



ARCONA CAPITAL
REAL ESTATE INVESTMENT MANAGEMENT

General Meeting

Arcona Property Fund N.V.

22 June 2022 | 14:00



1. Opening;
2. Report of the management board for the 2021 financial year;
3. Current matters;
4. Adoption of the annual accounts for 2021 and determination of the allocation of the result; **[voting item]**
5. Discharge from liability of the Management for its management; **[voting item]**
6. Discharge from liability of the Supervisory Board for its supervision; **[voting item]**
7. Composition of the Supervisory Board; **[voting items]**
8. Any other items;
9. Closure.

1. Opening

2. Report FY 2021 | Focus for 2021

- ▶ In 2021, the focus was on:
 - ▶ **Selling** non-core real estate;
 - ▶ **Refinancing** expiring (bank)loans and **repayment** of other loans.

2. Report FY 2021 | Achievements

- ▶ Arcona Property Fund N.V. successfully
 - ▶ weathered impact of **COVID-19**;
 - ▶ disposed of **two non-core assets** in Slovakia;
 - ▶ refinanced **three loans** in Poland;
 - ▶ improved its financing structure by installing loans on NV-level;
 - ▶ increased **occupancy rates** to the highest level for many years.

2. Report FY 2021 | Sold non-core assets



- ▶ Student housing (**Kosmalt**) in **Košice, Slovakia**;
- ▶ The lettable floor area was 10,711 m²;
- ▶ Rental income decreased by 29.6% during COVID;
- ▶ Sold at € 4.85 million (just above valuation);
- ▶ Proceeds used to pay back high-yielding loans.



- ▶ Office property in **Žilina, Slovakia**;
- ▶ The lettable floor area was 10,458 m²;
- ▶ Sold at € 4.0 million (valuation);
- ▶ Proceeds used for loan repayments.

2. Report FY 2021 | Polish bank loans refinanced

- ▶ In April 2021, Arcona Property Fund N.V. refinanced part of the real estate portfolio in Poland:
 - The **Maris** office building and the **seven freehold regional supermarkets** were refinanced;
 - New loan from **HYPO NOE** Landesbank für Niederösterreich und Wien;
 - **€ 14 million** and a term of **five years**;
 - **6-month Euribor** plus a margin of **2.95%**;
 - **Debt service falls**, from € 1,269,000 to approximately € 940,000.

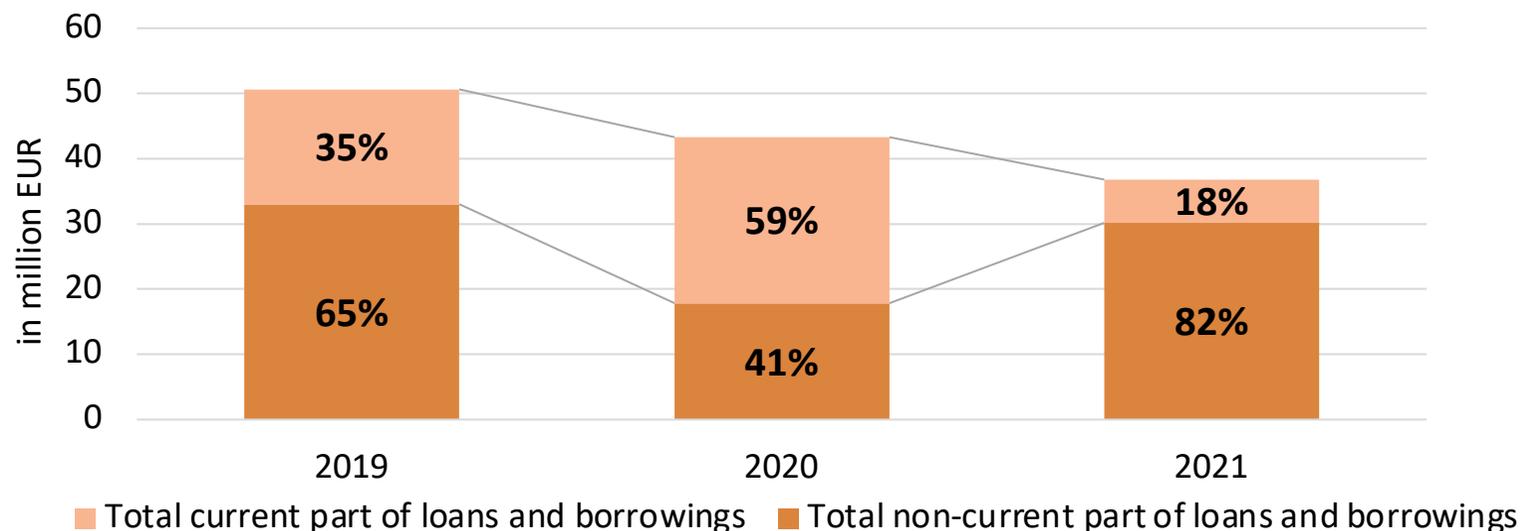
2. Report FY 2021 | Other loans refinanced

