repurchased shares as treasury shares at the payment date to its liquidity provider and charges them from the retained earnings, including directly attributable costs. If the treasury shares are sold or reissued later, the amount received is recognized as an increase in shareholders' equity, and any surplus or deficit resulting from the transaction is presented within share premium. There is no impact on the profit and loss account when the company buys back, sells, issues, or cancels its own shares.

18.3.5 Share premium

Share premium comprises the amount paid in by the shareholders on ordinary and registered shares of the Parent Company over and above the nominal value. The uplift received on issuance of own ordinary and registered shares, or the reduction applied on redemption of own ordinary and registered shares is recognised directly into share premium.

18.3.6 Legal revaluation reserve

The legal revaluation reserve comprises the cumulative unrealised positive net changes in the fair value of the properties held by the investments in group companies (owned investment property, investment property under development as well as properties classified as assets held for sale), less the related deferred tax liabilities. The deferred tax liabilities are deducted in accordance with the principles of valuation for deferred taxes.
In case of sale of property the cumulative unrealised positive net change in the fair value of the property sold, as well as the related deferred tax liabilities, are no longer stated in the legal revaluation reserve but recognised under retained earnings.

18.3.7 Reserve currency translation differences

Results arising from translation of net investments in group companies outside the Euro-zone into the Parent Company's functional currency (Euro) are recognised directly in the shareholders' equity in reserve currency translation differences. In the event of reduction or sale of the net investment in group companies the cumulative exchange differences related to that group company are (proportionally) transferred to the retained earnings.

18.3.8 Legal reserve investments in group companies

The Parent Company maintains a legal reserve for the amount of its share in the positive result in its group companies and of its share in direct increases in equity since the initial recognition of the group company was made. Negative cumulative results in a group company since its first valuation are not considered.

The legal reserve investments in group companies will be reduced by:

- distributions to which the Parent Company, until the moment of adoption of its own Financial Statement, has acquired an entitlement;
- direct decreases in equity of the group company;
- distributions which the Parent Company may affect without restrictions.

The distributions as mentioned in this section do not include distributions made in the form of shares.

18.3.9 Result from investments in group companies

The share of the results from investments in group companies comprises the Parent Company's share in the results of the group companies, including the revaluation result of the assets held by the group companies. The result from investments in group companies has been determined on the basis of the principles of valuation adopted by the Parent Company. Results from transactions between the Parent Company and the group companies, as well as between the group companies themselves, are recognised as far as they are realised. If the group companies have been acquired in the course of the financial period, the Parent Company accounts for the results from investments in group companies with effect from the date on which control commenced.

18.4 SIZE AND COMPOSITION OF THE EQUITY AND RESULTS IN THE CONSOLIDATED AND PARENT COMPANY FINANCIAL STATEMENTS

As the Parent Company makes use of the option provided in Book 2, article 2:362 (8) of the Dutch Civil Code, the size of the Group equity (in the Consolidated Statement of Financial Position) and the shareholders‘ equity (in the Parent Company Balance Sheet) is identical.

The composition of the shareholders' equity (in the Consolidated Statement of Financial Position) and the shareholders‘ equity (in the Parent Company Balance Sheet) is not identical, caused by the "Legal reverse investments in group companies" in the Parent Company Financial Statements.

Since the Parent Company makes use of the option provided in Book 2, article 2:362 (8) of the Dutch Civil Code, the profit for the period in the Consolidated Income Statement and profit for the period in the Parent Company Profit and Loss Account is identical.

19 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

19.1 INVESTMENTS IN GROUP COMPANIES

19.1.1 Analysis of investments in group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Arcona Capital RE Bohemia s.r.o.	7,413	7,867
Arcona Capital RE Slovakia s.r.o.	7,978	11,530
Arcona Capital Real Estate Poland Sp. z o.o.	2,535	2,320
Arcona Capital Real Estate Trio Sp. z o.o.	6,354	6,664
Arcona Real Estate B.V.	587	564
Aisi Bela LLC	1,009	714
Boyana Residence E.O.O.D.	Sold	-
Arcona Black Sea Real Estate B.V.	-	-
	25,876	**29,659**

The companies indicated above are included in the Consolidated Financial Statements. For further analysis of the investments in group companies' reference is made to section 15.1.1 "Consolidated subsidiaries".

19.1.2 Statement of changes in investments in group companies

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	29,659	31,981
Additions	2,019	-
Share in result of group companies	-/- 1,160	181
Distributions	-/- 3,870	-/- 2,221
Exchange rate differences	-/- 183	-/- 282
Disposals	-/- 807	-
Other movements directly in shareholders' equity	218	-
Balance as at 31 December	**25,876**	**29,659**

The "Additions" for the amount of € 2,019,000 relates to the increase of the issued capital of Boyana Residence E.O.O.D. (BGN 3,949,000).

The "Distributions" for the amount of € 3,870,000 negative concerns:
- capital reductions from Arcona Capital RE Slovakia s.r.o. for an amount of € 3,028,000;
- dividend distribution from Arcona RE Bohemia s.r.o. for an amount of € 842,000.

The disposals for the amount of € 807,000 relate to the sale of the 100%-share in Boyana Residence E.O.O.D. as at October 2, 2024 for an amount of € 1,590,000.

The "Other movements directly in shareholders' equity" for the amount of € 218,000 relates to the result on acquisition with regard to the acquisition of Aisi Ukraine LLC by Arcona Black Sea Real Estate B.V.

19.1.3 Securities provided

As at balance sheet date the following securities were provided:

- the issued shares of Arcona Capital Real Estate Poland Sp. z o.o. are pledged to Hypo Noe.

For further information on the pledges to credit institutions and bank covenants reference is made to section 15.16.4 “Securities provided, bank covenants and ratios secured bank loans”.

