These minutes will be adopted by the Supervisory Board and signed by the chair of the Supervisory Board as evidence thereof on 21 September 2023. Up till 21 December, persons who attended the meeting can send their comments to: info@arconacapital.com

Minutes of the General Meeting of Shareholders of Arcona Property Fund N.V.

d.d. 27 June 2023 in Amsterdam

Present

Members of the Supervisory Board
Mr. A.N. Krol MSc (the **chair**)
M.P. Beys Esq
J.J. van Heijst MSc

Management Board Arcona Capital Fund Management B.V. (the **Board**)
G. St. J. Barker LLB
P.H.J. Mars MSc
Mrs. M.T.H. Blokland BBA QCO
M. van der Laan BSc

Board of the Stichting prioriteit APF (the Priority)
G. St. J. Barker LLB
P.H.J. Mars MSc

Fund Manager
Ir. J.M. Poot

Deloitte Accountants N.V.
J. van den Akker MSc RA, partner

On behalf of Arcona Capital Fund Management B.V.
M.L. de Mol BSc, secretary

Shareholders
2,600,540 votes present, representing 61.36% of the outstanding capital.

Agenda:

1. Opening
2. Report of the Management Board financial year 2022
3. Current matters
4. Adoption of the annual report 2022 and allocation for the result
5. Discharge from liability for 2022 of the Management Board
6. Discharge from liability for 2022 of the Supervisory Board
7. Proposal *Stichting Prioriteit APF* to reduce the issued capital
8. Questions
9. Closing

1. Opening

The chair opens the General Meeting of Shareholders (the **meeting**) of Arcona Property Fund N.V. (the **Fund**) and welcomes the attendees. The chair informs the meeting that the Supervisory Board had a pre-meeting with a number of shareholders. Some of these shareholders will explain their perception about the future of the Fund during this meeting.

The chair furthermore states that the entire board of directors of Arcona Capital Fund Management B.V. (the **Board**) is present at this meeting.

The chair notes that the meeting was convened by means of the announcement on 15 May 2023, therefore before the statutory deadline of 42 days. The annual accounts were made available for inspection within this period at the website of the Fund. The chair therefore concludes that legally valid decisions can be taken on all announced subjects.

The attendance list shows that 19 shareholders or proxies are present, together representing 2,600,540 shares, being approximately 61.36% of the outstanding share capital.

2. Report of the Management Board financial year 2022

The chair gives the floor to Mr. Poot. Mr. Poot presents and clarifies the achievements of 2022, the sale of non-core assets and refinancing of the portfolio in Bulgaria. The presentation is an integral part of the minutes.

The Fund is directly and indirectly affected by the war in Ukraine, indirectly by influencing the economy and directly by the assets located in Ukraine. The sale of non-core assets has continued in 2022 for a total of € 8.9 million compared to € 7.4 million assessed value. In addition, the portfolio has expanded through the acquisition of the EOS building and a stake of 24.35% in the Delenco office in Bucharest. The share buy-back programme started in September 2022 and ended in March 2023. The Fund's Operating Result was favorable as comparable rental income increased to € 3.8 million. The overall valuation result decreased with 2,8% due to market conditions and lower valuation of the Bulgarian apartments. The latter is a temporary accounting difference and does not reflect the true value. The challenges of 2022 comprised increased interest rates, a lower valuation result and cost inflation.

Balance sheet and Profit & Loss statement

Mr. Poot gives a summary of the figures. The ratio of the balance sheet between short- and long-term debt has changed. Although the Hypo Noe loan runs until 2026, the loan is classified as a short-term loan because one of the covenants was not fulfilled at 31-12-2022. For this covenant, the Fund has received a waiver until the end of 2023.

There were no further questions in relation to the financial figures.

3. Current matters

The floor is then given to Mr. Barker who gives a clarification on recent events. There are 21 assets (2 land plots included) in the portfolio of which 7 are non-core assets and 14 core assets.

Share repurchase programme

The Fund concluded its initial share repurchase programme on 15 March 2023. The company repurchased a total of 60,976 shares at an average purchase price of € 6.43 for a total expenditure of € 392,050.

Boyana Residence

The Boyana Residence in Bulgaria has been refinanced with private loans. Currently half the project, including the large development site, has been sold in three separate deals for a total that exceeds € 2.85 million. Moreover, two further purchase contracts have been signed which should be completed in July, including the second development site. Boyana Residence will then have 18 apartments left, where the expectation is that they can be sold for up to 40% above their appraised value.

