

These minutes will be adopted by the Supervisory Board and signed by the chairman of the Supervisory Board as evidence thereof on October 7, 2021. Until then, persons who attended the meeting can send their comments to: info@arconacapital.com

Minutes of the virtual General Meeting of Shareholders of

Arcona Property Fund N.V.

d.d. 16 June 2021 in Amsterdam.

Present

Members of the Supervisory Board

Drs. B. Vos

Management Board Arcona Capital Fund Management B.V. (the Board)

G. St. J. Barker LLB FRICS

drs. P.H.J. Mars

H. H. Visscher

Board of the Stichting prioriteit MERE (the Priority)

G. St. J. Barker LLB FRICS

H. H. Visscher

Virtual present on behalf of Deloitte Accountants N.V.

J. Holland, partner

J.v.d. Akker

On behalf of Arcona Capital Fund Management B.V.

ir. J.M. Poot, Fund Manager

Mrs. M. T. H. Blokland BBA, secretary

Shareholders

2.651.414 votes virtual present, representing 70,54 % of the outstanding capital

Apologies

H. H. Kloos RBA, chairman

Agenda

1. Opening;
2. Report of the Management Board financial year 2020;
3. Current matters;
4. Adoption of the annual report 2020 and allocation of the result;
5. Discharge of liability for 2020 of the Management Board;
6. Discharge of liability for 2020 of the Supervisory Board;
7. Appointment Mr. J. J. van Heijst as a member of the Supervisory Board (proposal St. Prioriteit MERE);
8. Appointment Mr. M. P. Beys as a member of the Supervisory Board (proposal St. Prioriteit MERE);
9. Questions;
10. Closing.

1. Opening

Mr. Vos opens the virtual meeting of Arcona Property Fund N.V. (**the Fund**) and welcomes the virtual attendees.

Mr. Vos furthermore states that the entire Board of Directors of Arcona Capital Fund Management B.V. (**the Board**) is present at this meeting. Mr. Kloos is absent in connection with his recovery after hospitalization and Mr. Vos will act as chairman during this meeting.

The chairman notes that the meeting was convened by means of the announcement on 5 May 2021, therefore before the statutory deadline of 42 days. The annual accounts were also made available for inspection within this period via the website of the Fund. The chairman therefore concludes that legally valid decisions can be taken on all announced subjects.

The attendance list shows that 22 shareholders or proxies are present, together representing 2,651,414 shares, being approximately 70.54% of the outstanding share capital.

The chairman notes that shareholders can cast their vote via the live stream from the start of the meeting. After the explanation of the voting points by the management, the chairman will communicate clearly when the voting is closed.

2. Report of the Board financial year 2020:

Mr. Poot provides an explanation of the key figures for 2020 on the basis of the presentation. The presentation is an integral part of the minutes. The focus in 2020 was on the sale of non-core buildings and the refinancing of expiring (bank) loans. Also in 2020, a large part of the attention of both management and supervisory board was focused on limiting the impact of the COVID-19 crisis on the financial stability of the Fund.

Although it was a challenging year, thanks to the local presence and contacts in the market, the Board has taken important steps in sales, refinancing and/or repayment of expiring loans. In addition to the vacant Kalisz retail building in Poland, two non-core buildings in Košice, Slovakia have been sold for a total sales price of EUR 5.9 million. Due to the composition of the tenant base with diversified and small tenants, the impact of COVID-19 on rental income was limited.

The sales and refinancing are explained. In Poland, the refinancing of the DNB Bank Polska loan turned out to be a long process. Initial commitments for also refinancing the Maris building were withdrawn by BNP Paribas. The project was successfully completed in 2021 with Austria's Hypo Noe showing its willingness to finance both Maris and the six Polish supermarkets.

Mr. Poot also explains the loans at NV level, which were partly repaid in 2020.