- ▶ On April 1, 2021, Arcona Property Fund N.V. refinanced three leasehold supermarkets in Poland:
 - ▶ New loan of **€ 2.2 million** from a Polish investment fund;
 - ▶ Term of **three years**, based on EURIBOR + 8.50%;
 - ▶ Used to pay off the expiring **seller's loan**;
 - ▶ Financing costs decreased by approx. **€ 100,000**.

- ▶ As a result, the entire Polish property portfolio is now financed on a **long-term basis**.

2. Report FY 2021 | Improved, stable financing situation

- ▶ **Loan maturity up** by more than a year, from 2.35 to 3.38 years;
- ▶ **Total debt down** to € 36.8 million from € 43.3 million;
- ▶ **Loan-to-Value ratio down** to 42.2 % at end 2021, from 47.0% end of 2020;
- ▶ **Weighted average interest rate down** to 4.15%, from 4.34% end of 2020.



2. Report FY 2021 | Balance sheet per 31-12-2021

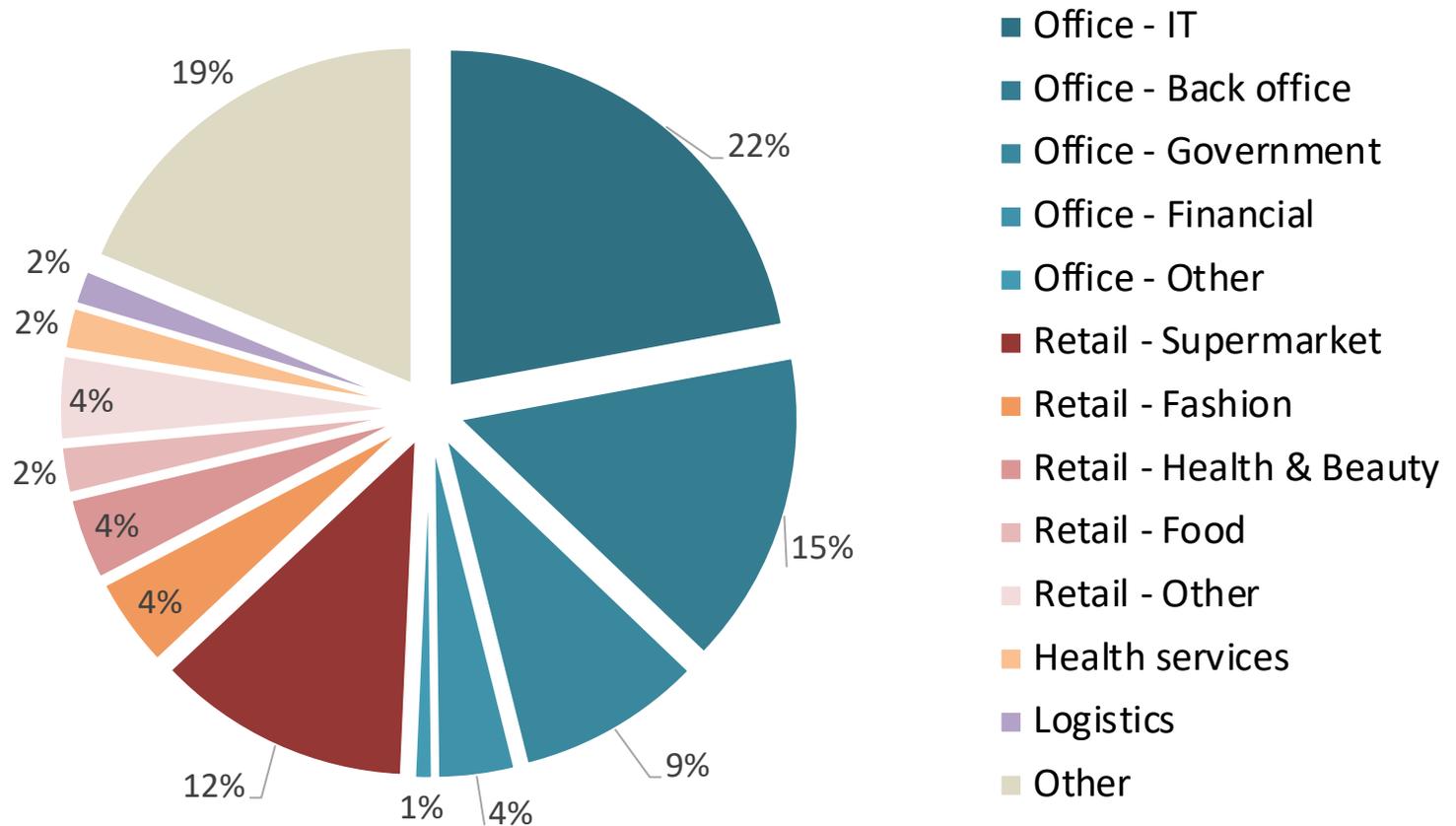
Assets (in € 1,000)	31-12-21	31-12-20	Liabilities (in € 1,000)	31-12-21	31-12-20
Land and buildings	79,973	79,577	Share capital	38,104	38,104
Other assets	654	294	Revaluation reserve	8,725	6,691
Deferred tax	605	177	Other reserves	9,251	8,228
Fixed assets	81,232	80,048	Retained earnings	-/- 9,677	-/- 10,069
			Equity	46,403	42,954
Assets held for sale	4,550	9,861			
Other	3,040	3,241	Bank loan	30,597	18,274
Liquid assets	1,744	1,272	Deferred Taxation	3,514	4,143
Current assets	9,334	14,374	Long-term debt	34,111	22,417
			Short-term loans	10,052	29,051
Total assets	90,566	94,422	Total liabilities	90,566	94,422