19.2 RECEIVABLES FROM GROUP COMPANIES

19.2.1 Analysis of receivables from group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Loans to group companies	20,274	22,219

19.2.2 Analysis of loans to group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Arcona Capital Real Estate Poland Sp. z o.o.	9,198	8,541
Arcona Capital Black Sea Real Estate B.V.	6,364	5,983
Arcona Poland Project 5 Sp. z o.o.	4,534	4,335
Arcona Capital RE Bohemia s.r.o.	-	2,265
Boyana Residence E.O.O.D.	-	936
Aisi Bela LLC	178	159
	20,274	**22,219**

As at balance sheet date the weighted average interest rate on all receivables from group companies is 6.33% per annum (December 31, 2023: 6.57% per annum).

19.2.3 Statement of changes in loans to group companies

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	22,219	22,542
Loans advanced	3,142	8,732
Redemption on loans advanced	-/- 4,977	-/- 9,383
Exchange rate differences	-/- 48	-/- 49
Provision	-/- 62	377
Balance as at 31 December	**20,274**	**22,219**

19.3 OTHER RECEIVABLES

All other receivables have a maturity within one year.

19.3.1 Analysis of other receivables

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Dividend from investments in group companies	146	846
Interest on receivables to group companies	306	278
Receivables SPDI	-	83
Current account to group companies	9	16
Other receivables	-	3
	461	**1,226**

19.3.2 Specification of dividend from investments in group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Arcona Capital Real Estate Trio Sp. z o.o.	146	846

19.3.3 Specification of interest on receivables to group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Arcona Capital RE Bohemia s.r.o.	-	264
Arcona Capital Real Estate Trio Sp. z o.o.	286	-
Aisi Bela LLC	20	14
	306	**278**

19.3.4 Specification of current account to group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Arcona Capital Real Estate Trio Sp. z o.o.	-	16
N-E Real Estate Park First Phase S.r.l.	9	-
	9	**16**

19.4 DEFERRED EXPENSES

All deferred expenses have a maturity within one year.

19.4.1 Analysis of deferred expenses

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Prepayments	4	4

19.5 RECOGNISED DEFERRED TAXES

19.5.1 Specification of recognised deferred taxes

In € 1,000	31-12-2024		
	Recognised deferred tax assets	**Recognised deferred tax liabilities**	**Total deferred taxes**
Receivables from group companies	-	28	-/- 28
Tax losses (carried forward)	28	-	28
Deferred taxes before set-off	28	28	-
Set-off deferred taxes	-/- 28	-/- 28	-
	-	**-**	**-**

In € 1,000	31-12-2023		
	Recognised deferred tax assets	**Recognised deferred tax liabilities**	**Total deferred taxes**
Receivables from group companies	-	55	-/- 55
Tax losses (carried forward)	55	-	55
Deferred taxes before set-off	55	55	-
Set-off deferred taxes	-/- 55	-/- 55	-
	-	**-**	**-**

19.5.2 Analysis of recognised deferred tax assets concerning tax losses (carried forward)

	31-12-2024	**31-12-2023**
	In € 1,000	In € 1,000
Will expire	-	-
Will never expire	28	55
	28	**55**

Based on the tax forecast the Managing Board expects (considering local tax law and regulations) that in the future there will be sufficient taxable profit to set-off these recognised tax losses.

19.6 UNRECOGNISED DEFERRED TAXES

19.6.1 Specification of unrecognised deferred taxes

	31-12-2024		
	Unrecognised deferred tax assets	**Unrecognised deferred tax liabilities**	**Total**
	In € 1,000	In € 1,000	In € 1,000
Tax losses (carried forward)	2,096	-	2,096
Receivables from group companies	415	-	415
	2,511	**-**	**2,511**

	31-12-2023		
	Unrecognised deferred tax assets	**Unrecognised deferred tax liabilities**	**Total**
	In € 1,000	In € 1,000	In € 1,000
Tax losses (carried forward)	2,010	-	2,010
Receivables from group companies	399	-	399
	2,409	**-**	**2,409**

19.6.2 Analysis of unrecognised deferred taxes

	31-12-2024	**31-12-2023**
	In € 1,000	In € 1,000
Will expire	-	-
Will never expire	2,511	2,409
	2,511	**2,409**

The Managing Board expects (considering local tax law and regulations) that in the future there will be insufficient taxable profit to set-off these unrecognised tax losses.

19.6.3 Statement of changes in unrecognised deferred taxes

	2024	**2023**
	In € 1,000	In € 1,000
Balance as at 1 January	2,409	2,278
Additions / withdrawals	102	131
Balance as at 31 December	**2,511**	**2,409**

19.7 CASH AT BANK

Cash at bank is entirely at the free disposal of the Parent Company.

19.8 SHAREHOLDERS’ EQUITY

19.8.1 Statement of changes in shareholders’ equity

	Issued capital In € 1,000	Share premium In € 1,000	Legal revaluation reserve In € 1,000	Reserve currency translation differences In € 1,000	Legal reserve investments in group companies In € 1,000	Retained earnings In € 1,000	Share-holders’ equity In € 1,000
Balance as at January 1, 2024	20,885	21,077	7,683	564	7,750	-/- 12,563	45,396
Result after income tax	-	-	-	-	-	-/- 32	-/- 32
Change in legal revaluation reserve	-	-	-/- 1,711	-	-	1,711	-
Change in reserve currency translation differences	-	-	-	-/- 843	-	-	-/- 843
Change in legal reserve investments in group companies	-	-	-	-	1,103	-/- 1,103	-
Treasury shares repurchased	-	-	-	-	-	-/- 2,045	-/- 2,045
Balance as at December 31, 2024	**20,885**	**21,077**	**5,972**	**-/- 279**	**8,853**	**-/- 14,032**	**42,476**

	Issued capital In € 1,000	Share premium In € 1,000	Legal revaluation reserve In € 1,000	Reserve currency translation differences In € 1,000	Legal reserve investments in group companies In € 1,000	Retained earnings In € 1,000	Share-holders’ equity In € 1,000
Balance as at January 1, 2023	21,190	21,922	7,911	1,073	9,157	-/- 14,738	46,515
Result after income tax	-	-	-	-	-	183	183
Change in legal revaluation reserve	-	-	-/- 228	-	-	228	-
Change in reserve currency translation differences	-	-	-	-/- 509	-	-	-/- 509
Change in legal reserve investments in group companies	-	-	-	-	-/- 1,407	1,407	-
Treasury shares repurchased	-/- 305	-/- 108				357	-/- 56
Distributions to shareholders	-	-/- 737	-	-	-	-	-/- 737
Balance as at December 31, 2023	**20,885**	**21,077**	**7,683**	**564**	**7,750**	**-/- 12,563**	**45,396**

