



ARCONA CAPITAL  
REAL ESTATE INVESTMENT MANAGEMENT

General Meeting

**Arcona Property Fund N.V.**

26 June 2024 | 15:00



1. Opening
2. Report of the management board for the 2023 financial year
3. Current matters
4. Update Monetisation process
5. Adoption of the annual accounts for 2023 and allocation of the result;  
[voting item]
6. Discharge of the Management Board  
[voting item]
7. Discharge of the Supervisory Board  
[voting item]
8. Any other items
9. Closure

# 1. Opening

## 2. Report FY 2023 | Key developments

- Generated over EUR 2.85 million sales from the Boyana project;
- Secured significant lease extensions in Poland, boosting asset value;
- Distributed gross EUR 0.1765 (net EUR 0.1500) per share to shareholders;
- Adopted a new monetization and incentive framework;
- Strategic refinancing of the Czech portfolio by UniCredit.

## 2. Report FY 2023 | Key highlights

### Operational performance

- ▼ **Net rental income up** to EUR 4.58m, from EUR 4.19m in 2022;
- ▼ **Occupancy stable**, at 88%;
- ▼ **Earnings p.s. up** to EUR 0.04, from EUR -/- 1.07 in 2022.

### Financial performance

- ▼ **Weighted loan maturity up** to 3.52 years, from 3.21 end 2022;
- ▼ **Total debt down** to EUR 31.9m from EUR 36.1m end of 2022;
- ▼ **Weighted average interest rate up** to 7.37%, from 5.49% in 2022;
- ▼ **Valuation result up** to EUR 2.57m, from EUR -/- 3.94m in 2022.

### Balance sheet management

- ▼ **Loan-to-Value ratio<sup>1</sup> down** to 39.5 %, from 41.1% end of 2022;
- ▼ **Ongoing Charge Figure** excl. one-offs **stable** at 7.63%;
- ▼ **Sales: Non-core asset sales: EUR 2.9m.**

