



ARCONA CAPITAL

PRESS RELEASE

Amsterdam, 17 December 2018

Arcona Property Fund N.V. agrees major acquisition

Arcona Property Fund N.V. (Euronext: ARCPF), the Euronext Amsterdam and Prague Stock Exchange (*Burza cenných papírů Praha*) listed company that invests in commercial property in Central Europe, has entered into an implementation agreement to acquire most of the property assets of the AIM London-listed Secure Property Development & Investment (“SPDI”) PLC (AIM : SPDI) in an all-share transaction that will increase the portfolio size of Arcona Property Fund (the “Fund”) from € 94.8 million to circa € 161 million and its Net Asset Value from € 41.9 million to circa € 78 million. The purchase will be funded by the issuance of 2,102,804 new shares of the Fund and the transfer of existing senior debt at a level of circa € 30 million.

The assets to be acquired, comprising modern offices, warehouses, apartment complexes and development sites, are located primarily in Romania. The Fund currently invests in commercial real estate (mainly offices and retail parks) in the Czech Republic, Poland and Slovakia and this acquisition is in line with the Fund’s expansion strategy.

The new shares will be admitted to listing and trading on both Euronext Amsterdam and the Prague Stock Exchange and will be distributed to existing shareholders of SPDI pro-rata to their shareholding in SPDI shares as soon as reasonably practicable following closing of the Transaction, increasing the total number of Fund shares in issue to 5,267,953.

The acquisition of the companies owning the relevant property assets of SPDI (with a combined Net Asset Value of circa € 36 million) paid through the issuance of 2,102,804 shares of the Fund at a Net Asset Value of € 13.98 per share will increase the Net Asset Value of the Fund to circa € 78 million and the Net Asset Value per share to circa €14.80. This acquisition is therefore circa 6% accretive to Net Asset Value per share of the Fund.

An earn-out component to the purchase agreement commits the Fund to issue warrants to SPDI shareholders over a further 506,830 shares of the Fund, exercisable if the Fund share price reaches € 8.60 within five years after the completion of the Transaction.



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The Fund intends to retain and enhance the income-producing commercial properties in Romania that comprise the core (circa 40%) of SPDI's portfolio. These holdings include the headquarters of Danone Romania and ANCOM, the Romanian Telecoms Authority. In parallel, the ongoing disposal programme for the residential and land assets in Romania, Bulgaria and Ukraine will be continued. SPDI's logistic property in Greece is not part of the agreed transaction.

It is intended that the local teams of SPDI will be integrated into Arcona Capital Fund Management B.V. (the Fund's manager) and representatives of SPDI will be proposed for appointment to the supervisory board of the Fund, representing at least one third of its members.

The combination of larger operational earnings and cash from the planned sales programme should enable a steady 10% annual cumulative increase in the dividend over a 6 year period, to reach a yield of circa 7.4% on the current share price by 2024. The Loan to Value ratio of the enlarged fund will be circa 48.7%, enabling the Fund immediately to acquire further income-producing assets by the issuance of debt instruments whilst maintaining a prudent overall debt policy.

The acquisition is subject to completion of standard due diligence, successful negotiation and completion of transaction documentation and regulatory approvals, including the approval of a prospectus required in connection with the issuance and admission to listing of the new shares. SPDI and the Fund expect to close the transaction during Q1 2019.

The Fund will consult its shareholders in respect of this transaction at a general meeting to be held on 1 February 2019 in Amsterdam. The convocation materials for this general meeting are published on the Fund's website.

More information about SPDI is available on the website of SPDI: www.secure-property.eu

PRESS RELEASE ENDS

Arcona Property Fund N.V. invests in commercial property in Central Europe. Shares in the Fund are tradeable daily on Euronext Amsterdam and via the Prague Stock Exchange (ISIN-code NL0006311706) as a closed-end investment fund.



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For more information:
Arcona Capital Fund Management B.V.
Tel: 0031 -20 – 820 4 720
E-mail: info@arconacapital.com
www.arconapropertyfund.com

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