

PRESS RELEASE

Amsterdam, 29 April 2020

Arcona Property Fund N.V.: 2019 stable, 2020 challenging

Arcona Property Fund NV - a listed fund that invests in commercial real estate in Central Europe - delivered an operating profit of € 2.28 million in 2019, the same total as achieved in 2018. Net rental income increased from € 4.81 million to € 5.22 million, an increase of 8.3%. The Fund grew in size by € 12.1 million, from € 92 million to € 104 million, through acquisitions in Bulgaria and the Ukraine. More than 60% of the Fund's debt financing was renewed or repaid during the course of the year. Due to current market circumstances the Fund has postponed a decision on a possible final dividend for 2019 and is not at this stage issuing a profit forecast for 2020.

In 2019, more than € 20 million of loans were refinanced. The average term of the Fund's debt is now 3.17 years (2018: 1.17 years).

Arcona Property Fund N.V. placed five buildings in Košice on the market for sale in late 2019. A bid has been accepted for these assets and the prospective purchaser is expected to start due diligence in the coming weeks. It is not expected that the potential transaction will be completed before the fourth quarter of 2020.

The EPRA NNAV decreased from € 13.65 to € 13.14 per share. This decrease is mainly the result of dividend payments of a total of € 0.35 per share and the reclassification of the five buildings in Košice from *investment property* to *assets held for sale*. The reclassification (through full recognition of the deferred tax liability) had a negative impact of € 0.28 per share.

Impact of COVID-19

Although 2020 started as a normal investment year, the real estate market has quickly been impacted by the COVID-19 virus pandemic. Government measures to limit the spread of the virus have had an effect on the activities of many tenants of Arcona Property Fund N.V., with both direct and indirect pressure on rental income.

For this year the management has modelled three scenarios (worst, central and best), which assume a fall in annual rental income of 10%, 14% and 23.5% respectively. The conclusion of the scenario modelling is that Arcona Property Fund N.V. can absorb a fall of 15% of its budgeted 2020 rental income and still cover its planned expenditure for the year.

During 2020, Arcona Property Fund N.V. has an obligation to repay / refinance approximately € 12.6 million in loans. Approximately € 6 million comprises bank finance in Poland that is expected to be renewed until year-end to allow for refinancing. The remaining € 6.7 million is planned to be repaid from the proceeds of the sale of the five buildings in Kosice.

General Meeting of Shareholders

Due to Dutch Government restrictions it is currently not possible to convene the General Meeting of Shareholders (AGM). It is unclear when such meetings can be held in the future. The management has now provisionally scheduled the AGM for June 30, 2020. Depending on possible revisions to government restrictions, the decision will be made whether this will

be a physical or a digital meeting. The notification for the AGM with the definitive date and agenda will be published in due time.

Dividend

Arcona Property Fund N.V. paid an interim dividend for 2019 of € 0.10 per share in October 2019. Due to current market volatility, the Management Board and the Supervisory Board have decided to postpone the decision on the amount and timing of the 2019 final dividend.

Outlook

The overall situation is currently changing and evolving rapidly. Due to the uncertainty about market developments, no forecast for the profit for 2020 is currently being issued. However, the Management Board and Supervisory Board trust and expect that its diverse tenant base and prudent level of financing will enable Arcona Property Fund N.V. to successfully trade through the crisis. The management continues to monitor developments closely and will update the market on a regular basis.

PRESS RELEASE ENDS

Arcona Property Fund N.V. is a closed-ended investment fund that invests in commercial property in Central Europe. Shares in the Fund (ISIN-code NL0006311706) can be traded daily via Euronext Amsterdam and the Prague Stock Exchange.

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