Sberbank CZ loan

Due to the bankruptcy of Sberbank CZ, deposits on the account of approx. € 300,000 net have been blocked. The Sberbank CZ loan of € 8.35 million should have been hedged until next year, however the bank refused to exercise this. The counterparty unreasonably profited from this action, therefore the Board is considering legal action. The Fund is expecting to receive € 300,000 back this year given the agreed sale of the loan book to Česká Spořitelna.

VUP Brno

The Brno building was sold in August 2022 at 36% above the latest appraised value. The sale of the Brno building reduces the Czech portfolio to three assets, all located in Prague.

Delenco building

The Delenco building has a value of € 15.6 million. The Fund has a 24.35% stake in the building (€ 3.8 million). Currently the asset has no bank loan and the Fund is negotiating with the majority shareholders of this asset to refinance the building in order to release equity (cash). The partners however are reluctant to pay interest to the bank which reduces their income flow. In 2023 the Delenco Building will either produce dividend income for the Fund or there will be a cash inflow to the Fund through a refinancing.

EOS Office

The EOS Office in Bucharest was acquired in June 2022. The office functions as the headquarters for Danone Romania. The lease runs until May 2026.

Sales updates

Záhradnícka 46, in Bratislava - Slovakia

The property has a value around € 3.8 million. Currently, two offers have been received of which the highest bid is subject to consent from the residents on the upper floors to convert the lower floor offices into residential. The Management expects to receive this consent from the residents. The sale proceeds will be used for the reversed book building process.

Boyana Residence - Bulgaria

The apartments of Boyana Residence are selling rapidly at prices above valuation. Currently the terraces and the roofs of the apartments are being refurbished. The residential project is expected to be sold completely at the end of Q2 2024 with potentially € 4 million of additional proceeds. Parts of these proceeds will be used for the reversed book building as the private loans need to be repaid as well.

Leaseholds - Poland

The Fund holds three leasehold supermarkets in Poland with a total appraised value of € 6.6 million.
For two of these assets, bids are expected in the forthcoming weeks. The assets have been on the market since February. The leasehold element is making the assets less liquid because they cannot be mortgaged. The net sale proceeds are estimated around € 2 million and there is a reasonable prospect to realize that by the end of the year.

Focus 2nd half of the year

Mr. Barker states that the focus of the second half of the year is to sell the remaining (non-core) assets in Bulgaria and Bratislava. In addition, the Managing Board wants to sell at least two of the three leasehold assets in Poland. When these sales are accomplished, the gross sales will be estimated around € 14 million, the net sales proceeds will be estimated between € 8 to € 10 million. Mr. Barker expects to generate € 4 to

€ 5 million net cash flow at the end of the year given the current market situation and the slowdown of the pace of sales. There is liquidity in the market, but the sentiment is cautious: big deals do not take place. The interest rates are quite high and closing deals takes quite a long time.

In Q4 2023, the reversed book building process will be funded with at least € 2 million. The advice from ABN AMRO is to do the reversed book building in various tranches. The funding of the next tranches is dependent on further sales. The Management Board and Supervisory Board are of the opinion that a controlled sale and the reversed book building process are the best options for shareholders, considering it creates liquidity and value for non-selling shareholders. Moreover, this strategy creates the environment for refinancing of remaining loans, further optimization of the portfolio and further increases in share price.

Mr. Barker explains that some shareholders want the Board to be selling faster into this market. However, although the liquid assets can be sold quite quickly, the risk is that the non-core assets remain unsold and the Fund is unable to cover its costs from the reduced portfolio, leading to a potential insolvency. Therefore, the Board genuinely believes and has stated publicly in the past that a private sale of the Fund at the right price could be a very good solution for the shareholders once a bigger portion of the non-core assets has been sold. The Board is open to appoint an independent advisor to take this forward. This will have a cost implication and this needs to be investigated. If the Supervisory Board is comfortable with this approach, the Board will consider proposals in this field and if convincing it could be the way forward and be advantageous for the shareholders because it diminishes the costs, sells the difficult assets and provides liquidity. The chair confirms that this is a fair summary of the potential approach that has been discussed with the Supervisory Board.

Mr. *Van Heijst* asks about the timeframe to sell the portfolio. Mr. Barker replies that 80% of the portfolio is liquid and can be sold within a year. The timeframe however depends on the sale of the other 20% which is illiquid and where the timing of sales is uncertain. To write off half of this 20% completely may be an acceptable solution in relation to the current share price. The Fund itself is currently cash generative. By reducing the percentage of non-core properties and reducing the number of countries in which the Fund operates, each sale and loan repayment will improve the attractiveness of the portfolio to potential buyers, according to Mr. Barker.