2. Report FY 2021 | Income statement over 2021

(In € 1,000)	2021	2020	delta
Operating rental and service income	9,176	10,317	-/- 1,141
Operational and service costs	5,166	5,914	-/- 748
Net rental income	4,010	4,403	-/- 393
Net sales and valuation result	+ 1,949	-/- 3,295	5,244
Other (financial) income	1,145	79	1,066
Total operating income	7,104	1,187	5,917
Total operating expenses (costs)	1,929	2,087	-/- 158
Net result before financing costs	5,175	-/- 900	6,075
Financing charges	2,150	2,672	-/- 522
Result for tax	3,025	-/- 3,572	6,597
Tax	109	-/- 217	326
Result after tax	3,134	-/- 3,789	6,923

2. Report FY 2021 | Tenant mix 2021

▶ Tenant mix is well diversified across Office, Retail and Services.



3. Current matters | After balance sheet date

- ▼ **Sale of assets** | Sale of Pražská 2 & 4 in Košice, Slovakia;
- ▼ **Operational** | Revaluation of Ukrainian assets;
- ▼ **Financing** | Sberbank CZ banking licence.

3. Current matters | Sale of non-core Slovakian assets

- ▶ On 4 January 2022, Arcona Property Fund sold two properties (Pražská 2 & 4) to a Slovak investor;
- ▶ Sale price was **€ 4.55 million** (around valuation);
- ▶ The occupancy rate at the time of sale was **76.8%**;
- ▶ Three short-term loans in a total amount of **€ 2.25 million** were then repaid.



