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**TERM SHEET PRIVATE PLACEMENT**
**Convertible Bonds**

**in an amount of EUR 3.5million**

**Issue of bonds without security with a maturity date of 31 October 2021,  
which are convertible into shares in the capital of Arcona Property Fund N.V.**

<b>Issuer:</b>	Arcona Property Fund N.V.
<b>Total amount of the Issue:</b>	EUR 3.5 million subscribed for by Mr. H.M. van Heijst(EUR 2 million) and Vereniging Beleggingsclub 't Stockpaert (EUR 1.5 million)
<b>Minimum investment:</b>	EUR 1,000
<b>Issue Date:</b>	17 October 2016
<b>Term:</b>	5 years
<b>Maturity Date:</b>	31 October 2021
<b>Convertible into:</b>	Shares in the capital of Arcona Property Fund N.V. (ISIN code: NL0006311706)
<b>Issue Price:</b>	100% of the nominal value
<b>Interest Rate:</b>	6.5% payable every 6 months
<b>Interest Payment Date:</b>	1 May and 1 November for subsequent interest payments
<b>Interest Period:</b>	Interest is calculated on the basis of a year that has 360 days and the actual number of days that has passed from and including the Issue Date or Interest Payment Date but excluding the next Interest Payment Date
<b>Conversion Price:</b>	15% above the average closing price for a period of 10 trading days prior to the first trading day of the rights to subscribe for shares ( <b>Rights Offer</b> ), provided that days during which no trading in the shares in Arcona Property Fund N.V. takes place are excluded from the calculation
<b>Conversion Period:</b>	09:00 CET on 1 November 2016 until 17:00 CET on the 15th trading day of Euronext Amsterdam before the Maturity Date
<b>Redemption:</b>	Against the nominal value
<b>Early Redemption:</b>	Yes, <ul style="list-style-type: none"> <li>– The Issuer has the right to redeem the Convertible Bonds early in whole, or in part i.e. <i>pro rata</i> the Bond Amount held by each of the respective Bonds Holders (each as defined in the Convertible Bonds conditions) against the nominal value including the Interest payable in respect thereof, at any preferred moment after 1 January 2018, whereby this must be announced at least 30 days but no more than 60 days in advance. This is only allowed if during</li> </ul>

at least 20 trading days within a period of 40 consecutive trading days, which ends no more than 5 trading days before the date of the announcement of Early Redemption, the closing price of the shares on each of these trading days exceeds 120% of the Conversion Price.

- If less than 15% of the issued Convertible Bonds are still outstanding, the Issuer will have the right redeem these against the nominal value of the Convertible Bonds including the Interest payable in respect thereof, at any preferred moment, whereby this must be announced at least 30 days but no more than 60 days in advance.

**Use of proceeds:**

The Issuer will use the proceeds of the issue of the Convertible Bonds to pay part of the purchase price for the acquisition of a Polish portfolio as described in the prospectus in connection with the Rights Offer dated 28 October 2016 (**Acquisition**). Should the Acquisition not complete, the net proceeds of the Rights Offer and the Convertible Bonds will be used for other potential acquisitions and/or general corporate purposes or returned to shareholders, such at the discretion of Arcona Property Fund N.V.

**Applicable law and competent court:**

The Convertible Bonds are governed by Dutch law. All disputes related to or arising in connection with the Convertible Bonds will be submitted to the competent court in Amsterdam, the Netherlands