



ARCONA CAPITAL



Boyana Residences  
in Sofia, Bulgaria.

**ARCONA PROPERTY FUND N.V.**  
**SEMI-ANNUAL REPORT 2023**

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# 1 FOREWORD FROM THE MANAGEMENT

The real estate market across Central Europe continues to be influenced by high interest rates, geopolitical concerns and inflationary pressures. Despite these challenges, during the first half of 2023 Arcona Property Fund N.V. (the **Fund**) has delivered strong increases in rental income, further reductions in debt levels and continued successful sales of non-core assets.

The first half of 2023 witnessed several important developments. The successful refinancing of the Boyana Residence project in Bulgaria enabled the refurbishment programme to start and supported a rapid and positive sale programme which is still ongoing. The sale of the Sberbank loan book to Ceska Sportelna in the Czech Republic removed a major risk factor for the Fund's Czech portfolio. And in Poland, the renewal and extension of the main occupational lease in the Maris office centre sustained the value of this important asset and creates a potential opportunity for exit.

The Fund concluded its initial share repurchase programme in March with the acquisition of 60,976 ordinary shares.

## KEY DATA PER 30-6-2023 AND 31-12-2022

	30-06-2023	31-12-2022
Number of assets	21	21
Investment Properties and Inventories (€ 1,000)	68,741	75,018
Assets held for sale (€ 1,000)	10,927	6,777
Total Assets (€ 1,000)	85,594	90,219
Shareholders' Equity (€ 1,000)	46,438	46,515
Total Liabilities (€ 1,000)	39,156	43,704
Bank Debts (€ 1,000)	31,638	35,244
Total Loan-to-value ( <b>LTV</b> ) (%)	40.4	43.6
Financial Expense level (%) <sup>1</sup>	3.42	2.15
Share price ultimo (€)	5.42	5.90
Occupancy (%)	84.9	88.6
Semi-annual gross Income (€ 1,000)	4,403	-
Annual gross Income (€ 1,000)	-	8,598

As of 30 June 2023, the Fund manages a portfolio of 21 assets, a position unchanged since 31 December 2022. Notably, there has been a decrease in the value of Investment Properties and Inventories by € 6.28 million. This reduction reflects the strategy to dispose of non-core assets, rebalance the portfolio, and generate funds for a reversed book building process.

The assets held for sale increased by € 4.15 million. At the same time, there was a reduction in Total Assets by € 4.63 million. Shareholders' Equity also witnessed a slight decrease of € 77,000. Total Liabilities and Bank Debts reduced by € 4.55 million and € 3.61 million respectively, reflecting the bank loan instalments paid during the reporting period. A significant portion of these instalments concerned the Alpha Bank refinancing that occurred at the beginning of 2023, replaced by loans from private investors. The overall Loan-to-value ratio showed a favourable decline of 3.2%, to 40.4%. The Financial Expense level indicator rose to 3.42%, primarily attributed to the notable rise in interest rates. A 3.7% reduction in occupancy rates is largely due to a temporary vacancy in one of the Polish retail assets (Słupsk).

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<sup>1</sup> Financial expenses (see 11.13) / Total Liabilities (as at end reporting period)

## KEY FIGURES

### BALANCE SHEET STATEMENT (in € 1,000)

	H1 2023	H1 2022	2022	2021	2020	2019
Investment properties	67,259	75,013	73,183	79,973	79,258	80,992
Other non-current assets	1,578	5,393	1,454	1,259	656	929
Current assets	16,757	12,478	15,582	9,334	14,508	25,577
<b>Total assets</b>	<b>85,594</b>	<b>92,884</b>	<b>90,219</b>	<b>90,566</b>	<b>94,422</b>	<b>107,498</b>
Shareholders' equity	46,438	49,275	46,515	46,403	42,954	48,000
Deferred tax liabilities	3,277	3,428	3,183	3,514	4,143	4,684
Other non-current liabilities	8,143	32,874	17,597	30,597	18,301	33,448
Current liabilities	27,736	7,307	22,924	10,052	29,024	21,366
<b>Total equity and liabilities</b>	<b>85,594</b>	<b>92,884</b>	<b>90,219</b>	<b>90,566</b>	<b>94,422</b>	<b>107,498</b>
Loan-to-Value (in %)	40.4	41.8	43.6	42.2	47.0	50.0
Solvency   Equity-ratio (in %)	54.3	53.1	51.6	51.2	45.5	44.7

### PROFIT AND LOSS STATEMENT (in € 1,000)

	H1 2023	H1 2022	2022	2021	2020	2019
Direct result before tax	359	413	637	1,076	-/- 277	1,422
Indirect result before tax	-/- 255	-/- 2,783	-/- 4,577	1,949	-/- 3,295	-/- 905
<b>Total result before tax</b>	<b>104</b>	<b>-/- 2,370</b>	<b>-/- 3,940</b>	<b>3,025</b>	<b>-/- 3,572</b>	<b>517</b>
Income tax expense	165	473	410	-/- 109	217	424
<b>Total result after tax</b>	<b>-/- 61</b>	<b>-/- 2,843</b>	<b>-/- 4,350</b>	<b>3,134</b>	<b>-/- 3,789</b>	<b>93</b>
Occupancy (in %)	84.9	92.0	88.6	90.3	83.6	84.3
Rentable area (in m <sup>2</sup> ) <sup>2</sup>	57,328	58,003	57,344	66,701	92,174	103,561

### ISSUED CAPITAL

	H1 2023	H1 2022	2022	2021	2020	2019
Ultimo outstanding shares	4,177,083	4,238,059	4,185,984	3,758,583	3,758,683	3,758,683
Basic earnings per share (in €)	-/- 0.01	-/- 0.72	-/- 1.07	0.83	-/- 1.01	0.03

### DATA PER SHARE

	H1 2023	H1 2022	2022	2021	2020	2019
(Interim-) dividend	-	-	-	n.a.	n.a.	0.10
NNNAV conform <sup>3</sup>	11.77	12.00	11.81	12.76	11.84	13.14
Avg. monthly turnover (in €)	79,264	71,786	227,468	269,291	75,006	198,217
Highest price (in €)	5.90	7.50	7.49	7.60	6.29	5.91
Lowest price (in €)	5.08	5.96	4.61	3.40	3.70	7.48
Ultimo price (in €)	5.42	6.25	5.90	7.50	3.93	6.00

<sup>2</sup> Without Boyana apartment area

<sup>3</sup> Determined based on market conform method

## 2 REPORT OF THE MANAGING BOARD

The Managing Board hereby presents the semi-annual report of 2023 of the Fund. The reporting period is from 1 January 2023 to 30 June 2023.

### 2.1 SUMMARY OF EVENTS DURING THE FIRST HALF OF 2023

The following events took place during the reporting period:

#### 10 January 2023 | Boyana Project refinanced

On January 10, 2023 the Fund announced it has successfully refinanced the Boyana Residence project in Bulgaria with new loans for an amount of € 3.6 million. The new loans from Dutch investors replaces two expired loans from Alpha Bank. This refinancing made it possible to fully repay Alpha Bank, pay historical taxes and renovate apartments in accordance with the original business plan. Alpha Bank had not permitted the separate sale of the development land or the sale of individual apartments, thus limiting the realization of potential additional value from the project.

#### 12 January 2023 | Real Estate Portfolio Revaluation

The Fund revealed a 1.7% decline in the value of its 21-property real estate portfolio, valued at € 82.4 million as of 31 December 2022. Notably, the value of assets in Poland, Slovakia, Romania, and Bulgaria dropped by 3.5%, 3.3%, 3.1%, and 9.3% respectively, while Czech properties saw a 1.8% increase. Due to the ongoing conflict in Ukraine, the Fund adjusted the value of its Odessa development site upwards by 33% (€ 980,000). Meanwhile, the Zaporozhzhia property, closer to conflict zones, maintains a zero valuation.

#### 15 March 2023 | Share Repurchase Phase concluded

In the period from September 15, 2022 to March 15, 2023 the Fund has repurchased 60,976 ordinary shares of the Fund at an average price of € 6.43 per share. The total acquired amount in cash terms is € 392,050. These shares have been acquired as part of the share buy-back programme announced on September 14, 2022, for an amount up to € 1.5 million.

#### 4 April 2023 | Česká Spořitelna buys Sberbank CZ's CZK 47.1 billion loan book

On April 4, 2023 it was announced that Sberbank CZ (as an enterprise) had been sold to Česká Spořitelna. The Sberbank CZ loan book with a nominal value of CZK 47.1 billion was transferred. Česká Spořitelna purchased it for CZK 41.0 billion.

#### 22 June 2023 | Real Estate Sales in Bulgaria

The Fund has finalized the sale of parts of the Boyana luxury residential property in Sofia, generating over € 2.85 million. The Boyana project, located 9 km from Sofia's city centre, features 26 luxury apartments, parking spaces, and two development plots. From this, sales covering 12,913 m<sup>2</sup> of land, eight apartments, and parking spaces have been completed. Two preliminary contracts, worth € 670,000, for an apartment and 2,192 m<sup>2</sup> plot are set for Q3 2023. Funds from sales repaid € 1.5 million in short-term loans, and renovation of the remaining property is set for completion by end-Q3 2023.