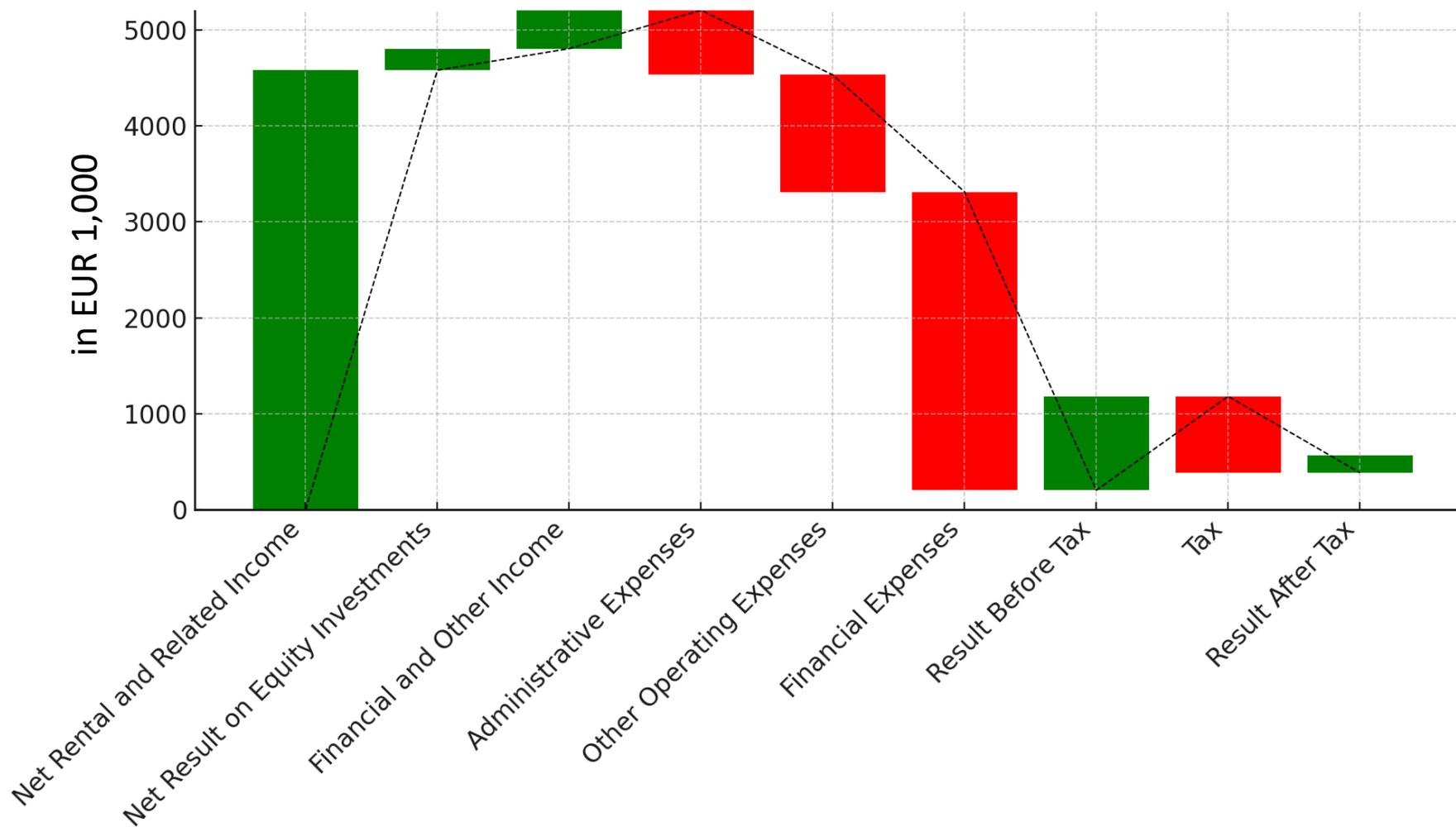
## 2. Report FY 2023 | Balance sheet

<b>Assets</b> (in EUR 1,000)	<b>31-12-23</b>	<b>31-12-22</b>	<b>Liabilities</b> (in EUR 1,000)	<b>31-12-23</b>	<b>31-12-22</b>
Land and buildings	72,656	73,183	Share capital	41,962	43,112
Other assets	995	1,022	Revaluation reserve	7,683	7,911
Deferred tax	-	432	Other reserves	8,314	10,230
<b>Fixed assets</b>	<b>73,651</b>	<b>74,637</b>	Retained earnings	-/- 12,563	-/- 14,738
			<b>Equity</b>	<b>45,396</b>	<b>46,515</b>
Assets held for sale	5,253	6,777			
Other current assets	2,386	4,065	Bank loan	6,956	17,213
Cash and liquidity	2,382	4,740	Deferred Taxation	3,804	3,567
<b>Current assets</b>	<b>10,021</b>	<b>15,582</b>	<b>Long-term debt</b>	<b>10,760</b>	<b>20,780</b>
			Bank loan	24,896	18,912
			Other short-term debt	2,620	4,012
			<b>Short-term debt</b>	<b>27,516</b>	<b>22,924</b>
<b>Total assets</b>	<b>83,672</b>	<b>90,219</b>	<b>Total equity &amp; liabilities</b>	<b>83,672</b>	<b>90,219</b>

## 2. Report FY 2023 | Income statement

(In EUR 1,000)	2023	2022	delta
Operating rental and service income	9,084	8,598	+ 486
Operational and service costs	4,502	4,407	+ 95
<b>Net rental income</b>	<b>4,582</b>	<b>4,191</b>	<b>+ 391</b>
Net sales and valuation result	779	-/- 4,645	+ 5,424
Other (financial) income	401	775	-/- 374
<b>Total operating income</b>	<b>5,987</b>	<b>321</b>	<b>+ 5,666</b>
Total operating expenses (costs)	1,894	2,053	-/- 159
<b>Net result before financing costs</b>	<b>4,093</b>	<b>-/- 1,732</b>	<b>+ 5,825</b>
Financing charges	3,113	2,208	+ 905
<b>Result for tax</b>	<b>980</b>	<b>-/- 3,940</b>	<b>+ 4,920</b>
Tax	797	410	+ 387
<b>Result after tax</b>	<b>183</b>	<b>-/- 4,350</b>	<b>+ 4,533</b>

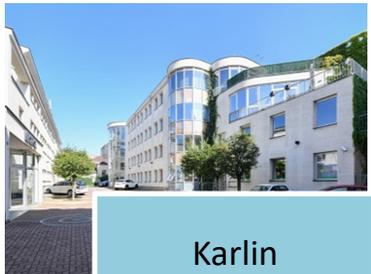
## 2. Report FY 2023 | Income statement waterfall



