



Notes to the Agenda (1)

To the General Meeting of Shareholders of
Arcona Property Fund N.V.

To be held on:

Tuesday 21 May 2019 at 14:00 hour

Novotel Amsterdam City, Europaboulevard 10, 1083 AD Amsterdam

Notes to the AGENDA

6.a Liquidation of the Fund and explanation thereof;

At the 2016 Annual General Meeting of Shareholders (AGM), the Management Board made a commitment that the agenda item "Liquidation of Arcona Property Fund" (the Fund) would be put to the vote in 2019. The Management Board wishes to fulfil this commitment.

The consequences of liquidation have already been addressed at the Extraordinary General Meeting of Shareholders (EGM) of 1 February 2019. The presentation of the EGM of 1 February 2019 can be downloaded on the website (<https://www.arconapropertyfund.nl/investor-relations/jaarvergaderingen/> via call).

At the AGM of 21 May 2019 the consequences will be explained once again and translated into estimates of a liquidation net realizable value (neutral and positive scenario). This on the assumption that a credit facility of approximately € 15 million would be available. Without a credit facility there is a risk of insolvency of the Fund - see below under 6b - and an estimate of net realizable value would not be relevant.

6.b Joint position of the Managing Board and Supervisory Board with regard to the proposal of liquidation;

The Supervisory Board and the Management Board are of the opinion that proceeding to liquidate the Fund can entail major risks for the Fund and therefore also for the shareholders of the Fund. In the coming twelve months, the Fund will be faced with loan expiries at the N.V. level of € 7.8 million and at the local level of € 6.3 million. If a majority of shareholders vote in favour of the liquidation scenario at the AGM, refinancing of these loans is (effectively) impossible. The intended liquidation cannot be concealed from potential new finance providers.

The Supervisory Board and the Management Board do not consider liquidating the Fund to be in the interest of shareholders at the moment because the continuity of the Fund will be put directly at risk. Expiring loans cannot be refinanced and various other loans will be required to be repaid immediately.



Notes to the Agenda (2)

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Notes to the AGENDA

6.c Vote on agenda item 6.a;

7. Proposal of the Priority to distribute € 0,25 per share depending on the voting on item 6;

If, in the AGM, a majority of the shareholders vote for the liquidation of the Fund, it is clear that the Fund as such has no future. The Fund cannot then make distributions in advance, as it must be able to use all available resources to meet its current and future financial obligations for as long as possible. This means that the proposed dividend of € 0.25 cannot be paid if it has been decided to liquidate the Fund.

A condition for payment is, therefore, that liquidation is not approved. The Stichting Prioriteit only supports the payment if this condition is met; if not, the entire annual profit will be retained and there will be no interim payment for 2019. The proposal for this payment to be approved by shareholder vote is subject to the same condition. If this condition is not met, the AGM cannot decide to make a payment and a formal vote will not take place on the proposal.