With regard to COVID-19, the Board has adopted a constructive long-term attitude towards the tenants. This was appreciated by tenants of which the majority were able to meet their obligations of the lease contracts. The rental and service income of the real estate portfolio decreased by 7% to EUR 10.32 million, mainly due to Kosmalt, the student accommodation, as a result of the temporary closure of the University of Košice. The uncertainty as a result of COVID-19 also had an impact on the appraisal value. The appraised value at year-end 2020 of the comparable real estate portfolio decreased by 3.3% compared to 2019.

Mr. Poot then provides an explanation of the balance sheet and profit and loss account. In 2020, operating expenses decreased and financial expenses increased. The latter have fallen substantially since the completion of the refinancing. Three buildings were sold in 2020. The LTV has decreased as a result of the sales and repayments. The occupancy rate has remained more or less the same.

The chairman thanks Mr. Poot for his explanation and then deals with the questions received from the virtually present shareholders via the portal.

RCM Consultancy asks why two candidates are being nominated for the Supervisory Board [voting points 7 and 8] in view of the associated additional costs. The chairman replies that two supervisory directors is not enough for a listed fund. In addition, there is a retirement schedule so that the costs will not be out of line. First of all, it is important to properly familiarize the two candidates after appointment.

Mr. *Van Heijst* inquires after the commitment of the Board and the current Supervisory Board to discuss options for the future in an extra meeting after refinancing and to reduce the discount between the share price and Net Asset Value [NAV]. The Chairman replies that this commitment still stands and that an Extraordinary General Meeting of

Shareholders (EGM) on the future of the Fund will take place at the latest at the end of September/beginning of October 2021.

Mr. *Kuiper* believes that the Fund's management costs are too high and that liquidation is the only option. The chairman indicates that the options and a Plan of Approach for the future will be discussed in the aforementioned EGM.

3. Current matters:

The chairman then gives the floor to Mr Barker, being virtual present via a video link from Prague. Mr. Barker provides a summary of the events after the balance sheet date. In Poland, for Grudziądz and Inowrocław, an agreement has been reached with the tenant 'Rossmann', a pharmacist and German multinational, about expanding the rental space and extending the term of the lease.

Finally, Mr. Barker states that the share price recovered from EUR 3.93 to EUR 6.00 in the period from the end of 2020 to the end of May 2021, which offers more options for the Fund. The Board also succeeded in its goals to sell approximately EUR 10 million non-core real estate and to meet its repayment obligations.

SPDI

The second phase has been signed in accordance with the agreement, whereby two modern office buildings in Romania will be added to the real estate portfolio and contribute to the operating result.

After the financing situation has stabilized, financial resources can be used for a share buyback program, an option that will be discussed at the upcoming EGM in Q3 2021.

Sell non-core

Mr. Barker explains that the student accommodation Kosmalt was sold as of May 6, which is a good result given the closure of the University of Košice in October 2020 and the related drop in rental income of 85%.

Financing

Mr. Barker further notes that the EUR 14 million loan from Hypo Noe with a term of five years is a huge improvement in the (financial) stability of the Fund. In addition, the remaining RECE loan of EUR 1.9 million at NV level has been repaid in full and replaced by a new loan on more favorable terms and with a term of three years.

Focus 2021

Mr. Barker states that the focus for H2 2021 is on the refinancing of *Boyana Residence* and the repayment of the convertible bond and other loans at NV level, totaling EUR 8.5 million. At the same time, the sale of non-core buildings and/or land will be actively continued. Furthermore, the second phase of the SPDI acquisition is signed and will be completed in H2 2021. With regard to the Delenco building, Mr. Barker notes that the current lease has been extended by five years. This offers the option of a refinancing, which is positive for the generation of liquidity.

The chairman thanks Mr. Barker for his presentation and then addresses the questions received from the virtual shareholders through the portal.