### 3. Current matters | Recent sales



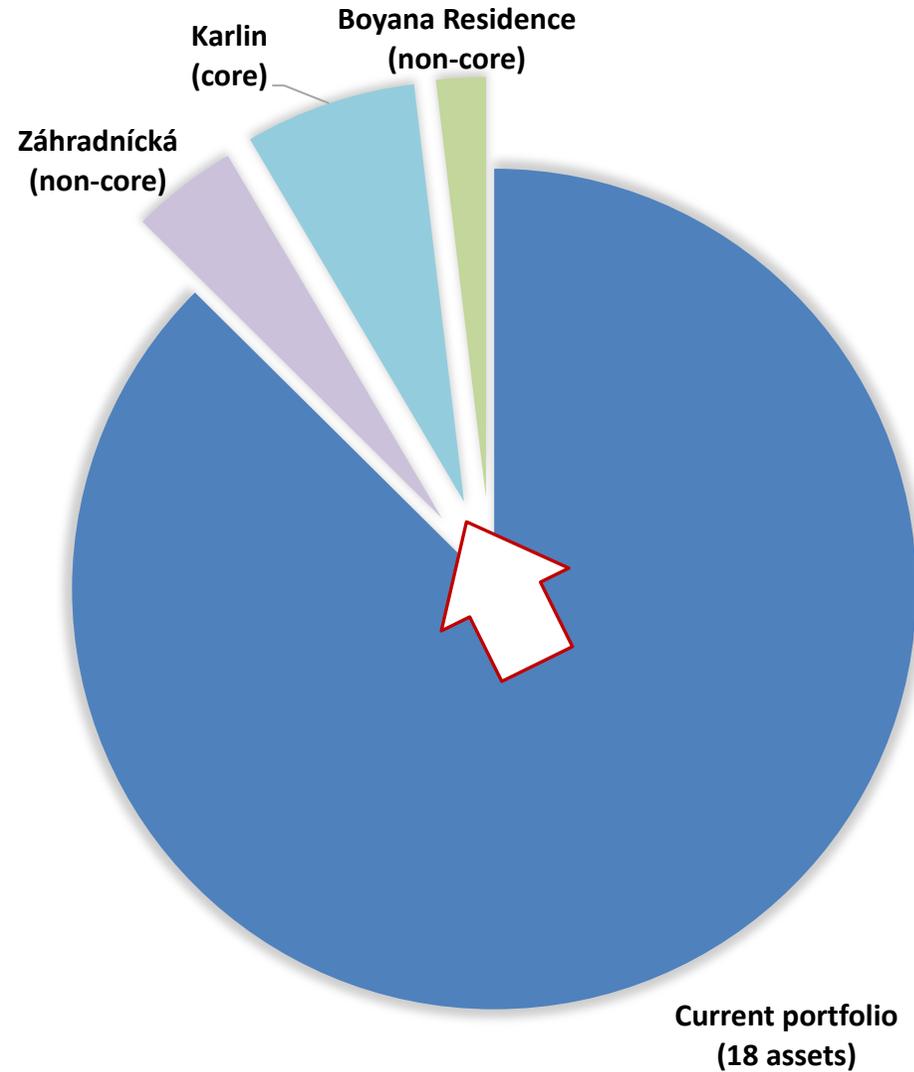
Boyana  
(Sofia)



Karlin  
(Prague)



Záhradnícká  
(Bratislava)



### 3. Current matters | Sale of non-core asset Záhradnícká

- ▶ Sales contract signed on 12 June 2024;
- ▶ Sale price is EUR 3.8 million (~ valuation 2023);
- ▶ Half of proceeds will be used for installing bank;
- ▶ Sale expected to be finalized in July (1<sup>e</sup> sale);
- ▶ Asset has taken several years to sell due to mixed-use and shared ownership;
- ▶ Part of proceeds will be used for reverse bookbuilding.