#### Events after balance sheet date

There were no further material events after balance sheet date.

## 2.2 MARKET OUTLOOK

The general outlook for the real estate market across Central Europe remains influenced by actual and anticipated increases in interest rates. Additionally, geopolitical concerns, especially the conflict in Ukraine, add to the market's uncertainty. This environment continues to induce hesitancy in the market, likely persisting until the year-end. Despite these challenges, occupational demand in the region remains robust. Inflationary pressures are driving notable increases in rental receipts, indicating the market's resilience.

## 2.3 STRATEGIC DEVELOPMENTS AND OUTLOOK

### 2.3.1 ASSET DISPOSALS AND ACQUISITIONS

The Fund is continuing an active disposal programme, focussed on older and less efficient properties and on peripheral markets. This programme has seen the disposal of over € 27.4 million of assets since 2020, with the proceeds either returned to shareholders or used for the repayment of debt. The focus for the forthcoming twelve months will be on further sales in Slovakia, Bulgaria and regional Poland, with the aim of realising some € 10 million in sales proceeds.

**Table 1 – Asset Sales Summary from 2020 to H1 2023 (in million EUR)**

Date	Asset Name	Type	Sale Price million EUR	Remark
20 April 2020	Retail Center, Kalisz, Poland	Retail	0.98	Sold to a local retailer
21 September 2020	Krivá 18 & Krivá 23, Košice, Slovakia	Office	5.85	7% below appraisal value as of 31-Dec-2019 and 45% above purchase price in 2006.
6 May 2021	Kosmalt, Kysucká 16, Košice, Slovakia	Office & Residential	4.86	2% above appraisal value at end of 2020. Used mainly as student accommodation.
19 November 2021	Office Building, Žilina, Slovakia	Office	4.00	Sold to a local development company.
4 January 2022	Pražská 2 & Pražská 4, Košice, Slovakia	Office & Residential	4.55	2% below appraisal value at end of 2021.
18 August 2022	Šujanovo náměstí 3 (VUP), Brno, Czech Republic	Office	4.32	36% above appraisal value at end of 2021.
22 June 2023	Partial sale of Boyana Luxury Residential Property, Sofia, Bulgaria	Residential	2.85	Parts of the property, including eight apartments. Ongoing sales 50% above valuation.
<b>Total</b>	<b>9 assets</b>		<b>27.41</b>	

### 2.3.2 DIVIDEND AND SHARE BUY BACK PLANS

The Fund's dividend policy aims to distribute approximately 35% of the annual operational result to its shareholders. This distribution is planned in two phases: an interim dividend with the half-year results and a final dividend after the year-end, both in cash. However, dividend proposals will be formulated considering various factors, including anticipated future capital requirements, growth opportunities, net cash generation, and regulatory developments.

In October 2021, shareholders gave their approval to the Management Board's proposal to launch a share buyback programme. The net proceeds from asset sales will be used for this purpose, after meeting short-term debt repayment commitments. The Management has now scheduled the second phase of the share buyback programme for Q4 2023, a point also highlighted during the General Meeting in June 2023. Details regarding the timing, procedure, and volume of the reversed book building will be communicated to the market later this year.

## 2.4 FINANCIAL PERFORMANCE

This section provides an examination of the Fund's financial metrics for H1 2023. Detailed tables are presented to delineate the evolution of the Net Asset Value, the fluctuation in share prices, a comparative analysis of semi-annual results and the synthesis of the balance and cash flow statements.

**Table 2 – Total Return on share price and Net Asset Value during H1 2023**

	Based on share price		Based on NNNAV	
	In €	In %	In €	In %
Start period	5.90		11.81	
End period	5.42		11.77	
<b>Return</b>	<b>-/- 0.58</b>	<b>-/- 9.8%</b>	<b>-/- 0.04</b>	<b>-/- 0.3%</b>

See also 3.1.10 “Calculation of NNNAV”

### 2.4.1 NET ASSET VALUE PER SHARE AND SHARE PRICE DEVELOPMENT

The following tables show the development of the Fund's Net Asset Value during the reporting period.

**Table 3 – Comparative statement of the Triple Net NAV per share**

	30-06-2023	31-12-2022
Shareholders' equity in accordance with NAV (in € 1,000)	48,536	49,033
Including: Fair value of financial instruments (in € 1,000)	515	479
Including: Fair value of debt (in € 1,000)	2	4
Including: Fair value of deferred tax (in € 1,000)	-/- 1,307	-/- 1,498
Including: Fair value of inventories (in € 1,000)	1,415	1,421
<b>Shareholders' equity in accordance with NNNAV (in € 1,000)</b>	<b>49,161</b>	<b>49,439</b>
Number of ordinary shares in issue	4,177,083	4,185,984
<b>Adjusted NNNAV per share (in €)</b>	<b>11.77</b>	<b>11.81</b>
Return on NAV YTD (in %)	-/- 0.3%	-

From the end of December 2022 to mid-2023, there has been a modest decline in both the shareholders' equity (as reflected in the NAV) and the adjusted Triple Net NAV per share. This decrease in the Triple Net NAV per share stands at € 0.04. Furthermore, the return on NAV as of mid-2023 is negative, registering at -/- 0.3%. The decline in Group equity during this period is due to a combination of a share buy-back, a negative result for H1 2023, and a positive exchange rate effect on invested capital.

The following table displays the monthly development of the share price in 2023. The shares experienced fluctuations in price throughout the first half of 2023, with trading volumes seeing a peak in January and then decreasing notably towards May. June saw a recovery in the share price although with moderate trading volume.

**Table 4 – Development of the share price**

Period		Opening price	Closing price	Volume
		Begin period	End period	Per month
		In €	In €	In pieces
2023	January	5.90	5.82	41,043
	February	5.76	5.62	10,353
	March	5.40	5.45	18,716
	April	5.45	5.45	7,665
	May	5.40	5.45	1,726
	June	5.08	5.42	4,475

## 2.4.2 INCOME STATEMENT

The result for the first half of 2023 after tax (see chapter 5 “Consolidated Income Statement”) amounted to € -/- 0.06 million (H1 2022: € 2.84 million). A detailed summary with comparative figures of the direct and indirect result is provided in in Section 10.5 “Segment results”.

**Table 5 – Comparative statement of semi-annual results**

	01-01-2023	01-01-2022	Change
	until	until	
	30-06-2023	30-06-2022	
	In € 1,000	In € 1,000	In € 1,000
Direct result before tax	<b>359</b>	<b>413</b>	<b>-/ 54</b>
Net rental and related income	2,179	2,043	136
Financial and other operating income	214	270	-/ 56
Fund level expenses	-/ 817	-/ 962	145
Financial expenses	-/ 1,340	-/ 938	-/ 402
Indirect result before tax	-/ 255	-/ 2,783	2,528
<b>Result before tax</b>	<b>104</b>	<b>-/ 2,370</b>	<b>2,474</b>
Tax	-/ 165	-/ 473	308
<b>Result after tax</b>	<b>-/ 61</b>	<b>-/ 2,843</b>	<b>2,782</b>

The decline in the *direct result before tax* can be attributed predominantly to elevated financing costs, even as operational components made positive contributions to the result. Delving deeper into the direct result, the following details can be noted:

- an increase in net rental and related income. Rising from € 2.04 million in the first half of 2022 to € 2.18 million during the same period in 2023, the fund generated an additional € 0.14 million;
- In the first half of 2023, financial and other operating income decreased by € 56,000, primarily due to the absence of early termination fees that were received in the previous year. This resulted in a decline from € 270,000 in the first half of 2022 to € 214,000 in the first half of 2023;

- a decrease of fund level expenses by € 145,000, from € 962,000 in H1 2022 to € 817,000 in H1 2023, reflecting ongoing initiatives to manage and optimize expenses;
- an increase in financial expenses, which surged by € 402,000, a shift attributable to a general rise in interest rates.

Apart from that, the *indirect result before tax* for H1 2023 was a loss of € 255,000, which is significantly less (€ 2.53 million) than the loss of € 2.78 million in H1 2022. The net indirect result reflects valuation gains and IFRS accounting-related losses from the ongoing Boyana Residence sales.

The *result before tax* improved notably, moving from a deficit of € 2.37 million in the first half of 2022 to a positive € 104,000 in 2023, marking a positive change of € 2.47 million. After accounting for tax, which itself decreased by € 308,000, the net *result after tax* shifted from a loss of € 2.84 million in H1 2022 to a much smaller loss of € 61,000 in H1 2023, reflecting an overall positive change of € 2.78 million.

### 2.4.3 BALANCE STATEMENT

**Table 6 – Balance statement**

	30-06-2023	31-12-2022
	in € 1,000	in € 1,000
Investment property	67,259	73,183
Non-current assets	1,578	1,454
Current assets	16,757	15,582
<b>Total assets</b>	<b>85,594</b>	<b>90,219</b>
Shareholders' equity	46,438	46,515
Deferred tax liabilities	3,277	3,183
Long-term loans and borrowings	8,143	17,597
Total current liabilities	27,736	22,924
<b>Total shareholders' equity and liabilities</b>	<b>85,594</b>	<b>90,219</b>

As of 30th June 2023, the fund's balance statement shows total assets amounting to € 85.59 million, a decrease from € 90.22 million as of 31st December 2022.