Mr. *Rienks* inquires after the reason for selling land in Bulgaria and notes that the costs would become relatively higher as the fund assets continue to decline. Mr. Barker replies that project development in Bulgaria is not money well spent and therefore it is easier to sell the land. The Board uses the same criterion for buildings where adding value is no longer possible. The current development/ adaptation of an office building in the center of Prague though, is an example of adding value [development of two extra floors]. The sale of non-core buildings will have a positive effect on the real estate portfolio, allowing the management to concentrate on the management of the core assets as well.

Mr. *Blom* asks what the maturity is of the EUR 1 million loan from Phase II with SPDI. Mr. Barker replies that this is more than 1 year. Mr. *Blom* then asks whether the warrants issued to SPDI will be listed on the stock exchange. This is not the case, said Mr. *Visscher*.

Mr. Barker adds that free cash flow will not be used for the growth of the Fund and does not foresee any new acquisitions.

RCM Consultancy notes that the costs (including interest charges) of the Fund are excessive and is of the opinion that there is no interest in the shares of the Fund. Mr. Barker believes that this is not apparent from the rise in the share price.

Mr. *Blom* asks whether the listing in Prague will still be realized. Mr. Barker replies that preparing a prospectus required by the Prague Stock Exchange is expensive and the management currently believes that this is not a good use of liquid assets.

Mr. *Kuiper* indicates that the doubling of the share price had to do with the purchase by him of the available shares and Mr. Barker was aware of this. Mr. Barker states that whatever the motivation may be, he cannot but conclude that there is interest in the Fund. The chairman agrees with this view.

RCM Consultancy asks whether the purchase and sale of real estate such as supermarkets for low prices does not indicate a classic ABC transaction. Mr. Barker indicates that this is not correct: one (out of 11) supermarkets has been sold. The other retail assets are performing excellently despite the COVID-19 pandemic. The reason for the lower valuation of the well-performing supermarkets by the appraisers was the uncertain economic situation.

Mr. *Blom* brings forward that SPDI is listed at a discount compared to Arcona Property Fund N.V. Subsequently Mr. *Blom* asks whether it would not be wiser to buy SPDI shares instead of own shares by means of a share buyback. The management takes note of this, according to Mr. Visscher.

4. Adoption of the annual accounts for 2020 and allocation of the result [voting item];

The chairman then puts the adoption of the annual accounts for the 2020 financial year to a vote. The 2020 annual accounts are adopted by the General Meeting of Shareholders and the loss is charged to the reserves.

5. Discharge of the Management Board from liability for its management [voting item];

The chairman then puts agenda item 5 to a vote and notes that the General Meeting of Shareholders has discharged the Management Board for the policy pursued during the past financial year.

6. Discharge of liability to the members of the Supervisory Board for their supervision [voting item];

The chairman then puts agenda item 6 to a vote and notes that the General Meeting of Shareholders has discharged the members of the Supervisory Board for their supervision.

7. Appointment of Mr. J. J. van Heijst as member of the Supervisory Board on the proposal of the Priority Foundation [voting item];

The chairman announces that in accordance with articles 23.2 and 23.3 of the Fund's Articles of Association, the Priority is proposing to the General Meeting of Shareholders to appoint Mr. Van Heijst with effect from today for a period of four years. The Supervisory Board has determined that Mr. Van Heijst has the relevant expertise and experience and supports the proposal of the Priority. The chairman then gives the attendees the opportunity to respond to the proposal of the Priority.

Mr. *Blom* asks whether the Board could provide an explanation of the new role of the candidate supervisory directors. The chairman explains that the candidates for the Supervisory Board will bring in additional competencies and that the candidates have been nominated on the recommendation of the existing Supervisory Board members.

Agenda item 7 is then put to a vote and the chairman notes that the proposal of the Priority Foundation has been adopted by the General Meeting of Shareholders.