Mr. Barker asks for the view of Mr. *Blouin*, a former investment banker and a representative of SPDI, a big shareholder in the Fund. Mr. *Blouin* confirms that 12-15 months is a realistic timeframe to sell the portfolio.

Mr. *Beys* from the Supervisory Board adds that in addition to the potential sale of the portfolio as a whole, two intermediate aspects are important and desirable in the meantime for shareholders. The first aspect is the reverse book building programme, which will provide a lot of the shareholders who would like to sell an exit. The second aspect is a quality aspect: most of the current sales are non-core. Subsequently the properties remaining are higher core investments which are more attractive to potential buyers.

Mr. Barker illustrated the challenge of selling the Bratislava asset, where CBRE has been instructed for 9 months to guide the process. Any solution for the future of the Fund which requires the sale of assets, requires dealing with the market as it currently is, according to Mr. Barker. Once the non-core assets have been reduced to a small % then it could be possible to write them off and close the structure down and dissolve the Fund. The Board would be supportive of such a complete solution. The Board is not in favour of a solution which leaves the Fund with the rump of non-core assets which are not producing enough income to sustain the structure in a wind down process, resulting in the Fund becoming insolvent.

Mr. Blom asks if the Board suggests that in 2023 the total available for the reversed book building process will be € 10 million. Mr. Mars answers that ABN AMRO suggests initially testing the market with a reversed book building of € 2 to € 3 million. Currently, of the necessary minimum amount of € 2 million, a large part of the sales are under negotiation/ have been (verbally) agreed. The funds will be received in the coming few months. The Board intends to do multiple tranches for the reversed book building process. Mr. Barker adds that he expects to have available € 6 million to € 10 million – € 10 million being 25% of the NAV – for the programme in the next nine months.

Mr. *Lemoine* asks how the Fund is coping with the operational costs considering the sale of properties and the decreasing volume of the Fund.
Mr. Barker responds that the costs of the operations have been broadly the same as recent years. The Fund focuses to keep the costs as low as possible. Mr. Poot adds that the operational costs – the ongoing charges figure – have decreased over the past four years from 25% to 7%. On fund level they are 3 – 3.7%, thus the costs continue to decrease.
Mr. *Riemersma* remarks that even 3% costs are too much for this Fund. Mr. Barker says that the costs for comparison purposes depend on the sort of Fund you are managing.

Mr. *Rienks* asks who is eligible for the reversed book building process. Mr. Mars answers that all shareholders are entitled to offer their shares – or a part – at a certain price level, there is no required minimum number of shares. When the total of shares offered has reached the maximum cash amount available, all shares will be repurchased at the same price. Shareholders may offer as many shares as they wish. The exact rules/conditions of the book building process will be communicated in a press release.

Mr. *Rienks* asks how the Fund knows that enough shares are being offered for the reversed book building process. Mr. Mars answers that the Fund does not know this in advance. If € 2 million is too much, then the

Fund will lower the volume of the next reversed book building tranches. The chair adds that it will depend on the willingness of shareholders to sell their shares.
Mr. *Van Heijst* suggests Mr. Rienks the option to offer his shares in different levels: for example, 100 shares at € 7 and 200 shares at € 8. If cash is still available after the programme, distributing a dividend is an option.

Mr. *Lemoine* asks why ABN AMRO was instructed to repurchase only a small part of the shares. Mr. Mars explains that the volume is restricted because of the Market Abuse Regulation which limits repurchases of shares by the Fund to 25% of the average turnover over each preceding 20-day period to avoid influencing the share price.

Mr. *Blom* is of the opinion that the share buy-back programme due to these limitations has produced little benefit. Mr. Mars acknowledges this and answers that this first step of the share buy-back programme is not a solution, but a means until the Fund had enough funds for the reversed book building process. The costs of ABN AMRO for taking the shares out of the market were very limited to € 50 a day.

Mr. *Klop* asks why the Fund waits until the fourth quarter to start the reversed book building. Mr. Mars explains that the cash from the sales has to be available first for the programme to start.

4. Adoption of the annual accounts 2022 and allocation of the result

The chair states that the issued capital present in this meeting including proxies represent 2,600,540 shares, representing 61.36% of the outstanding capital.
Mr. *Blouin* is given the floor and states that given the size of the Fund and the market where the Fund is active, the current strategy is in his and SPDI's opinion a prudent way to manage the sale process of (non-core) real-estate which takes time.
Mr. *Van Heijst* compliments the Board and Fund Manager for the comprehensive and complete annual report.

