



ARCONA CAPITAL



ARCONA PROPERTY FUND N.V.

SEMI-ANNUAL REPORT 2024

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1 FOREWORD FROM THE MANAGEMENT

The real estate market across Central Europe continues to be influenced by high interest rates, geopolitical concerns and inflationary pressures. Despite these challenges, during the first half of 2024, Arcona Property Fund N.V. (the **Fund**) has delivered strong increases in rental income, further reductions in debt levels and continued successful sales of non-core assets.

The broader economic scenario is showing some signs of stabilization, with interest rates falling in Czech Republic and Poland and inflation easing significantly across the region. Real estate market sentiment is considerably more positive than in Germany and both letting and investment activity is rising from 2022/23 levels. Prime office rents in major cities have continued to rise and vacancy rates remain modest in historic terms

Although investment activity in European real estate faced headwinds in 2023, valuations across Central Europe remained relatively stable in most sectors and there is optimism for a return to growth in the second half of 2024, driven by anticipated interest rate cuts and improving economic conditions. This recovery is expected to attract more investors into the market, particularly in sectors such as logistics, residential and office, which are showing resilience and rising occupier demand

KEY DATA PER 30-6-2024 AND 31-12-2023

	30-06-2024	31-12-2023
Number of assets ¹	21	21
Investment Properties, Inventories and Assets held for sale (€ 1,000)	79,041	78,847
Assets held for sale (€ 1,000)	29,315	5,253
Total Assets (€ 1,000)	83,649	83,672
Shareholders' Equity (€ 1,000)	45,804	45,396
Total Liabilities (€ 1,000)	37,845	38,286
Loans and borrowings (€ 1,000)	29,943	31,852
 Total Loan-to-value (LTV) (%)	 38.69	 39.52
Financial Expense level (%) ²	7.30	7.00
Share price ultimo (€)	6.44	5.00
Occupancy (%)	87.0	87.5
 Semi-annual gross Income (€ 1,000)	 4,561	 -
Annual gross Income (€ 1,000)	-	9,084

At June 30, 2024, the Fund managed a portfolio of 21 assets. However, at that time, the Fund was already in the process of selling two properties and the remaining assets in Bulgaria. These sale processes are expected to be fully concluded in the third quarter of 2024, involving Záhradnícka in Bratislava, Slovakia, Karlin in Prague, Czechia, and the remaining assets in Sofia, Bulgaria. After completion, 18 assets remain in the real estate portfolio. Semi-annual gross income was € 4.56 million.

The 'Assets Held For Sale' increased significantly from € 5.253 million to € 29.315 million, indicating the strategic shift towards monetizing certain properties. Further, there was a minor decrease in 'Total Assets' from € 83.672 million to € 83.649 million. 'Shareholders' equity' experienced a slight increase, moving from € 45.396 million to € 45.804 million. Total Liabilities decreased from EUR 38.286 million to € 37.845 million, while Loans and borrowings reduced from € 31.852 million to € 29.943 million, reflecting the bank loan instalments paid during the reporting period.

The overall Loan-to-value (**LTV**) ratio showed a favourable decline from 39.52% to 38.69%. The Financial Expense level indicator rose from 7.00% to 7.30%, primarily due to the notable rise in interest costs. The occupancy rate remained relatively stable at 87.0%.

During the reporting period the share price rose significantly from € 5.00 to € 6.44 (+28.8%), reflecting positive shareholder sentiment regarding the monetization strategy.

¹ Záhradnícka is sold after June 30, 2024. Karlin and the remaining assets in Bulgaria are in progress of being sold.

² Financial expenses (see 11.13) / Total Liabilities (as at end reporting period).

KEY FIGURES

BALANCE SHEET STATEMENT (in € 1,000)

	H1 2024	H1 2023	2023	2022	2021	2020
Investment properties	48,917	67,259	72,656	73,183	79,973	79,258
Other non-current assets	1,080	1,578	995	1,454	1,259	656
Current assets	33,652	16,757	10,021	15,582	9,334	14,508
Total assets	83,649	85,594	83,672	90,219	90,566	94,422
Shareholders' equity	45,804	46,438	45,396	46,515	46,403	42,954
Deferred tax liabilities	3,556	3,277	3,426	3,183	3,514	4,143
Other non-current liabilities	6,081	8,143	7,334	17,597	30,597	18,301
Current liabilities	28,208	27,736	27,516	22,924	10,052	29,024
Total equity and liabilities	83,649	85,594	83,672	90,219	90,566	94,422
Loan-to-Value (in %)	38.7	40.4	39.5	43.6	42.2	47.0
Solvency Equity-ratio (in %)	54.8	54.3	54.3	51.6	51.2	45.5

PROFIT AND LOSS STATEMENT (in € 1,000)

	H1 2024	H1 2023	2023	2022	2021	2020
Direct result before tax	674	359	201	637	1,076	-/- 277
Indirect result before tax	306	-/- 255	779	-/- 4,577	1,949	-/- 3,295
Total result before tax	980	104	980	-/- 3,940	3,025	-/- 3,572
Income tax expense	180	165	797	410	-/- 109	217
Total result after tax	800	-/- 61	183	-/- 4,350	3,134	-/- 3,789
Occupancy (in %)	87.0	84.9	87.5	88.6	90.3	83.6
Rentable area (in m ²) ³	55,819	55,715	55,033	55,715	66,701	92,174

ISSUED CAPITAL

	H1 2024	H1 2023	2023	2022	2021	2020
Ultimo outstanding shares	4,177,083	4,177,083	4,177,083	4,185,984	3,758,583	3,758,683
Basic earnings per share (in €)	0.19	-/- 0.01	0.04	-/- 1.07	0.83	-/- 1.01

DATA PER SHARE

	H1 2024	H1 2023	2023	2022	2021	2020
(Interim-) dividend	-	-	0.15	-	n.a.	n.a.
NNNAV conform ⁴	10.93	11.77	10.93	11.81	12.76	11.84
Avg. monthly turnover (in €)	121,442	79,264	101,307	227,468	269,291	75,006
Highest price (in €)	6.44	5.90	6.00	7.49	7.60	6.29
Lowest price (in €)	4.57	5.08	3.80	4.61	3.40	3.70
Ultimo price (in €)	6.44	5.42	5.00	5.90	7.50	3.93

³ Without Boyana Residence apartment area.

⁴ Following the Extraordinary General Meeting on December 20, 2023, the Fund updated its deferred tax liability calculation method to include the full nominal value of these liabilities.

2 REPORT OF THE MANAGING BOARD

The Managing Board hereby presents the semi-annual report of 2024 of the Fund. The reporting period is from 1 January 2024 to 30 June 2024.

2.1 SUMMARY OF EVENTS DURING THE FIRST HALF OF 2024

The following events took place during the reporting period:

22 January 2024 | The Fund obtained a waiver from Patria Bank

The Fund has been granted a waiver by Patria Bank of Romania for breaching the DSCR covenant due to elevated debt service costs caused by high interest rates.

19 February 2024 | The Fund obtained a waiver from Slovenská sporiteľňa

The Fund has been granted a waiver by the Slovakian bank Slovenská sporiteľňa (SLSP), for breaching the DSCR covenant due to elevated debt service costs caused by high interest rates.

20 February 2024 | The Fund updates portfolio values and deferred tax liabilities

The Fund reported adjustments in its real estate portfolio values as of 31 December 2023, with valuation increases across its holdings, except for a decrease in Romanian assets. Following the Extraordinary general meeting on 20 December 2023, the Fund has updated its deferred tax liability calculation method, now recognizing the full nominal value of these liabilities in anticipation of planned property sales.

22 March 2024 | Two investor loans refinance CVI bond loan

The Fund has secured a € 2 million loan from two investors, which has been utilized to refinance the group-level CVI bond loan. This loan was previously provided as an intercompany loan to its subsidiary, Arcona Capital Real Estate Trio Limited Liability Company, which owns three leasehold retail assets in Poland. The CVI bond loan carried an interest rate of EURIBOR + 8.5%, effectively totalling 12.4% per annum. The new investor loan has been used to settle the € 1.8 million principal of the CVI loan and all accrued interest. This investor loan has an 11% interest rate and a 0.75% arrangement fee. It offers the flexibility to be settled at any time on or before its maturity date of 18 December 2024.

23 April 2024 | The Fund obtained a waiver from Hypo Noe

The Fund has received a waiver from Austrian HYPO NOE Landesbank (Hypo Noe), the financier of the large Polish portfolio for breaching the DSCR-covenant due to elevated debt service costs associated with high interest rates.

21 May 2024 | Strong first quarter results for the Fund

The Fund reported a pre-tax profit of € 555,000 in Q1 2024, a 217% increase from EUR 175,000 in Q1 2023. Gross rental income rose by 2.9% to EUR 1.70 million, and net profit reached EUR 467,000, up from € 84,000 in the same period last year. This growth is driven by higher rental income, a 9.7% reduction in fund costs, and positive sales results from Boyana Residence. The Triple Net Asset Value per share slightly decreased to € 10.91 due to negative exchange rate effects. The LTV ratio improved to 39.2%. The Fund remains confident in its 2024 sales strategy despite economic challenges.

13 June 2024 | The Fund sells € 12 million of real estate

The Fund has signed agreements for the sale of the Záhradnícka office building in Bratislava and the Karlin office building in Prague, totalling approximately € 10.3 million. Additionally, the Fund has sold its remaining Bulgarian real estate holdings for € 1.59 million. The transactions are expected to complete in Q3 2024. The Záhradnícka building, with a 58% occupancy rate, sold for € 3.8 million, while the Karlin building, with a 92% occupancy rate, sold for approximately € 6.5 million, 5% above its appraised value. Proceeds from these

sales will support the reverse bookbuilding programme, details of which will be shared at completion. Further sales in Poland and other regions are planned.

27 June 2024 | Resolutions adopted at AGM

The Fund held its Annual General Meeting (**AGM**) on June 26, 2024. Shareholders adopted the annual accounts for 2023 and granted discharge to both the Managing and Supervisory Board for their activities. The AGM presentation, including details on the Tender Offer (reverse bookbuilding programme), is available on the Fund's website.

Events after balance sheet date

3 July 2024 | Fund leases 1,060 m² office space in Poland

The Fund has secured two new leases for its Maris office building in Szczecin, Poland, increasing the building's occupancy rate by 18% to 85%. The modern office building, centrally located in Szczecin, features 5,945 m² of rentable space and 119 underground parking spaces. EBZ Design has leased 575 m² for 60 months, while Affidea has leased 485 m² for 120 months. These leases significantly extend the average rental term, boost rental income and reduce service cost leakage. The new contracts support the property's € 9.1 million valuation and enhance its market liquidity.

10 July 2024 | Update on SPDI EGM Decision

The Fund announced that its major shareholder, Secure Property Development & Investment plc (**SPDI**), will distribute its shares in the Fund to its shareholders. This proposal was adopted at SPDI's Extraordinary General Meeting (EGM) on July 10. Following this distribution, the shares will become tradeable, with SPDI aiming to complete the distribution before the end of the year.

There were no further material events after balance sheet date.

2.2 MARKET OUTLOOK

The commercial real estate market in Central Europe is positioned for cautious growth in H2 2024 and early 2025. Robust GDP growth, a favourable business environment, and increasing foreign investment support the market, though rising interest rates, geopolitical tensions and evolving work patterns pose challenges.

The Polish market is driven by strong demand in the office and logistics sectors, with Warsaw leading in modern office spaces catering to hybrid work models. The logistics sector thrives on e-commerce growth, especially in urban centres and near transport hubs, while retail real estate faces pressure from online shopping trends.

Prague's office market focuses on flexible workspaces and sustainability, benefiting from Czechia's strategic location and manufacturing base, with retail real estate recovering through experiential shopping.

Bucharest's (Romania) office market is active with developments in modern, energy-efficient buildings, while the logistics sector booms, supported by infrastructure improvements and e-commerce growth, and retail diversifies with traditional and innovative retail spaces gaining traction.

Central Europe's commercial real estate market offers promising opportunities amid challenges. The region's strategic location and economic resilience provide a favourable environment for growth, but sentiment is sensitive to external risks and to the performance of the major Western European economies.

2.3 STRATEGIC DEVELOPMENTS AND OUTLOOK

2.3.1 ASSET DISPOSALS AND ACQUISITIONS

The Fund is continuing its active disposal programme, focusing on older and less efficient properties and on peripheral markets. This programme, including recent sales in progress, has resulted in the disposal of over € 39.3 million worth of assets since 2020, with the proceeds either returned to shareholders or used for debt repayment. Over the next twelve months, the focus will be on further sales from the portfolio, with the aim of realizing approximately € 40 million in total sales by the end of June 2025.

Table 1 – Asset Sales summary from 2020 to end reporting period (in million EUR)

Date	Asset Name	Type	Sale price	Remark
20-04-20	Kalisz, Poland	Retail center	0.98	Sold to a local retailer
21-09-20	Krivá 18 & Krivá 23, Košice, Slovakia	Office	5.85	7% below appraisal value 31-12-19, 45% above purchase price in 2006.
06-05-21	Kosmalt, Kysucká 16, Košice, Slovakia	Office & Residential	4.86	2% above appraisal value 31-12-20. Used mainly as student accommodation.
19-11-21	Žilina, Slovakia	Office	4.00	Sold to a local development company.
04-04-22	Pražská 2 & 4, Košice, Slovakia	Office & Residential	4.55	2% below appraisal value 31-12-21.
18-08-22	Šujanovo náměstí 3 (VUP), Brno, Czechia	Office	4.32	36% above appraisal value 31-12-21.
22-06-23	Partial sale of Boyana Residence, Sofia, Bulgaria	Residential	2.85	Parts, including eight apartments. Ongoing sales 50% above valuation.
13-06-24	Záhradnícka, Slovakia	Office	3.80	Equal to appraisal value 31-12-23.
13-06-24	Karlin, Czechia	Office	6.50	5% above appraisal value 31-12-23.
13-06-24	Residual assets of Boyana Residence, Sofia, Bulgaria	Residential	1.59	As a share deal
Total	11 assets		39.30	

2.3.2 DIVIDEND AND SHARE BUY BACK PLANS

The Fund's dividend policy is to distribute approximately 35% of the annual operational result to its shareholders. This distribution is planned in two phases: an interim dividend with the half-year results and a final dividend after the year-end, both in cash. However, in October 2021, shareholders adopted the Management Board's proposal to launch a share buyback programme. The net proceeds from asset sales will be used for this purpose, after meeting short-term debt repayment commitments. The Management has now scheduled the second phase of the share buyback programme, the so-called Tender Offer, for H2 2024, as highlighted during the General Meeting in June 2024. Details regarding the timing, procedure, and volume of the Tender Offer will be communicated to the market later this year.

2.4 FINANCIAL PERFORMANCE

This section provides an examination of the Fund's financial metrics for H1 2024, showing a comparative analysis of the Net Asset Value, the fluctuation in share prices, and cash flow statements.

Table 2 – Total Return on share price and Net Asset Value during H1 2024

	Based on share price		Based on NNNAV	
	In €	In %	In €	In %
Start period	5.00		10.93	
End period	6.44		10.93	
Return	1.44	28.8%	0.00	0.0%

See also 3.1.10 “Calculation of NNNAV”

2.4.1 NET ASSET VALUE PER SHARE AND SHARE PRICE DEVELOPMENT

The following tables show the development of the Fund's Net Asset Value during the reporting period.

