These minutes will be adopted by the Supervisory Board and is scheduled to be signed by the chair of the Supervisory Board as evidence thereof on (+3Months) April 2024. Up till then, persons who attended the meeting can send their comments to: info@arconacapital.com

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

d.d. 20 December 2023 in Amsterdam

**Present**

*Members of the Supervisory Board*
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

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

*Shareholders*
2,783,081 votes present, representing 66.63% of the outstanding capital.

**Agenda:**

1. Opening
2. Update reverse bookbuilding programme
3. Proposal to implement a Monetization Process including an Incentive Plan for the Management Board
4. Questions
5. Closing

1. <u>Opening</u>

The chair opens the Extraordinary General Meeting of Shareholders (the **Meeting**) of Arcona Property Fund N.V. (the **Fund**) and welcomes the attendees.

The chair states that the entire board of directors of the **Board** is present at this meeting.

The chair notes that the meeting was convened by means of the announcement on 7 November 2023, therefore before the statutory deadline of 42 days. The agenda and underlying document were made available 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 13 shareholders or proxies are present, together representing 2,783,081 shares, being approximately 66.63% of the outstanding share capital.

The chair gives a summary of the developments since the General Meeting held on 27 June:
“During the last General Meeting of Shareholders, the meeting requested measures to ensure a sales process of a substantial part of the assets. The option of engaging an independent party - an investment banker - has been investigated and has proven to be too expensive.
Subsequently, after intensive consultation between the Management Board, the Supervisory Board and major shareholders, a proposal was drawn up that aims to preserve the interests of various shareholders.
The Management Board has consulted external advisors to ensure that the design and structure of the proposal are in line with regulation.
The current proposal makes the size and speed of the share buyback programme more concrete and intensified. And there will be more headroom to make distributions in line with the dividend policy.
A so-called Steering Committee is established, comprising Mr. Jan-Jaap van Heijst and myself, supported by Mr. Emmanuel Blouin - investment advisor to SPDI and a consultant to Arcona Capital - and one or more external advisors. The Steering Committee gives recommendations to the Management Board in respect of the process and closely monitors the implementation thereof. The Steering Committee assesses the progress on a weekly basis. The Management Board remains ultimately responsible for the execution of the process.
The Supervisory Board is of the opinion that the current constructive approach – and also the expertise of the Management Board – is necessary to represent the various interests.
Since 2020, the management has sold 10 non-core buildings. The proceeds have been used to repay debt and lower the LTV. The sales have created a stronger core portfolio. This has created a good starting position for the proposed structured sales process.”

2. Update reverse bookbuilding programme

The chair then gives the floor to Mr. Poot. Mr. Poot gives an update on the reverse bookbuilding programme. The Fund aims to sell further non-core assets first, although some core assets are also being prepared for sale. In Bulgaria, many apartments of the Boyana Residence have already been sold. There are nine apartments left. In 2023 more non-core assets were successfully sold and the loan-to-value ratio was reduced to 40.0%, which enhances the financials. There is increasing pressure on external financing as DSCR covenants come under pressure from the high interest rates. The Fund is handling this properly and taking the circumstances into consideration for the choices being made.

The reverse bookbuilding programme can be funded, for example, by utilizing the net sales proceeds from Záhradnícka (non-core asset in Slovakia), Palmovka (core asset in Czechia) and Maris (core asset in Poland). The fair value (per 31.12.2022) of these properties amounts respectively to € 3.8 million, € 3.6 million and € 9 million. The sale of Záhradnícka may still be dependent on permitting the conversion of the property from office to residential. The Maris asset is now more liquid as one of the biggest tenants agreed a lease extension last year.

Mr. *Ketelaar* asks why there are not more assets sold since the last meeting of shareholders for the reverse bookbuilding programme. Mr. Poot replies that in the last meeting the focus was on the sale of non-core assets. The Fund now also considers the sale of some core assets. Mr. Mars adds that this is also due to the slow negotiations on the sale of the Bratislava asset. In 2023 three long leaseholds have been put up for sale, for which no acceptable bids have yet been received.

Mr. *Ketelaar* asks how much funds have been made available for the reverse bookbuilding programme. Mr. Mars answers that there is currently not enough funding available for the first tranche of the reverse bookbuilding programme of approximately € 2 – 2.5 million. As soon as there is, the programme will be launched.
The sale of the assets in Bulgaria are not sufficient to fund the reverse book building programme. The focus is now on selling larger assets. Mr. Mars expects for 2024 to sell three assets which could be used for the bookbuilding programme. Mr. Poot adds that the loan to value ratio in Slovakia and Czech is around 35% and 50% in Poland.

Mr. *Ketelaar* asks when the reverse bookbuilding programme will begin. Mr. Mars answers that the programme will begin when one of these three assets has been sold and enough funds are available to fund the first tranche of the programme of € 2 to € 2.5 million. The asset in Slovakia, Zahradnicka, is challenging to sell, because permission is required for the conversion from office to residential from many individuals. The asset in Czechia, Palmovka, is easier to sell, however the local bureaucracy can take a long time dealing with the sale.

Mr. *Ketelaar* asks how much of the proceeds will be distributed through a reverse book building and how much will be distributed directly to shareholders. Mr. Mars replies that no split in the distribution has been determined yet. A proposed split will be made in consultation with the Supervisory Board. Mr. *Ketelaar* concludes that it will be beneficial for shareholders who do not wish to exit that other shareholders sell their shares for a lower price in the reverse book building programme. The chair adds that shareholders decide at which price they offer their shares.