The chair then puts the adoption of the annual accounts for the 2022 financial year to a vote. Mr. Kuiper states that he is of the opinion that the management is underperforming and votes against the adoption of the annual accounts 2022.
The chair notes that the annual accounts 2022 are adopted by the General Meeting of Shareholders and the result is deducted from the reserves.

5. Discharge from liability for 2022 of the Management Board for its management

Mr. *Van Heijst* is given the floor and brings forward that he looked back to 2016 and concluded that since then there were the same three major problems that are still present today i.e. i) a high cost level, ii) the gap/discount between share price and NAV and iii) the very low tradeability of shares. In 2016 the asset value was € 11.80 and the stock price € 5.40, after seven years it is still the same. The conclusion is that the approach of the Board has not solved the problems. There needs to be a fundamental change in the Fund. Mr. *Van Heijst* quotes that "the Board endorses the DUFAS Principles of fund governance, as formulated by the Dutch Fund and Asset Management Association (DUFAS). Following these Principles, the Board will act in the interests of investors of the Fund. In case of a possible conflict of interest, transactions will be submitted to the Supervisory Board for approval". Mr. *Van Heijst* sees a conflict of interest that has been going on for seven years. The Board has an interest in the continuation of the Fund and the shareholders have an interest in solving problems and getting their money back. The Supervisory Board needs to acknowledge the problem, according to Mr. *Van Heijst*.

Mr. *Kuiper*[1] adds that in his view Mr. Barker is not keeping his promises and that he committed malpractice against the shareholders. Arcona Property Fund is a very small fund that is not performing enough for its shareholders. In his opinion Mr. Barker may have missed the right moment to sell in the real estate market, while, in the meantime, the Board is receiving his own fee. Mr. *Kuiper* states that he himself sold a lot of properties and also refers to his bid[2] on the Czech portfolio in November 2021 together with P. Winkelman which was not accepted by the Board (see footnote).

Mr. *Kuiper* suggests putting Mr. Barker on permanent unpaid leave and appoint a new manager to sell the properties and get money back as soon as possible. Mr. *Kuiper* requests to organize a new General Meeting for Shareholders.

Mr. *Riemersma* says that his trust in the Board to realize its plans is gone. The Supervisory Board should take their role to ultimately ensure that the interests of the shareholders are put first. Mr. *Riemersma* requests to convoke another General Meeting of Shareholders to sell the Fund, because he has no confidence in the current management and its delaying techniques. Mr. *Riemersma* refers to a letter he sent in 2014 to the Board, asking to liquidate the Fund.

Mr. *Blom, De Hoop, Klop, Hendriks and Rienks* state that they share the view expressed by Mr. *Van Heijst*.

Mr. *Ketelaar* states that he has trust in the Board and their strategy going forward as presented today.

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[1] shareholder since 2021; sold a substantial stake in the Fund in 2022

[2] The Board has rejected the bid in close consultation with the Supervisory Board due to (low) level of the bid, and the complex structure proposed by the bidding party, e.g. buying the shares they held in the Fund at a level (far) above the market-price. In 2022, the Fund sold one of the properties part of the bid far above the valuation and above the bid price. The bid was focused on the liquid core assets in Prague and Brno (sold in 2022).

The chair then puts item 5 to a vote and notes that approx. 57% of the General Meeting of Shareholders has rejected the proposal to discharge the Management Board for the policy pursued during the past financial year. Approx. 43% of the General Meeting was in favour of discharging the Management Board.

6. <u>Discharge from liability for 2022 of the Supervisory Board</u>

The chair 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. <u>Proposal Stichting Prioriteit APF to reduce the issued capital</u>

The chair then puts item 7 to a vote and notes that the proposal to reduce the issued capital with 60,976 shares has been adopted by the General Meeting of Shareholders.

8. <u>Questions</u>

Mr. *Rienks* asks what the consequences are for the employees of Arcona Capital and how the shareholders can assure the employees stay on board. The chair thanks Mr. *Rienks* for his concern and says that the Supervisory Board is going to pay attention to this. Currently there is no reason for concerns in this field.

9. <u>Closing</u>

Being no further business, the chair 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 take note of the decisions made. These minutes were adopted by the chair and the secretary of the meeting on …………… 2023 and signed by them in evidence thereof.

Chair:	Secretary:
______________________	_____________________
A.N. Krol	M.L. de Mol