3. Current matters | Sales for € 20.2 million



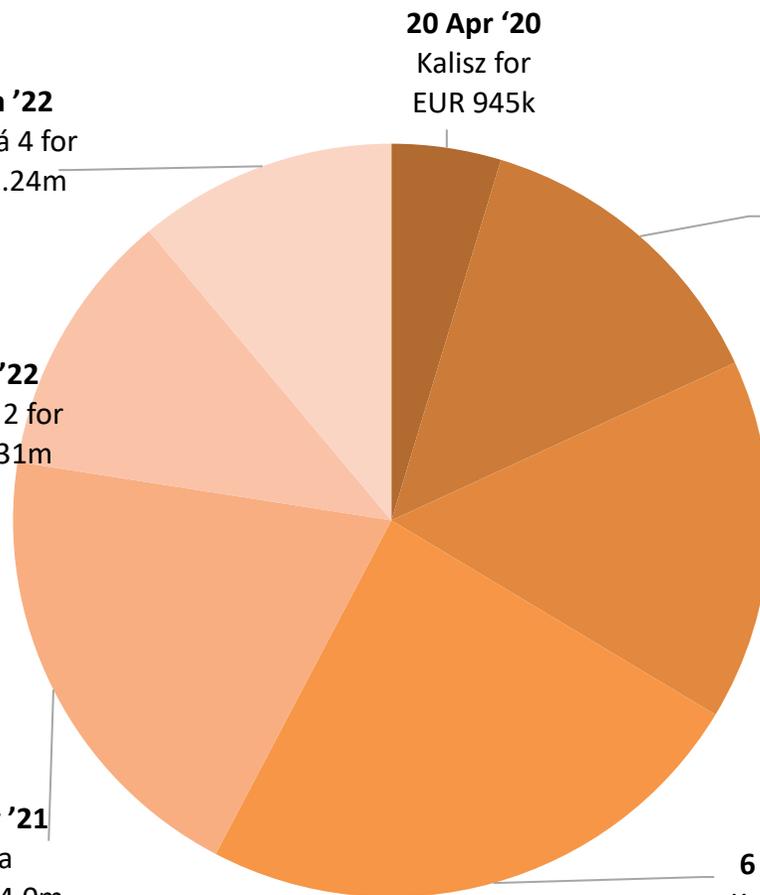
4 Jan '22
Pražská 4 for
EUR 2.24m



4 Jan '22
Pražská 2 for
EUR 2.31m



19 Nov '21
Žilina
for EUR 4.0m



21 Sep '20
Krivá 18 for
EUR 2.72m



21 Sep '20
Krivá 23 for
EUR 3.13m



6 May '21
Kosmalt for
EUR 4.86m

3. Current matters | Valuation of Ukrainian assets

- ▶ Arcona Property Fund owns two plots of land in Ukraine:
 - ▶ Odessa plot is 223,934 m² (logistic).
 - ▶ End 2021 value was **€ 2.7 million**.
 - ▶ Zaporozhzhia plot is 263,834 m² (retail).
 - ▶ End 2021 value was **€ 689,000**.



- ▶ Management **revalued** both sites **to zero** as from March 31, 2022 given the current uncertainty in Ukraine;
- ▶ The NNNAV decreased from € 12.76 to **€ 11.83**.

3. Current matters | Sberbank CZ banking licence

- ▶ On **28 February 2022**, the Czech National Bank (**CNB**) announced a decision to revoke the banking licence of Sberbank CZ;
- ▶ Arcona Property Fund N.V. through its subsidiary Arcona Capital RE Bohemia s.r.o. (ACREB) has with Sberbank CZ
- ▶ A loan of **€ 8.45 million** (loan to value of 44%);
- ▶ An **Interest Rate Swap** (IRS) with a positive value of **€ 294,000** (31-12-21);
- ▶ Approximately **CZK 10 million** (€ 400,000) deposits blocked on Sberbank CZ accounts.
- ▶ ACREB received from the State Guarantee Fund **€ 100,000**;
- ▶ ACREB has opened an account with Raiffeisen Bank for daily business-to-business.

3. Current matters | Acquisition SPDI assets

- ▶ On **29 March 2022**, Arcona Property Fund N.V. has completed on the purchase agreement with SPDI for the acquisition of a **21.18% share** valued at **€ 3.81 million** in an office building partly leased to the Romanian Telecoms Authority (ANCOM).
- ▶ Arcona Property Fund paid for this by the issuance of **315,668 shares** at an intrinsic value of **€ 11.83** and the issuance of **76,085 warrants**.



- ▶ DELENCO building
- ▶ Headquarters ANCOM Romania
- ▶ Centre Bucharest
- ▶ 5-year lease extension
- ▶ 10,375 m² lettable area

3. Trading update | Overview

- ▼ **Sale of assets** | Bids received for VUP property (Brno);
- ▼ **Operational** | Carrefour signs 7-year lease contract in Poland;
- ▼ **Acquisition** | Acquisition of SPDI real estate in Bucharest;
- ▼ **Sale of assets** | Bratislava property put up for sale;
- ▼ **Sale of assets** | Boyana Residence prospective sale;
- ▼ **Operational** | Update on Kiev land plots acquisition;
- ▼ **Financing** | Loan with Sberbank CZ.