Table 3 – Comparative statement of the Triple Net NAV per share

	30-06-2024	31-12-2023
Shareholders' equity in accordance with NAV (in € 1,000)	48,060	48,360
Including: Fair value of financial instruments (in € 1,000)	309	300
Including: Fair value of debt (in € 1,000)	-	-
Including: Fair value of deferred tax (in € 1,000)	-/- 3,153	-/- 3,852
Including: Fair value of inventories (in € 1,000)	781	846
Including: Transaction costs and sales fees (in € 1,000)	-/- 340	-
Shareholders' equity in accordance with NNNAV (in € 1,000)	45,657	45,654
Number of ordinary shares in issue	4,177,083	4,177,083
Adjusted NNNAV per share (in €)	10.93	10.93
Return on NAV YTD (in %)	0.0	-

The comparative statement details adjustments to the Net Asset Value (NAV) per share for the end of 2023 and the end of H1 2024, resulting in the Triple Net Asset Value (NNNAV). Key adjustments include the fair value of financial instruments, debt, deferred taxes, and inventories.

From December 2023 to mid-2024, shareholders' equity according to NAV slightly decreased from € 48.36 million to € 48.06 million. The fair value of financial instruments increased from € 0.30 million to € 0.31 million. The fair value of deferred taxes improved from € -/- 3.85 million to € -/- 3.15 million. The fair value of inventories (apartments in the Boyana Residences) decreased from € 0.846 million to € 0.781 million, and transaction costs and sales fees amounted to € -/- 0.34 million in 2024.

Shareholders' equity in accordance with NNNAV showed a marginal increase from € 45.657 million to € 45.654 million. The adjusted NNNAV per share remained constant at € 10.93.

For further details, see section 3.1.11, 'Explanation of adjustments in the calculation of NNNAV'.

The following table displays the monthly development of the share price in 2024. The share price experienced fluctuations throughout the first half of the year, with trading volumes peaking in February and then decreasing in March. During the first part of 2024, a steady increase in the share price developed, although with moderate trading volume.

Table 4 – Development of the share price

		Opening price	Closing price	Volume
		Begin period	End period	Per month
Period		In €	In €	In pieces
2024	January	4.66	4.87	15,112
	February	4.90	5.20	54,638
	March	5.20	5.20	1,704
	April	5.19	5.49	47,816
	May	5.50	5.79	7,088
	June	5.74	6.44	15,566

During the first half of 2024, the share price showed a steady upward trend. This data indicates a general positive share performance in the first half of 2024, with significant price increases and varied trading volumes, suggesting increased investor interest and confidence in the company's stock price.

2.4.2 INCOME STATEMENT

The comparative statement of semi-annual results for the periods ending 30 June 2024 and 30 June 2023 highlights significant financial changes. Key metrics such as the direct result before tax and the net rental and related income show notable increases, indicating improved performance over the year.

Table 5 – Comparative statement of semi-annual results

	01-01-2024 until 30-06-2024 In € 1,000	01-01-2023 until 30-06-2023 In € 1,000	Change In € 1,000
Direct result before tax	674	359	315
Net rental and related income	2,375	2,179	196
Financial and other operating income	500	214	286
Fund level expenses	-/- 818	-/- 817	-/- 1
Financial expenses	-/- 1,383	-/- 1,340	-/- 43
Indirect result before tax	306	-/- 255	561
Result before tax	980	104	876
Tax	180	-/- 165	-/- 15
Result after tax	800	-/- 61	861

The increase in the *direct result before tax* can be attributed predominantly to more rental income, as operational components made positive contributions to the result. Delving deeper into the direct result, the following details can be noted:

- The net rental and related income increased by € 196,000, reflecting strong rental performance and efficient property management;
- Financial and other operating income saw a significant rise of € 286,000, driven by better investment returns and operational efficiencies;
- Fund level expenses remained stable, with a marginal increase of € 1,000;
- Financial expenses rose by € 43,000 due to higher interest rates and increased borrowings.

Apart from that, the *indirect result before tax* for H1 2024 was a positive € 306,000, which is significantly higher (€ 561,000) than the loss of € 255,000 in H1 2023.

The result before tax improved notably, moving from a positive € 104,000 in the first half of 2023 to a positive € 980,000 in 2024, marking a positive change of € 876,000. After accounting for tax, the net result after tax shifted from a loss of € 61,000 in H1 2023 to a profit of € 800,000.

2.4.3 BALANCE STATEMENT

Table 6 – Balance statement

	30-06-2024	31-12-2023
	in € 1,000	in € 1,000
Investment property	48,917	72,656
Other non-current assets	1,080	995
Current assets	33,652	10,021
Total assets	83,649	83,672
Shareholders' equity	45,804	45,396
Deferred tax liabilities	3,556	3,426
Long-term loans and borrowings	6,081	7,334
Total current liabilities	28,208	27,516
Total shareholders' equity and liabilities	83,649	83,672

As of 30th June 2024, the fund's balance statement shows *Total Assets* amounting to € 83.649 million, a slight decrease from € 83.672 million as of 31st December 2023.

- *Investment Property* showed a significant decrease from € 72.656 million to € 48.917 million, reflecting a strategic reclassification of investment properties;
- *Other non-current Assets* increased modestly from € 995,000 to € 1.08 million;
- *Current Assets* saw a substantial increase from € 10.021 million to € 33.652 million, highlighting a strong increase in assets classified as held for sale;
- *Shareholders' Equity* experienced a marginal increase from € 45.396 million to € 45.804 million, demonstrating stable equity levels following positive results;
- *Long-term Loans and Borrowings* witnessed a decrease from € 7.334 million to € 6.081 million, indicating efforts to reduce long-term debt, but mainly representing a reclassification from long-term to short-term debt;
- *Current Liabilities* increased slightly from € 27.516 million to € 28.208 million, showing adjustments in short-term financial obligations due to reclassification of debt.

In summary, the first half of 2024 witnessed the Fund executing strategic reclassifications, sales and liability management, whilst maintaining stable levels of shareholders' equity.

2.4.4 CASHFLOW STATEMENT

The net cash flow of the Fund after operating, investment, and financing activities was € -/- 0.51 million (H1 2023: € -/- 1.89 million). The table below provides a summary of the cash flow (see also Table 7 Consolidated cash flow statement).

Table 7 – Consolidated cash flow statement

	01-01-2024 until 30-06-2024 in € 1,000	01-01-2023 until 30-06-2023 in € 1,000
Cash flow from operating activities	154	-/- 778
Cash flow from investing activities	22	2,864
Cash flow from financing activities	-/- 684	-/- 3,976
Net increase / decrease (-/-) in cash and cash equivalents	-/- 508	-/- 1,890
Cash and cash equivalents as at 1 January	2,382	4,740
Effect of exchange and currency translation result on cash held	-/- 7	119
Cash and cash equivalents as at 30 June	1,867	2,969

Operating Activities: Net cash utilised in operating activities amounted to € 0.154 million, a positive shift from the previous year's negative cash flow of € -/- 0.778 million.

Investing Activities: The cash flow generated from investing activities was € 22,000, a significant decline compared to the € 2.864 million recorded in the first half of 2023.

Financing Activities: The net cash expended in financing activities was € -/- 0.684 million, which is an improvement compared to the € -/- 3.976 million spent during the same period last year.

Overall, there was a net decrease in cash and cash equivalents of € -/- 0.508 million in 2024, contrasting with the net decrease of € -/- 1.890 million observed in the same period of 2023. Consequently, the cash and cash equivalents at the end of June 2024 stood at € 1.867 million, compared to € 2.969 million at the end of June 2023. The exchange and currency translation negatively affected the cash position in 2024, reducing it by €7,000.

In conclusion, despite positive operational developments, significant cash outflows from financing activities and reduced proceeds from investing activities have impacted the liquidity position during this period.

Table 8 – Statement of recognised income and expense

	H1 2024 in € 1,000	H1 2023 in € 1,000
Foreign currency exchange differences on net investment in group companies	-/- 401	23
Income tax on foreign currency exchange differences on net investments in group companies	9	18
	-/- 392	41
Net gain/ (loss) recognised directly in shareholders' equity	-/- 392	41
Result for the period	800	-/- 61
Total comprehensive income for the period	408	-/- 20

H1 2024 recorded a € 401,000 decrease due to foreign currency exchange differences, compared to a gain of € 23,000 in H1 2023. The resulting net loss recognized directly in shareholders' equity was € 392,000, against a gain of € 41,000 last year.

Despite this, the net result improved significantly to € 800,000 from a loss of € 20,000 in H1 2023. This turnaround highlights both the Fund's successful sales strategy and enhanced operational efficiencies.

Overall, our total comprehensive income for H1 2024 was € 408,000, a substantial improvement from the loss of € 20,000 in the same period last year.

2.5 OPERATIONAL PERFORMANCE

2.5.1 REAL ESTATE PORTFOLIO ANALYSIS

Table 9 – Comparative statement of the real estate portfolio

	30-06-2024	31-12-2023	change
Property asset value (in € 1,000) ⁵	79,041	78,847	194
Assets held for sale (€ 1,000)	29,315	5,253	24,062
Number of properties	21	21	0
Rentable area (in m ²)	55,819	55,033	786

The minor increase in property asset value by € 194,000 is specifically attributed to exchange rate effects and investments in the properties. As the sales of Záhradnícka and Karlin did not formally conclude by the reporting date and the Boyana Residence is treated as a single property asset, the total number of properties remained unchanged at 21.

Significant changes are observed in the category of assets held for sale, which surged by € 24.06 million. This rise primarily results from the reclassification of certain properties, including Karlin, Maris, and the leaseholds in Lodz and Torun, into the "Held for sale" category. This strategic move reflects the Fund's goals of optimizing the portfolio and monetizing specific assets.

The rentable area increased by 786 m², reflecting the addition of newly leased spaces and improvements made to existing properties. This increase enhances our portfolio's rental income potential and overall market value.

In summary, the real estate portfolio has demonstrated stability with a slight increase in value, a significant increase in assets held for sale and an expansion in rentable area.

⁵ Without right-of-use assets and without investments in associates

The real estate portfolio as of the first half of 2024 includes 21 properties distributed across six countries. The total property asset value stands at € 79.04 million, with an average occupancy rate of 87.0%. The following table provides a detailed breakdown by country:

Table 10 – The real estate portfolio per country

	# entities	Property asset value In € 1,000	occupancy rate ⁶ In %
Czechia ⁷	3	16.867	88.2
Slovakia ⁸	2	16.696	72.1
Poland	11	34.921	89.1
Bulgaria ⁹	1	809	n.a.
Ukraine	2	982	n.a.
Romania ¹⁰	2	8.765	90.4
Total portfolio	21	79.041	87.0

The real estate portfolio shows an average occupancy rate of 87.0%. While Poland, Czechia, and Romania are significant contributors to the portfolio's value and stability, opportunities exist to improve the performance in Slovakia, and there are challenges to address in Ukraine. Moving forward, efforts will be concentrated on enhancing occupancy rates and maximizing the income-generating potential of the entire portfolio.

The following table presents the statement of changes in investment properties for the periods ending 30 June 2024 and 31 December 2023.

Table 11 – Statement of changes in investment properties

	01-01-2024 until 30-06-2024 in € 1,000	01-01-2023 until 31-12-2023 in € 1,000
Balance as at 1 January	66,622	67,344
Purchases and additions	243	818
Fair value adjustments	1	244
Exchange rate differences	-/- 215	-/- 454
Balance as at end period	66,651	67,952
Reclassification	-/- 22,279	-/- 1,330
Balance as at end period	44,372	66,622

During the first half of 2024, the balance of investment properties started at € 66.62 million, slightly down from € 67.34 million at the beginning of 2023. There were minimal additions amounting to € 243,000, compared to € 818,000 in the previous period. The fair value adjustments were negligible in 2024 at € 1,000, a significant decrease from the € 244,000 recorded in 2023. Exchange rate differences negatively impacted the value by € 215,000, though this was less severe than the € 454,000 reduction experienced in 2023.

By the end of the period, the balance stood at € 66.65 million. However, after reclassification, which includes the transfer of € 24.06 million to assets held for sale (as detailed in 11.2.4), the final balance was € 44.37 million. This reclassification marks a significant shift from the € 1.33 million reclassified at the end of 2023, indicating the strategic priorities of asset management for 2024 and 2025.

⁶ Weighted occupancy rate.

⁷ Karlin office sale process is finalized after reporting date.

⁸ Záhradnícka office sale process is finalized after reporting date.

⁹ sale process is finalized after reporting date.

¹⁰ Including the 24.35% ownership related to the Delenco office property in Bucharest, Romania.

Table 12 – Comparative semi-annual statement of real estate income within comparable¹¹ portfolio

	01-04-2024 until 30-06-2024 in € 1,000	01-01-2023 until 30-06-2023 in € 1,000	change in € 1,000	change In %
Gross rental income	3,417	3,259	158	4.8
Service cost income	1,144	1,144	0	0.0
Total income	4,561	4,403	158	3.6
Service costs	1,213	1,281	-/- 68	-/- 5.3
Operational costs	973	943	30	3.2
Net rental income	2,375	2,179	196	9.0

From January to June 2024, total income showed significant growth compared to the same period in 2023. Gross rental income increased by 4.8% and service cost income remained unchanged, leading to a total income increase of 3.6%. Despite the reduction in service costs by 5.3% and a rise in operational costs by 3.2%, the net rental income still increased by 9.0%.

Table 13 – Comparative quarterly statement of real estate income in the reporting period

	01-04-2024 until 30-06-2024 in € 1,000	01-04-2024 until 31-03-2024 in € 1,000	change in €	change In %
Gross rental income	1,715	1,702	13	0.8
Service cost income	593	551	42	7.6
Total income	2,308	2,253	55	2.4
Service costs	585	628	-/- 43	-/- 6.8
Operational costs	506	467	39	8.4
Net rental income	1,217	1,158	59	5.1

In the second quarter of 2024, the Gross rental income saw a slight increase from € 1.70 million in the first quarter to € 1.715 million in the second quarter, reflecting a change of € 13,000 or 0.8%. Service cost income demonstrated a more substantial growth, rising from € 551,000 to € 593,000, marking an increase of € 42,000 or 7.6%.

Overall, total income increased modestly by € 55,000 or 2.4%, from € 2.25 million in the first quarter to € 2.31 million in the second quarter. Despite this increase in total income, service costs decreased by € 43,000 or 6.8%, from € 628,000 in the first quarter to € 585,000 in the second quarter.

However, operational costs rose by € 39,000 or 8.4%, from € 467,000 to € 506,000. As a result of the combined effects of these changes in income and costs, the net rental income improved by € 59,000 or 5.1%, increasing from € 1,158,000 in the first quarter to € 1,217,000 in the second quarter. This growth in net rental income reflects the Funds effective management of its operational costs and service expenses within changing rental income dynamics.

¹¹ Portfolio as at 30-6-2022, excluding the Kosmalt, Vural and Pražská properties

2.5.2 Assets held for sale

As of 30 June 2024, the following investment properties are held for sale (see also 11.11 "Assets held for sale" for additional details):

- Karlin, located at Prvního Pluku 621/8a, Prague, is valued at € 6.41 million;
- Záhradnícka, located at Záhradnícka 46, Bratislava, is valued at € 3.80 million;
- Wolnosci, located at Wolnosci 6, Slupsk, is valued at € 1.53 million;
- Grzymaly Siedleckiego, located at Grzymaly Siedleckiego 20, Bydgoszcz, is valued at € 1.33 million.
- Kardynala Wyszyńskiego, located at Kardynala Wyszyńskiego 107, Lodz, is valued at € 2.19 million.
- Legionow, located at Legionow 216, Torun, is valued at € 3.21 million;
- Maris, located at Holdu Pruskiego 9 & 12 Malopolska 12, Szczecin, is valued at € 9.24 million.

The total value of properties held for sale as of 30 June 2024 is € 27.72 million (€ 5.18 million as of 31 December 2023). The sale of Záhradnícka and Karlin concludes after the reporting period.