8. Appointment of Mr. M. P. Beys as member of the Supervisory Board on the proposal of the Priority Foundation [voting item];

The chairman announces that in accordance with articles 23.2 and 23.3 of the Articles of Association of the Fund, the Priority is proposing to the General Meeting of Shareholders to appoint Mr. Beys with effect from today for a period of four years. The Supervisory Board has determined that Mr. Beys has the relevant expertise and experience and supports the proposal of the Priority. The chairman then gives the shareholders the opportunity to respond to the proposal of the Priority.

Agenda item 7 is then put to a vote and the chairman notes that the proposal of the Priority Foundation has been adopted by the General Meeting of Shareholders.

9. Questions

Mr. *Kuiper* states that it has become apparent that the Fund's share price is lagging behind the NAV. The only reason the price has risen recently is that he (and others) have bought up almost all of the supply. There is hardly any liquidity in the Fund. Any volume of supply or demand results in drastic changes in the price. According to Mr. *Kuiper*, the policy of the Board to grow the Fund (with illiquid assets) is in the interest of management and not in the interest of the shareholders.

Mr. *Kuiper* requests the management to come up with a plan for liquidation or total sale of the Fund to an interested party. Mr. *Visscher* replies that the item has been noted. The chairman asks the meeting to keep further questions about this aspect for the EGM. This meeting is expected to take place physically and the chairman assures that the EGM will take place at the end of September/ beginning of October at the latest.

Mr. *Kuiper* then asks regarding the recent SPDI acquisitions:

1. Which appraisers have valued the assets?

Mr Barker: CBRE and Cushman & Wakefield [Ukraine and Romania]

2. Are the valuation reports available to shareholders?

Mr *Visscher*: the valuations are published in the annual reports. However, valuation reports are prepared for accounting purposes and are not disclosed to potential purchasers or shareholders.

3. Can the assets purchased be sold in the short term for at least the purchase price?

Mr Barker: In principle, the EOS building can be sold in the short term, the sale of the Delenco office building will have to be sold in consultation with the other shareholders. It is liquid but slightly less than when you have 100% control. Of the two plots of land in Ukraine, one is liquid and the other slightly less.

4. When and how were the shareholders consulted about the recent purchases or how did this decision-making come about?

Mr. Barker: In 2019, the shareholders were informed about the acquisition of the SPDI assets and since then have been regularly informed about the developments regarding the phased acquisition via the website and press releases.

Mr. *Rienks* asks how the Board intends to grow the Fund with a view to cost efficiency, now that more properties are being sold than bought. Mr. Barker remarks that a strategic discussion on this would have to be held in Q3 2021. Mr. Barker acknowledges that the Fund is too small for a listed fund and the associated costs. Although the Fund has doubled since the takeover and progress has been made in stabilizing the Fund, the targeted growth and efficiency have not been achieved due to the lack of response of shareholders to dividend payments. Raising capital therefore proved difficult. It was therefore decided to acquire SPDI by issuing shares.

Mr. Barker adds that a choice will have to be made how to proceed the Fund and this choice will have to be supported by the shareholders. To continue as it is, is not an option. Growth (and issuance of shares) at a share price with a discount of 45 - 50% compared to the net asset value will not be supported by the shareholders.

Reducing the Fund is the other option which could be accomplished in 2 ways:

- i) Liquidation: this has the disadvantage that shareholders will be locked up in the Fund for two to three years.
- ii) The other option is to sell assets, maintain the income stream and continue to manage the (financing) costs and use the sales proceeds for dividends or share buybacks. Management will present these options to the EGM and support the option that shareholders choose and which management will also judge as profitable.

Mr. *Van Heijst* states that the warrants are in fact bonus shares and asks whether the management could agree with this description. Mr. Barker believes that this description is correct (potential entitlement to shares under certain conditions).

11. Closing.

Being no further business, the chairman thanks the attendees for their input and attention and closes the meeting. A copy of these minutes will be sent to the Board, so that the Board can make a note of the decision-making.

These minutes were adopted by the chairman and the secretary of the meeting on 2021 and signed by them in evidence thereof.

Chairman:

Secretary:

B. Vos

M. T. H. Blokland