- ▶ Záhradnícká 46, Bratislava
- ▶ 59 parking places
- ▶ 3,755 m<sup>2</sup> lettable area



### 3. Current matters | Sale of Boyana Residence

- ▶ The Fund contracted to sell the remaining assets of Boyana Residence for EUR 1.59 million;
- ▶ The sale expected to be finalized in August (2<sup>e</sup> sale);
- ▶ Apartments were reconstructed and sold above 2023 valuation level;
- ▶ Part of the proceeds will be used to install loans on NV-level and to fund the reverse bookbuilding programme.



- ▶ Boyana Residences
- ▶ 22,440 m<sup>2</sup> plot
- ▶ Residential apartments



### 3. Current matters | Sale of core asset Karlin, Prague

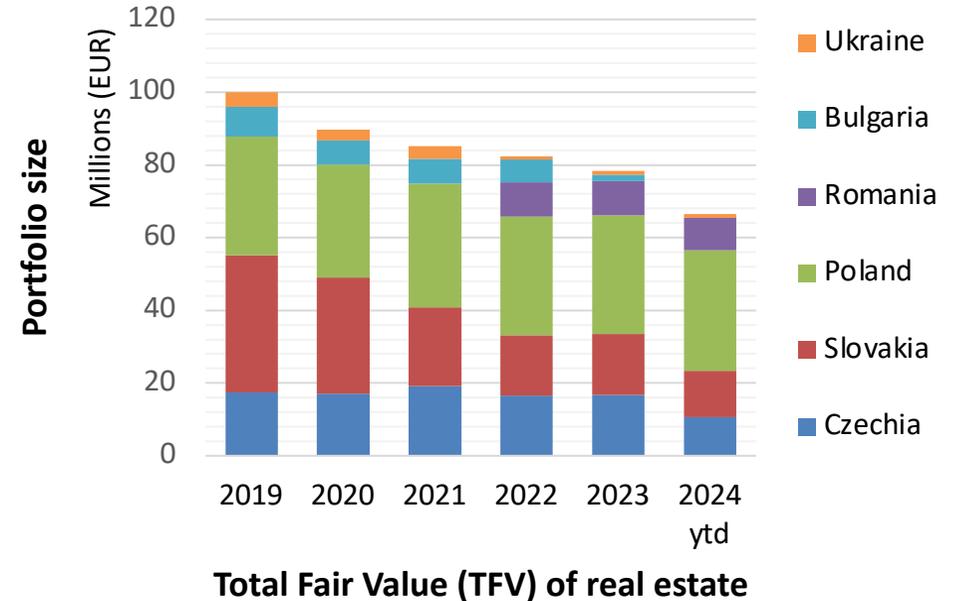
- ▶ Sales contract signed on 12 June 2024;
- ▶ Sale price was CZK 160.5 million (EUR 6.5 million), 5% above valuation;
- ▶ CZK 71 million will be used for instalment on loan;
- ▶ Sale expected to be finalized in Sep/Oct;
- ▶ Asset sold because no valued can be added;
- ▶ Part of proceeds will fund reverse book building and will be used for instalment of NV-loans.



- ▶ Prvniho pluku 621, Prague
- ▶ 35 parking places
- ▶ 4,245 m<sup>2</sup> lettable area



### 3. Current matters | Portfolio Overview



Country	Number of assets	% of Total Fair Value	
Poland	11	49.7	contains 3 non-core assets
Czechia	2	15.8	
Slovakia	1	19.2	
Ukraine	2	1.4	2 non-core assets
Romania	2	13.9	
	<b>18</b>	<b>100.0</b>	

### 3. Current Matters | Leaseholds held for sale

- ▶ **Assets:** Three leasehold supermarkets with a combined appraised value of EUR 6.7 million;
- ▶ **Financing:** Part of proceeds allocated for installing EUR 2 million loans;
- ▶ **Sales challenges:** leaseholds less liquid than freeholds, despite high occupancy.



**216 Legionow St., Torun**

Type	Retail
Rentable Surface (in sqm)	2,229
Occupation Rate (in %)	100.0
Fair value (in EUR)	3,210,000



**20 Grzymaly Siedleckiego St., Bydgoszcz**

Type	Retail
Rentable Surface (in sqm)	1,793
Occupation Rate (in %)	100.0
Fair value (in EUR)	1,330,000



**107 Kardynala Wyszynskiego St., Lodz**

Type	Retail
Rentable Surface (in sqm)	1,609
Occupation Rate (in %)	85.9
Fair value (in EUR)	2,190,000

## 4. Update Monetisation process | Overview

### Last 6 months overview

- ▶ Property Sales: EUR 13 million from properties in Prague, Bratislava and Sofia.
- ▶ Strategic sales: Packaged deal executed for a property facing individual sale challenges, notably Zahradnická, Bratislava.
- ▶ Project sales in Bulgaria: Major (final) part sold to a commercial entity and several apartments individually.
- ▶ Share price: Increased from EUR 4.60 to EUR 6.15 per share, reacted positively on PR of 12 June.