No acquisitions took place during the reporting period. However, an acquisition is planned for the final Ukraine assets as part of the SPDI deal. According to the Share Purchase Agreement signed in 2021, the Fund will acquire two land plots in Kiev, Ukraine, using a combination of cash and shares. The transfer of these plots is still pending, but is likely to happen in Q3/Q4 2024.

2.6 RISK MANAGEMENT AND INTERNAL CONTROL

Risk management is considered an important managing board responsibility. In this semi-annual report there were no material changes to the risk management framework specified in paragraph 15.42 "Risk management" of the Consolidated Financial Statements 2023.

Internal control framework

The Fund's Internal Control Framework is to provide reasonable assurance that risks are identified and mitigated in order to achieve important objectives. The Internal Control Framework consists of the following elements:

- monthly KPI reporting;
- an established data recovery plan, supported by a cloud-based work environment;
- a planning & control structure. Administrative organisation and internal controls are based on a division of functions. Both contracting and payments take place based on the 'four-eyes' principle.

Risk monitoring

Risk reports are a recurring topic at the supervisory and managing board meetings. The results of stress testing are part of risk management monitoring and discussed with the Managing and Supervisory Board. Risks are monitored on a continuous basis, with mitigating measures in place.

For a description of the main risks and uncertainties, we refer to the paragraph 15.40 "Risk management" of the Consolidated Financial Statements 2023 and the notes to the consolidated financial statements.

2.7 SUMMARY OF FINANCIAL STATEMENTS AND KEY METRICS

This section offers a summary of the financial statements and key metrics. It covers financial metrics, the Fund's liability structure through its loans and borrowings, and concludes with an analysis of the influence of foreign currency exchange rates on the Fund's international operations.

2.7.1 KEY FINANCIAL METRICS AND RATIOS

This section presents an overview of relevant financial metrics and ratios. These metrics offer insights into the Fund's profitability, risk assessment, and overall performance in the market.

Table 14 – Overview of key financial metrics and ratios

	Metric	As at 30-06-24	As at 31-12-23	Change
Balance sheet	NAV (in € 1,000):	45,805	45,396	409
	Solvency (in %):	54.8	54.3	0.5
Loan and Debt	LTV (in %)	38.7	39.5	-/- 0.8
Operational	Average Occupancy Rate (in %):	87.0	87.5	-/- 0.5
	OER (in %):	47.9	50.5	-/- 2.6

As of June 30, 2024, the company's financial and operational metrics present a mixed picture. On the positive side, there's an improvement in the solvency ratio, rising to 54.8% from 54.3%, reflecting a stronger financial position. Additionally, LTV ratio has decreased to 38.7%. The average occupancy rate has experienced a slight decline of 0.5% due to temporary reletting vacancies, primarily in Poland. Lastly, there was a decrease in the operating expense ratio (**OER**) by 2.6%.

2.7.2 OVERVIEW OF INTEREST-BEARING LOANS AND BORROWINGS

The following table provides an overview of the interest-bearing loans and borrowings for the periods ending on June 30, 2024, and December 31, 2023.

Table 15 – Overview of interest-bearing loans and borrowings

	30-06-2024 in € 1,000	31-12-2023 in € 1,000
Secured bank loans	5,596	5,727
Lease liabilities	0	1,231
Subtotal	5,596	6,956
Other long-term liabilities	250	0
Total long-term interest-bearing loans and borrowings	5,846	6,956
Short-term part of secured bank loans	20,158	20,780
Short-term part of other long-term liabilities	3,939	3,959
Short-term part of lease liabilities	0	157
Total short-term interest-bearing loans and borrowings	24,097	24,896
Total interest-bearing loans and borrowings	29,943	31,852

The overview of interest-bearing loans and borrowings indicates a notable decrease in long-term liabilities. Secured bank loans declined from € 5.727 million to € 5.596 million, while lease liabilities reduced to zero. Other long-term liabilities also showed an increase from € 0 to € 250,000, bringing the total long-term interest-bearing loans and borrowings down to € 5.846 million from € 6.958 million.

The short-term liabilities also saw a decrease. The short-term portion of secured bank loans decreased from € 20.778 million to € 20.158 million, and the short-term part of other long-term liabilities decreased from € 3.959 million to € 3.939 million. The short-term part of lease liabilities remained constant, changing from € 0.157 million to zero. Consequently, the total short-term interest-bearing loans and borrowings slightly decreased from € 24.894 million to € 24.097 million.

Overall, the total interest-bearing loans and borrowings decreased from € 31.852 million to € 29.943 million over the six-month period. This shift is primarily due to the reclassification of loans, specifically concerning the Trio lease liabilities. For further details, please refer to section 11.14 'Loans and Borrowings'.

2.7.3 FOREIGN CURRENCY

Table 16 – Overview of foreign currency exchange rates

	30-06-2023	31-12-2023
Czech Koruna (EUR / CZK)	25.0250	24.7240
change (in %)	-/- 1.2	-/- 2.5
Polish Zloty (EUR / PLN)	4.3090	4.3395
change (in %)	0.71	7.3
Bulgarian Lev (EUR / BGN)	1.9558	1.9558
change (in %)	0.0	0.0
Ukrainian Hryvnia (EUR / UAH)	43.3547	42.0792
change (in %)	-/- 2.9	-/- 8.4
US Dollar (EUR / USD)	1.0705	1.1050
change (in %)	3.2	-/- 3.6

Source: European Central Bank (ECB) if available. Ukrainian Hryvnia: National Bank of Ukraine.

The Euro has seen varied performance against the observed currencies, with the most significant shift being against the Ukrainian Hryvnia.

2.8 DECLARATION OF THE MANAGING BOARD

The Managing Board of Arcona Property Fund N.V. hereby declares that, to the best of its knowledge, the consolidated interim financial statements prepared in accordance with IAS 34 "Interim Financial Reporting", provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Fund and the undertakings included in the consolidation taken as a whole and that the interim financial statements include a true and fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Act on Financial Supervision (Wet op het financieel toezicht, the "Wft").

Amsterdam, 30 August 2024

The Managing Board, Arcona Capital Fund Management B.V.

G.St.J. Barker LLB, Managing Director

M.T.H. Blokland BBA, Managing Director

M. van der Laan, Managing Director

P.H.J. Mars, M.Sc., Managing Director

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT 30 JUNE 2024**

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3 PERFORMANCE INDICATORS

The following performance indicators have been prepared in accordance with standards comparable to those of EPRA¹. The (diluted) adjusted earnings and (diluted) customized earnings are performance indicators introduced by the management. There are no prescribed rules for such performance indicators, meaning that each company develops its own policy and applies it consistently. Thus, performance indicators with the same name can be determined in a different manner.

3.1.1 (Adjusted) earnings

Earnings reported in the Consolidated Income Statement as required under IFRS do not provide shareholders with the most relevant information on the operating performance of real estate investment funds.

Earnings measures the Fund's operational performance and the extent to which its dividend payments to shareholders are underpinned by earnings is the level of income arising from operational activities. The Fund's operational performance represents the net income generated from the operational activities. Unrealised changes in valuation of properties, gains or losses on disposals of properties and certain other items do not necessarily provide an accurate picture of the Fund's underlying operational performance.

As earnings are used to measure the operational performance, it excludes all components not relevant to the underlying net income performance of the portfolio, such as valuation result of owned investment properties, valuation result of investment property under development, result on disposals of owned investment properties and result on disposals of investment property under development. In effect, what is left as earnings is the income return generated by the investment, rather than the change in value or capital return on investments.

Adjusted earnings per share² should be calculated on the basis of the basic number of profit-sharing shares. The main reason for this is that earnings and the dividends to which they give rise accrue to current shareholders and therefore it is more appropriate to use the basic number of profit-sharing shares.

The diluted adjusted earnings per share should be calculated on a diluted basis considering the impact of any options, convertibles, etcetera that are dilutive. For the explanation of the effect of exercise of options, convertibles, and other equity interests (fully diluted basis) reference is made to the explanation in (3), mentioned in section 3.1.8 "Explanation of adjustments calculation of NAV".

¹ European Public Real Estate Association.

² The adjusted earnings per share includes all types of profit-sharing shares (e.g., ordinary and registered shares). Therefore, treasury shares are excluded from the adjusted earnings per share.

3.1.2 Calculation of (diluted) adjusted earnings per share

	Notes	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Earnings per IFRS Consolidated Income Statement	5	800	-/- 62
<i>Exclude:</i>			
1. Valuation results of:			
a. owned investment property	11.22	18	-/- 29
b. investment property under development	11.22	-/- 63	-
c. equity investments	11.26	-/- 119	-/- 123
2. Result on disposals of:			
a. owned investment property		-	-
b. realised currency results on net investments in group companies	11.27	-/- 249	-/- 116
3. Tax on result on disposals of properties and equity investments		-	-
4. Changes in fair value of financial instruments of:			
a. derivatives	11.27	-/- 9	-/- 36
5. Acquisition costs on share deals		-	-
6. Taxes in respect of adjustments		-/- 4	10
Adjusted earnings		374	-/- 356
Basic number of profit-sharing shares		4,177,083	4,177,083
Adjusted earnings per share (in €)		0.09	-/- 0.09
Basic number of profit-sharing shares (fully diluted)		4,177,083	4,177,083
Diluted adjusted earnings per share (in €)		0.09	-/- 0.09

3.1.3 Explanation of adjustments calculation of (diluted) adjusted earnings per share

1. Valuation results of properties and equity investments

This adjustment includes the gain or loss in the Consolidated Income Statement arising in the period from the revaluation of owned investment property, investment property under development and equity investments at their fair value. Therefore, the valuation result of properties held for sale and right-of-use assets are not excluded from earnings.

2. Result on disposals of properties and equity investments

This adjustment includes the gain or loss on disposal of owned investment property, investment property under development and equity investments. Therefore, the result on disposals of owned investment property held for sale, right-of-use assets, right-of-use assets held for sale and investment property under development held for sale are not excluded from earnings.

This adjustment also includes the gain or loss on foreign currency translation differences in case of (partial) reduction of net investment in foreign activities (release from reserve for currency translation differences).

3. Tax on result of disposals of properties and equity investments

This adjustment includes the tax charge or credit relating to gains or losses on owned investment property, investment property under development and equity investments sold in the period, calculated consistently with 1 and 2 above.

4. Changes in fair value of financial instruments

This adjustment includes the surplus or deficit arising in the period from the net mark-to-market adjustment to the value of financial instruments (market value less acquisition price paid or received) which are used for hedging purposes and where the Fund has the intention of keeping the hedge position until the end of the contractual duration. Whether the Fund has chosen to apply hedge accounting under IFRS is irrelevant. Material gains / costs associated with the early close-out of financial instruments used for hedging and / or debt instruments should also be excluded from earnings.

The only exception to this is the early close-out of financial instruments or debt with a maturity date ending within the current reporting period. In such circumstances, the cost of early close-out should not be adjusted as the fair value difference would have been recognised in the current year's earnings through the interest line and therefore including the cost of early close-out should not significantly change earnings for that year.

5. Acquisition costs on share deals

This adjustment includes the acquisition costs related to share deals (IFRS 3) and joint venture interests which are, under IFRS, recognised in the Consolidated Income Statement when incurred. Property-related acquisition costs are first capitalised and subsequently recognised in the Consolidated Income Statement as a fair value change. To achieve consistency, acquisition costs related to share deals and joint venture interests should be excluded to arrive at earnings.

6. Taxes in respect of adjustments

This adjustment includes the deferred taxes in the period which only relates to the above items, and which would not crystallise until or unless the property, investment or financial instrument is sold. This would typically include deferred tax on fair value surpluses on owned investment property and investment property under development which could reverse on disposal of the asset. This adjustment also includes any current income tax relating directly to the above adjustments to the extent that they are considered material.

3.1.4 Calculation of (diluted) customized earnings per share

	Notes	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Adjusted earnings	3.1.2	374	-/- 356
<i>Exclude:</i>			
1. Valuation results of owned investment property held for sale	11.22	-/- 232	-/- 1,796
2. Valuation results of right-of-use assets	11.22	38	50
3. Valuation results of right-of-use assets held for sale	11.22	41	21
4. Result on disposals owned investment property held for sale	11.23	-	2,294
5. Result on disposals of inventories	11.24	-/- 108	-/- 285
6. Penalties for early termination of rental contracts	11.28	-/- 1	-
7. Costs of funding and acquisition	11.30	40	8
8. Interest expense on lease liabilities	11.31	50	45
9. Variable compensation on other long-term liabilities	11.31	29	-
10. Foreign exchange and currency results	11.31	21	62
<i>Include:</i>			
11. Operating leases		-/- 130	-/- 104
Subtotal adjustments (before taxes)		-/- 252	295
12. Taxes in respect of above adjustments		49	-/- 2
Total adjustments		-/- 203	293
Customized earnings		171	-/- 63
Basic number of profit-sharing shares		4,177,083	4,177,083
Customized earnings per share (in €)		0.04	-/- 0.02
Basic number of profit-sharing shares (diluted)		4,177,083	4,177,083
Diluted customized earnings per share (in €)		0.04	-/- 0.02

3.1.5 Explanation of adjustments calculation of (diluted) customized earnings per share

The earnings is a measure of the underlying operating performance of an investment property company. It therefore does provide a measure of recurring income, but does not, for example, exclude "exceptional" items that are part of IFRS earnings. For that reason, the Fund has introduced its own (diluted) customized earnings. In this calculation the Fund excludes "exceptional" and "one-off costs" and "one-off revenues". Moreover, in this calculation valuation results, as well as result on disposals of properties held for sale, right-of-use assets and right-of-use assets held for sale are excluded, as well as accrued interest lease liabilities.

The operating leases are included in the calculation of the (diluted) customized earnings according to APM. As a result of the adjustments described above the impact of applying IFRS 16 (e.g. fair value adjustments right-of-use assets) are eliminated in the (diluted) customized earnings.

3.1.6 Net Asset Value

Net Asset Value (**NAV**) is a key performance measure used for real estate investment funds. However, NAV reported in the Consolidated Financial Statements under IFRS does not provide shareholders with the most relevant information on the fair value of the assets and liabilities within an ongoing real estate investment company with a long-term investment strategy.

The NAV measures the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of derivative financial instruments and deferred taxes on investment property, investment property under development or other non-current investments are therefore excluded.

NAV should be calculated on a diluted basis considering the impact of any options, convertibles, etcetera that are dilutive.

3.1.7 Calculation of NAV

	Notes	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Group equity in accordance with IFRS	7	45,804	45,396
<i>Exclude:</i>			
1. Fair value of financial instruments	11.5	-/- 309	-/- 300
2. Deferred tax		2,565	3,264
Group equity in accordance with NAV		48,060	48,360
Total number of profit-sharing shares		4,177,083	4,177,083
3. Effect of exercise of options, convertibles and other equity interests (diluted basis)		-	-
Total number of profit-sharing shares (diluted)		4,177,083	4,177,083
NAV per profit-sharing share (in €)		11.51	11.58

3.1.8 Explanation of adjustments calculation of NAV

1. Fair value of financial instruments

This adjustment includes the net mark-to-market adjustment to the value of financial instruments (market value less acquisition price paid or received) which are used for hedging purposes and where the Fund has the intention of keeping the hedge position until the end of the contractual duration. Whether the Fund has chosen to apply hedge accounting under IFRS is irrelevant. The mark-to-market of any convertible debt is also excluded from the net assets.

The logic for this adjustment is that, under normal circumstances, the derivative financial instruments which property investment companies use to provide an economic hedge are held until maturity and so the theoretical gain or loss at Statement of Financial Position's date will not crystallise.

