

PRESS RELEASE

Amsterdam, 30 April 2021

Arcona Property Fund reports Covid – impacted results for 2020

Arcona Property Fund N.V., the listed fund that invests in commercial property in Central Europe, has reported its full-year results for 2020. Rental income, profitability and capital values have all fallen compared to 2019, reflecting the impact of the Covid-19 pandemic. Nevertheless, against this challenging background, the Fund was able to preserve its tenant base and successfully to progress its sale and refinancing programme. The expectations for 2021 are that the Fund will continue, as in 2020, to meet all its operational and financial obligations whilst progressing with the disposal of further non-core assets into a rising market.

In 2020 the operational result was € 13,000, compared to € 692,000 in 2019. The direct result before tax was - €321,000 compared to € 1.4 million (including a € 500,000 exceptional item) in 2019. Net rental income, on a like for like basis, decreased from € 4.9 million to € 4.4 million, a decrease of 10.2%. Occupancy rates declined slightly, from 84.3% to 83.6% whilst the loan to value ratio improved from 50% to 47%.

Three assets were sold during the year, a vacant supermarket in Kalisz, Poland and two office buildings in Kosice, Slovakia. As a result of these sales and a 2.1% decline in the valuation of the remaining 24-asset portfolio, the Fund size decreased from € 104 million to € 89.8 million. The Fund's NNAV has been adjusted to €11.84 per share.

Dividend

The Management Board and the Supervisory Board have decided not to declare a dividend for 2020.

Outlook

For 2021, Management is confident that the operational income of the Fund will continue to be sufficient to meet all debt financing obligations and to maintain levels of capital expenditure necessary to sustain the physical fabric of the asset portfolio. Across the Fund's core markets (Poland, Czech Republic and Slovakia) the existing secured debt position provides a stable long-term platform for operations, with a loan to value ratio of 42% and an average term to maturity of 3.1 years

The current priority aim for Management remains the refinancing or repayment of certain short-term debt obligations at NV level. These now amount to ca. € 6.5 million. Having successfully refinanced over €14 million of loans during the last twelve months, Management is confident this aim can be achieved during 2021 through a combination of further asset sales and new debt issuance.

The economic volatility of the last twelve months has not dampened the demand from investors for real estate in most CEE regions and sectors. This demand is expected to be maintained during 2021 and the Fund therefore plans to accelerate its disposal programme for non-core and non-income producing assets, specifically in Ukraine, Bulgaria and Slovakia. The Fund aims to realise between € 8 million and €15 million gross from its 2021 sale programme, to be used for debt repayment or returned to shareholders.

The Fund intends to document the acquisition of additional assets of SPDI during H1 2021. This includes development sites in the Ukraine and two fully-leased office properties in Bucharest, Romania. The total value of the assets to be acquired will be ca. € 12 million. The acquisitions will be funded by the issuance of shares at Net Asset Value and by the assumption of existing debt arrangements.

General Meeting of Shareholders

Arcona Property Fund N.V. intends to hold the General Meeting of Shareholders on June 16, 2021. The notice for the AGM with the definitive date and agenda will be published in good time.

Annual Report

The complete annual report is available on the website of the fund.

PRESS RELEASE ENDS

Arcona Property Fund N.V. is a closed-ended investment fund that invests in commercial property in Central Europe. Shares in the Fund (ISIN-code NL0006311706) can be traded daily via Euronext Amsterdam and the Prague Stock Exchange.

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