*Investment Property* showed a significant reduction, from € 73.18 million to € 67.26 million, primarily due to the reclassification of the Lodz and Torun properties to "Assets held for sale" at an approximate value of € 5.2 million. This decrease was further influenced by sales within the Bulgarian Boyana Residence project.

*Non-current Assets and Current Assets* showed modest increases in non-current assets and current assets to € 1.58 million and € 16.78 million respectively, whilst the non-current portion of "Trade and other receivables" saw a notable rise. This was entirely due to the "Debt Service Reserve Accounts" (DSRA), with specific increments associated with DSRA Hypo Noe and DSRA Patria Bank.

*Shareholders' Equity* experienced a slight decline from € 46.52 million at the end of 2022 to € 46.44 million by mid-2023. Factors affecting this include a share buy-back, a negative result for H1 2023, and a positive exchange rate effect.

*Long-term Loans and Borrowings* witnessed a decrease from € 17.6 million at year-end 2022 to € 8.14 million by mid-2023. This was primarily influenced by the reclassification of the Hypo Noe loan and the approaching repayment deadlines for loans previously held by Sberbank CZ. Notably, on 4th April 2023, Česká Spořitelna acquired Sberbank CZ's loan book.

*Current Liabilities* rose notably, driven by shifts in loan classifications, payment obligations, and adjustments related to trade and other payables, such as the payment to Alpha Bank.

In summary, the first half of 2023 witnessed the fund undergoing strategic reclassifications, sales, and liability management, resulting in a restructuring of its assets and liabilities, whilst maintaining stable levels of shareholders' equity.

#### 2.4.4 CASHFLOW STATEMENT

The net cash flow of the Fund after operating, investment and financing activities was € -/- 1.89 million (H1 2022: € 0.46 million). The table below provides a summary of the cash flow (see also 8 Consolidated statement of cash flows).

**Table 7 – Consolidated cash flow statement**

	<b>01-01-2023 until 30-06-2023</b>	<b>01-01-2022 until 30-06-2022</b>
	in € 1,000	in € 1,000
Cash flow from operating activities	-/- 1,308	-/- 981
Cash flow from investing activities	3,394	4,330
Cash flow from financing activities	-/- 3,976	-/- 2,887
<b>Net increase / decrease (-/-) in cash and cash equivalents</b>	<b>-/- 1,890</b>	<b>462</b>

*Operating Activities:* Net cash utilised in operating activities increased to € 1.31 million in 2023, a rise of € 0.33 million from the € 981,000 in the first half of 2022. This change is primarily attributed to a less negative profit performance, which improved from a loss of € 2.84 million in 2022 to a loss of € 61,000 in 2023. While financial expenses and net results on properties exercised a positive impact, there was a significant increase in the interest paid, rising from € 0.76 million to € 1.78 million (see also 8 Consolidated statement of cash flows).

*Investing Activities:* The cash flows generated from investing activities amounted to € 3.39 million during the first six months of 2023, representing a dip of € 0.936 million from the € 4.33 million recorded in 2022. This decline is predominantly attributed to the reduced proceeds from the sale of assets held for sale, dropping from € 4.55 million in 2022 to € 3.01 million in H1 2023. Notably, the Fund registered proceeds from the sale of inventories worth € 0.69 million in 2023.

*Financing Activities:* The net cash expended in financing activities rose to € 3.98 million in 2023, up from € 2.89 million in 2022. Several key undertakings influenced this shift, including intensified repayments of secured bank loans and other long-term liabilities in 2023. Moreover, 2023 saw the execution of share buy-backs worth € 0.07 million and transaction costs associated with loans and borrowings of € 0.09 million.

Overall, there was a net decrease in cash and cash equivalents of € 1.89 million in 2023, contrasting with the net increase of € 0.462 million observed in the same period of 2022. Consequently, the cash and cash equivalents at the end of June 2023 stood at € 2.97 million, compared to € 2.20 million at the end of June 2022. The exchange and currency translation also positively affected the cash position in 2023, adding € 0.12 million.

In conclusion, despite positive operational developments, significant cash outflows from financing activities and reduced proceeds from investing activities have influenced the liquidity position during this period.

**Table 8 – Statement of recognised income and expense**

	H1 2023 in € 1,000	H1 2022 in € 1,000
Foreign currency exchange differences on net investment in group companies	23	-/- 47
Income tax on foreign currency exchange differences on net investments in group companies	18	-/- 4
	41	-/- 51
<b>Net gain/ (loss) recognised directly in shareholders' equity</b>	<b>41</b>	<b>-/- 51</b>
Result for the period	-/- 20	-/- 2,843
<b>Total comprehensive income for the period</b>	<b>-/- 21</b>	<b>-/- 2,894</b>

## 2.5 OPERATIONAL PERFORMANCE

### 2.5.1 REAL ESTATE PORTFOLIO ANALYSIS

**Table 9 – Comparative statement of the real estate portfolio**

	30-06-2023	31-12-2022	change
Property asset value (in € 1,000) <sup>4</sup>	79,668	82,400	-/- 2,732
Number of properties	21	21	0
Rentable area (in m <sup>2</sup> )	57,328	57,244	84

The decrease in property asset value corresponds to the land and apartment sales from the Bulgarian Boyana Residence project. However, considering the Boyana Residence is considered one property asset, the number of properties does not change.

**Table 10 – The real estate portfolio per country**

	# entities	Property asset value In € 1,000	occupancy rate <sup>5</sup> In %
Czech Republic	3	16,759	88.7
Slovakia	2	16,609	72.1
Poland	11	34,370	85.0
Bulgaria	1	1,942	n.a.
Ukraine	2	932	n.a.
Romania <sup>6</sup>	2	9,056	100.0
<b>Total portfolio</b>	<b>21</b>	<b>79,668</b>	<b>85.5</b>

The real estate portfolio comprises 21 properties with a total asset value of € 79.67 million. The average occupancy rate for the portfolio stands at 85.5%, a decrease from 88.6% at the end of 2022. This slight decline in occupancy is attributed to the increased vacancy in the retail asset in Słupsk, Poland. The assets in Bulgaria and Ukraine are not leased and do not generate income.

<sup>4</sup> Without right-of-use assets and without investments in associates

<sup>5</sup> Weighted occupancy rate

<sup>6</sup> Including the 24.35% ownership related to the Delenco office property in Bucharest, Romania

**Table 11 – Statement of changes in investment properties**

	01-01-2023 Until 30-06-2023 in € 1,000	01-01-2022 until 30-06-2022 in € 1,000
<b>Balance as at 1 January</b>	<b>67,344</b>	<b>75,877</b>
Acquisitions	-	4,642
Purchases and additions	141	284
Exchange rate differences	245	87
Disposals	-	-
Fair value adjustments	15	34
<b>Balance as at end period</b>	<b>67,745</b>	<b>80,924</b>
Reclassification	-/- 5,240	-/- 7,257
<b>Balance as at end period</b>	<b>62,505</b>	<b>73,667</b>

The *Reclassification (to assets held for sale)* for the amount of € 5.24 million relates to the properties Kardynała Wyszyńskiego (Lodz, Poland) and Legionow (Torun, Poland), which have been reclassified to *Assets held for sale*. For further reference is referred to section 11.12.4 *Statement of changes in owned investment property held for sale* and section 11.2.4 *Statement of changes in owned investment property*.

**Table 12 – Comparative semi-annual statement of real estate income within comparable<sup>7</sup> portfolio**

	01-01-2023 until 30-06-2023 in € 1,000	01-01-2022 until 30-06-2022 in € 1,000	change in € 1,000	change In %
Gross rental income	3,259	2,795	464	16.6
Service cost income	1,144	1,057	87	8.2
<b>Total income</b>	<b>4,403</b>	<b>3,852</b>	<b>551</b>	<b>14.3</b>
Service costs	1,281	1,024	257	25.1
Operational costs	943	854	89	10.4
<b>Net rental income</b>	<b>2,179</b>	<b>1,974</b>	<b>205</b>	<b>10.4</b>

From January to June 2023, total income showed significant growth compared to the same period in 2022. Gross rental income increased by 16.6% and service cost income rose by 8.2%, leading to a total income hike of 14.3%. Despite the surge in service costs (25.1%) and operational costs (10.4%), the net rental income still increased by 10.4%.

<sup>7</sup> Portfolio as at 30-6-2022, excluding the Kosmalt, Vural and Pražská properties

**Table 13 – Comparative quarterly statement of real estate income in the reporting period**

	01-04-2023 Until 30-06-2023 in € 1,000	01-01-2023 until 31-03-2023 in € 1,000	change in €	change In %
Gross rental income	1,605	1,654	-/- 49	-/- 3.0
Service cost income	598	546	52	9.5
<b>Total income</b>	<b>2,203</b>	<b>2,200</b>	<b>3</b>	<b>0.1</b>
Service costs	648	633	15	2.4
Operational costs	505	438	67	15.3
<b>Net rental income</b>	<b>1,050</b>	<b>1,129</b>	<b>-/- 79</b>	<b>-/- 7.0</b>

There was a decline in *Gross rental income* from the first quarter (€ 1.65 million) to the second quarter € 1.61 million) of 2023. Contrarily, the *Service cost income* saw an uptick in the second quarter.