The above adjustments do not include (possible) foreign currency hedging instruments (fair value hedges or net investment hedges) where the hedged item market value changes are also reflected in the Consolidated Statement of Financial Position. The fair value of such instruments should remain in NAV to offset the movement in the underlying investment being hedged.

2. Deferred tax

This adjustment includes the recognised deferred taxes in the Consolidated Statement of Financial Position in respect of the difference between the fair value and tax value of owned investment property, investment property under development, or other non-current investments (including investments in group companies) as these deferred taxes would only become payable if the assets are sold. Therefore, deferred taxes on properties held for sale, right-of-use assets held for sale as well as on lease incentives are not excluded from NAV.

The deferred tax liability relating to the fair value of financial instruments, which would not crystallise until or unless the financial instrument is sold, should also be added back.

3. Effect of exercise of options, convertibles and other equity interests (diluted basis)

A convertible bond is viewed as dilutive provided that the following criteria are satisfied:

1. the convertible bond is dilutive in accordance with IAS 33.50; and
2. the share price as at Statement of Financial Position's date exceeds the conversion price ("in the money").

3.1.9 Triple Net Asset Value

The Triple Net Asset Value (**NNNAV**) measures the Net Asset Value including fair value adjustments in respect of all material Statement of Financial Position's items which are not reported at their fair values as part of the NAV.

3.1.10 Calculation of NNNAV

	Notes	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Group equity in accordance with NAV	3.1.7	48,060	48,360
Include:			
1. Fair value of financial instruments	11.5	309	300
2. Fair value adjustment of debt		-	-
3. Fair value of deferred tax		-/- 3,153	-/- 3,852
4. Fair value adjustment of inventories		781	846
5. Transaction costs and sales fees		-/- 340	-
Group equity in accordance with NNNAV		45,657	45,654
Total number of profit-sharing shares		4,177,083	4,177,083
6. Effect of exercise of options, convertibles and other equity interests (diluted basis)		-	-
Total number of profit-sharing shares (diluted)		4,177,083	4,177,083
NNNAV per profit-sharing share (in €)		10.93	10.93

3.1.11 Explanation of adjustments calculation of NNNAV

1. Fair value of financial instruments

This reinstates, and is equal to, the adjustment 1, as mentioned in the calculation of NAV. The reason for reinstating is that NNNAV approximates fair value NAV.

2. Fair value of debt

This adjustment includes the difference between loans and borrowings included in the Consolidated Statement of Financial Position at amortised cost, and the fair value of loans and borrowings.

3. Fair value of deferred tax

This adjustment includes the fair value of the deferred taxes concerning owned investment property, investment property under development or other non-current investments (including investments in group companies; these three items hereinafter mentioned as “non-current investments”). The deferred taxes are calculated with regard to all taxable temporary differences with regard to the non-current investments, whether these deferred taxes are included in the Statement of Financial Position or not. For items not included in the Statement of Financial Position reference is made to section 13.41.3 “Deferred tax” in the Accounting Principles Consolidated Financial Statements 2023.

The taxable temporary difference with regard to the non-current investments is calculated by the difference between the fair value of the non-current investment less the tax value of the non-current investment. In case the taxable temporary difference should result in a deferred tax asset, this deferred tax asset will only be recognised as far as it is probable that future taxable profits will be available against which they can be used. Deferred taxes are measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, using tax rates enacted or substantively enacted at the Statement of Financial Position's date. The deferred taxes are considered without applying any discount (nominal value), which is in accordance with IFRS.

The Managing Board assessed that the fair value of the deferred taxes to non-current investments is equal to the nominal value (similar as mentioned in the Statement of Financial Position), adjusted for unrecognised deferred taxes of non-current investments as mentioned in section 13.41.3 “Deferred tax” in the Accounting Principles Consolidated Financial Statements 2023. Since a substantial portion of the assets will likely be sold within the near future, the Managing Board is exercising prudence with regard to the recognised deferred tax assets related to non-current investments.

4. Fair value of inventories

This adjustment includes the difference between inventories included in the Consolidated Statement of Financial Position at the lower of cost and net realisable value, and the fair value of inventories.

The fair value of the inventories as at Statement of Financial Position's date is based on the preliminary sales agreement with regard to the sale of the subsidiary Boyana Residence E.O.O.D. It is expected the sale will be finalized during third quarter of 2024.

5. Transaction costs and sales fees

This adjustment includes the expected transaction costs, sales fee and sales performance-related fee (as mentioned in the addendum of the Registration Document dated December 20, 2023), for the sale of an asset for which a sales agreement has been signed on / or before Statement of Financial Position's date, but not yet finalized. The adjustment for transaction costs and sales costs are included net (after adjustment of corporate income tax).

6. Effect of exercise of options, convertibles, and other equity interests (diluted basis)

For the effect of exercise of options, convertibles, and other equity interests (fully diluted basis) reference is made to the explanation in section 3.1.8 (3) "Explanation of adjustments calculation of NAV" above.

3.1.12 Calculation of NNNAV before distributions to shareholders

	<i>Notes</i>	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Group equity in accordance with NNNAV	3.1.10	45,657	45,654
<i>Exclude:</i>			
1. Cumulative distributions to shareholders		3,857	3,857
Group equity in accordance with NNNAV before distributions to shareholders		49,514	49,511
Total number of profit-sharing shares		4,177,083	4,177,083
2. Effect of exercise of options, convertibles, and other equity interests (diluted basis)		-	-
Total number of profit-sharing shares (diluted)		4,177,083	4,177,083
NNNAV per profit-sharing share before distributions to shareholders (in €)		11.85	11.85

4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Assets			
Investment property	11.2	44,372	68,022
Investment property under development	11.3	982	945
Investments in associates	11.4	3,563	3,689
Derivative financial instruments	11.5	97	94
Trade and other receivables	11.8	968	892
Prepayments and deferred expenses	11.9	15	9
Total non-current assets		49,997	73,651
Derivative financial instruments	11.5	212	206
Tax assets	11.7	461	367
Trade and other receivables	11.8	592	576
Prepayments and deferred expenses	11.9	396	299
Inventories	11.10	809	938
Cash and cash equivalents		1,867	2,382
Assets held for sale	11.11	29,315	5,253
Total current assets		33,652	10,021
Total assets		83,649	83,672
 Group equity (attributable to Parent Company shareholders)	7	45,804	45,396
Liabilities			
Loans and borrowings	11.14	5,846	6,956
Deferred income and tenant deposits	11.16	235	378
Deferred tax liabilities	11.17	3,556	3,426
Total non-current liabilities		9,637	10,760
Tax liabilities	11.13	160	168
Loans and borrowings	11.14	24,097	24,896
Trade and other payables	11.15	1,788	2,148
Deferred income and tenant deposits	11.16	566	228
Provisions	11.18	4	-
Liabilities directly associated with assets held for sale	11.19	1,593	76
Total current liabilities		28,208	27,516
Total liabilities		37,845	38,276
Total Group equity and liabilities		83,649	83,672

5 CONSOLIDATED INCOME STATEMENT

	Notes	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Gross rental income	11.20	3,417	3,259
Service charge income		1,144	1,144
Service charge expenses		-/- 1,213	-/- 1,281
Property operating expenses	11.21	-/- 973	-/- 943
Net rental and related income		2,375	2,179
Valuation results of properties	11.22	198	1,754
Result on disposals of properties	11.23	-	-/- 2,294
Result on disposals of inventories	11.24	108	285
Net results on properties	11.25	306	-/- 255
Share in results of investments in associates	11.26	119	123
Net results on equity investments		119	123
Financial income	11.27	374	214
Other operating income	11.28	7	-
Other income		381	214
Total income		3,181	2,261
Administrative expenses	11.29	333	348
Other operating expenses	11.30	485	469
Total operating expenses		818	817
Net operating result before financial expenses		2,363	1,444
Financial expenses	11.31	1,383	1,340
Profit / loss before income tax		980	104
Income tax expense	11.32	180	165
Profit / loss for the period		800	-/- 61
Profit / loss for the period attributable to:			
Parent Company shareholders		800	-/- 61
Profit / loss for the period		800	-/- 61
Basic earnings per share (€)	11.33.1	0.19	-/- 0.01
Diluted earnings per share (€)	11.33.4	0.19	-/- 0.01

6 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Profit / loss for the period	5	800	-/- 61
Items that are or may be reclassified subsequently to profit or loss:			
Foreign exchange and currency translation differences on net investment in group companies		-/- 401	23
Income tax on foreign exchange and currency translation differences on net investments in group companies		9	18
Total foreign exchange differences		-/- 392	41
Other comprehensive income for the period, net of tax		-/- 392	41
Total comprehensive income for the period		408	-/- 20
Total comprehensive income attributable to:			
Parent Company shareholders		408	-/- 20
Total comprehensive income for the period		408	-/- 20

7 CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	Issued capital In € 1,000	Share premium In € 1,000	Legal revaluation reserve In € 1,000	Reserve currency translation differences In € 1,000	Retained earnings In € 1,000	Total share- holders' equity In € 1,000
Balance as at January 1, 2024	20,885	21,077	7,683	564	-/- 4,813	45,396
Profit / loss for the period	-	-	-	-	800	800
Change in legal revaluation reserve	-	-	213	-	-/- 213	-
Other comprehensive income	-	-	-	-/- 392	-	-/- 392
Balance as at June 30, 2024	20,885	21,077	7,896	172	-/- 4,226	45,804
Balance as at January 1, 2023	21,190	21,922	7,911	1,073	-/- 5,581	46,515
Profit / loss for the period	-	-	-	-	-/- 61	-/- 61
Change in legal revaluation reserve	-	-	52	-	-/- 52	-
Other comprehensive income	-	-	-	41	-	41
Share buy-back	-/- 305	-/- 109	-	-	357	-/- 57
Balance as at June 30, 2023	20,885	21,813	7,963	1,114	-/- 5,337	46,438

8 CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Cash flow from operating activities			
Profit / loss for the period	5	800	-/- 61
<i>Adjustments for:</i>			
Net results on properties (inventories excluded) ³	11.25	-/- 346	211
Share in results of investments in associates	11.26	-/- 119	-/- 123
Financial income	11.27	-/- 374	-/- 214
Financial expenses	11.31	1,383	1,340
Income tax expense	11.32	180	165
<i>Changes in:</i>			
Tax assets		5	-/- 14
Trade and other receivables		6	-/- 254
Prepayments and deferred expenses		-/- 103	-/- 66
Tax liabilities		-/- 17	-/- 144
Trade and other payables		-/- 360	-/- 597
Deferred income and tenant deposits		34	13
Provisions		4	-
Cash generated from operating activities		1,093	256
Proceeds from the sale of inventories		272	693
Acquisitions of / additions to inventories		-	-/- 163
Interest received		122	62
Interest paid		-/- 1,210	-/- 1,775
Income tax paid / income tax received		-/- 123	149
Net cash from / used in (-/-) operating activities		154	-/- 778
Cash flow from investing activities			
Dividend from associates		123	-
Proceeds from the sale of assets held for sale			3,010
Proceeds from sale of subsidiaries, net of cash disposed of		160	-
Acquisitions of / additions to owned investment properties		-/- 243	-/- 141
Acquisitions of / additions to assets held for sale		-/- 18	-/- 5
Net cash from / used in (-/-) investing activities		22	2,864
Cash flow from financing activities			
Share buy-back (treasury shares)		-	-/- 68
Proceeds from other long-term liabilities		2,000	1,000
Transaction costs related to loans and borrowings		-/- 44	-/- 87
Repayments of secured bank loans		-/- 710	-/- 3,118
Repayments of other long-term liabilities		-/- 1,800	-/- 1,599
Payments of lease liabilities		-/- 130	-/- 104
Net cash from / used in (-/-) financing activities		-/- 684	-/- 3,976
Net increase / decrease (-/-) in cash and cash equivalents		-/- 508	-/- 1,890
Cash and cash equivalents as at 1 January		2,382	4,740
Effect of exchange and currency translation result on cash held		-/- 7	119
Cash and cash equivalents as at 30 June	4	1,867	2,969

³ Transaction costs and change in lease incentives excluded.

9 ACCOUNTING PRINCIPLES CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9.1 REPORTING ENTITY

The company Arcona Property Fund N.V., hereinafter referred to as “the **Fund**”, was incorporated on November 27, 2002 in accordance with Dutch law and is established in Amsterdam (the Netherlands). The Fund obtained a listing on the Euronext Fund Services in Amsterdam on November 13, 2003 and a listing on the Prague Stock Exchange in Prague on October 30, 2018.

The Fund is registered in Amsterdam, De Entree 55, 1101 BH and is entered in the Trade Register of the Chamber of Commerce under number 08110094.

The Fund is a closed-end investment company with variable capital within the meaning of Article 76a of Book 2 of the Dutch Civil Code. The Fund invests in commercial real estate in Central and Eastern Europe (**CEE**).

The Consolidated Interim Financial Statements of the Fund for the financial period comprise the Fund and its subsidiaries.

9.2 STATEMENT OF COMPLIANCE AND FUTURE RELATED ASSUMPTIONS

The Fund has applied the significant accounting principles as set out in the Consolidated Financial Statements 2023 sections 13.3 to 13.41. The Managing Board authorised the Consolidated Interim Financial Statements for issue on August 30, 2024.

As at June 30, 2024, Group equity of the Fund is positive. As stated in the liquidity forecast up to mid-2025, the current cash position is sufficient to cover budgeted costs. This forecast considers debt service requirements, the repayment and / or refinancing of loans and uncertainty regarding the impact of the financial markets (reference is made to section 15.41 “Risk management” and section 15.45 “Events after Statement of Financial Position’s date” of the Consolidated Financial Statements 2023).

Going concern

At the end of 2023, the Fund refinanced the Česká Spořitelna loan with a loan from UniCredit. Subsequently, on March 22, 2024, the Fund secured a € 2 million loan from two investors to refinance the CVI bond loan, previously provided to its subsidiary holding leasehold retail assets in Poland, replacing an expensive EURIBOR + 8.5% rate with more favourable terms and settling all principal and accrued interest.

On December 31, 2023, a Romanian subsidiary (financed by a Patria Bank loan), a Slovak subsidiary (financed by a Slovenská Sporiteľňa (**SLSP**) loan), and two Polish subsidiaries (financed by HYPO NOE Landesbank (**Hypo Noe**) loans) of the Fund were assessed as being in violation of their DSCR covenants. In accordance with IFRS requirements, the loans from Patria Bank, SLSP, and Hypo Noe were thus reclassified as short-term liabilities due to these covenant breaches. This reclassification resulted in the Fund's short-term liabilities temporarily surpassing its short-term assets.

In January 2024, Patria Bank issued a statement / waiver regarding their loan. In February 2024, Slovenská Sporiteľňa approved a waiver regarding their loan. In April 2024, Hypo Noe granted a one-off waiver until March 31, 2025. Here the Fund expects that, with falling interest rates and the renewal of leases, the Hypo Noe loan will be reclassified as a long-term liability in the future. This reclassification will be facilitated by the proceeds from anticipated sales in 2024.

In anticipation of the maturation in September 2024 of a loan with SLSP, Arcona Capital Real Estate Slovakia (**ACRES**) has negotiated the sale of one asset from the Slovak portfolio. The transaction completed in July

2024. The proceeds substantially decrease the outstanding loan and reduce the loan-to-value ratio to below 25%. It is anticipated that SLSP will extend the current loan terms.

The sale during 2024 of the residual Bulgarian assets in combination with proceeds from other sales currently agreed and subject to legal documentation will resolve all short-term residual investor loans at the group level, enhance liquidity and will ensure covenant compliance for bank loans at subsidiary level. This proactive financial strategy underpins the Fund's capacity to continue as a going concern.