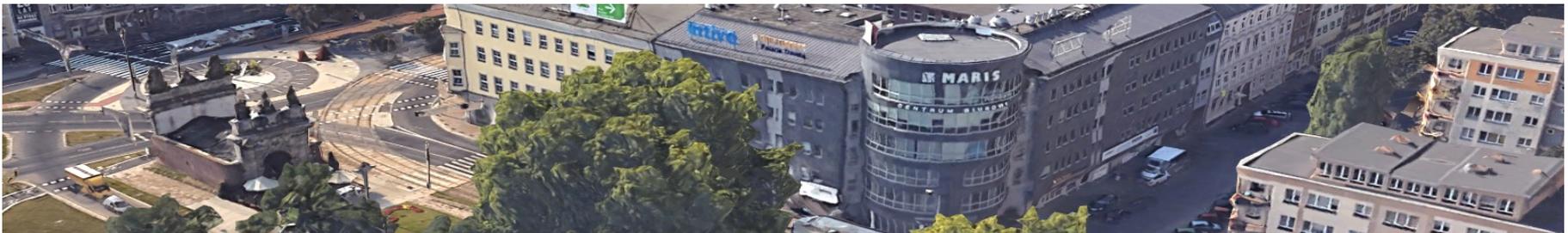
### Next 12 months outlook

- ▶ Continued sales programme: Aiming to sell an additional EUR 25 - 27 million in assets, focusing on both non-core and high-value core properties.
- ▶ Reverse bookbuilding: Ongoing programme to support asset liquidation.

## 4. Update Monetisation process | Focus for H2 2024

### Strategic asset sales and portfolio optimization

1. Finalize the sale of assets in Bulgaria, Slovakia and Czechia to enhance cash reserves and refine the portfolio structure.
2. Improve occupancy in Polish and Slovak offices to enhance financial performance and sales prospects in those countries;
3. Offer core and non-core assets to the market and continue with ongoing sale negotiations;
4. Initiate a reverse book building process using a portion of the net proceeds from the sales in Czechia and Slovakia.



### ▶ Interest rate trajectories:

2024 is perceived to have reached the peak of the current rate cycle, leading to eased loan conditions, which enhances net financial returns and improves market sentiment.

### ▶ Disposal programme of non-core assets and core-assets at their peak:

- Disposal of non-core assets: The disposal program for non-core assets will continue, as part of the monetization strategy aimed at generating net proceeds from asset sales over the next 12 months.
- Operational performance: We expect strong operational performance, characterized by high occupancy levels and rising rents.

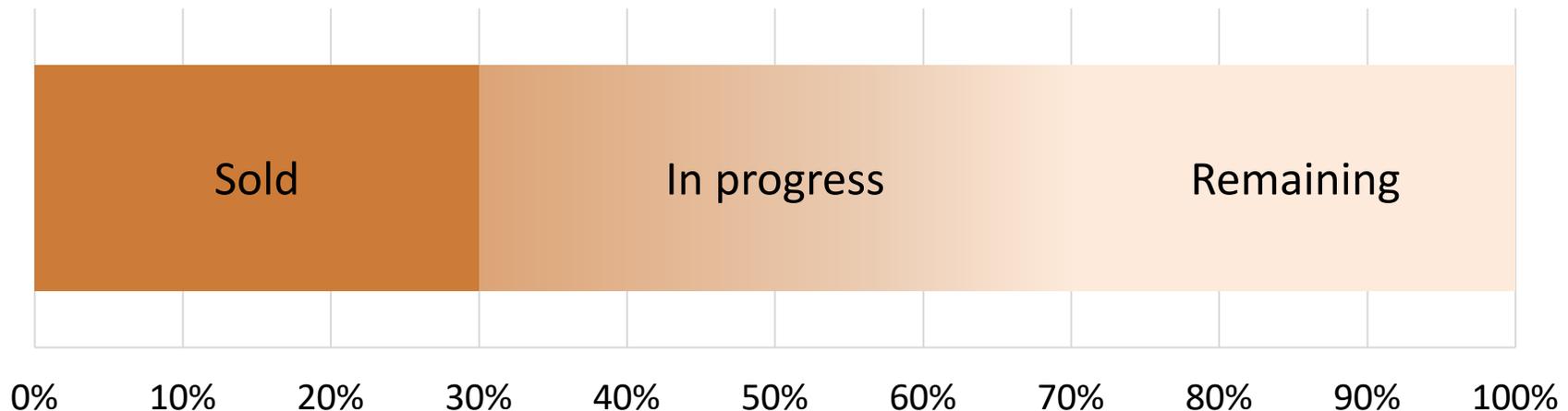
## 4. Update Monetisation process | Expected timeline