Despite the decrease in gross rental income, the *Total income* remained nearly consistent between the two quarters.

The *Service costs* experienced an increase in the second quarter, rising by € 15,000 or 2.4% from € 633,000 to € 648,000. There was a significant jump in *operational costs*. In the second quarter, they increased by € 67,000 or 15.3%.

As a consequence of the changes in income and costs, the net rental income for the second quarter decreased by € 79,000, translating to a 7.0% decrease.

## 2.5.2 SALES AND ACQUISITIONS

As of 30 June 2023, the following investment properties are held for sale (See also 11.12 "Assets held for sale" for additional details):

- Záhradnícka (Bratislava, Slovakia);
- Boyana Residence (Sofia, Bulgaria);
- Kardynala Wyszyńskiego 107 (Lodz, Poland), and;
- Legionow 216 (Torun, Poland).

Regarding the Záhradnícka property, discussions are ongoing with potential buyers who have expressed interest.

Significant progress has been made with the sales of Boyana Residence. The Fund successfully sold parts of this luxury residential property in Sofia, generating over € 2.85 million in the first half of 2023. The proceeds from these sales were used to repay € 1.5 million in short-term loans. Additionally, two preliminary contracts, totalling € 670,000, for an apartment and a 2,192 m<sup>2</sup> plot are scheduled for completion in Q3 2023. The renovation of the remaining parts of the project is anticipated to be completed by the end of Q3 2023.

No acquisitions took place during the reporting period. However, an acquisition is planned for the final Ukraine assets as part of the SPDI deal. According to the Share Purchase Agreement signed in 2021, the Fund will acquire two land plots in Kiev, Ukraine, using a combination of cash and shares. The transfer of these plots is still pending, but SPDI has met all pre-completion obligations. The agreement specifies that the plots will be re-valued and acquired at their current market value.

### 2.5.3 LEASING ACTIVITIES

During the reporting period, the Fund has successfully concluded lease extensions and new leases for 5-year terms on 2,676 m<sup>2</sup> of office space (49% of the total floor area) in the Maris building in Szczecin in Poland. For the vacant space in the Fund's Letna building in Kosice, Slovakia, formal interest from a prospective tenant has now been registered for a 1,200 m<sup>2</sup> floor and negotiations will continue during Q3.

For the Fund's small retail property in Slupsk, Poland, with a current vacancy of 900m<sup>2</sup>, there is strong interest from one potential tenant but they require substantial capital expenditure by the Fund on the property as a condition for the lease.

In Bucharest, the Delenco asset has one floor available for reletting which, when concluded, should restore occupancy levels in the Romanian portfolio to 100%.

## 2.6 RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management is considered an important managing board responsibility. In this semi-annual report there were no material changes to the risk management framework specified in paragraph 15.42 "Risk management" of the Consolidated Financial Statements 2022.

### *Internal control framework*

The Fund's Internal Control Framework is to provide reasonable assurance that risks are identified and mitigated in order to achieve important objectives. The Internal Control Framework consists of the following elements:

- monthly KPI reporting;
- an established data recovery plan, supported by a cloud-based work environment;
- a planning & control structure. Administrative organisation and internal controls are based on a division of functions. Both contracting and payments take place based on the 'four-eyes' principle.

### *Risk monitoring*

Risk reports are a recurring topic at the supervisory and managing board meetings. The results of stress testing are part of risk management monitoring and discussed with the Managing and Supervisory Board. Risks are monitored on a continuous basis, with mitigating measures in place.

For a description of the main risks and uncertainties, we refer to the paragraph 15.40 "Risk management" of the Consolidated Financial Statements 2022 and the notes to the consolidated financial statements.

## 2.7 SUMMARY OF FINANCIAL STATEMENTS AND KEY METRICS

This section offers a summary of the financial statements and key metrics. It covers financial metrics, the Fund's liability structure through its loans and borrowings, and concludes with an analysis of the influence of foreign currency exchange rates on the Fund's international operations.

### 2.7.1 KEY FINANCIAL METRICS AND RATIOS

This section presents an overview of relevant financial metrics and ratios. These metrics offer insights into the fund's profitability, risk assessment, and overall performance in the market.

**Table 14 – Overview of key financial metrics and ratios**

	As at 30-06-2023	As at 31-12-2022	Change
<b><u>Balance Metrics:</u></b>			
Net Asset Value (NAV) (in € 1,000):	46,438	46,515	-/- 77
Solvency (in %):	54.3	51.6	2.7
<b><u>Loan and Debt Metrics:</u></b>			
Loan-to-Value (LTV) (in %):	40.3	43.6	-/- 3.3
<b><u>Operational Metrics:</u></b>			
Average Occupancy Rate (in %):	84.9	88.6	-/- 3.7
Operating Expense Ratio (OER) (in %):	50.5	50.3	0.2
<b><u>Income Metrics:</u></b>			
Average net operating income (NOI) per asset (in € 1,000):	256.4	246.5	9.9
Average gross rental income (GRI) per asset (in € 1,000):	383.4	362.7	20.7

As of 30-06-2023, the company's financial and operational metrics present a mixed picture. On the positive side, there's a notable improvement in the solvency ratio, rising to 54.3% from 51.6%, reflecting a stronger financial position. Additionally, the Loan-to-Value (LTV) ratio has decreased to 40.3%. The company saw also growth in its operational profitability, with Net Operating Income (NOI) and Gross Rental Income (GRI) per asset increasing.

On the other side the Net Asset Value (NAV) experienced a slight dip of € 77,000. Furthermore, the Average Occupancy Rate has seen a decline of 3.7% related to vacancy in Slupsk, Poland. Lastly, there was a marginal increase in the Operating Expense Ratio (OER) by 0.2%.

## 2.7.2 OVERVIEW OF INTEREST-BEARING LOANS AND BORROWINGS

**Table 15 – Overview of interest-bearing loans and borrowings**

	30-06-2023	31-12-2022
	in € 1,000	in € 1,000
Secured bank loans	7,766	13,804
Lease liabilities	35	991
<b>Subtotal</b>	<b>7,801</b>	<b>14,795</b>
Other long-term liabilities	-	2,418
<b>Total long-term interest-bearing loans and borrowings</b>	<b>7,801</b>	<b>17,213</b>
Short-term part of secured bank loans	19,413	16,371
Short-term part of other long-term liabilities	4,207	2,370
Short-term part of lease liabilities	74	171
<b>Total short-term interest-bearing loans and borrowings</b>	<b>23,694</b>	<b>18,912</b>
<b>Total interest-bearing loans and borrowings</b>	<b>31,495</b>	<b>36,125</b>

The overview of interest-bearing loans and borrowings highlights a significant reduction in long-term liabilities, particularly in secured bank loans, which fell from € 13.80 million to € 7.77 million, and lease liabilities, which dropped from € 991,000 to € 35,000. In contrast, short-term liabilities experienced an increase, with the short-term portion of secured bank loans climbing from € 16.37 million to € 19.41 million. This shift from long-term to short-term liabilities primarily arises from the reclassification of the Česká Spořitelna loan (previously known as the Sberbank CZ loan) associated with the Czech property portfolio. In total, interest-bearing loans and borrowings decreased from € 36.13 million to € 31.50 million over a six-month period. For further details, reference is made to section 11.15.1 'Analysis of loans and borrowings'.

## 2.7.3 FOREIGN CURRENCY

**Table 16 – Overview of foreign currency exchange rates**

	30-06-2023	31-12-2022
Czech Koruna (EUR / CZK)	23,74200	24.1160
<i>change (in %)</i>	1.6	3.0
Polish Zloty (EUR / PLN)	4,43880	4.6808
<i>change (in %)</i>	5.2	-/- 1.8
Bulgarian Lev (EUR / BGN)	1,95580	1.9558
<i>change (in %)</i>	0.0	0.0
Ukrainian Hryvnia (EUR / UAH)	40,00060	38.9510
<i>change (in %)</i>	-/- 2.7	-/- 26.0
US Dollar (EUR / USD)	1,08660	1.0666
<i>change (in %)</i>	-/- 1.9	5.8

Source: European Central Bank (ECB) if available. Ukrainian Hryvnia: National Bank of Ukraine.

The Euro has seen varied performance against the observed currencies, with the most significant shifts being in the Polish Zloty and the Ukrainian Hryvnia.

## **2.8 DECLARATION OF THE MANAGING BOARD**

The Managing Board of Arcona Property Fund N.V. hereby declares that, to the best of its knowledge, the consolidated interim financial statements prepared in accordance with IAS 34 “Interim Financial Reporting”, provide a true and fair view of the assets, liabilities, financial position and profit or loss of Arcona Property Fund and the undertakings included in the consolidation taken as a whole and that the interim financial statements include a true and fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Act on Financial Supervision (Wet op het financieel toezicht, the “Wft”).

*Amsterdam, 31 August 2023*

*The Managing Board, Arcona Capital Fund Management B.V.*

*G.St.J. Barker LLB, Managing Director*

*P.H.J. Mars, M.Sc., Managing Director*

*M.T.H. Blokland-Verheem, Managing Director*

*M. van der Laan, Managing Director*

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
AS AT 30 JUNE 2023**

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### 3 PERFORMANCE INDICATORS

The following performance indicators have been prepared in accordance with specific standards.