A cumulative reduction in its loan to value ratio over recent years has enabled the Fund to meet all its financial obligations during the current period of high interest rates. The Managing Board is of the view the Fund can continue to meet its current obligations, supported by falling interest rates in its core markets and by continuing cash generation from operations and from the sales programme.

The Managing Board anticipates that the real estate portfolio, excluding temporary and indirect impacts, will continue to maintain its current high occupancy levels and to generate positive returns. Furthermore, the cash flow will remain positive, driven by the expected sale of non-core real estate in the upcoming period.

Up to mid-2025, the Fund will continue to return money to shareholders in accordance with the monetization plan agreed upon at the Extraordinary General Meeting (**EGM**) as at December 20, 2023. The ongoing sales programme will divest non-core assets and certain core assets that have reached their short-term peak values through refurbishment or re-letting campaigns. The proceeds from these sales will support the repayment of two investor loans by end of 2024 and finance the outstanding plot acquisitions in Ukraine.

Based on the assumptions outlined above, the Managing Board believes that the Fund can continue as a going concern until August 31, 2025. Therefore, these Consolidated Interim Financial Statements are prepared on the assumption of going concern.

9.3 SIGNIFICANT EVENTS AND TRANSACTIONS

During the financial period, the following noteworthy events and transactions have occurred:

1. As at January 22, 2024 the Fund has been granted a waiver by Patria Bank of Romania for breaching the DSCR covenant due to elevated debt service costs associated with high interest rates;
2. As at February 19, 2024 the Fund has been granted a waiver by Slovenská Sporiteľňa, a Slovakian Bank, for breaching the DSCR covenant due to elevated debt service costs associated with high interest rates;
3. As at March 22, 2024 the Fund has secured two € 1 million loans from two investors, which has been utilized to refinance the group-level CVI bond loan. This loan was previously provided as an intercompany loan to its subsidiary, Arcona Capital Real Estate Trio Sp. z o.o., which owns three leasehold retail assets in Poland. The CVI bond loan carried an interest rate of 8.5% + 3M-Euribor (effectively 12.4% as at December 31, 2023). The new investor loans have been used to settle the € 1.8 million principal of the CVI loan and all accrued interest. These investor loans have an 11% interest rate and 0.75% arrangement fee. They offer the flexibility to be settled at any time on or before maturity date of December 18, 2024;
4. As at April 23, 2024 the Fund has received a waiver from the Austrian Bank Hypo Noe, the financier of the large Polish portfolio for breaching the DSCR covenant due to elevated debt service costs associated with high interest rates;
5. As at June 13, 2024 the Fund announced it has signed agreements with a regional investment fund for the sale of Záhradnícka office building in Bratislava, Slovakia and the Karlin office building in Prague, Czechia. The total sales price amounts to approximately € 10.3 million. In addition, the Fund has signed a sales agreement for its remaining inventories held by Boyana Residence E.O.O.D. for an amount of € 1.59 million. The transactions are expected to complete during third quarter of 2024.

9.4 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and the interpretations thereof adopted by the International Accounting Standards Board (**IASB**) as adopted by the European Union (**EU-IFRS**) and in accordance with Part 9 of Book 2 of the Dutch Civil Code (Titel 9, Boek 2 van het Burgerlijk Wetboek) and the Dutch Act on Financial Supervision (Wet op het financieel toezicht, the **Wft**).

9.5 BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

9.5.1 General

The Consolidated Interim Financial Statements have been prepared based on historical cost, except for:

- investment property;
- investment property under development;
- assets held for sale;
- financial assets at fair value through profit or loss; and
- financial liabilities at fair value through profit or loss.

The accounting policies are equal to those applied in the Consolidated Financial Statements 2023 (sections 13.3 to 13.41) and should be read in conjunction with the Consolidated Financial Statements 2023. Therefore they do not include all of the information required for a complete set of Financial Statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Consolidated Financial Statements and performance as of December 31, 2023.

The accounting policies have been consistently applied to the results, other gains and losses, assets, liabilities, and cash flows of entities included in the Consolidated Interim Financial Statements and are consistent with those used in the prior period, with the exception of the application of new and amended IFRS’s as mentioned in section 9.5.3 “New and amended IFRS Standards and interpretations that are effective for the current period”.

Provisions (newly and therefore not mentioned in the accounting principles of the Consolidated Financial Statements 2023) are measured at the best estimate of the expenditure required to settle the present obligation as at Statement of Financial Position’s date. Provisions are discounted if the effect of discounting is material. The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation as at Statement of Financial Position’s date or to transfer it to a third party at that time.

9.5.2 Judgements, assumptions, and estimation uncertainties

9.5.3.1 General

Preparation of the Consolidated Interim Financial Statements in accordance with EU-IFRS requires the Managing Board to make judgements, estimates and assumptions that affect the application of policies and the reported value of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of the judgements made about carrying amounts of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

9.5.3.2 Judgements

Judgements made by the Managing Board in the application of the EU-IFRS that have significant effect on the Consolidated Interim Financial Statements with a significant risk of material adjustment in the next financial period are:

- equity-accounted investees: whether the Fund has significant influence over an investee;
- consolidation: whether the Fund has de facto control over an investee; and
- lease term: whether the Fund is reasonably certain to exercise extension options.

9.5.3.3 Assumptions and estimation uncertainties

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Assumptions and estimation uncertainties made by the Managing Board that have significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities in the next financial period are:

- fair value measurements: in estimating the fair value of an asset or liability, the Fund uses observable market data to the extent it is available. The Fund engages external, independent appraisers to perform the valuation. The Managing Board works closely with the external, independent appraisers to establish the appropriate valuation techniques and inputs to the model;
- recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised;
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- measurement of expected credit losses allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- acquisition of subsidiaries: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired, and liabilities assumed, measured on a provisional basis;
- identifying related parties.

9.5.3 New and amended IFRS Standards and interpretations that are effective for the current period

Several new standards and amendments to existing standards and interpretations are applied in these Consolidated Interim Financial Statements. For the new standards that might be relevant for the Fund reference is made to section 13.4.4 “New and amended IFRS Standards and interpretations that are effective for the current period” of the Consolidated Financial Statements 2023.

The new standards, amendments and interpretations did not have a significant impact on these Consolidated Interim Financial Statements.

9.5.4 New and amended IFRS Standards and interpretations not yet applied

Several new standards and amendments to existing standards and interpretations will become effective for annual periods beginning after January 1, 2024, and have not been applied in preparing these Consolidated Interim Financial Statements. For the new standards that might be relevant for the Fund reference is made to section 13.4.5 “New and amended IFRS Standards and interpretations not yet applied” of the Consolidated Financial Statements 2023.

The Managing Board expects these new standards, amendments and interpretations will not have a material impact on the Consolidated Interim Financial Statements of the Fund in the current or future reporting periods, or on foreseeable future transactions.

9.5.5 Exchange rates used for the Consolidated Statement of Financial Position

	30-06-2024	31-12-2023
Bulgarian Lev (EUR / BGN)	1.95580	1.95580
% change	0.0%	0.0%
Czech Koruna (EUR / CZK)	25.02500	24.72400
% change	-/- 1.2%	-/- 2.5%
Polish Zloty (EUR / PLN)	4.30900	4.33950
% change	0.7%	7.3%
Romanian Leu (EUR / RON)	4.97730	4.97560
% change	0.0%	-/- 0.5%
Ukrainian Hryvnia (EUR / UAH)	43.35470	42.20790
% change	-/- 2.7%	-/- 8.4%
US Dollar (EUR / USD)	1.07050	1.10500
% change	3.1%	-/- 3.6%

Source: European Central Bank (ECB) if available. Ukrainian Hryvnia: National Bank of Ukraine.

9.5.6 Average exchange rates used for the Consolidated Income Statement

	01-01-2024 to 30-06-2024	01-01-2023 to 30-06-2023
Bulgarian Lev (EUR / BGN)	1.95580	1.95580
Czech Koruna (EUR / CZK)	25.07217	23.62767
Polish Zloty (EUR / PLN)	4.30957	4.60810
Romanian Leu (EUR / RON)	4.97497	4.94218
Ukrainian Hryvnia (EUR / UAH)	42.40288	39.64922

10 SEGMENT INFORMATION

10.1 GENERAL

Segment information is given for each operating segment. An operating segment is a component of the Fund:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the Fund);
- whose operating results are used by the fund manager to make decisions about resources to be allocated to the segment and to regularly review and assess its performance; and for which discrete financial information is available.

Given the Fund's management decision-making structure and internal reporting structure each property is indicated as an operating segment. The properties held during the financial period (current period and / or previous period), as mentioned in section 10.5.1 "Overview of segment result (Overview A)", are taken into account in the segment reporting overviews.

The following segment reporting overviews are given for each property:

- A. overview of segment result (net operating income), apportioned to the Fund's geographic categories;
- B. overview carrying amount of properties, apportioned to the Fund's business categories;
- C. overview of assets apportioned to the Fund's geographic categories.

Since each separate property is indicated as an operating segment, most of the Fund's assets cannot be allocated to the operating segments. Therefore, only the carrying amount of each property is reported as a segment asset. For an overview of the carrying amount of each type of property reference is made to section 10.5.3 "Overview carrying amount of type of properties per business category (overview B)".

10.2 GEOGRAPHIC CATEGORIES

The Fund distinguishes the following geographic categories:

- A. Czechia;
- B. Slovakia;
- C. Poland;
- D. Ukraine;
- E. Bulgaria;
- F. Romania;
- G. The Netherlands;
- H. Other countries.

10.3 BUSINESS CATEGORIES

The Fund distinguishes the following business categories:

- A. Office;
- B. Retail;
- C. Residential;
- D. Land.

10.4 SEGMENTATION CRITERIA

For the segmentation criteria reference is made to the Consolidated Financial Statements 2023 section 14.4.

10.5 SEGMENT RESULTS

10.5.1 Overview of segment result (overview A)

Segment	Gross rental income		Service charge income		Service charge expenses		Property operating expenses		Subtotal net rental & related income	
	H1 2024 in € 1,000	H1 2023 in € 1,000	H1 2024 in € 1,000	H1 2023 in € 1,000	H1 2024 in € 1,000	H1 2023 in € 1,000	H1 2024 in € 1,000	H1 2023 in € 1,000	H1 2024 in € 1,000	H1 2023 in € 1,000
Czechia:										
Palmovka	145	159	65	78	-/- 52	-/- 56	-/- 53	-/- 42	105	139
Karlin	311	289	133	132	-/- 89	-/- 94	-/- 73	-/- 70	282	257
Newton House	192	182	87	85	-/- 56	-/- 75	-/- 68	-/- 50	155	142
Total Czechia	648	630	285	295	-/- 197	-/- 225	-/- 194	-/- 162	542	538
Slovakia:										
Záhradnícka	192	172	5	6	-/- 49	-/- 64	-/- 70	-/- 67	78	47
Letná	633	559	10	14	-/- 112	-/- 122	-/- 207	-/- 183	324	268
Total Slovakia	825	731	15	20	-/- 161	-/- 186	-/- 277	-/- 250	402	315
Poland:										
Laubitz 8	109	57	49	24	-/- 44	-/- 38	-/- 38	-/- 41	76	2
800-lecia Inowroclawia	99	101	78	78	-/- 81	-/- 80	-/- 45	-/- 43	51	56
Krzemowa	156	147	101	86	-/- 76	-/- 70	-/- 47	-/- 47	134	116
Plutona	88	82	27	27	-/- 41	-/- 38	-/- 24	-/- 23	50	48
Kalinkowa	162	142	106	95	-/- 100	-/- 97	-/- 47	-/- 43	121	97
Wojska Polskiego	163	153	118	126	-/- 86	-/- 99	-/- 49	-/- 47	146	133
Wolnosci	29	40	21	25	-/- 49	-/- 54	-/- 32	-/- 37	-/- 31	-/- 26
Grzymały Siedleckiego	125	123	57	55	-/- 56	-/- 54	-/- 16	-/- 14	110	110
Kardyn. Wyszyńskiego	105	96	58	57	-/- 59	-/- 58	-/- 24	-/- 23	80	72
Legionow	189	188	62	100	-/- 89	-/- 95	-/- 32	-/- 37	130	156
Maris	303	390	167	156	-/- 171	-/- 187	-/- 82	-/- 59	217	300
Total Poland	1,528	1,519	844	829	-/- 852	-/- 870	-/- 436	-/- 414	1,084	1,064
Ukraine:										
Aisi Bela	-	-	-	-	-	-	-/- 8	-/- 8	-/- 8	-/- 8
Bulgaria:										
Boyana	n.a.	-	n.a.	-	n.a.	-	n.a.	-/- 27	n.a.	-/- 27
Inventories	-	-	-	-	-/- 3	-	-/- 8	-/- 16	-/- 11	-/- 16
Total Bulgaria	-	-	-	-	-/- 3	-	-/- 8	-/- 43	-/- 11	-/- 43
Romania:										
EOS Business Park	416	379	-	-	-	-	-/- 50	-/- 46	366	333
Lelar (Delenco)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-/- 20	n.a.	-/- 20
Total Romania	416	379	-	-	-	-	-/- 50	-/- 66	366	313
Grand total	3,417	3,259	1,144	1,144	-/- 1,213	-/- 1,281	-/- 973	-/- 943	2,375	2,179

Segment	Subtotal net rental & related income		Net result on properties and equity investments		Other operating income ⁴		Financial expenses / other operating expenses ⁵		Total segment result	
	H1 2024 in € 1,000	H1 2023 in € 1,000	H1 2024 in € 1,000	H1 2023 in € 1,000	H1 2024 in € 1,000	H1 2023 in € 1,000	H1 2024 in € 1,000	H1 2023 in € 1,000	H1 2024 in € 1,000	H1 2023 in € 1,000
Czechia:										
Palmovka	105	139	-	1	-	-	-	-	105	140
Karlin	282	257	284	-	1	-	-	-	567	257
Newton House	155	142	-	-	-	-	-	-	155	142
Total Czechia	542	538	284	1	1	-	-	-	827	539
Slovakia:										
Záhradnícka	78	47	-/- 50	-/- 1	-	-	-	-	28	46
Letná	324	268	-/- 27	18	-	-	-	-	297	286
Total Slovakia	402	315	-/- 77	17	-	-	-	-	325	332
Poland:										
Laubitz 8	76	2	-/- 9	1	-	-	-	-	67	3
800-lecia Inowroclawia	51	56	-	1	-	-	-	-	51	57
Krzemowa	134	116	1	3	-	-	-	-	135	119
Plutona	50	48	-	-	-	-	-	-	50	48
Kalinkowa	121	97	-/- 5	-/- 4	-	-	-	-	116	93
Wojska Polskiego	146	133	6	5	-	-	-	-	152	138
Wolnosci	-/- 31	-/- 26	-	-	-	-	-	-	-/- 31	-/- 26
Grzymały Siedleckiego	110	110	-/- 43	-/- 33	-	-	2	4	65	73
Kardyn. Wyszyńskiego	80	72	-/- 31	-/- 27	-	-	13	12	36	33
Legionów	130	156	-/- 6	-/- 7	-	-	35	29	89	120
Maris	217	300	13	-/- 9	-	-	-	-	230	291
Total Poland	1,084	1,064	-/- 74	-/- 70	-	-	50	45	960	949
Ukraine:										
Aisi Bela	-/- 8	-/- 8	63	-	-	-	-	-	55	-/- 8
Bulgaria:										
Boyana	n.a.	-/- 27	n.a.	-/- 503	n.a.	-	n.a.	-	n.a.	-/- 530
Inventories	-/- 11	-/- 16	108	285	-	-	-	-	97	269
Total Bulgaria	-/- 11	-/- 43	108	-/- 218	-	-	-	-	97	-/- 261
Romania:										
EOS Business Park	366	333	2	15	-	-	-	-	368	348
Lelar (Delenco)	n.a.	-/- 20	119	123	n.a.	n.a.	14	- ⁶	105	103
Total Romania	366	313	121	138	-	-	14	-	473	451
Grand total	2,375	2,179	425	-/- 132	1	-	64	45	2,737	2,002

⁴ Other operating income relates solely to penalties for early termination of rental contracts.