19.9 ISSUED CAPITAL

19.9.1 Analysis of issued capital

	31-12-2024 In pieces	**31-12-2024** In € 1,000	**31-12-2023** In pieces	**31-12-2023** In € 1,000
Ordinary shares (at € 5.00 each)	3,882,965	19,415	3,104,173	15,521
Registered shares (at € 5.00 each)	-	-	1,072,910	5,364
Subtotal profit-sharing shares (at € 5.00 each)	3,882,965	19,415	4,177,083	20,885
Treasury shares (at € 5.00 each)	294,118	1,470	-	-
Priority shares (at € 5.00 each)	1	-	1	-
	4,177,084	**20,885**	**4,177,084**	**20,885**

19.9.2 Ordinary shares

The holders of ordinary shares (without division in share classes) are entitled to dividends, the distribution of which has been resolved by the General Meeting of Shareholders. The holders of ordinary shares are entitled to exercise one vote per ordinary share at the General Meeting of Shareholders.

	2024	2024	2023	2023
	In pieces	In € 1,000	In pieces	In € 1,000
Balance in issue as at 1 January	3,104,173	15,521	3,113,074	15,565
Conversion registered shares	1,072,910	5,364	-	-
Share buy-back / Reverse Bookbuilding	-/- 294,118	-/- 1,470	-/- 8,901	-/- 44
Balance in issue as at 31 December fully paid	**3,882,965**	**19,415**	**3,104,173**	**15,521**

19.9.3 Registered shares

The registered shares (without division in share classes) are currently restricted from trading on Euronext Fund Services in Amsterdam and the Prague Stock Exchange. There are no other restrictions with regard to registered shares.

	2024	2024	2023	2023
	In pieces	In € 1,000	In pieces	In € 1,000
Balance in issue as at 1 January	1,072,910	5,364	1,072,910	5,364
Conversion into ordinary shares	-/- 1,072,910	-/- 5,364	-	-
Balance in issue as at 31 December fully paid	**-**	**-**	**1,072,910**	**5,364**

19.9.4 Treasury shares

The treasury shares are ordinary shares, held by the Parent Company. Treasury shares are restricted from voting rights and / or dividends.

	2024	2024	2023	2023
	In pieces	In € 1,000	In pieces	In € 1,000
Balance in issue as at 1 January	-	-	52,075	261
Share buy-back / Reverse Bookbuilding	294,118	1,470	8,901	44
Repurchased during the financial period	-	-	-/- 60,976	-/- 305
Balance in issue as at 31 December fully paid	**294,118**	**1,470**	**-**	**-**

As at September 18, 2024 the Parent Company announced it would repurchase ordinary shares for a maximum of € 2 million through a Reverse Bookbuilding Tender Offer. Shareholders could offer their shares at a price per share between € 6.50 and a maximum of € 8.00 from September 19, 2024 to October 16, 2024. As at October 17, 2024 the Parent Company announced it has accepted to purchase 294,118 ordinary shares at a price of € 6.80 per ordinary share (the “Clearing Price”), resulting in a total transaction value of approximately € 2 million. The Parent Company intends to cancel the treasury shares subsequently, following a resolution of the General Meeting of Shareholders in June 2025.

19.9.5 Priority shares

From the profit earned in a financial period, primarily and as far as possible a dividend is distributed on the priority shares amounting to seven per cent (7%) on an annual basis, calculated over the nominal value of the priority shares. No further distributions are made on the priority shares. For the (special) rights with regard to the holders of priority shares reference is made to section 20.4 “Special controlling rights”.

	2024	2024	2023	2023
	In pieces	In € 1,000	In pieces	In € 1,000
Balance in issue as at 1 January	1	-	1	-
Issued during the financial period	-	-	-	-
Redeemed during the financial period	-	-	-	-
Balance in issue as at 31 December fully paid	**1**	**-**	**1**	**-**

19.9.6 Analysis of authorised share capital

	31-12-2024	31-12-2024	31-12-2023	31-12-2023
	In pieces	In € 1,000	In pieces	In € 1,000
Ordinary shares (at € 5.00 each)	4,999,999	25,000	4,999,999	25,000
Priority shares (at € 5.00 each)	1	-	1	-
	5,000,000	**25,000**	**5,000,000**	**25,000**

19.9.7 Acquisitions through share-based payments

During the financial period, the Fund acquired the following subsidiaries (“Investments in group companies”) (partly) through share-based payments:

- Trade Center LLC and Aisi Ukraine LLC (through Arcona Black Sea Real Estate B.V.): issuance of registered shares for an amount of an equivalent of USD 800,000, against the applicable foreign exchange rate USD / EUR as at conversion date and the applicable last published NNNAV as at execution date; as well as a payment in “Cash and cash equivalents” for an amount of an equivalent of USD 1,170,362, against the applicable foreign exchange rate USD / EUR as at payment date.

Above described (final) settlement took place as at February 6, 2025. For further reference see section 19.33 “Events after balance sheet date”.

For a specification of the subsidiaries assets acquired, and liabilities assumed reference is made to section 15.1.3 “Subsidiaries acquired during the financial period”.

19.10 SHARE PREMIUM

For the statement of changes in share premium reference is made to section 19.8.1 “Statement of changes in shareholders’ equity”.

The paid-up share premium for tax purposes as at December 31, 2024 was € 25,297,000 (December 31, 2023: € 25,297,000).

19.11 DEFERRED TAX LIABILITIES

For the specification and analysis of the (un)recognised deferred tax liabilities reference is made to section 19.5 “Recognised deferred taxes and section 19.6 “Unrecognised deferred taxes”.