3. Trading update | Bids received for VUP property

- ▶ Second phase bidding process generated bids over **CZK 100 million** (€ 4.0 million);
- ▶ Valuation 2020 was **CZK 66 million**;
- ▶ Valuation 2021 was **CZK 78.3 million**, due to the development potential identified by management;
- ▶ Current bids are ca. **28%** above latest valuation;
- ▶ Moment of sale depends on **Sberbank CZ situation**, e.g. what does the owner of the loan require ACREB to repay;
- ▶ Arcona Property Fund wants to use the proceeds for the **share buy back**.



- ▶ VUP Brno office
- ▶ South-East of Brno city center
- ▶ Lettable area 4,655 m²

3. Trading update | Lease with Carrefour signed

- ▶ In **June**, Arcona Capital RE Poland, a 100% subsidiary of Arcona Property Fund N.V., signed a new lease with **Carrefour**;
- ▶ It concerns the supermarket area in **Inowroclaw II**;
- ▶ Carrefour will open the store of **1,430 m²** early August 2022;
- ▶ Carrefour signs a **7-year lease**;
- ▶ Carrefour will replace the current tenant SPAR on more **favorable terms**.

3. Trading update | Acquisition SPDI assets

- ▶ On **15 June 2022**, Arcona Property Fund N.V. signed the purchase agreements with SPDI for the acquisition of:
 - ▶ additional 3.17% share in the Delenco office building (total interest: 24.35%);
 - ▶ The EOS office in Bucharest, fully let to Danone Romania.
- ▶ Arcona Property Fund N.V. paid for this by:
 - ▶ The issuance of **163,708 shares** at an intrinsic value of **€ 11.88**, and;
 - ▶ The issuance of **39,458 warrants**.



- ▶ EOS building
- ▶ Headquarters Danone Romania
- ▶ Northwest Bucharest
- ▶ Lease until May 2026
- ▶ 3,386 m² lettable area

3. Trading update | Property in Bratislava for sale

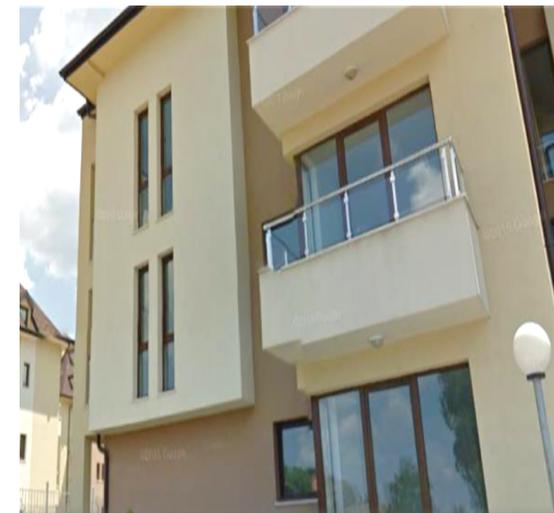
- ▶ Arcona Property Fund N.V. put the **property** Záhradnícka 46, in **Bratislava up for sale**;
- ▶ Valuation 2021 was € 4,054,000;
- ▶ The property has residential **redevelopment potential**;
- ▶ Bids are expected beginning of the **third quarter**;
- ▶ Proceeds will be used for the **share buy back**.



- ▶ Záhradnícka 46, Bratislava
- ▶ North of city centre of Bratislava
- ▶ 59 parking places
- ▶ 3,755 m² lettable area

3. Trading update | Sale of part of Boyana Residence

- ▶ End 2021 the Boyana project was valued at **€ 6.89 million**;
- ▶ Arcona Property Fund plans to **sell separate plots to local developers in Q3 2022**, to redeem the Alpha Bank loan in full;
- ▶ The remainder of the proceeds will be used for:
 - ▶ **Renovation** of the remaining apartments;
 - ▶ If cashflow is left, it will be used for the **share buy back**.
- ▶ Subsequently the rest of the apartments will be refurbished and sold.