⁵ Financial expenses relate solely to interest expense on lease liabilities. Other operating expenses relates solely to asset management fee Delenco.

⁶ During H1 2023 the asset management fee Delenco was presented under property operating expenses.

10.5.2 Reconciliation segment result with profit for the period

The reconciliation between the total segment results as calculated in section 10.5.1 “Overview of segment result (overview A)” with the profit for the period, as stated in the Consolidated Income Statement, is made below.

	01-01-2024 to 30-06-2024 in € 1,000	01-01-2023 to 30-06-2023 in € 1,000
Total segment result (overview A)	2,737	2,002
<i>Unallocated income:</i>		
Financial income	374	214
Other operating income	7	-
Less: early termination of rental contracts (allocated)	-/- 1	-
Subtotal unallocated income	380	214
<i>Unallocated expenses:</i>		
Administrative expenses	333	348
Other operating expenses	485	469
Less: asset management fee (allocated)	-/- 14	-
Subtotal unallocated other operating expenses	471	469
Financial expenses	1,383	1,340
Less: interest expense on lease liabilities (allocated)	-/- 50	-/- 45
Subtotal unallocated expenses	2,137	2,112
Profit before income tax	980	104
Income tax expense	180	165
Profit for the period	800	-/- 61

10.5.3 Specification carrying amount of properties⁷ per business category⁸ (overview B)

Segment	30-06-2024	31-12-2023
	Carrying amount In € 1,000	Carrying amount In € 1,000
Office:		
Palmovka	4,010	4,053
Karlin	6,413	6,190
Newton House	6,444	6,507
Záhradnícka	3,800	3,846
Letná	12,986	12,830
Maris	9,243	9,100
EOS Business Park	5,202	5,202
Total office	48,098	47,728
Retail:		
Laubitz 8	2,000	2,000
800-lecia Inowrocławia	2,610	2,610
Krzemowa	3,170	3,170
Plutona	1,940	1,940
Kalinkowa	2,790	2,790
Wojska Polskiego	3,310	3,310
Wolności	1,533	1,520
Grzymały Siedleckiego	1,330	1,330
Kardyn. Wyszyńskiego	2,190	2,190
Legionów	3,210	3,210
Total retail	24,083	24,070
Residential:		
Inventories Boyana	809	938
Total Residential	809	938
Land plots:		
Aisi Bela	982	945
Total land plots	982	945
Grand total	73,972	73,681

⁷ Right-of-use assets excluded.

⁸ Based on main purpose of the property.

10.5.4 Overview of geographic assets (overview C)

	Czechia		Slovakia		Poland		Ukraine		Bulgaria	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023	30-06-2024	31-12-2023	30-06-2024	31-12-2023	30-06-2024	31-12-2023
	in € 1,000		in € 1,000		in € 1,000		in € 1,000		in € 1,000	
Investment property	10,454	16,750	12,896	12,830	15,820	33,240	-	-	-	-
Investment property under development	-	-	-	-	-	-	982	945	-	-
Investments in associates	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	809	938
Tax assets	176	98	157	160	126	107	-	-	-	-
Trade and other receivables	74	50	244	233	173	284	-	-	13	21
Prepayments and deferred expenses	83	46	77	95	202	156	2	2	-	-
Cash and cash equivalents	459	674	154	312	900	1,105	2	-	8	85
Assets held for sale	6,413	-	3,800	3,846	19,102	1,407	-	-	-	-
	17,659	17,618	17,328	17,476	36,323	36,299	986	947	830	1,044

	Romania		The Netherlands		Other countries		Total	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023	30-06-2024	31-12-2023	30-06-2024	31-12-2023
	in € 1,000		in € 1,000		in € 1,000		in € 1,000	
Investment property	5,202	5,202	-	-	-	-	44,372	68,022
Investment property under development	-	-	-	-	-	-	982	945
Investments in associates	3,563	3,689	-	-	-	-	3,563	3,689
Derivative financial instruments	-	-	-	-	309	300	309	300
Inventories	-	-	-	-	-	-	809	938
Tax assets	2	2	-	-	-	-	461	367
Trade and other receivables	345	204	-	3	711	673	1,560	1,468
Prepayments and deferred expenses	26	5	21	4	-	-	411	308
Cash and cash equivalents	92	45	252	161	-	-	1,867	2,382
Assets held for sale	-	-	-	-	-	-	29,315	5,253
	9,230	9,147	273	168	1,020	973	83,649	83,672

11 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11.1 SUBSIDIARIES

All subsidiaries of the Fund have been included in the consolidation. These are as follows:

Name of subsidiary	Registered office	Country of incorporation	Proportion of shares held	Proportion of shares held
			30-06-2024 In %	31-12-2023 In %
Arcona Capital RE Bohemia s.r.o.	Prague	Czechia	100.0	100.0
Arcona Capital RE Slovakia s.r.o.	Bratislava	Slovakia	100.0	100.0
Arcona Capital Real Estate Poland Sp. z o.o.	Warsaw	Poland	100.0	100.0
Arcona Capital Real Estate Trio Sp. z o.o.	Warsaw	Poland	100.0	100.0
Arcona Real Estate B.V.	Amsterdam	The Netherlands	100.0	100.0
Arcona Poland B.V.	Amsterdam	The Netherlands	100.0	100.0
Arcona Poland Project 5 Sp. z o.o.	Warsaw	Poland	100.0	100.0
Aisi Bela LLC	Kyiv	Ukraine	100.0	100.0
Boyana Residence E.O.O.D.	Sofia	Bulgaria	100.0	100.0
Arcona Black Sea Real Estate B.V.	Amsterdam	The Netherlands	100.0	100.0
N-E Real Estate Park First Phase S.r.l.	Bucharest	Romania	100.0	100.0

11.2 INVESTMENT PROPERTY

11.2.1 Analysis of investment property

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Owned investment property (lease incentives excluded)	44,293	66,540
Lease incentives	79	82
Owned investment property	44,372	66,622
Right-of-use assets	-	1,400
	44,372	68,022

11.2.2 Analysis of owned investment property

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Buildings (including underground)	44,372	66,622
Land plots	-	-
	44,372	66,622

11.2.3 Specification of owned investment property

Name of property	Address	30-06-2024 In € 1,000	31-12-2023 In € 1,000
In ownership of Arcona Capital RE Bohemia s.r.o. (Czechia)			
Palmovka	Na Žertvách 34, Prague	4,010	4,053
Karlin	Prvního Pluku 621/8a, Prague	Held for sale	6,190
Newton House	Politických Vězňů 10, Prague	6,444	6,507
Subtotal		10,454	16,750
In ownership of Arcona Capital RE Slovakia s.r.o. (Slovakia)			
Letná	Letná 45, Košice	12,896	12,830
In ownership of Arcona Capital Real Estate Poland Sp. z o.o. (Poland)			
Laubitz	Laubitz 8, Inowroclaw	2,000	2,000
Lecia Inowroclawia	800-lecia Inowroclawia 27, Inowroclaw	2,610	2,610
Krzemowa	Krzemowa 1, Gdansk	3,170	3,170
Plutona	Plutona 1, Glogow	1,940	1,940
Kalinkowa	Kalinkowa 82, Grudziadz	2,790	2,790
Wojska Polskiego	Wojska Polskiego 137, Piotrkow Trybunalski	3,310	3,310
Wolnosci	Wolnosci 6, Slupsk	Held for sale	1,520
Subtotal		15,820	17,340
In ownership of Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Kardynala Wyszyńskiego	Kardynala Wyszyńskiego 107, Lodz	Held for sale	2,190
Legionow	Legionow 216, Torun	Held for sale	3,210
Subtotal		-	5,400
In ownership of Arcona Capital Poland Project 5 Sp. z o.o. (Poland)			
Maris	Holdu Pruskiego 9 & 12 Malopolska 12, Szczecin	Held for sale	9,100
In ownership of Aisi Bela LLC (Ukraine)			
Balabino Project	Territory of Balabynska Village Council, Zaporizkyi District, Zaporizhzhia Region	-	-
In ownership of N-E Real Estate Park First Phase S.r.l. (Romania)			
EOS Business Park	Strada Nicolae Cânea 140-160, Bucharest	5,202	5,202
		44,372	66,622

11.2.4 Statement of changes in owned investment property

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	66,622	67,344
Additions	243	818
Fair value adjustments	1	244
Exchange rate differences	-/- 215	-/- 454
Reclassification (to assets held for sale)	-/- 22,279	-/- 1,330
Balance as at 30 June / 31 December	44,372	66,622

The “Reclassification (to assets held for sale)” for the amount of € 22,279,000 negative relates to the Czech property Karlin and the four Polish properties Wolnosci, Kardynala Wyszynskiego, Legionow and Maris, which have been reclassified to “Assets held for sale”. For further reference, please see section 11.11.4 “Statement of changes in owned investment property held for sale”.

11.2.5 Valuation of owned investment property

The owned investment property, stated under section 11.2.3 “Specification of owned investment property”, were not valued by an external, independent appraiser as at Statement of Financial Position’s date.

The Managing Board reviewed the appraised values of investment property owned by the Fund. The applied valuation method was the same as used by the external, independent appraiser as described in the Consolidated Financial Statements 2023. The Managing Board would adjust the fair value of an investment property (in local currency) under the following conditions:

- if the estimated rental value (**ERV**) determined by the external, independent valuer changed by more than 10%;
- unforeseen circumstances occurred during the financial period, such as fire or water damage to a property.

These conditions were not met. Therefore, the Managing Board used the most recent external valuation (as at December 31, 2023), adjusted to include the sum of capital expenditure made during the financial period, as well as provided letting fees during the financial period. For the measurement of the fair value reference is made to the Consolidated Financial Statements 2023 section 13.9 “Investment property”.

Regarding the Zaporizhzhia plot, the Managing Board decided, given the current situation in Ukraine and the plot’s proximity to the active front lines, to maintain the value of the land plot at zero. The situation will be reviewed regularly in consultation with the Fund’s local advisors.

These valuations have been prepared in compliance with the applicable IFRS regulations and are intended for accounting purposes.

11.2.6 Specification of right-of-use assets

Nature of right-of-use asset	Related to owned investment property	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Right-of-use held by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Land lease	Kardynala Wyszynskiego	Held for sale	382
Land lease	Legionow	Held for sale	1,018
		-	1,400

11.2.7 Statement of changes in right-of-use assets

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	1,400	1,294
Remeasurement (as a result of an index / inflation)	186	330
Fair value adjustments	-/- 38	-/- 147
Reclassification (to assets held for sale)	-/- 1,548	-/- 77
Balance as at 30 June / 31 December	-	1,400

The “Remeasurement (as a result of an index / inflation)” for the amount of € 186,000 relates to the remeasurement of the lease liability. For further reference, please see section 15.16.5 “Statement of changes in lease liabilities”).

The “Reclassification (to assets held for sale)” for the amount of € 1,548,000 negative relates to the properties Kardynala Wyszyńskiego (Poland) and Legionów (Poland), which have been reclassified to “Assets held for sale”. For further reference, please see section 11.11.7 “Statement of changes in right-of-use assets held for sale”.

11.2.8 Valuation of right-of-use assets

The right-of-use assets, as listed in section 11.2.6 “Specification of right-of-use assets”, were not valued by an external, independent appraiser as at Statement of Financial Position’s date. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted by the amount of any prepaid or accrued lease payment, less any lease incentives received. The right-of-use asset is subsequently measured at fair value (subject to certain exceptions), less accumulated depreciation and impairment losses. The right-of-use asset will additionally be adjusted for any remeasurement of the lease liability, when applicable.

The Managing Board is of the opinion the above method is the most appropriate approach to the valuation of right-of-use assets as required by IFRS 16.

11.3 INVESTMENT PROPERTY UNDER DEVELOPMENT

11.3.1 Specification of investment property under development

Name of property	Address	30-06-2024 In € 1,000	31-12-2023 In € 1,000
In ownership of Aisi Bela LLC (Ukraine)			
Bela Logistic Park	Territory of Nerubaiske Village Council, Biliayivskyi District, Odessa Region	982	945

11.3.2 Statement of changes in investment property under development

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	945	958
Fair value adjustments	63	65
Exchange rate differences	-/- 26	-/- 78
Balance as at 30 June / 31 December	982	945

11.3.3 Valuation of investment property under development

All investment property under development is valued at fair value. The investment property under development, stated under section 11.3.1 "Specification of investment property under development", was not valued by an external, independent appraiser as at Statement of Financial Position's date.

The Managing Board reviewed the appraised values of investment property under development by the Fund. The Managing Board would adjust the fair value of an investment property (in local currency) under the following conditions:

- if the estimated rental value (ERV) determined by the external, independent valuer changed by more than 10%;
- unforeseen circumstances occurred during the financial period, such as fire or water damage to a property.

These conditions were initially met when Russian troops invaded Ukraine on February 24, 2022. However, the current situation in Ukraine has not materially changed since 31 December 2023 and therefore the Managing Board decided not to change the valuation used in the Consolidated Financial Statement 2023. The Management will closely follow further developments in Ukraine and if appropriate will adjust the valuation of the land plot again.

11.4 INVESTMENTS IN ASSOCIATES

11.4.1 Specification of investments in associates

Name of project	Name of associate	Country	Asset type	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Delea Nuova Project	Lelar Holdings Limited and S.C. Delenco Construct S.r.l.	Romania	Office building	3,563	3,689

Name of project	30-06-2024			01-01-2024 to 30-06-2024		
	Proportion of shares held by the Group	Total assets	Total liabilities	Net rental and related income	Valuation result of properties	Profit for the period
	In %	In € 1,000	In € 1,000	In € 1,000	In € 1,000	In € 1,000
Delea Nuova Project	24.35	17,262	2,630	725	-	489

Name of project	31-12-2023			01-01-2023 to 30-06-2023		
	Proportion of shares held by the Group	Total assets	Total liabilities	Net rental and related income	Valuation result of properties	Profit for the period
	In %	In € 1,000	In € 1,000	In € 1,000	In € 1,000	In € 1,000
Delea Nuova Project	24.35	17,356	2,208	696	-	507

11.4.2 Statement of changes in investments in associates

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	3,689	3,587
Fair value adjustments	-/- 126	102
Balance as at 30 June / 31 December	3,563	3,689

The “Fair value adjustments” for the amount of € 126,000 negative consists of the following amounts:

- share in result of investments in associates for an amount of € 119,000; less
- dividend for an amount of € 245,000, which is recognised in the consolidated income statement.

For further reference, please see section 11.26 “Share in result of investments in associates”.