19.12 PRIVATE LOANS

19.12.1 Specification of private loans

	2024 In € 1,000	2023 In € 1,000
Non-current part of private loans	250	-
Current part of private loans	1,717	2,122
	1,967	**2,122**

19.12.2 Analysis of private loans

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Unsecured loans third parties	1,967	2,122

19.12.3 Statement of changes in private loans

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	2,122	2,798
Loans advanced	2,000	1,000
Redemptions	-/- 2,184	-/- 1,699
(Amortisation) flat fee and transaction costs	29	23
Balance as at 31 December	**1,967**	**2,122**

For the conditions and securities provided of the private loans reference is made to section 15.16.9 “Analysis of other loans and borrowings” and section 15.16.10 “Securities provided of other loans and borrowings”.

19.12.4 Maturity analysis of private loans

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Less than 1 year	1,717	2,122
1 to 5 years	250	-
More than 5 years	-	-
	1,967	**2,122**

19.13 DEBTS TO GROUP COMPANIES

19.13.1 Specification of debts due to group companies

	2024 In € 1,000	2023 In € 1,000
Non-current part of debts due to group companies	597	581
Current part of debts due to group companies	910	4,255
	1,507	**4,836**

19.13.2 Analysis of debts to group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Loans due to group companies	1,037	3,995
Interest on loans due to group companies	470	828
Payables due to group companies	-	13
	1,507	**4,836**

19.13.3 Maturity analysis of debts due to group companies

	31-12-2024			
	Loans due to group companies In € 1,000	Interest on loans due to group companies In € 1,000	Payables due to group companies In € 1,000	Total In € 1,000
Less than 1 year	440	470	-	910
1 to 5 years	597	-	-	597
More than 5 years	-	-	-	-
	1,037	**470**	**-**	**1,507**

	31-12-2023			
	Loans due to group companies In € 1,000	Interest on loans due to group companies In € 1,000	Payables due to group companies In € 1,000	Total In € 1,000
Less than 1 year	3,414	828	13	4,255
1 to 5 years	581	-	-	581
More than 5 years	-	-	-	-
	3,995	**828**	**13**	**4,836**

19.13.4 Specification of loans due to group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Arcona Capital Real Estate Trio Sp. z o.o.	-	2,013
Arcona Capital RE Slovakia s.r.o.	440	1,401
Arcona Real Estate B.V.	597	581
	1,037	**3,995**

As at balance sheet date the weighted average interest rate on all loans due to group companies is 7.21% per annum (December 31, 2023: 8.25%).

19.13.5 Statement of changes in loans due to group companies

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	3,995	6,237
Loans advanced	2,684	671
Redemptions	-/- 5,644	-/- 2,913
Exchange rate differences	2	-
Balance as at 31 December	**1,037**	**3,995**

19.13.6 Specification of interest on loans due to group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Arcona Capital RE Slovakia s.r.o.	48	236
Arcona Capital Real Estate Trio Sp. z o.o.	422	592
	470	**828**

19.13.7 Specification of payables due to group companies

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Arcona Capital Real Estate Trio Sp. z o.o.	-	13

19.14 TAX LIABILITIES

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Value Added Tax (**VAT**)	16	3

19.15 OTHER LIABILITIES

All other liabilities have a maturity within one year.

19.15.1 Analysis of other liabilities

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Trade payables	96	48

19.16 ACCRUALS

All accruals have a maturity within one year.

19.16.1 Analysis of accruals

	31-12-2024 In € 1,000	31-12-2023 In € 1,000
Administrative expenses	436	550
Other operating expenses	255	156
Sales performance-related fee	169	-
Payable settlement acquisitions	134	-
Interest payables	56	157
Sales fee	32	-
	1,082	**863**

19.17 NON-CONTINGENT LIABILITIES

As at balance sheet date the Parent Company was not subject to any contractual obligation concerning for example investments or other non-contingent liabilities that require settlement in a future financial period.

19.18 CONTINGENT LIABILITIES

As at balance sheet date the Parent Company has the following contingent liabilities:

A. The Parent Company is at the head of the fiscal unity for corporate income tax (**CIT**) purposes with Arcona Black Sea Real Estate B.V., Arcona Real Estate B.V. and Arcona Poland B.V. On this basis, the Parent Company is jointly and severally liable for the corporate income tax liability of the fiscal unity as a whole.

B. The Parent Company has a contingent liability to issue ordinary shares arising from the outstanding warrants. For further information reference is made to section 15.24 “Contingent liabilities”.

C. The Parent Company has a contingent liability towards the Managing Board with regard to sales fee and sales performance-related fee, which is described in section 15.35.5 “Sales fee and sales performance-related fee.

As at balance sheet date the Parent Company was not subject to any other contingent liabilities, including any obligations that result from security transactions related to (exchange) rate risk in connection with investments.

19.19 INCOME FROM INVESTMENTS

The income from investments concerns the interest from receivables from group companies. The specification is as follows:

	2024 In € 1,000	**2023** In € 1,000
Arcona Poland Project 5 Sp. z o.o.	529	-
Arcona Capital Real Estate Poland Sp. z o.o.	515	480
Arcona Black Sea Real Estate B.V.	367	356
Arcona Capital Real Estate Trio Sp. z o.o.	51	-
Arcona Capital RE Bohemia s.r.o.	163	273
Arcona Real Estate B.V.	-	219
Aisi Bela LLC	7	6
Subtotal	1,632	1,334
Adjustment previous years Arcona Capital Real Estate Trio Sp. z o.o.	232	-
	1,864	**1,334**

19.20 REALISED VALUATION RESULTS OF INVESTMENTS IN GROUP COMPANIES

	2024 In € 1,000	2023 In € 1,000
Realised currency results Arcona Capital RE Slovakia s.r.o.	451	104
Realised currency results Arcona Capital RE Bohemia s.r.o.	129	-
Result on disposal of Boyana Residence E.O.O.D.	677	-
	1,257	**104**

The “Realised currency results Arcona Capital RE Slovakia s.r.o.” for the amount of € 451,000 concerns realised currency results as a result of capital reductions Arcona Capital RE Slovakia s.r.o. for the amount of € 3,028,000.