- ▶ Located 9km southwest of Sofia
- ▶ 22,440 m² plot
- ▶ Residential apartments

3. Trading update | Update on Kiev land plots acquisition



- ▶ According to the Share Purchase Agreement signed in 2021, Arcona Property Fund N.V. will buy **two land plots in Kiev**, Ukraine;
- ▶ The total value (according to an external valuation) end of 2021 was **€ 1.83 million**;
- ▶ Kyianovskiy Lane | Central Kiev | 5,445 m² | € 1 million;
- ▶ Rozhny site | 40km northeast of Kiev | 42.3 hectares | € 833,333
- ▶ Due to the situation in Ukraine, the **transaction has not progressed**;
- ▶ The contract has specific conditions which should protect Arcona Property Fund's position.

3. Trading update | Loan with Sberbank CZ

- ▼ ACREB paid instalments due on 31 March 2022 **to prevent a default**;
- ▼ This action was in accordance with the advice of an international law firm;
- ▼ On **30 April**, CNB **revoked the banking licence** of Sberbank CZ;
- ▼ Sberbank CZ now has a **liquidator** appointed;
- ▼ Preferred solution is **to keep the current loan**, enjoy the benefit of the IRS and get access to the blocked accounts;
- ▼ Refinancing would mean (much) **higher interest costs**;
- ▼ The unprecedented situation causes **uncertainty**, also how the sale proceeds of a sale (of VUP Brno) would be treated;
- ▼ There are press reports of the imminent **sale of the loan book** to a Czech bank.

3. Trading update | Focus for second half 2022

- ▶ **Finalize sale of another 3 assets** to generate cash and improve portfolio structure
- ▶ **Start of the share buy back** with the proceeds of e.g.:
 - ▶ VUP Brno;
 - ▶ The property in Bratislava;
 - ▶ (Part of the) Boyana Residence.
- ▶ Share buy back has **two phases**:
 - ▶ (necessary) Dividend distribution and consequently start of the buy back of shares;
 - ▶ After the buying in the market dries up, a reversed **book building process**.
- ▶ The first phase takes € 1.5 to € 2.0 million, the second will need more funds.

4. Adoption | of the financial statements 2021

VOTING ITEM

-  Adoption of the Annual Accounts for 2021

5. Discharge | for the Management

▶ VOTING ITEM

- ▶ Discharge from liability of the Management Board for its management.

6. Discharge | for the Supervisory Board

VOTING ITEM

-  Discharge from liability of the members of the Supervisory Board for their supervision.

7. Composition | of the Supervisory Board

▾ Item A

- ▾ In accordance with the retirement schedule and reflecting service of a maximum term of 12 years, **Mr B. Vos** is stepping down as a member of the Supervisory Board.

7. Composition | of the Supervisory Board

▶ Item B – VOTING ITEM

- ▶ For the vacancy that has arisen, Stichting Prioriteit MERE proposes to appoint **Mrs. A. N. Krol** as member of the Supervisory Board.

Relevant working experience Loyens & Loeff NV:

- ▶ Lawyer 1992 – 2017;
- ▶ Partner 2002 – 2017;
- ▶ Of Counsel 2018 – 2021

Specialisations:

- ▶ Corporate law (including corporate governance issues);
- ▶ Capital market transactions (including IPOs and regulatory issues such as market abuse);
- ▶ Financial reporting (mainly advice on the application of Dutch GAAP and EU IFRS).

Other roles:

- ▶ Member of the Supervisory Board of the Dutch Vodafone Holding companies since September 2019;
- ▶ Member of the Board of Stichting Hazelhoff Van Huet since May 2016;
- ▶ Advisor to Confinant Audit Assurance since December 2020;
- ▶ Advisor to ENDYMION Amsterdam since January 2018;
- ▶ Member of the Editorial Board of Tijdschrift voor Jaarrekeningenrecht since 2014.

7. Composition | of the Supervisory Board

Item C – VOTING ITEM

- ▶ In accordance with the retirement schedule, Stichting Prioriteit MERE proposes that **Mr. H. H. Kloos** be reappointed as chairman of the Supervisory Board.

8. Any other items

9. Closure

- ▼ Arcona Capital Fund Management B.V.
- ▼ De Entree 55
- ▼ 1101 BH Amsterdam
- ▼ T: +31(0)20 82 04 720