#### 3.1.1 Earnings

Earnings reported in the Consolidated Income Statement as required under IFRS do not provide shareholders with the most relevant information on the operating performance of real estate investment funds.

Earnings measures the Fund's operational performance and the extent to which its dividend payments to shareholders are underpinned by earnings is the level of income arising from operational activities. The Fund's operational performance represents the net income generated from the operational activities. Unrealised changes in valuation of properties, gains or losses on disposals of properties and certain other items do not necessarily provide an accurate picture of the Fund's underlying operational performance.

As earnings is used to measure the operational performance, it excludes all components not relevant to the underlying net income performance of the portfolio, such as valuation results of owned investment properties, valuation results of investment property under development, results on disposals of owned investment properties and results on disposals of investment property under development. In effect, what is left as earnings is the income return generated by the investment, rather than the change in value or capital return on investments.

Adjusted earnings per share according to APM<sup>1</sup> should be calculated based on the basic number of shares. The main reason for this is that earnings and the dividends to which they give rise accrue to current shareholders and therefore it is more appropriate to use the basic number of shares.

The diluted customized earnings per share according to APM should be calculated on a diluted basis considering the impact of any options, convertibles, etcetera that are dilutive. For the explanation of the effect of exercise of options, convertibles, and other equity interests (fully diluted basis) reference is made to the explanation in (3), mentioned in section 3.1.8 "Explanation of adjustments calculation of NAV".

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<sup>1</sup> The adjusted earnings per share according to APM includes all types of profit-sharing shares (e.g., ordinary and registered shares). Therefore, treasury shares are excluded from the adjusted earnings per share according to APM. Abbreviation "APM" means: Alternative Performance Measurement.

### 3.1.2 Calculation of adjusted (diluted) earnings according to APM

	<i>Notes</i>	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Earnings per IFRS Consolidated Income Statement	5	-/- 61	-/- 2,843
<i>Exclude:</i>			
1. Valuation result of:			
a. owned investment property	11.22	-/- 29	-/- 78
b. investment property under development	11.22	-	2,625
c. equity investments	11.26	-/- 123	-
2. Result on disposals of:			
a. owned investment property		-	-
b. realised currency results on net investments in group companies	11.27	-/- 116	-
3. Tax on result on disposals of properties and equity investments		-	-
4. Changes in fair value of financial instruments of:			
a. derivatives	11.27	-/- 36	-/- 151
5. Acquisition costs on share deals		-	-
6. Taxes in respect of adjustments		10	147
<b>Adjusted earnings according to APM</b>		<b>-/- 355</b>	<b>-/- 300</b>
Weighted average number of profit-sharing shares	11.33.3	4,179,935	3,930,576
<b>Adjusted earnings per share according to APM (in €)</b>		<b>-/- 0.09</b>	<b>-/- 0.08</b>
Weighted average number of profit-sharing shares (fully diluted)	11.33.6	4,179,935	3,930,576
<b>Diluted adjusted earnings per share according to APM (in €)</b>		<b>-/- 0.09</b>	<b>-/- 0.08</b>

### 3.1.3 Explanation of adjustments calculation of adjusted (diluted) earnings according to APM

#### 1. Valuation result of properties and equity investments

This adjustment includes the gain or loss in the Consolidated Income Statement arising in the period from the revaluation of owned investment property, investment property under development and equity investments at their fair value. Therefore the valuation result of properties held for sale and right-of-use assets are not excluded from earnings.

#### 2. Result on disposals of properties and equity investments

This adjustment includes the profit or loss on disposal of owned investment property, investment property under development and equity investments. Therefore the result on disposals of owned investment property held for sale, right-of-use assets, right-of-use assets held for sale and investment property under development held for sale are not excluded from earnings.

This adjustment also includes the profit or loss on foreign currency translation differences in case of (partial) reduction of net investment in foreign activities (release from reserve for currency translation differences).

#### 3. Tax on result on disposals of properties and equity investments

This adjustment includes the tax charge or credit relating to profits or losses on owned investment property, investment property under development and equity investments sold in the period, calculated consistently with 1 and 2 above.

#### **4. Changes in fair value of financial instruments**

This adjustment includes the surplus or deficit arising in the period from the net mark-to-market adjustment to the value of financial instruments (market value less acquisition price paid or received) which are used for hedging purposes and where the Fund has the intention of keeping the hedge position until the end of the contractual duration. Whether the Fund has chosen to apply hedge accounting under IFRS is irrelevant. Material profits / costs associated with the early close-out of financial instruments used for hedging and / or debt instruments should also be excluded from earnings.

The only exception to this is the early close-out of financial instruments or debt with a maturity date ending within the current reporting period. In such circumstances, the cost of early close-out should not be adjusted as the fair value difference would have been recognised in the current year's earnings through the interest line and therefore including the cost of early close-out should not significantly change earnings for that year.

#### **5. Acquisition costs on share deals**

This adjustment includes the acquisition costs related to share deals (IFRS 3) and joint venture interests which are, under IFRS, recognised in the Consolidated Income Statement when incurred. Property-related acquisition costs are first capitalised and subsequently recognised in the Consolidated Income Statement as a revaluation movement. To achieve consistency, acquisition costs related to share deals and joint venture interests should be excluded to arrive at earnings.

#### **6. Taxes in respect of adjustments**

This adjustment includes the deferred taxes in the period which only relates to the above items and which would not crystallise until or unless the property, investment or financial instrument is sold. This would typically include deferred tax on revaluation surpluses on owned investment property and investment property under development which could reverse on disposal of the asset. This adjustment also includes any current income tax relating directly to the above adjustments to the extent that they are considered material.

### 3.1.4 Calculation of (diluted) customized earnings according to APM

	Notes	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 30-06-2022 In € 1,000
Adjusted earnings according to APM	3.1.2	-/- 355	-/- 300
<i>Exclude:</i>			
1. Valuation result of owned investment properties held for sale	11.22	-/- 1,796	-/- 692
2. Valuation result of right-of-use assets	11.22	50	51
3. Valuation result of right-of-use assets held for sale	11.22	21	-
4. Result on disposals owned investment properties held for sale	11.23	2,294	848
5. Result on disposals of inventories	11.24	-/- 285	29
6. Penalties for early termination of rental contracts	11.28	-	-/- 72
7. Costs of funding and acquisition	11.30	8	182
8. Interest expense on lease liabilities	11.31	45	39
9. Foreign exchange and currency results	11.31	62	-/- 27
<i>Include:</i>			
10. Operating leases		-/- 104	-/- 86
Subtotal adjustments (before taxes)		295	272
11. Taxes in respect of above adjustments		-/- 2	-/- 19
Total adjustments		293	253
<b>Customized earnings according to APM</b>		<b>-/- 62</b>	<b>-/- 47</b>
Weighted average number of profit-sharing shares	11.33.3	4,179,935	3,930,576
<b>Customized earnings per share according to APM (in €)</b>		<b>-/- 0.02</b>	<b>-/- 0.01</b>
Weighted average number of profit-sharing shares (diluted)	11.33.6	4,179,935	3,930,576
<b>Diluted customized earnings per share according to APM (in €)</b>		<b>-/- 0.02</b>	<b>-/- 0.01</b>

### 3.1.5 Explanation of adjustments calculation of (diluted) customized earnings according to APM

The earnings is a measure of the underlying operating performance of an investment property company. It therefore does provide a measure of recurring income, but does not, for example, exclude "exceptional" items that are part of IFRS earnings. For that reason, the Fund has introduced its own (diluted) customized earnings according to APM. In this calculation the Fund excludes "exceptional" and "one-off costs" and "one-off revenues". Moreover, in this calculation valuation results, as well as results on disposals of properties held for sale, right-of-use assets and right-of-use assets held for sale are excluded, as well as accrued interest lease liabilities.

The operating leases are included in the calculation of the (diluted) customized earnings according to APM. As a result of above-described adjustments the impact of applying IFRS 16 (e.g. fair value adjustments right-of-use assets) are eliminated in the (diluted) customized earnings according to APM.

### 3.1.6 Net Asset Value

Net Asset Value (**NAV**) is a key performance measure used for real estate investment funds. However, NAV reported in the Consolidated Financial Statements under IFRS does not provide shareholders with the most relevant information on the fair value of the assets and liabilities within an ongoing real estate investment company with a long-term investment strategy.

The NAV measures the fair value of net assets on an ongoing, long-term basis. Assets and liabilities that are not expected to crystallise in normal circumstances such as the fair value of derivative financial instruments and deferred taxes on investment property, investment property under development or other non-current investments are therefore excluded.

NAV should be calculated on a diluted basis considering the impact of any options, convertibles, etcetera that are dilutive.