The “Realised currency results Arcona Capital RE Bohemia s.r.o.” for the amount of € 129,000 concerns realised currency results as a result of dividend distributions Arcona Capital RE Bohemia s.r.o. for the amount of € 840,000.

19.20.1 Specification of result on disposal of Boyana Residence E.O.O.D.

	2024 In € 1,000	2023 In € 1,000
Selling price	1,590	-
Less: carrying amount of sold group company	807	-
	783	-
Sales fee	32	-
Sales performance-related fee	74	-
Transaction costs on sale of group companies	-	-
Subtotal costs on sale group companies	106	-
	677	**-**

As at October 2, 2024 the 100%-share in Boyana Residence E.O.O.D. has been sold for an amount of € 1,590,000.

19.21 REALISED VALUATION RESULTS OF RECEIVABLES FROM GROUP COMPANIES

	2024 In € 1,000	2023 In € 1,000
Realised currency results Arcona Capital RE Bohemia s.r.o.	58	116

19.22 UNREALISED VALUATION RESULTS OF INVESTMENTS IN GROUP COMPANIES

The unrealised valuation results of investments in group companies contain the share in the results from investments in group companies as well as changes in provisions investments in group companies. The specification is as follows:

	2024 In € 1,000	2023 In € 1,000
Arcona Capital RE Bohemia s.r.o.	532	278
Arcona Capital RE Slovakia s.r.o.	-/- 524	329
Arcona Capital Real Estate Poland Sp. z o.o.	215	-/- 498
Arcona Capital Real Estate Trio Sp. z o.o.	-/- 311	356
Arcona Real Estate B.V.	23	-/- 330
Aisi Bela LLC	335	34
Boyana Residence E.O.O.D.	-/- 1,212	-
Arcona Capital Real Estate Bulgaria Ltd.	N.a.	38
Arcona Black Sea Real Estate B.V.	-/- 218	12
	-/- 1,160	**219**

19.23 UNREALISED VALUATION RESULTS OF RECEIVABLES FROM GROUP COMPANIES

The unrealised valuation results of receivables from group companies contain the provision loan to group companies, in case the carrying amount of the corresponding investment in group company is negative and the Parent Company has provided a loan to the corresponding group company. The specification is as follows:

	2024 In € 1,000	2023 In € 1,000
Boyana Residence E.O.O.D.	1,318	337
Arcona Black Sea Real Estate B.V.	-/- 749	40
Arcona Poland Project 5 Sp. z o.o.	-/- 631	-
	-/- 62	**377**

19.24 OTHER OPERATING INCOME

	2024 In € 1,000	2023 In € 1,000
Foreign exchange and currency gains	15	53
Other operating income	2	-
	17	**53**

19.25 ADMINISTRATIVE EXPENSES

19.25.1 Specification of administrative expenses

	2024 In € 1,000	2023 In € 1,000
Fund Management fee	675	675
Sales performance-related fee	95	-
Sales fee	5	-
	775	**675**

19.26 OTHER OPERATING EXPENSES

19.26.1 Specification of other operating expenses

	2024 In € 1,000	2023 In € 1,000
Costs of service providers	468	449
Costs of funding and acquisition	182	11
	650	**460**

19.26.2 Analysis of costs of service providers

	2024 In € 1,000	2023 In € 1,000
Audit fees	121	118
Accounting expenses	112	114
Custody fees	57	59
Consultancy fees	-/- 4	30
Steering Committee fees	47	-
Supervisory Board fees	28	28
Marketing expenses	7	26
Insurance AIFMD	22	22
Supervisors' expenses	22	22
Listing, Paying and Fund Agent fees	12	14
Other costs of service providers	44	16
	468	**449**

19.26.3 Audit fees

The "Audit fees" for the amount of € 121,000 include the fees for the audit of the Consolidated Financial Statements and Parent Company Statements and European Single Electronic Format (**ESEF**) reporting 2024, as well as an estimated amount of € 27,000 (2023: € 33,000) for the audit of the figures of the Bulgarian, Ukrainian and Romanian subsidiaries. During the financial period audit fees for prior years have been booked in an amount of € 1,000 negative (2023: € 1,000 negative).

19.26.4 Analysis of Supervisory Board fees

For the analysis of the Supervisory Board fees reference is made to section 15.35.3 "Analysis of Supervisory Board fees".

19.26.5 Analysis of costs of funding and acquisition

For the analysis of the cost of funding and acquisition reference is made to section 15.35.5 “Analysis of costs of funding and acquisitions”.

19.26.6 Supervisors’ expenses

The “Supervisors’ expenses” include expenses for supervision by the AFM and DNB.

19.26.7 Other costs of service providers

The “Other costs of service providers” include, among others, costs of press releases, required software European Single Electronic Format (**ESEF**), Euronext Fund Services and Prague Stock Exchange.

19.26.8 Costs of funding and acquisitions

The “Costs of funding and acquisitions” include costs of technical, legal and tax due diligence for potential acquisitions.

19.27 PERSONNEL COSTS

The Parent Company does not employ any personnel (2023: nil).

19.28 INTEREST EXPENSES

	2024	**2023**
	In € 1,000	In € 1,000
Interest expense on loans due to group companies	175	402
Interest expenses on private loans	349	340
Variable compensation on private loans	29	101
	553	**843**

19.28.1 Specification of interest expense on loans due to group companies

	31-12-2024	**31-12-2023**
	In € 1,000	In € 1,000
Arcona Capital RE Slovakia s.r.o.	66	145
Arcona Capital Real Estate Trio Sp. z o.o.	67	256
Arcona Real Estate B.V.	40	-
Arcona Capital RE Bohemia s.r.o.	2	-
Arcona Capital Real Estate Bulgaria Ltd.	-	1
	175	**402**

19.29 INCOME TAX EXPENSE

The results of the Parent Company are subject to corporate income tax (**CIT**).