11.5 DERIVATIVE FINANCIAL INSTRUMENTS

11.5.1 Specification of derivative financial instruments

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of derivative financial instruments	97	94
Current part of derivative financial instruments	212	206
	309	300

11.5.2 Specification of derivative financial instruments

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Interest rate swaps used for hedging	309	300

11.6 RECOGNISED DEFERRED TAXES

11.6.1 Specification of recognised deferred taxes

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Recognised deferred tax assets	-	-
Recognised deferred tax liabilities	-/- 3,556	-/- 3,426
	-/- 3,556	-/- 3,426

11.6.2 Statement of changes in recognised deferred taxes

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	-/- 3,426	-/- 2,751
Adjustments related to prior years	11	-/- 3
Additions / withdrawals	-/- 150	-/- 599
Change in tax rate	-	-/- 94
Exchange rate differences	9	21
Balance as at 30 June / 31 December	-/- 3,556	-/- 3,426

11.7 TAX ASSETS

11.7.1 Specification of tax assets

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of tax assets	-	-
Current part of tax assets	461	367
	461	367

11.7.2 Specification of tax assets

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Corporate income tax (CIT)	447	347
Value added tax (VAT)	12	6
Property tax	2	14
	461	367

11.8 TRADE AND OTHER RECEIVABLES

11.8.1 Analysis of trade and other receivables

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of trade and other receivables	968	892
Current part of trade and other receivables	592	576
	1,560	1,468

11.8.2 Specification of trade and other receivables

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Debt Service Reserve Account (DSRA)	968	892
Trade receivables	297	439
Receivable dividend from associates	122	-
Receivables SPDI	91	91
Invoiceable amounts	62	-
Sold properties	5	21
Interest income	-	6
Termination derivative financial instruments (interest rate swap)	-	-
Other trade and other receivables	15	19
	1,560	1,468

The “Receivable dividend from associates” for the amount of € 122,000 relates to dividend from Lelar Holdings Limited. The dividend was received as at July 5, 2024.

The “Receivables SPDI” for the amount of € 91,000 consists of:

- an overpayment as a result of withholding tax for the amount of € 8,000;
- compensation penalty interest Alpha Bank for the amount of € 83,000.

The “Sold properties” for the amount of € 5,000 relates to a part of the sold inventories (Bulgaria).

11.8.3 Analysis of termination derivative financial instruments

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Termination derivative financial instruments (gross)	75	76
Individually assessed expected credit losses for derivative financial instruments	-/- 75	-/- 76
	-	-

On October 24, 2022 the Fund was informed by Sberbank CZ that the interest rate swap on the loan to Arcona Capital Real Estate Bohemia for an amount of approximately € 75,000 was terminated. Sberbank CZ had been declared bankrupt during August 2022. Sberbank subsequently stated that the value of the swap was zero. The Fund has now claimed compensation from the Bankruptcy Administrator of Sberbank CZ for the termination of the interest rate swap for an amount of approximately € 475,000. The Fund is unable, however, to predict the likely outcome of the claim and the Board therefore cautiously resolves to value the interest rate swap to zero.

11.8.4 Analysis of trade receivables

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Trade receivables (gross)	649	825
Total expected credit losses for trade receivables	-/- 352	-/- 386
	297	439

11.8.5 Expected credit losses for trade receivables

The estimation techniques for the calculation of the collective and individually assessed credit losses of trade receivables are the same as described in the Consolidated Financial Statements 2023 (section 15.9.5).

11.9 PREPAYMENTS AND DEFERRED EXPENSES

11.9.1 Analysis of prepayments and deferred expenses

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of prepayments and deferred expenses	15	9
Current part of prepayments and deferred expenses	396	299
	411	308

11.9.2 Specification of prepayments and deferred expenses

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Deferred expenses	195	160
Prepayments	216	148
	411	308

11.10 INVENTORIES

11.10.1 Analysis of inventories

		30-06-2024		31-12-2023	
Name of inventory	Address	Quantity	Carrying amount In € 1,000	Quantity	Carrying amount In € 1,000
In ownership of Boyana Residence E.O.O.D. (Bulgaria)					
Apartment 1-D	Gardova Glava, Boyana	2	186	3	233
Apartment 3-C	Gardova Glava, Boyana	2	269	2	269
Apartment 7-D	Gardova Glava, Boyana	2	189	2	189
Apartment 8-E	Gardova Glava, Boyana	1	86	2	159
Parking places	Gardova Glava, Boyana	19	79	21	88
			809		938

11.10.2 Statement of changes in inventories

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	938	1,835
Additions	-	181
Disposals	-/- 129	-/- 1,078
Balance as at 30 June / 31 December	809	938

During June 2024 an agreement has been reached for the sale of the remaining inventories of Boyana Residence E.O.O.D. for an amount of € 1,590,000. It is expected the sale will be finalized during the third quarter of 2024.

11.11 ASSETS HELD FOR SALE

11.11.1 Analysis of assets held for sale

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Owned investment property held for sale (lease incentives excluded)	27,693	5,174
Lease incentives held for sale	26	2
Owned investment property held for sale	27,719	5,176
Right-of-use assets held for sale	1,596	77
	29,315	5,253

11.11.2 Analysis of owned investment property held for sale

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Buildings (including underground)	27,719	5,176
Land plots	-	sold
	27,719	5,176

11.11.3 Specification of owned investment property held for sale

Name of property	Address	30-06-2024 In € 1,000	31-12-2023 In € 1,000
In ownership of Arcona Capital RE Bohemia s.r.o. (Czechia)			
Karlin	Prvního Pluku 621/8a, Prague	6,413	n.a.
In ownership of Arcona Capital RE Slovakia s.r.o. (Slovakia)			
Záhradnícka	Záhradnícka 46, Bratislava	3,800	3,846
In ownership of Arcona Capital Real Estate Poland Sp. z o.o. (Poland)			
Wolnosci	Wolnosci 6, Slupsk	1,533	n.a.
In ownership of Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Grzymaly Siedleckiego	Grzymaly Siedleckiego 20, Bydgoszcz	1,330	1,330
Kardynala Wyszyńskiego	Kardynala Wyszyńskiego 107, Lodz	2,190	n.a.
Legionow	Legionow 216, Torun	3,210	n.a.
Subtotal		6,730	1,330
In ownership of Arcona Capital Poland Project 5 Sp. z o.o. (Poland)			
Maris	Holdu Pruskiego 9 & 12 Malopolska 12, Szczecin	9,243	-
		27,719	5,176

The Fund has identified the properties listed above as owned investment property held for sale.

11.11.4 Statement of changes in owned investment property held for sale

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	5,176	6,777
Additions	18	15
Fair value adjustments	234	-/- 445
Disposals	-	-/- 2,501
Exchange rate differences	12	-
Reclassification (from owned investment property)	22,279	1,330
Balance as at 30 June / 31 December	27,719	5,176

The “Reclassification (from owned investment property)” for the amount of € 22,279,000 relates to to the Czech property Karlin and the four Polish properties Wolnosci, Kardynala Wyszyńskiego, Legionow and Maris. For further reference, please see section 11.2.4 “Statement of changes in Owned Investment Property”.

11.11.5 Valuation of owned investment property held for sale

The owned investment properties held for sale, as listed in section 11.11.3 “Specification of owned investment property held for sale”, were not valued by an external, independent appraiser as of the Statement of Financial Position’s date.

The Managing Board reviewed the appraised values of investment property held for sale owned by the Fund. The applied valuation method was the same as used by the external, independent appraiser as

described in the Consolidated Financial Statements 2023. The Managing Board would adjust the fair value of an investment property (in local currency) under the following conditions:

- if the estimated rental value (ERV) determined by the external, independent valuer changed by more than 10%;
- unforeseen circumstances occurred during the financial period, such as fire or water damage to a property.

These conditions were not met. Therefore, the Managing Board used the most recent external valuation (as at December 31, 2023), adjusted to include the sum of capital expenditure made during the financial period, as well as provided letting fees during the financial period, with the exception of the properties Karlin (Czechia) and Záhradnícka (Slovakia). Karlin and Záhradnícka are valued at expected sales price. For further details reference is made to section 11.11.3 "Specification of owned investment property held for sale". For the measurement of the fair value reference is made to the Consolidated Financial Statements 2023 section 15.13.5.

These valuations have been prepared in compliance with the applicable IFRS regulations and are intended for accounting purposes.

11.11.6 Specification of right-of-use assets held for sale

Nature of right-of-use asset	Related to owned investment property	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Right-of-use held by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Land lease	Grzymaly Siedleckiego	48	77
Land lease	Kardynala Wyszyńskiego	395	n.a.
Land lease	Legionow	1,153	n.a.
		1,596	77

11.11.7 Statement of changes in right-of-use assets held for sale

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	77	-
Remeasurement (as a result of an index / inflation)	12	-
Fair value adjustments	-/- 41	-
Reclassification (from right-of-use assets)	1,548	77
Balance as at 30 June / 31 December	1,596	77

The "Remeasurement (as a result of an index / inflation)" for the amount of € 12,000 relates to the remeasurement of the lease liability directly associated with assets held for sale. For further reference, please see section 11.18.2 "Statement of changes in liabilities directly associated with assets held for sale").

The "Reclassification (from right-of-use assets)" for the amount of € 1,548,000 relates to the properties Kardynala Wyszyńskiego and Legionow. For further reference, please see section 11.2.7 "Statement of changes in right-of-use assets".

11.11.8 Valuation of right-of-use assets held for sale

For the measurement of the carrying amount of right-of-use assets held for sale reference is made to section 11.2.8 "Valuation of right-of-use assets".

11.12 GROUP EQUITY

For the consolidated statement of changes in group equity reference is made to section 7 “Consolidated statement of changes in group equity”.

11.13 TAX LIABILITIES

11.13.1 Specification of tax liabilities

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of tax liabilities	-	-
Current part of tax liabilities	160	168
	160	168

11.13.2 Analysis of tax liabilities

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Value added tax (VAT)	48	129
Property tax	84	2
Corporate income tax (CIT)	14	5
Withholding tax (WHT)	14	32
	160	168

11.14 LOANS AND BORROWINGS

11.14.1 Analysis of loans and borrowings

Kind of loans and borrowings	30-06-2024		
	Non-current liabilities	Current liabilities	Total
	In € 1,000	In € 1,000	In € 1,000
Secured bank loans	5,596	20,158	25,754
Lease liabilities	-	-	-
Other loans and borrowings	250	3,939	4,189
	5,846	24,097	29,943

Kind of loans and borrowings	31-12-2023		
	Non-current liabilities	Current liabilities	Total
	In € 1,000	In € 1,000	In € 1,000
Secured bank loans	5,725	20,780	26,505
Lease liabilities	1,231	157	1,388
Other loans and borrowings	-	3,959	3,959
	6,956	24,896	31,852

11.14.2 Statement of changes in secured bank loans

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	26,505	30,175
Loans advanced	-	6,049
Redemptions	-/- 710	-/- 9,596
(Amortisation) flat fee and transaction costs	30	25
Exchange rate differences	-/- 71	-/- 148
Balance as at 30 June / 31 December	25,754	26,505

11.14.3 Statement of changes in lease liabilities

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	1,388	1,162
Remeasurement (as a result of an index / inflation)	186	330
Redemptions	-/- 87	-/- 219
Accrued interest	48	91
Exchange rate differences	10	100
Reclassifications (to liabilities directly associated with assets held for sale)	-/- 1,545	-/- 76
Balance as at 30 June / 31 December	-	1,388

The "Reclassification (to liabilities directly associated with assets held for sale)" for the amount of € 1,545,000 negative relates to the properties Kardynala Wyszyńskiego and Legionów. For further reference, please see section 11.19.4 "Statement of changes in liabilities directly associated with assets held for sale".

11.14.4 Statement of changes in other loans and borrowings

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 31-12-2023 In € 1,000
Balance as at 1 January	3,959	4,788
Loans advanced	2,000	1,000
Redemptions	-/- 1,800	-/- 1,899
(Amortisation) flat fee and transaction costs	23	37
Accrued interest	8	37
Exchange rate differences	-/- 1	-/- 4
Balance as at 30 June / 31 December	4,189	3,959

11.15 TRADE AND OTHER PAYABLES

11.15.1 Analysis of trade and other payables

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of trade and other payables	-	-
Current part of trade and other payables	1,788	2,148
	1,788	2,148

11.15.2 Specification of trade and other payables

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Trade payables	395	539
Administrative expenses	454	550
Accruals	393	542
Interest payables	423	397
Payable settlement acquisitions	120	120
Other trade and other payables	3	-
	1,788	2,148

11.16 DEFERRED INCOME AND TENANT DEPOSITS

11.16.1 Analysis of deferred income and tenant deposits

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of deferred income and tenant deposits	235	378
Current part of deferred income and tenant deposits	566	228
	801	606

11.16.2 Specification of deferred income and tenant deposits

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Deposits received from tenants	579	591
Advance payments received with regard to sale of subsidiaries	160	-
Advance payments received from tenants	62	15
	801	606

11.17 DEFERRED TAX LIABILITIES

The changes in recognised deferred tax liabilities are included in section 11.6.2 “Statement of changes in recognised deferred taxes”.

11.18 PROVISIONS

11.18.1 Analysis of provisions

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Non-current part of provisions	-	-
Current part of provisions	4	-
	4	-

11.18.2 Specification of provisions

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Sales performance-related fee	4	-

11.18.3 Statement of changes in provisions

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	-	-
Provision made during the financial period	4	-
Balance as at 30 June / 31 December	4	-

11.19 LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

11.19.1 Analysis of liabilities directly associated with assets held for sale

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Loans and borrowings	1,593	76

11.19.2 Analysis of loans and borrowings

	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Lease liabilities	1,593	76

11.19.3 Analysis of lease liabilities

Nature of lease liability	Related to property	30-06-2024 In € 1,000	31-12-2023 In € 1,000
Lease liability by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)			
Land lease	Grzymaly Siedleckiego	48	76
Land lease	Kardynala Wyszynskiego	394	n.a.
Land lease	Legionow	1,151	n.a.
		1,593	76

11.19.4 Statement of changes in liabilities directly associated with assets held for sale

	2024 In € 1,000	2023 In € 1,000
Balance as at 1 January	76	-
Remeasurement (as a result of an index / inflation)	12	-
Redemptions	-/- 43	-
Accrued interest	2	-
Exchange rate differences	1	-
Reclassifications (from lease liabilities)	1,545	76
Balance as at 30 June / 31 December	1,593	76

The “Reclassification (from lease liabilities)” for the amount of € 1,545,000 relates to the properties Kardynala Wyszynskiego and Legionow. For further reference, please see section 11.14.3 “Statement of changes in lease liabilities”.

11.20 GROSS RENTAL INCOME

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Gross rental income collected / accrued	3,520	3,367
Amortisation of lease incentives	-/- 103	-/- 108
	3,417	3,259

11.21 PROPERTY OPERATING EXPENSES

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Property management	256	242
Asset management	258	279
Maintenance expenses in respect of properties	233	220
Property taxes and fees	191	173
Insurance premiums	35	33
Subtotal	973	947
Adjustment property taxes and fees previous year(s)	-	9
Reimbursement from tenants	-	-/- 13
	973	943

11.22 VALUATION RESULTS OF PROPERTIES

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Owned investment property	-/- 18	29
Right-of-use assets	-/- 38	-/- 50
Investment property under development	63	-
Owned investment property held for sale	232	1,796
Right-of-use assets held for sale	-/- 41	-/- 21
	198	1,754

11.23 RESULT ON DISPOSALS OF PROPERTIES

11.23.1 Analysis of result on disposals of properties

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Owned investment property held for sale	-	-/- 2,294

11.23.2 Specification of result on disposals of properties - per building

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Gardova Glava, Sofia (Bulgaria)	-	-/- 2,294

11.23.3 Specification of result on disposals of properties

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Realised value adjustments	-	-/- 2,281
Transaction costs on sale of investment properties	-	1
Consultancy fees and legal fees	-	12
Subtotal costs on sale of investment properties	-	13
	-	-/- 2,294

11.24 RESULT ON DISPOSALS OF INVENTORIES

11.24.1 Analysis of result on disposals of inventories

	Quantity	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Apartment 1-D, Gardova Glava, Sofia (Bulgaria)	1	57	8
Apartment 3-C, Gardova Glava, Sofia (Bulgaria)	-	-	72
Apartment 7-D, Gardova Glava, Sofia (Bulgaria)	-	2	46
Apartment 8-E, Gardova Glava, Sofia (Bulgaria)	1	34	137
Parking places, Gardova Glava, Sofia (Bulgaria)	2	15	22
		108	285

11.24.2 Specification of result on disposals of inventories

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Selling price	256	850
Less: carrying amount of sold inventories	129	516
	127	334
Adjustment refund of value added tax	10	48
Transaction costs on sale of inventories	-	1
Sales fee	5	-
Sales performance-related fee	4	-
Subtotal costs on sale of inventories	19	49
	108	285

The "Adjustment refund of value added tax" for the amount of € 10,000 represents the expense for Bulgarian valued added tax as a result of the repayment of a tax credit incurred by the sale of the inventories.