Mr. *Lemoine* asks what fair value means. Mr. Poot replies that it is the most recent external appraised value. The properties will be revalued at the end of each financial year. Mr. *Lemoine* asks if it is an indication of the sale price. Mr. Poot confirms this and adds that usually the Fund sells or is aiming to sell at or above fair value.

Mr. *Blom* asks whether the proceeds of each property are given separately to shareholders. Mr. Mars replies that the first reverse bookbuilding will take place when € 2 – 2.5 million is available. The size of any second tranche will be based on the result of the first reverse bookbuilding programme.

Mr. *Blom* asks how the process of the reverse bookbuilding programme will look like and whether a shareholder could offer his shares in parts for different prices. Mr. Mars replies that this is possible. The conditions (term, maximum price) of the programme will be discussed with ABN AMRO and the Supervisory Board will share this with investors before the programme starts.

Mr. *Blom* asks where the Fund will be in three to four years assuming several assets are sold. Mr. Mars replies that the remaining properties in the portfolio will be core and attractive assets. Future options are not fully clear yet and will depend on market conditions.

3. <u>Proposal to implement a Monetisation Process including an Incentive Plan for the Board</u>

The chair introduces the proposal for a structured sale process to sell at least 50% of the Fund's assets within 12-18 months. The sale proceeds will be used to offer shareholders an exit through a reversed book building programme and to pay dividends. It is important that once sold, the Fund retains its value for those shareholders who do not wish to take advantage of the exit opportunity.

The Supervisory Board is aware that these objectives may be at odds with each other. The objective may require a discount on assets below the appraisal value and additional investments to enable a sale. The Management and Supervisory Board will carefully weigh the interests of shareholders.

The Supervisory Board has drawn up an incentive plan for the Board. The Board currently receives a management fee based on the value of the assets of the portfolio which decreases when assets are sold. The compensation for the decrease of management fee consists of two parts: a fixed sales fee and a performance fee. The sales fee is 2.0% on the gross proceeds in the first 12 months and drops to 1.5% in the following 6 months. The performance fee is calculated over the difference between the gross sales proceeds and the appraised value as of June 30, 2023 of the property sold. The performance fee is 20% for sales closed within 12 months and 15% for sales closed in the following 6 months.

The Supervisory Board considers it a clear and transparent plan and endorses it. The chair asks if there are any questions regarding the Incentive Plan.

Mr. *Bogerd* says that he is pleased with the incentive to sell but finds some weaknesses in the proposal made. His first question concerns whether the steering committee is being paid from the incentive plan. The chair answers that this is not the case. The members from the Supervisory Board are not being paid more for also being a member of the steering committee. The Supervisory Board will appoint experts, however the costs for this are low and comparable to the Supervisory Board fee of approx. € 14,000 a year.

Mr. *Bogerd* says that the Incentive plan is an extra cost in addition to all the current corporate costs that shareholders must pay for and objects to the fact that the gross selling price before costs is used as the starting point for the fee. The fixed sales fee is in addition to the existing management fee, which will result in an unusually high fixed fee of 3.5%. Mr. *Bogerd* thinks that by combining the temporary elimination of the existing performance-based fee with a temporary arrangement will lead to problems, also because of the difficulty how and when to calculate.

Mr. *Bogerd* is strongly against the Incentive Plan and is concerned that shareholders will be left with an inferior portfolio. The Incentive Plan will only sell the profitable assets leaving the shareholders with the remaining assets. The Supervisory Board explains that it is a common fee schedule used for other funds to incentivise management board to sell as quickly as possible. In this way everyone’s interests are considered. The Board needs to be incentivized to sell the assets, preferably for a profit.

Mr. *Lemoine* asks what the broker’s commission is. Mr. Barker responds and says that it depends on the size of the deal, with a larger deal the percentage is around 0.75 – 1.00 % and with a smaller or more complex deal the percentage is around 2.0%.
Mr. *Lemoine* asks if the percentage is market-conform. Mr. Barker confirms that and adds that they usually approach two to three brokers and determine the broker’s commission. In Bulgaria the percentage is around 3-4%, but the Fund uses its own asset manager to reduce costs.

Mr. *Lemoine* asks why in the Incentive Plan under point 2 is chosen for local currency. Mr. Mars answers that the exchange rate cannot be influenced by the Board. All the assets are valued in Euros, except Ukraine and Czechia, which are valued in dollars and Czech crowns. Lastly Mr. *Lemoine* asks what is meant by valuation in slide 7 of the presentation. Mr. Mars explains that the valuation refers to the appraised value and not the book value.

The chair then puts the proposal for the Incentive Plan to a vote and notes that the proposal has been adopted by a majority of the EGM.

4. Questions

The chair continues and asks if there are more questions. Mr. *Ketelaar* enquires what will be done with the proceeds from the nine apartments of Boyana Residence. Mr. Mars answers that the proceeds are being used to pay off loans and that from earlier proceeds, a small amount of dividend has been paid out. The loan for Boyana Residence amounted to € 3.6 million at the time, of which appr. € 1.8 million is currently repaid. The Fund makes progress, and the selling prices are a lot higher than the appraised value from last year.

Mr. *Ketelaar* continues and asks if the Board knows more about the transaction of a million shares sold on the market by a shareholder. The chair answers and says that the sale was not in consultation. Mr. Mars adds that the sale was less than a million shares and sold for a significantly lower price. The Board had no contact with this shareholder.

Mr. *Blom* has a question about Letna and why this asset is not on the list for the reverse bookbuilding programme. Mr. Mars answers that the lease runs until 2025. The extension of the contract with the tenant has not yet been completed. If the extension of the lease contract is completed Letna could potentially be sold.

5. Closing

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 …………… 2024 and signed by them in evidence thereof.

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