19.29.1 Income tax expense recognised in the Parent Company profit and loss account

	2024 In € 1,000	**2023** In € 1,000
Current income tax expense		
Current year	-	-
Adjustments related to prior years	-	-
	-	-
Deferred income tax expense		
Origination and reversal of taxable temporary differences	2	16
Recognition of previously unrecognised (derecognition of previously recognised) tax losses	26	42
Recognition of previously unrecognised (derecognition of previously recognised) other taxable temporary differences	-	-/- 16
Change in tax rate	-	-
Adjustments related to prior years	-	-
	28	42
Total	**28**	**42**

19.29.2 Deferred income tax recognised directly in shareholders’ equity

	2024 In € 1,000	**2023** In € 1,000
Related to receivables from group companies	-/- 28	-/- 42

19.30 RELATED PARTIES

For the definition of related parties' reference is made to section 15.45 "Related parties".

In addition to section 15.45 "Related parties" the Parent Company entered into or maintained the following transactions with group companies, part of other related parties:

A. dividends received and capital reductions from group companies, as described in section 19.1.2 "Statement of changes in investments in group companies";
B. loans advanced and redemption on loans to group companies, as described in section 19.2.3 "Statement of changes in loans to group companies";
C. loans advanced and redemption on loans due to group companies, as described in section 19.13.4 "Statement of changes loans due to group companies";
D. the Parent Company has paid several costs for N-E Real Estate Park First Phase S.r.l. for an amount of € 9,000, as described in section 19.3.4 "Specification of current account to group companies";
E. the Parent Company has charged several costs to the Arcona Capital Real Estate Trio Sp. z o.o. for an amount of € 13,000.

19.31 PROPOSAL FOR THE PARENT COMPANY RESULT APPROPRIATION

The Parent Company´s result for the financial period amounts to € 32,000 negative. Recognising the mandatory:

- net deduction of € 1,711,000 from the revaluation reserve; and
- net addition of € 1,103,000 from the reserve investments in group companies;

the remaining profit for the financial period was € 576,000. It is proposed to the General Meeting of Shareholders (**GM**) to add the whole of the remaining profit for the financial period to the retained earnings.

This proposal has already been recognised in the Parent Company balance sheet.

19.32 DETERMINING OF PARENT COMPANY RESULT FOR THE PREVIOUS FINANCIAL PERIOD

During the General Meeting of Shareholders (**GM**) of the Parent Company as at June 26, 2024, the GM approved the result appropriation proposal of the Managing Board as stated in the Annual Report of the previous year.

19.33 EVENTS AFTER BALANCE SHEET DATE

The following material events have occurred after balance sheet date:

A. As at February 6, 2025 the Managing Board provided 68,782 registered shares of the Fund to SPDI as part of the settlement of the acquisition of the 100% stake in Aisi Ukraine LLC ("Share-based payment"). The issue price was € 11.16 per registered share.

B. As at February 6, 2025 the Managing Board provided 10,689 registered shares of the Fund to SPDI as the (final) settlement for the acquisition of the Romanian assets. The issue price was € 11.16 per registered share.

No further material events have occurred after balance sheet date.

Amsterdam, April 30, 2025

The Managing Board:

Arcona Capital Fund Management B.V.
On behalf of,

G.St.J. Barker LLB	P.H.J. Mars M.Sc	M. Van der Laan B.Sc	M.T.H. Blokland BBA
Managing director	*Managing director*	*Managing director*	*Managing director*

The Supervisory Board:

Mr. drs. A.N. Krol	J.J. van Heijst M.Sc	M.P. Beys Esq.
Chairperson	*Member*	*Member*

20 OTHER INFORMATION

20.1 GENERAL PROVISIONS OF THE ARTICLES OF ASSOCIATION CONCERNING RESULT APPROPRIATION

In accordance with Article 28 of the Articles of Association dated September 21, 2016, profits are determined and distributed as follows:

28.1 From the profit earned in a financial period as far as possible a dividend is first distributed on the priority share, the amount of which dividend is equal to seven per cent (7%) on an annual basis, calculated on the nominal value of the priority share. No further distributions are made on the priority share.

28.2 The priority shareholder determines annually what part of the profit remaining after application of article 28.1 above is added to the reserves.

28.3 It is the prerogative of the general meeting of shareholders to allocate the profit remaining after application of articles 28.1 and 28.2 above.

28.4 Distribution of profit occurs after adoption of the Financial Statements evidencing that this is permitted.

28.5 The priority shareholder may resolve to make interim distributions on ordinary shares and / or distributions on ordinary shares charged to a Parent Company reserve.

28.6 Distributions on shares may only take place up to a maximum of the amount of the distributable shareholders' equity.

28.7 Unless the body that decides on distribution determines another time, distributions on shares are payable immediately after declaration.

28.8 In calculating the amount of any distribution on shares the shares held by the Parent Company in its own capital are not included.

20.2 DECREE ON THE DUTCH ACT ON FINANCIAL SUPERVISION

Arcona Capital Fund Management B.V. has a permit from the AFM under the Dutch Act on Financial Supervision (Wet op het financieel toezicht, the **Wft**) to act as the management company of the Parent Company.

20.3 PERSONAL INTERESTS

During the financial period neither the Managing Board nor the Supervisory Board held interests in investments by the Parent Company, except for:

- J.J. van Heijst (member of the Supervisory Board) who owns 12,855 pieces (December 31, 2023: 12,855 pieces) of ordinary shares in private possession. Mr. J.J. van Heijst M.Sc. is working for the Stichting Value Partners Family office who owns 376,787 pieces (December 31, 2023: 397,694 pieces) of ordinary shares;
- M.P. Beys (member of the Supervisory Board) owns no (December 31, 2023: no) ordinary shares in private possession. Mr. M.P. Beys is also the Chairman of the Board of Directors of SPDI. SPDI owns 1,072,910 pieces of ordinary shares (December 31, 2023: 1,072,910 pieces of registered shares).