### 3.1.7 Calculation of NAV

	<b>Notes</b>	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Group equity in accordance with IFRS	4	46,438	46,515
<i>Exclude:</i>			
1. Fair value of financial instruments	11.5	-/- 515	-/- 479
2. Deferred tax		2,613	2,997
<b>Group equity in accordance with NAV</b>		<b>48,536</b>	<b>49,033</b>
Total number of profit-sharing shares		4,177,083	4,185,984
3. Effect of exercise of options, convertibles and other equity interests (diluted basis)		-	-
<b>Total number of profit-sharing shares (diluted)</b>		<b>4,177,083</b>	<b>4,185,984</b>
<b>NAV per profit-sharing share (in €)</b>		<b>11.62</b>	<b>11.71</b>

### 3.1.8 Explanation of adjustments calculation of NAV

#### 1. Fair value of financial instruments

This adjustment includes the net mark-to-market adjustment to the value of financial instruments (market value less acquisition price paid or received) which are used for hedging purposes and where the Fund has the intention of keeping the hedge position until the end of the contractual duration. Whether the Fund has chosen to apply hedge accounting under IFRS is irrelevant. The mark-to-market of any convertible debt is also excluded from the net assets.

The logic for this adjustment is that, under normal circumstances, the derivative financial instruments which property investment companies use to provide an economic hedge are held until maturity and so the theoretical gain or loss at Statement of Financial Position's date will not crystallise.

The above adjustments do not include (possible) foreign currency hedging instruments (fair value hedges or net investment hedges) where the hedged item market value changes are also reflected in the Consolidated Statement of Financial Position. The fair value of such instruments should remain in NAV to offset the movement in the underlying investment being hedged.

## 2. Deferred tax

This adjustment includes the recognised deferred taxes in the Consolidated Statement of Financial Position in respect of the difference between the fair value and tax value of owned investment property, investment property under development, or other non-current investments (including investments in group companies) as these deferred taxes would only become payable if the assets are sold. Therefore, deferred taxes on properties held for sale, right-of-use assets held for sale as well as on lease incentives are not excluded from NAV.

The deferred tax liability relating to the fair value of financial instruments, which would not crystallise until or unless the financial instrument is sold, should also be added back.

## 3. Effect of exercise of options, convertibles and other equity interests (diluted basis)

A convertible bond is viewed as dilutive provided that the following criteria are satisfied:

1. the convertible bond is dilutive in accordance with IAS 33.50; and
2. the share price as at Statement of Financial Position's date exceeds the conversion price ("in the money").

### 3.1.9 Triple Net Asset Value

The Triple Net Asset Value (**NNNAV**) measures the Net Asset Value including fair value adjustments in respect of all material Statement of Financial Position's items which are not reported at their fair values as part of the NAV.

### 3.1.10 Calculation of NNNAV

	<b>Notes</b>	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Group equity in accordance with NAV	3.1.7	48,536	49,033
<i>Include:</i>			
1. Fair value of financial instruments	11.5	515	479
2. Fair value adjustment of debt		2	4
3. Fair value of deferred tax		-/- 1,307	-/- 1,498
4. Fair value adjustment of inventories		1,415	1,421
<b>Group equity in accordance with NNNAV</b>		<b>49,161</b>	<b>49,439</b>
Total number of profit-sharing shares		4,177,083	4,185,984
5. Effect of exercise of options, convertibles and other equity interests (diluted basis)		-	-
<b>Total number of profit-sharing shares (diluted)</b>		<b>4,177,083</b>	<b>4,185,984</b>
<b>NNNAV per profit-sharing share (in €)</b>		<b>11.77</b>	<b>11.81</b>

### 3.1.11 Explanation of adjustments calculation of NNNAV

#### 1. Fair value of financial instruments

This reinstates, and is equal to, the adjustment 1, as mentioned in the calculation of NAV. The reason for reinstating is that NNNAV approximates fair value NAV.

#### 2. Fair value of debt

This adjustment includes the difference between loans and borrowings included in the Consolidated Statement of Financial Position at amortised cost, and the fair value of loans and borrowings.

### 3. Fair value of deferred tax

This adjustment includes the fair value of the deferred taxes concerning owned investment property, investment property under development or other non-current investments (including investments in group companies; these three items hereinafter mentioned as “non-current investments”). The deferred taxes are calculated regarding all taxable temporary differences with regard to the non-current investments, whether these deferred taxes are included in the Statement of Financial Position or not. For items not included in the Statement of Financial Position reference is made to section 13.41.3 “Deferred tax” in the Accounting Principles Consolidated Financial Statements 2022.

The taxable temporary difference regarding the non-current investments is calculated by the difference between the fair value of the non-current investment less the tax value of the non-current investment. In case the taxable temporary difference should result in a deferred tax asset, this deferred tax asset will only be recognised as far as it is probable that future taxable profits will be available against which they can be used. Deferred taxes are measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, using tax rates enacted or substantively enacted at the Statement of Financial Position’s date. The deferred taxes are considered without applying any discount (nominal value), which is in accordance with IFRS.

The Managing Board assessed the fair value for calculation purposes of the deferred taxes applicable to non-current investments by multiplying the deferred taxes (at nominal value, as mentioned above) by 50%. This percentage is an estimation of the present value of the tax applicable in the (near) future.

### 4. Fair value of inventories

This adjustment includes the difference between inventories included in the Consolidated Statement of Financial Position at the lower of cost and net realisable value, and the fair value of inventories.

### 5. Effect of exercise of options, convertibles, and other equity interests (diluted basis)

For the effect of exercise of options, convertibles, and other equity interests (fully diluted basis) reference is made to the explanation in section 3.1.8 (3) “Explanation of adjustments calculation of NAV” above.

#### 3.1.12 Calculation of NNNAV before distributions to shareholders

	<b>Notes</b>	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Group equity in accordance with NNNAV	3.1.10	49,160	49,439
<i>Exclude:</i>			
1. Cumulative distributions to shareholders		3,120	3,120
<b>Group equity in accordance with NNNAV before distributions to shareholders</b>		<b>52,280</b>	<b>52,559</b>
Total number of profit-sharing shares		4,177,083	4,185,984
2. Effect of exercise of options, convertibles, and other equity interests (diluted basis)		-	-
<b>Total number of profit-sharing shares (diluted)</b>		<b>4,177,083</b>	<b>4,185,984</b>
<b>NNNAV per profit-sharing share before distributions to shareholders (in €)</b>		<b>12.52</b>	<b>12.56</b>

## 4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30-06-2023 In € 1,000	31-12-2022 In € 1,000
<b>Assets</b>			
Investment property	11.2	62,617	68,638
Investment property under development	11.3	932	958
Investments in associates	11.4	3,710	3,587
Derivative financial instruments	11.5	400	372
Deferred tax assets	11.6	408	432
Trade and other receivables	11.8	770	650
<b>Total non-current assets</b>		<b>68,837</b>	<b>74,637</b>
Derivative financial instruments	11.5	115	107
Tax assets	11.7	252	563
Trade and other receivables	11.8	735	1,346
Prepayments and deferred expenses	11.9	277	214
Cash and cash equivalents	11.10	2,969	4,740
Inventories	11.11	1,482	1,835
Assets held for sale	11.12	10,927	6,777
<b>Total current assets</b>		<b>16,757</b>	<b>15,582</b>
<b>Total assets</b>		<b>85,594</b>	<b>90,219</b>
<b>Group equity</b> (attributable to Parent Company shareholders)	11.13	<b>46,438</b>	<b>46,515</b>
<b>Liabilities</b>			
Loans and borrowings	11.15	7,801	17,213
Deferred income and tenant deposits	11.17	342	384
Deferred tax liabilities	11.18	3,277	3,183
<b>Total non-current liabilities</b>		<b>11,420</b>	<b>20,780</b>
Tax liabilities	11.14	235	509
Loans and borrowings	11.15	23,694	18,912
Trade and other payables	11.16	2,103	3,344
Deferred income and tenant deposits	11.17	313	159
Liabilities directly associated with the assets held for sale	11.19	1,391	-
<b>Total current liabilities</b>		<b>27,736</b>	<b>22,924</b>
<b>Total liabilities</b>		<b>39,156</b>	<b>43,704</b>
<b>Total Group equity and liabilities</b>		<b>85,594</b>	<b>90,219</b>

## 5 CONSOLIDATED INCOME STATEMENT

	Notes	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 30-06-2022 In € 1,000
Gross rental income	11.20	3,259	2,948
Service charge income		1,144	1,167
Service charge expenses		-/- 1,281	-/- 1,157
Property operating expenses	11.21	-/- 943	-/- 915
<b>Net rental and related income</b>		<b>2,179</b>	<b>2,043</b>
Valuation result of properties	11.22	1,754	-/- 1,906
Result on disposals of properties	11.23	-/- 2,294	-/- 848
Result on disposals of inventories	11.24	285	-/- 29
<b>Net result on properties</b>	11.25	<b>-/- 255</b>	<b>-/- 2,783</b>
Share in result of investments in associates	11.26	123	-
<b>Net result on equity investments</b>		<b>123</b>	<b>-</b>
Financial income	11.27	214	181
Other operating income	11.28	-	89
<b>Other income</b>		<b>214</b>	<b>270</b>
<b>Total income</b>		<b>2,261</b>	<b>-/- 470</b>
Administrative expenses	11.29	348	353
Other operating expenses	11.30	469	609
<b>Total operating expenses</b>		<b>817</b>	<b>962</b>
<b>Net operating result before financial expenses</b>		<b>1,444</b>	<b>-/- 1,432</b>
Financial expenses	11.31	1,340	938
<b>Profit before income tax</b>		<b>104</b>	<b>-/- 2,370</b>
Income tax expense	11.32	165	473
<b>Profit for the period</b>		<b>-/- 61</b>	<b>-/- 2,843</b>
<b>Profit for the period attributable to:</b>			
Parent Company shareholders		-/- 61	-/- 2,843
<b>Profit for the period</b>		<b>-/- 61</b>	<b>-/- 2,843</b>
Basic earnings per share (€)	11.33.1	-/- 0.01	-/- 0.72
Diluted earnings per share (€)	11.33.4	-/- 0.01	-/- 0.72