11.24.3 Sales fee and sales performance-related fee

In accordance with the addendum of the Registration Document dated December 20, 2023 the Managing Board is entitled to a sales fee and sales performance-related fee.

The sales fee consists of two tiers:

1. in the case the sale of an asset is realised within the 12-month period the sales fee is 2.0% of the gross sales price agreed;
2. in the case the sale of an asset is realised within the 13-to18-month period the sales fee is 1.5% of the gross sales price agreed.

The sales performance-related fee consists of two tiers:

1. in the case the sale of an asset is realised within the 12-month period the sales performance-related fee is 20.0% of the excess gross sales price over valuation;
2. in the case the sale of an asset is realised within the 13-to-18-month period the sales performance-related fee is 15.0% of the excess gross sales price over valuation.

For the starting points for the calculation of the Incentive for the Managing Board reference is made to the Consolidated Financial Statements 2023 (section 15.34.5 "Sales fee and sales performance-related fee").

11.25 NET RESULTS ON PROPERTIES

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Valuation gains	496	384
Valuation losses	-/- 171	-/- 577
	325	-/- 193
Costs on sale of properties	19	62
	306	-/- 255

11.26 SHARE IN RESULTS OF INVESTMENTS IN ASSOCIATES

11.26.1 Analysis of share in results of investments in associates

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Lelar Holdings Limited	119	123

11.26.2 Specification of share in results of investments in associates

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Fair value adjustments	-/- 126	123
Dividend	245	-
	119	123

11.27 FINANCIAL INCOME

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Realised currency results on net investments in group companies	249	116
Change in fair value of derivative financial instruments	9	36
Interest income on derivative financial instruments	111	50
Interest income of bank balances and deposits	3	9
Interest on trade receivables	2	2
Penalty interest and fees	-	1
	374	214

11.28 OTHER OPERATING INCOME

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Penalties for early termination of rental contracts	1	-
Other operating income	6	-
	7	-

11.29 ADMINISTRATIVE EXPENSES

11.29.1 Specification of administrative expenses

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Fund Management fee	333	348
Performance-related fee	-	-
	333	348

11.29.2 Management fee

This is the total fee received by the Managing Board for the management it performs. The total management fee consists of the Fund management fee as well as the Asset management fee. The calculation of the management fee as described in the Consolidated Financial Statements 2023 (section 15.34.2 "Management fee").

11.29.3 Specification Fund management fee

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Management fee	605	627
<i>Less: Asset management fee:</i>		
Arcona Capital Czech Republic s.r.o.	132	133
Arcona Capital Poland Sp. z o.o.	100	98
Arcona Capital Bulgaria E.O.O.D.	5	9
CEG South East Continent Unique Real Estate Management Limited	35	39
	272⁹	279
Fund management fee	333	348

11.29.4 Performance-related fee

In accordance with the addendum of the Registration Document dated December 20, 2023 the Managing Board is entitled to a sales performance-related fee, which replaces the performance-related remuneration as described in the Consolidated Financial Statements 2023 section 15.34.4 "Performance-related remuneration". Therefore, for the financial period, the Managing Board is not entitled to performance-related remuneration.

11.30 OTHER OPERATING EXPENSES

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Costs of service providers	423	450
Other operating expenses	22	11
	445	461
Costs of funding and acquisitions	40	8
	485	469

⁹ Reference is made to section 15.26.2 "Analysis of property operating expenses" & 10.5.1 "Overview of segment result (overview A)".

11.31 FINANCIAL EXPENSES

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Interest expense on secured bank loans	999	868
Interest expense on other loans and borrowings	270	340
Foreign exchange and currency losses	21	62
Variable compensation on other loans and borrowings	29	-
Interest expense on lease liabilities	50	45
Interest expense and costs of Tax Authorities	-	6
Withholding tax on loans due to shareholders and other group companies	14	18
Other financial expenses	-	1
	1,383	1,340

11.32 INCOME TAX EXPENSE

Income tax expense is recognised at an amount determined by multiplying the profit before income tax for the interim reporting period by Management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the Consolidated Interim Financial Statements may differ from Management's estimate of the effective tax rate for the Annual Consolidated Financial Statements.

11.33 EARNINGS PER SHARE¹⁰

11.33.1 Calculation of basic earnings per share

The basic earnings per share are calculated by dividing the profit for the period attributable to holders of shares by the weighted average number of shares outstanding during the financial period.

The weighted average number of shares is adjusted for events, other than the conversion of potential ordinary shares, which have changed the number of ordinary shares outstanding without a corresponding change in resources.

If the number of shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share and of the comparative figures is adjusted retrospectively.

11.33.2 Profit for the period attributable to shareholders (basic)

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Profit for the financial period	800	-/- 61

11.33.3 Weighted average number of outstanding shares (basic)

	01-01-2024 to 30-06-2024 In pieces	01-01-2023 to 30-06-2023 In pieces
Issued shares as at 1 January	4,177,083	4,185,984
Effect of treasury shares held during the financial period	-	-/- 6,049
	4,177,083	4,179,935

11.33.4 Calculation of diluted earnings per share

The diluted earnings per share are calculated by dividing the profit for the period attributable to holders of shares, adjusted for costs relating to the convertible securities included in the profit for the period, by the weighted average number of shares during the financial period, adjusted for the maximum number of shares that could be converted during the financial period.

The adjustments as described are only made in case conversion will cause dilution of earnings. In case conversion will have a positive effect on the earnings per share, these adjustments are not made.

11.33.5 Profit for the period attributable to shareholders (diluted)

	01-01-2024 to 30-06-2024 In € 1,000	01-01-2023 to 30-06-2023 In € 1,000
Profit for the period	800	-/- 61
Interest expense on convertible bonds (net of tax)	-	-
	800	-/- 61

¹⁰ The calculation of the earnings per share includes all types of profit-sharing shares (e.g. ordinary and registered shares). Therefore, treasury shares are excluded from the earnings per share.

11.33.6 Weighted average number of outstanding shares (diluted)

	01-01-2024 to 30-06-2024 In pieces	01-01-2023 to 30-06-2023 In pieces
Weighted average number of outstanding shares outstanding during the financial period (basic)	4,177,083	4,179,935
Effect of conversion of warrants	-	-
Effect of conversion of convertible bonds	-	-
	4,177,083	4,179,935

11.34 RISK MANAGEMENT

According to its investment policy set out in the prospectus, the Registration Document dated October 19, 2016 in conjunction with the Security Note dated October 28, 2016, as well as the addendum of the Registration Document dated December 20, 2023 the Fund may hold investments in direct property in Central Europe. The Fund's investment portfolio currently consists of property in Czechia, Slovakia, Poland, Ukraine, Bulgaria and Romania. These properties are in principle held for an indefinite period. However, the goal is to monetize a significant portion of the portfolio within an 18-month period by selling assets.

The Fund's investment activities result in exposure to various risks, as also defined in the prospectus, as well as in the Consolidated Financial Statements 2023 section 15.41 "Risk Management". As at Statement of Financial Position's date the exposure to the risks, as described in the Consolidated Financial Statements 2023, does not deviate materially from the exposure as at December 31, 2023.

11.35 RELATED PARTIES

11.35.1 Identity of related parties

For the Fund the following categories of related parties were identified during the financial period:

- I. Managers in key positions, meaning the Managing Board and the Supervisory Board;
- II. Major investors (more than 20% voting rights);
- III. All organisational entities within the Group designated as Arcona Capital;
- IV. Investment trusts, investment funds and other investment companies which are managed by an entity belonging to Arcona Capital;
- V. Investments undertaken by Arcona Capital, in which Arcona Capital has significant influence (more than 20% of voting rights).

Related parties include both natural and legal persons. Close members of the family of natural persons, being related parties, are also classified as related parties.

11.35.2 Transactions with and / or interests of managers in key positions (I)

During the financial period the Fund entered into the following transactions with the managers in key positions:

- A. The Managing Board received a remuneration (management fee) for an amount of € 605,000 (H1 2023: € 627,000);
- B. The Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Czech Republic s.r.o. for the amount of € 132,000 (H1 2023: € 133,000);

- C. The Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Poland Sp. z o.o. for the amount of € 100,000 (H1 2023: € 98,000);
- D. The Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Bulgaria E.O.O.D. for the amount of € 5,000 (H1 2023: € 9,000);
- E. The Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to CEG South East Continent Unique Real Estate Management Limited for the amount of € 35,000 (H1 2023: € 39,000);
- F. The Supervisory Board received a remuneration for an amount of € 14,000 (H1 2023: € 14,000).

During the financial period no other transactions occurred with members of the Managing Board and / or members of the Supervisory Board.

For the personal interests of members of the Managing and Supervisory Board reference is made to section 12.1 "Personal interests".

For the remuneration of the Managing Board reference is made to section 11.29 "Administrative expenses".

11.35.3 Specification major investors

As at Statement of Financial Position's date the Fund identified the following major investors:

Name	Type of share	Direct real voting rights	Indirect real voting rights	Direct potential voting rights	Total
		In %	In %	In %	In %
Stichting Prioriteit APF	Priority shares	100.00	n.a.	n.a.	100.00
SPDI	Registered shares	25.69	n.a.	6.22	31.91

The voting rights are based on information in the Register of substantial holdings and gross short positions of the AFM, as at Statement of Financial Position's date.

11.35.4 Transactions with and / or interests of major investors (II)

During the financial period the Fund entered into or maintained the following transactions with major investors:

Name	Kind of transaction	H1 2024	30-06-2024
		Amount of transaction In € 1,000	Carrying amount In € 1,000
SPDI	Acquisition 21.18%-share in Lelar Holding Ltd.	-	57
SPDI	Acquisition 3.17%-share in Lelar Holding Ltd.	-	16
SPDI	Acquisition 100%-share in N-E Real Estate Park First Phase	-	47
SPDI	Receivable / current account	-	91

Name	Kind of transaction	H1 2023	31-12-2023
		Amount of transaction In € 1,000	Carrying amount In € 1,000
SPDI	Acquisition 21.18%-share in Lelar Holding Ltd.	-	57
SPDI	Acquisition 3.17%-share in Lelar Holding Ltd.	-	16
SPDI	Acquisition 100%-share in N-E Real Estate Park First Phase	-	47
SPDI	Receivable / current account	-	91

11.35.5 Transactions with other related parties (III-IV-V)

During the financial period the Fund entered into or maintained the following transactions with other related parties:

Name	Kind of transaction	Other information	H1 2024	30-06-2024
			Amount of transaction In € 1,000	Carrying amount In € 1,000
Arcona Capital Czech Republic s.r.o.	Asset management fee	-	132	-
Arcona Capital Poland Sp. z o.o.	Asset management fee	-	100	-
Arcona Capital Bulgaria E.O.O.D.	Asset management fee	-	5	-
			237	-
Arcona Capital Czech Republic s.r.o.	Advisory services	-	8	-
Several	Rental income	268 m ²	35	-
Statutory directors	Wages and salaries	-	6	2

Name	Kind of transaction	Other information	H1 2023	31-12-2023
			Amount of transaction In € 1,000	Carrying amount In € 1,000
Arcona Capital Czech Republic s.r.o.	Asset management fee	-	133	-
Arcona Capital Poland Sp. z o.o.	Asset management fee	-	98	-
Arcona Capital Bulgaria E.O.O.D.	Asset management fee	-	9	-
			240	-
Arcona Capital Czech Republic s.r.o.	Advisory services	-	7	-
Several	Rental income	268 m ²	34	-
Statutory directors	Wages and salaries	-	6	1

11.35.6 Investments in other related parties (III-IV-V)

Investment trusts, investment funds and other investment companies managed by an entity within Arcona Capital, have in the past held investments in companies in which the Fund also has investments. As at Statement of Financial Position's date the Fund held no investments in other related parties.

11.35.7 Transactions with related parties

During the financial period the Fund entered into or maintained the following transactions with related parties affiliated with the Managing Board of the Fund:

Name	Kind of transaction	H1 2024	30-06-2024
		Amount of transaction In € 1,000	Carrying amount In € 1,000
R.J. Barker	Providing unsecured loan	-	250
R.J. Barker	Payable interest unsecured loan provided	12	6

Name	Kind of transaction	H1 2023	31-12-2023
		Amount of transaction In € 1,000	Carrying amount In € 1,000
R.J. Barker	Providing unsecured loan	-	250
R.J. Barker	Payable interest unsecured loan provided	12	6

The Fund has not entered into any other transactions with parties affiliated with the Managing Board of the Fund.

11.35.8 Loans from third parties

During the financial period the Fund has entered into loan agreements with third parties. Those third parties are not related parties to the Fund or the Managing Board but are investors in other funds managed by the Managing Board.

11.36 EVENTS AFTER STATEMENT OF FINANCIAL POSITION'S DATE

The following material events after Statement of Financial Position's date have occurred:

- A. As at July 3, 2024 the Fund announced it has concluded two new leases for its Maris office building in Szczecin, Poland. These new contracts increase the building's occupancy rate by approximately 18%, to 85%. The first rental contract has been concluded with EBZ Design (a company which offers engineering services for the automotive and aerospace industries) for a period of 60 months for approximately 575 m². The second contract has been signed with Affidea (a company specialized in MRI services) for a period of 120 months for approximately 485 m².
- B. As at July 10, 2024 the Fund announced that its major shareholder Secure Property Development & Investment plc (**SPDI**) will distribute its shares in the Fund to its shareholders. This proposal was adopted at SPDI's Extraordinary General Meeting on July 10. Following this distribution, the shares will become tradeable, with SPDI aiming to complete the distribution before the end of the year.

No further material events have occurred after Statement of Financial Position's date.

Amsterdam, August 30, 2024

The Managing Board:

Arcona Capital Fund Management B.V.

On behalf of,

G.St.J. Barker LLB
Managing director

P.H.J. Mars M.Sc
Managing director

M. Van der Laan B.Sc
Managing director

M.T.H. Blokland BBA
Managing director

The Supervisory Board:

Mr. drs. A.N. Krol
Chairperson

J.J. van Heijst M.Sc
Member

M.P. Beys Esq.
Member

12 OTHER INFORMATION

12.1 PERSONAL INTERESTS

During the financial period neither the Managing Board nor the Supervisory Board held interests in investments by the Parent Company, except for:

- J.J. van Heijst (member of the Supervisory Board) who owns 12,855 pieces (December 31, 2023: 12,855 pieces) of ordinary shares in private possession. Mr. J.J. van Heijst M.Sc. is working for the Stichting Value Partners Family office who owns 397,694 pieces (December 31, 2023: 397,694 pieces) of ordinary shares;
- M.P. Beys (member of the Supervisory Board) owns no (December 31, 2023: no) ordinary shares in private possession. Mr. M.P. Beys is also the Chairman of the Board of Directors of SPDI. SPDI owns 1,072,910 pieces (December 31, 2023: 1,072,910 pieces) of registered shares.

12.2 INDEPENDENT AUDITOR'S REPORT

The information in these Consolidated Interim Financial Statements 2024 has not been audited by an expert pursuant to article 393, Part 9 of Book 2 of the Dutch Civil Code (auditor's report).