20.4 SPECIAL CONTROLLING RIGHTS

Special rights in respect of control of the Parent Company have been granted to the holders of priority shares. The priority shares are bearer shares. As provided by the Articles of Association the priority shares entitle the Foundation:

- to determine the number of members of the Managing Board and Supervisory Board;
- to make binding nominations for appointment of the members of the Managing Board and the members of the Supervisory Board;
- to make the proposal to the General Meeting of Shareholders to suspend or dismiss a Managing Board member and / or a Supervisory Board member;
- to make the proposal to the Supervisory Board for the remuneration of the members of the Supervisory Board;
- to determine which part of the profits remaining after priority dividend (reference is made to section 20.1) shall be reserved;
- to make interim distributions on ordinary shares and / or distributions on ordinary shares charged to a Parent Company reserve;
- to make the proposal to the General Meeting of Shareholders to amend the Articles of Association of the Parent Company;
- to make the proposal to the General Meeting of Shareholders for statutory merger or statutory demerger of the Parent Company;
- to make the proposal to the General Meeting of Shareholders for dissolution of the Parent Company.

The General Meeting of Shareholders needs the approval of the Foundation for decisions of the Managing Board concerning the reduction of the issued share capital.

20.5 INDEPENDENT AUDITOR'S REPORT

Deloitte Accountants B.V.
Gustav Mahlerlaan 2970
1081 LA Amsterdam
P.O. Box 58110
1040 HC Amsterdam
The Netherlands

Tel: +31 (0)88 288 2888
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INDEPENDENT AUDITOR'S REPORT

To: The shareholders, the Managing Board and the Supervisory Board of Arcona Property Fund N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the financial statements 2024 of Arcona Property Fund N.V., based in Amsterdam. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Arcona Property Fund N.V. as at 31 December 2024, and of its result and its cash flows for 2024 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

- The accompanying company financial statements give a true and fair view of the financial position of Arcona Property Fund N.V. as at 31 December 2024, and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2024.

2. The following statements for 2024: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows.

3. The notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. The parent company balance sheet as at 31 December 2024.

2. The company profit and loss account for 2024.

3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Arcona Property Fund N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at € 735.000. The materiality is based on 1% of total assets. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with Supervisory Board that misstatements in excess of € 36.750, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Arcona Property Fund N.V. is at the head of a group of components. The financial information of this group is included in the financial statements of Arcona Property Fund N.V.

Based on our risk assessment, we determined the nature, timing and extent of audit procedures to be performed, including determining the components at which to perform audit procedures. We have used the work of component auditor Deloitte Czech Republic when auditing entities in Czech Republic and Slovakia. We have used the work of component auditor Deloitte Poland when auditing entities in Poland. We have prepared group referral instructions for the component auditor and performed a file review at the component auditor. On the level of Romania and Ukraine we performed risk assessment procedures and audit procedures on specific accounts.

The group engagement team directed the planning, reviewed the work performed by component auditors and assessed and discussed the results and findings with the component auditors.

The group engagement team held multiple meetings, with all the individual component auditors, and management of the relevant group entities, and participated in the component auditor closing calls. For all component auditors, file reviews were conducted to evaluate the work undertaken and to assess their findings.

By performing the procedures mentioned above at components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as among others the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Fraud risk	**Audit approach**
Management override of controls We presume a risk of material misstatement due to fraud related to management override of controls. The Management Board is in a unique position to perpetrate fraud because of the Management Board's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	We have, among other things, performed the following procedures: We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or noncompliance. We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. We considered available information and made inquiries of relevant personnel of Arcona Property Fund N.V. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks. We evaluated whether the selection and application of accounting policies by Arcona Property Fund N.V., particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting. For significant transactions we have evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets. As part of our audit procedures, we verified whether the significant transactions should be considered related party transactions.

	We evaluated whether the judgments and decisions made by the Management Board in making the accounting estimates included in the financial statements indicate a possible bias that may represent a risk of material misstatement due to fraud. The Management Board insights, estimates and assumptions that might have a major impact on the financial statements are disclosed in Note 13.4.2 of the financial statements. We performed a retrospective review of the Management Board judgments and assumptions related to significant accounting estimates reflected in prior year financial statements. Reference is made "Valuation of investment property" below as well.
Valuation of investment property In relation to valuation of investment properties a potential fraud risk is identified to revaluations and other deviations from the normal valuation process. The Management Board's adjustment of external valuations, optimistic estimation of gross initial yield and market rent.	Valuation of investment property is a significant area to our audit as the valuation is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. The Management Board insights, estimates and assumptions related to valuation of investment property have a major impact on the financial statements and are disclosed in Note 13.9, 13.10 and 13.18 of the financial statements. Further reference is made to the section "Our key audit matter" for audit procedures performed.
Risk of incorrect recognition of disposals and acquisitions of investment property The accurate and complete recognition of these transactions is an important area of emphasis in our audit. We pay special attention to fraud risks associated with selling properties, such as ABC transactions.	In 2024, Arcona Property Fund N.V. sold multiple properties and acquired a property. We have tested the design and controls related to property investment sales and acquisitions, which includes ensuring proper authorisation and conducting background checks of buyers and sellers. We carried out procedures on the disposals and acquisition of investment property. We have reconciled the recognised transactions with the relevant supporting documentation and confirmed the accurate and complete recognition of transactions results in the fiscal year. Furthermore, we have carried out procedures to identify and test ABC transactions. In addition, we have analysed the sales price of property transactions in relation to the most recent valuation as determined by the external appraiser. If

	applicable, we have assessed the reasonableness of considerations paid to intermediaries.
Accounting on rental income including lease incentives We presume a risk of material misstatement due to fraud related to revenue recognition and evaluate which types of revenue, revenue transactions or assertions give rise to such risks. We pinpoint the significant risk to the occurrence of rental income (specific to new rental agreements) and the accuracy of the accounting for lease incentives/discounts provided, in accordance with the applicable financial reporting standards.	During our audit of rental income, we tested the design, implementation, and operating effectiveness of the relevant internal controls, carried out comparative testing procedures to assess the reliability of the rent roll data, developed an independent expectation of total revenue and compared it to the actual amounts recorded, reviewed new lease agreements to ensure revenue was accurately captured in line with the underlying contracts, and tested the recognition of newly granted lease incentives. In addition, we performed ongoing substantive analytical procedures to verify the straight-lining of those incentives.

For significant transactions such as disposal of investment property we evaluated whether the business rationale of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.