## 6 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 30-06-2022 In € 1,000
<b>Profit for the period</b>	5	-/- 61	-/- 2,843
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign exchange and currency translation differences on net investment in group companies		23	-/- 47
Income tax on foreign exchange and currency translation differences on net investments in group companies		18	-/- 4
		41	-/- 51
<b>Other comprehensive income for the period, net of tax</b>		<b>41</b>	<b>-/- 51</b>
<b>Total comprehensive income for the period</b>		<b>-/- 20</b>	<b>-/- 2,894</b>
<b>Total comprehensive income attributable to:</b>			
Parent Company shareholders		-/- 20	-/- 2,894
<b>Total comprehensive income for the period</b>		<b>-/- 20</b>	<b>-/- 2,894</b>

## 7 CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

	Issued capital In € 1,000	Share premium In € 1,000	Legal revaluation reserve In € 1,000	Reserve currency translation differences In € 1,000	Retained earnings In € 1,000	Total share- holders' equity In € 1,000
Balance as at January 1, 2023	21,190	21,922	7,911	1,073	-/- 5,581	46,515
Profit or loss	-	-	-	-	-/- 61	-/- 61
Change in legal revaluation reserve	-	-	52	-	-/- 52	-
Other comprehensive income	-	-	-	41	-	41
Share buy-back	-/- 305	-/- 109	-	-	357	-/- 57
<b>Balance as at June 30, 2023</b>	<b>20,885</b>	<b>21,813</b>	<b>7,963</b>	<b>1,114</b>	<b>-/- 5,337</b>	<b>46,438</b>
Balance as at January 1, 2022	18,794	19,310	8,725	1,262	-/- 1,688	46,403
Profit or loss	-	-	-	-	-/- 2,843	-/- 2,843
Change in legal revaluation reserve	-	-	560	-	-/- 560	-
Other comprehensive income	-	-	-	-/- 51	-	-/- 51
Own shares issued	2,396	3,370	-	-	-	5,766
<b>Balance as at June 30, 2022</b>	<b>21,190</b>	<b>22,680</b>	<b>9,285</b>	<b>1,211</b>	<b>-/- 5,091</b>	<b>49,275</b>

## 8 CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
<b>Cash flows from operating activities</b>			
Profit for the period	5	-/- 61	-/- 2,843
<i>Adjustments for:</i>			
Net results on properties <sup>2</sup>		211	2,706
Net results on equity investments	11.26	-/- 123	-
Financial income	11.27	-/- 214	-/- 181
Financial expenses	11.31	1,340	938
Income tax expense		165	473
<i>Changes in:</i>			
Tax assets		-/- 14	-/- 14
Trade and other receivables		-/- 254	220
Prepayments and deferred expenses		-/- 66	18
Tax liabilities		-/- 144	150
Trade and other payables		-/- 597	-/- 743
Deferred income and tenant deposits		13	-/- 16
<b>Cash generated from operating activities</b>		<b>256</b>	<b>708</b>
Interest received		62	3
Interest paid		-/- 1,775	-/- 761
Income tax paid / income tax received		149	-/- 931
<b>Net cash from / used in (-/-) operating activities</b>		<b>-/- 1,308</b>	<b>-/- 981</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired		-	50
Proceeds from the sale of assets held for sale		3,010	4,550
Proceeds from the sale of inventories		693	-
Acquisitions of / additions to owned investment properties		-/- 141	-/- 217
Acquisitions of / additions to inventories		-/- 163	-
Acquisitions of / additions to assets held for sale		-/- 5	-/- 53
<b>Net cash from / used in (-/-) investing activities</b>		<b>3,394</b>	<b>4,330</b>
<b>Cash flows from financing activities</b>			
Share buy-back (treasury shares)		-/- 68	-
Proceeds from other long-term liabilities		1,000	500
Transaction costs related to loans and borrowings		-/- 87	-
Repayments of secured bank loans		-/- 3,118	-/- 1,001
Repayments of other long-term liabilities		-/- 1,599	-/- 2,300
Payments of lease liabilities		-/- 104	-/- 86
<b>Net cash from / used in (-/-) financing activities</b>		<b>-/- 3,976</b>	<b>-/- 2,887</b>
Net increase / decrease (-/-) in cash and cash equivalents		-/- 1,890	462
Cash and cash equivalents as at 1 January	11.10	4,740	1,744
Effect of exchange and currency translation result on cash held		119	-/- 11
<b>Cash and cash equivalents as at 30 June</b>	11.10	<b>2,969</b>	<b>2,195</b>

<sup>2</sup> Transaction costs and change in lease incentives excluded.

## 9 ACCOUNTING PRINCIPLES CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 9.1 REPORTING ENTITY

The company Arcona Property Fund N.V., hereinafter referred to as “the **Fund**”, was incorporated on November 27, 2002 in accordance with Dutch law and is established in Amsterdam (the Netherlands). The Fund obtained a listing on the Euronext Fund Services (**EFS**) in Amsterdam on November 13, 2003 and a listing on the Prague Stock Exchange (**PSE**) in Prague on October 30, 2018.

The Fund is registered in Amsterdam (the Netherlands), De Entree 55, 1101 BH and is entered in the Trade Register of the Chamber of Commerce under number 08110094.

The Fund is a closed-end investment company with variable capital within the meaning of Article 76a of Book 2 of the Dutch Civil Code. The Fund invests in commercial real estate in Central and Eastern Europe (**CEE**).

The Consolidated Interim Financial Statements of the Fund for the financial period comprise the Fund and its subsidiaries.

### 9.2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and the interpretations thereof adopted by the International Accounting Standards Board (**IASB**) as adopted by the European Union (hereinafter referred to as **EU-IFRS**) and in accordance with Part 9 of Book 2 of the Dutch Civil Code (Titel 9, Boek 2 van het Burgerlijk Wetboek) and the Dutch Act on Financial Supervision (Wet op het financieel toezicht, the **Wft**).

### 9.3 STATEMENT OF COMPLIANCE AND FUTURE RELATED ASSUMPTIONS

The Fund has applied the significant accounting principles as set out in the Consolidated Financial Statement 2022 sections 13.2 to 13.41. The Managing Board authorised the Consolidated Interim Financial Statements for issue on August 31, 2023.

As at June 30, 2023, Group equity of the Fund is positive. As stated in the liquidity forecast up to end-2024, the current cash position is sufficient to cover budgeted costs. This forecast considers debt service requirements, the repayment and / or refinancing of loans and uncertainty regarding the impact of the financial markets (reference is made to section 15.40 “Risk management” of the Consolidated Financial Statement 2022).

The Managing Board expects that, excluding the temporary and indirect impacts of political and market conditions arising from the Ukraine/Russia conflict, the real estate portfolio will continue to yield positive returns. Moreover, cash flow is projected to remain positive due to the anticipated sale of non-core real estate in the forthcoming period.

Based on the assumptions outlined above, the Managing Board believes that the Fund can continue as a going concern until June 30, 2024. Therefore, these Consolidated Interim Financial Statements are prepared on the assumption of going concern.

## 9.4 SIGNIFICANT EVENTS AND TRANSACTIONS

During the financial period, the following noteworthy events and transactions have occurred:

1. On January 10, 2023, the Fund announced it has successfully refinanced the Boyana Residence project in Bulgaria with new loans for an amount of € 3.6 million. The new loans from Dutch investors replace two expired loans from Alpha Bank. This refinancing made it possible to fully repay Alpha Bank, pay historical taxes and renovate apartments in accordance with the original business plan. Alpha Bank had not permitted the separate sale of the development land or the sale of individual apartments, thus limiting the realization of potential additional value from the project;
2. In the period from September 15, 2022 to March 15, 2023 the Fund has repurchased 60,976 ordinary shares of the Fund at an average price of € 6.43 per share. The total acquired amount in cash terms is € 392,050. These shares have been acquired as part of the share buy-back programme announced on September 14, 2022, for an amount up to € 1.5 million. The ordinary shares are proposed for partial cancellation in due course upon a resolution of the Shareholders' Meeting to reduce the Fund's capital;
3. On March 28, 2023, the Fund was notified that Hypo Noe had approved a waiver for Arcona Capital Real Estate Poland Sp. z o.o. and Arcona Poland B.V. Project 5 Sp. z o.o., addressing the breach of the DSCR forecast covenant;
4. On April 4, 2023 it was announced that Sberbank CZ (as an enterprise) had been sold to Česká Spořitelna based on publicly available information. The Sberbank CZ loan book with a nominal value of CZK 47.1 billion was transferred. Česká Spořitelna purchased it for CZK 41.053 billion;
5. On June 27, 2023, the General Meeting of Shareholders adopted the resolution to reduce the Fund's capital and to cancel 60,976 ordinary shares of the Fund as a result of the share buy-back programme.

