



P R E S S R E L E A S E

Amsterdam, 30 April 2024

Strong recovery in Arcona Property Fund N.V. results in 2023

Arcona Property Fund N.V. (the Fund), a listed fund that invests in commercial real estate in Central Europe, has reported a result after tax of EUR 183,000 for 2023, marking a significant recovery from the previous year's net loss of EUR 4.35 million. Net income increased by 9.3% to EUR 4.6 million. The fair value of the comparable real estate portfolio increased by 0.6% over the year.

Financial Results and Debt Situation

In 2023, the Fund posted a profit of EUR 183,000, due to positive valuation adjustments, higher rental income and sales above valuation, this despite a significant increase in debt service costs. The financial expenses increased in 2023 by EUR 900,000 to EUR 3.11 million. This substantial increase in interest expenses breached the Debt Service Coverage Ratio (DSCR) covenants of several bank loans. The Fund has secured waivers for all these breaches, maintaining financial stability with its debt arrangements. The Fund also made further instalments on bank loans, resulting in a reduced Loan-to-Value ratio of 39.5%, down from 43.6% in 2022.

Net Asset Value

In 2023, the Triple Net Asset Value (NNNAV) per share decreased by 7.5%. This reduction was mainly due to full recognition of deferred taxes, following resolutions passed during the EGM on 20 December 2023 to accelerate the sales programme. The Fund has now fully accounted for all potential tax liabilities anticipated from future property sales, resulting in a EUR 0.63 per share decrease of the NNNAV, to EUR 10.93.

Valuation

The market value of the property portfolio increased by 0.6% over the year despite rising financing costs. The occupancy rate maintained a robust level of approximately 88%. Furthermore, due to ongoing reductions in operating expenses and indexation of contracted rents, comparable net income rose by 9.3%, amounting to approximately EUR 4.6 million in 2023.

Sales

The Fund made further progress in 2023 in its divestment programme, generating proceeds of EUR 2.9 million with asset sales in Bulgaria. The sales facilitated the effective repayment of debts and supported a cash distribution of gross EUR 0.1765 per share to shareholders.

Outlook for 2024

The Fund is committed to continuing the enhancement of shareholder value in 2024 through a strategic monetization plan. This plan will expand the asset sales programme to cover both non-core and selected core assets that have achieved peak short-term values. With stable occupational demand across our retail and residential holdings and a focus on sustaining occupancy levels in the office sector, we expect improved market conditions and lower financing costs to support our operational performance and transaction activities in 2024.

The sales programme is expected to generate substantial capital, earmarked for a planned reverse bookbuild following the settlement of short-term loans.

Despite ongoing economic and geopolitical challenges the Board is confident market sentiment and liquidity is robust enough to support the planned sales agenda successfully over the coming months.

At the AGM, the Board expects to be able to provide more details about sales of assets.

Annual meeting

The Fund will hold its Annual General Meeting (AGM) on 26 June 2024. The convening notice for the AGM will be published in advance on the Fund's website, together with the agenda. The 2023 annual report can be found on the website.

For more information, please visit the website of Arcona Property Fund N.V.

P R E S S R E L E A S E E N D S

Arcona Property Fund N.V. invests in commercial real estate in Central Europe. Shares of the Fund (ISIN code NL0006311706) can be traded daily via Euronext Amsterdam as a closed-end investment fund.

For more information:

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