This did not lead to indications for fraud potentially resulting in material misstatements.

Audit approach compliance with laws and regulations

We assessed the laws and regulations relevant to the company through discussion with the Managing Board and other personnel, reading minutes.

As a result of our risk assessment procedures, and while realizing that the effects from non-compliance could considerably vary, we considered the following laws and regulations: (corporate) tax law, the requirements under the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and Part 9 of Book 2 of the Dutch Civil Code with a direct effect on the financial statements as an integrated part of our audit procedures, to the extent material for the financial statements.

We obtained sufficient appropriate audit evidence regarding provisions of those laws and regulations generally recognized to have a direct effect on the financial statements.

Apart from these, Arcona Property Fund N.V. is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance, through imposing fines or litigation.

Our procedures are more limited with respect to these laws and regulations that do not have a direct effect on the determination of the amounts and disclosures in the financial statements. Compliance with these laws and regulations may be fundamental to the operating aspects of the business, to Arcona Property Fund N.V.'s ability to continue its business, or to avoid material penalties (e.g., compliance with the terms of operating licenses and permits or compliance with environmental regulations) and therefore non-compliance with such laws and regulations may have a material effect on the financial statements. Our responsibility is limited to undertaking specified audit procedures to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements. Our procedures are limited to (i) inquiry of the Management Board, the Supervisory Board and others within Arcona Property Fund N.V. as to whether Arcona Property Fund N.V. is in compliance with such laws and regulations and (ii) inspecting correspondence, if any, with the relevant licensing or regulatory authorities to help identify non-compliance with those laws and regulations that may have a material effect on the financial statements.

Naturally, we remained alert to indications of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of (suspected) fraud or non-compliance with laws and regulations have been disclosed to us.

Audit approach going concern

Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism. We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Based on our procedures performed, we did not identify serious doubts on Arcona Property Fund N.V.'s ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the key audit matter was addressed in the audit
As at December 31, 2024 the company held a portfolio of investment property (under development) including assets held for sale with a fair value of € 65.6 million (December 31, 2023: € 74.2 million). At the end of each reporting period, the Management Board determines the fair value of its investment property portfolio in accordance with the requirements of IAS 40 and IFRS 13.	How the key audit matter was addressed in the audit: Our audit procedures included, among others, the following: We have gained understanding of the valuation process and tested the design and implementation of Arcona Property Fund N.V.'s relevant controls with respect to the data used in the valuation of the investment property. We noted that management involved established international parties to assist with the valuation of the

Arcona Property Fund N.V. uses external valuation reports issued by external independent professionally qualified valuers to determine the fair value of its investment property. As the valuation of investment property is inherently judgmental in nature, due to the use of assumptions that are highly sensitive, any change in assumptions may have a significant effect on the outcome given the relative size of the investment property balance. The most significant assumptions and parameters involved, given the sensitivity and impact on the outcome, are the gross initial yield, and market rent levels. IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. (Unobservable) inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date. Fair value measurements categorised within Level 3 have the lowest priority as the valuation is predominately based on unobservable inputs and those measurements have a greater degree of uncertainty and subjectivity. This means that a valuation at Level 3 has a fairly large measure of estimation uncertainty and as a result a fairly large bandwidth of valuation uncertainty in which a valuation can been seen reasonable in the light of IFRS 13. In addition, and as the external appraiser has recommended in its assessment of the fair value of the property portfolio, caution is needed in analysing the values due to the unknown future impacts on economy and real estate markets.	investment properties. We evaluated the competence of company's external appraiser, which included consideration of their qualifications and expertise. We have further evaluated and challenged the assumptions made in respect to the creditworthiness of significant tenants, lease incentives and vacancy periods in the valuation calculations. We reconciled the fair value carrying amounts of all investment properties to the external valuation reports as per 31 December 2024. In relation to the significant assumptions in the valuation of investment property, we have: • Determined that the valuation methods as applied by the Management Board, as included in the valuation reports, are appropriate and consistently applied. • For the Czech, Slovak and Polish portfolio, we provided direction and oversight to Deloitte Czech Republic and Deloitte Poland, and conducted a file review of the work they performed. • We have challenged the significant assumptions used (such as gross initial yield, market rent levels,) against relevant market data. We have involved our internal real estate valuation experts in these assessments. • We have reviewed other relevant assumptions included in the cash flow forecasts of the valuation reports for the investment property and discussed with client. Among other things the discounts forecasted, CAPEX program, vacancy allowances/loss of rent and credit loss. • We assessed the sensitivity analysis on the key input data and assumptions to understand the impact of reasonable changes in assumptions on the valuation and other key performance indicators. • We have assessed the appropriateness of the disclosures relating to the assumptions used in the valuations and sensitivity analysis in the notes to the consolidated Financial Statements. • We assessed the asset's "held for sale" classification against the requirements of IFRS 5. We draw attention to Note 15.13.5 "Valuation of owned investment property held for sale" and Note 15.46 "Events after Statement of Financial

	Position Date” in the financial statements, which describes the significant judgements, key assumptions and estimates in relation to the valuation of the Bydgoszcz property. As stated in Note 15.13.5, these events and conditions, along with other matters as set forth in Note 15.13.5, indicate that a material uncertainty exists with respect to the valuation of the Bydgoszcz property. Consequently, less certainty and a higher degree of caution should be attached to management’s valuation than would normally be the case. Our opinion is not modified in respect of this matter. **Observation:** We found that, with the (significant) assumptions used in the valuation reports, the valuation of the investment property is valued within a reasonable range in the light of the valuation uncertainty for level 3 valuations.

Report on the other information included in the annual report

The annual report contain other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Report of the Managing Board.
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the Supervisory Board as auditor of Arcona Property Fund N.V. on 18 May 2017, as of the audit for the year 2017 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

Arcona Property Fund N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in XHTML format, including the (partly) marked-up consolidated financial statements, as included in the reporting package by Arcona Property Fund N.V. complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package.

- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

    - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF;

    - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error, during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 30 April 2025

Deloitte Accountants B.V.

Signed on the original: V. Borreman