- ▶ **Q3 2024:** Finalization of multiple sales and initiation of reverse book building programme after proceeds of a second sale are received;
- ▶ **Q4 2024:** Continued sales of non-core assets in Poland, Romania and possibly Ukraine, and preparation for market offering.
- ▶ **Q1 2025:** Further sales of (non-)core properties and return money to investors.

## 4. Update Monetisation process | Timeline

- ▶ At 6 months (one-third of the process), approx. one-third of target assets are sold.
- ▶ Several assets held for sale, with new ones being prepared.
- ▶ Progress is being made in increasing occupancy, which supports potential sales.

### As at month 6:



## 4. Update Monetisation process | Tender offer

- ▶ **A Tender Offer** (reverse bookbuilding) is a method where a company buys back shares from shareholders within a predetermined price range. This specific tender aims to streamline share buyback efficiently, balancing market prices with shareholder interests.
- ▶ ABN AMRO acts as **the agent**, aggregating offers and buying shares at the lowest price possible, known as the Clearing Price.
- ▶ **The offer** is open for a predetermined period and may be conditional on receiving tenders for a minimum number of shares.

## 4. Outlook | Tender offer – Minimum & Maximum

- ▶ Minimum Price (M): Normally 10% above the company's VWAP (Volume Weighted Average Price) in the 5 trading days preceding the start of the offer;
- ▶ Maximum Price: Based on a premium to certain reference points, price to be determined;
- ▶ Price steps: Shareholders can specify prices in EUR 0.10 increments between the minimum price and the maximum price;

**Details will be shared by a press release when the proceeds of the sales are in the account of the Fund.**

## 4. Outlook | Tender offer – order acceptance

### Procedure:

- ▶ Submission: Shareholders must place orders via their banks or brokers to ABN AMRO, acting as the tender agent.
- ▶ Duration: The offer remains open for a specified period.

### Order acceptance hierarchy:

1. Minimum price (M): All shares tendered at the minimal price;
2. Strike price: Tenders at specific price points (e.g.,  $M+0.10$ ,  $M+0.20$ );
3. Below clearing price: Shares tendered below the clearing price
4. Pro rata: Additional shares at the clearing price are accepted proportionally.

## 4. Outlook | Tender offer – Indicative timetable

<b><u>Event</u></b>	<b><u>Days</u></b>	<b><u>Description</u></b>
<b>Opening date</b>	T	Tender offer opens
<b>Closing date</b>	T+20 BD	Tender offer closes
<b>Announcement date</b>	T+21 BD	The Fund announces the number of shares repurchased, the Clearing Price, and the allocation as soon as reasonably possible following the Closing Date but no later than three business days (BD) thereafter.
<b>Settlement date</b>	T+23 BD	Payment to shareholders whose shares are accepted by the Fund will take place no later than three BD after the Fund announced that it repurchased the allocated shares under the Tender Offer.

## 5. Adoption | of the financial statements 2023

### ▾ Voting item

- ▾ The Management Board proposes to adopt the annual accounts of Arcona Property Fund N.V. for 2023 and to add the result to the reserves.

## 6. Discharge | for the Management

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### ▶ Voting item

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

## 7. Discharge | for the Supervisory Board

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### ▶ Voting item

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

## 8. Any other items

# 9. Closure & Disclaimer

## **Disclaimer:**

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