## 9.5 BASIS OF PREPARATION OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 9.5.1 General

The Consolidated Interim Financial Statements have been prepared based on historical cost, except for:

- investment property;
- investment property under development;
- assets held for sale;
- financial assets at fair value through profit or loss; and
- financial liabilities at fair value through profit or loss.

Investment property and investment property under development are hereinafter referred to as 'Investment property'.

The accounting policies are equal to those applied in the Consolidated Financial Statements 2022 (sections 13.2 to 13.41) and should be read in conjunction with the Consolidated Financial Statements 2022. Therefore, they do not include all the information required for a complete set of Financial Statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Consolidated Financial Statements and performance as of December 31, 2022.

The accounting principles have been consistently applied to the results, other gains and losses, assets, liabilities and cash flows of entities included in the Consolidated Interim Financial Statements and are consistent with those used in the period, with the exception of the application of new and amended IFRS's as mentioned in section 9.5.3 "New amended IFRS Standards and interpretations that are effective for the current period".

## **9.5.2 Judgements, assumptions, and estimation uncertainties**

### **9.5.2.1 General**

Preparation of the Consolidated Interim Financial Statements in accordance with EU-IFRS requires the Managing Board to make judgements, estimates and assumptions that affect the application of policies and the reported value of assets and liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of the judgements made about carrying amounts of assets and liabilities that are not readily apparent from other sources. The actual results may differ from these estimates.

### **9.5.2.2 Judgements, assumptions and estimation uncertainties**

The significant judgements made by the Managing Board in applying the Group's accounting policies and the key sources of assumptions and estimation uncertainty were the same as those described in the Consolidated Financial Statements 2022.

Assumptions and estimation uncertainties made by the Managing Board that have significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities are:

- fair value measurements: in estimating the fair value of an asset or liability, the Fund uses observable market data to the extent it is available. The Fund engages external, independent appraisers to perform the valuation. The Managing Board works closely with the external, independent appraisers to establish the appropriate valuation techniques and inputs to the model;
- recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be used;
- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- measurement of expected credit losses allowance for trade receivables: key assumptions in determining the weighted-average loss rate;
- identifying related parties.

### **9.5.3 New and amended IFRS Standards and interpretations that are effective for the current period**

Several new standards and amendments to existing standards and interpretations are applied in these Consolidated Interim Financial Statements. For the new standards that might be relevant for the Fund reference is made to section 13.5.4 "New and amended IFRS Standards and interpretations that are effective for the current period" of the Consolidated Financial Statements 2022.

The new standards, amendments and interpretations do not have a significant impact on these Consolidated Interim Financial Statements.

### **9.5.4 New and revised IFRS Standards and interpretations not yet applied**

Several new standards and amendments to existing standards and interpretations will become effective for annual periods beginning after January 1, 2023, and have not been applied in preparing these Consolidated Interim Financial Statements. For the new standards that might be relevant for the Fund reference is made to section 13.5.5 "New and revised IFRS Standards and interpretations not yet applied" of the Consolidated Financial Statements 2022.

The new standards, amendments and interpretations are not expected to have a material impact on the Fund in the current or future reporting periods, or on near future transactions.

### 9.5.5 Exchange rates used for the Consolidated Statement of Financial Position

	30-06-2023	31-12-2022
Bulgarian Lev (EUR / BGN)	1.95580	1.95580
% change	0.0%	0.0%
Czech Koruna (EUR / CZK)	23.74200	24.11600
% change	1.6%	3.0%
Polish Zloty (EUR / PLN)	4.43880	4.68080
% change	5.2%	-/ 1.8%
Romanian Leu (EUR / RON)	4.96350	4.94950
% change	-/ 0.3%	0.0%
Ukrainian Hryvnia (EUR / UAH)	40.00060	38.95100
% change	-/ 2.7%	-/ 26.0%
US Dollar (EUR / USD)	1.08660	1.06660
% change	-/ 1.9%	5.8%

Source: European Central Bank (ECB) if available. Ukrainian Hryvnia: National Bank of Ukraine.

### 9.5.6 Average exchange rates used for the Consolidated Income Statement

	01-01-2023 to 30-06-2023	01-01-2022 to 30-06-2022
Bulgarian Lev (EUR / BGN)	1.95580	1.95580
Czech Koruna (EUR / CZK)	23.62767	24.63367
Polish Zloty (EUR / PLN)	4.60810	4.64578
Romanian Leu (EUR / RON)	4.94218	4.94640
Ukrainian Hryvnia (EUR / UAH)	39.64922	31.79220

## **10 SEGMENT INFORMATION**

### **10.1 GENERAL**

Segment information is given for each operating segment. An operating segment is a component of the Fund:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the Fund);
- whose operating results are used by the fund manager to make decisions about resources to be allocated to the segment and to regularly review and assess its performance; and for which discrete financial information is available.

Given the Fund's management decision-making structure and internal reporting structure each property is indicated as an operating segment. The properties held during the financial period (current period and / or previous period), as mentioned in section 10.5.1 "Overview of segment result (Overview A)", are considered in the segment reporting overviews.

The following segment reporting overviews are given for each property:

- overview of segment result (net operating income), apportioned to the Fund's geographic categories;
- overview carrying amount of type of property, apportioned to the Fund's business categories;
- overview of assets apportioned to the Fund's geographic categories.

Since each separate property is indicated as an operating segment, most of the Fund's assets cannot be allocated to the operating segments. Therefore, only the carrying amount of each property is reported as a segment asset. For an overview of the carrying amount of each type of property reference is made to section 10.5.3 "Overview carrying amount of type of property per business category (overview B)".

### **10.2 GEOGRAPHIC CATEGORIES**

The Fund distinguishes the following geographic categories:

- Czech Republic;
- Slovakia;
- Poland;
- Ukraine;
- Bulgaria;
- Romania;
- The Netherlands;
- Other countries.

### **10.3 BUSINESS CATEGORIES**

The Fund distinguishes the following business categories:

- Office;
- Retail;
- Residential;
- Land.

### **10.4 SEGMENTATION CRITERIA**

For the segmentation criteria reference is made to the Consolidated Financial Statements 2022 section 14.4.

## 10.5 SEGMENT RESULTS

### 10.5.1 Overview of segment result (overview A)

Segment	Gross rental income		Service charge income		Service charge expenses		Property operating expenses		Subtotal net rental & related income	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
	in € 1,000		in € 1,000		in € 1,000		in € 1,000		in € 1,000	
<b>Czech Republic:</b>										
Palmovka	159	151	78	63	-/- 56	-/- 47	-/- 42	-/- 37	139	130
Karlin	289	261	132	103	-/- 94	-/- 85	-/- 70	-/- 65	257	214
VUP	-	108	-	110	-	-/- 113	-	-/- 41	-	64
PV 10	182	163	85	70	-/- 75	-/- 67	-/- 50	-/- 48	142	118
<b>Total Czech Republic</b>	<b>630</b>	<b>683</b>	<b>295</b>	<b>346</b>	<b>-/- 225</b>	<b>-/- 312</b>	<b>-/- 162</b>	<b>-/- 191</b>	<b>538</b>	<b>526</b>
<b>Slovakia:</b>										
Záhradnícka	172	153	6	5	-/- 64	-/- 45	-/- 67	-/- 60	47	53
Pražská 2	-	27	-	-	-	-/- 10	-	-/- 11	-	6
Pražská 4	-	18	-	-	-	-/- 9	-	-/- 9	-	-
Letná	559	633	14	9	-/- 122	-/- 105	-/- 183	-/- 178	268	359
<b>Total Slovakia</b>	<b>731</b>	<b>831</b>	<b>20</b>	<b>14</b>	<b>-/- 186</b>	<b>-/- 169</b>	<b>-/- 250</b>	<b>-/- 258</b>	<b>315</b>	<b>418</b>
<b>Poland:</b>										
Laubitz 8	57	71	24	30	-/- 38	-/- 35	-/- 41	-/- 30	2	36
800-lecia Inowroclawia	101	73	78	63	-/- 80	-/- 62	-/- 43	-/- 42	56	32
Krzemowa	147	129	86	73	-/- 70	-/- 60	-/- 47	-/- 39	116	103
Plutona	82	73	27	23	-/- 38	-/- 34	-/- 23	-/- 22	48	40
Kalinkowa	142	126	95	75	-/- 97	-/- 73	-/- 43	-/- 39	97	89
Wojska Polskiego	153	136	126	93	-/- 99	-/- 70	-/- 47	-/- 41	133	118
Wolnosci	40	84	25	32	-/- 54	-/- 45	-/- 37	-/- 31	-/- 26	40
Grzymały Siedleckiego	123	118	55	46	-/- 54	-/- 44	-/- 14	-/- 16	110	104
Kardyn. Wyszyńskiego	96	87	57	52	-/- 58	-/- 44	-/- 23	-/- 23	72	72
Legionow	188	175	100	97	-/- 95	-/- 76	-/- 37	-/- 28	156	168
Maris	390	362	156	223	-/- 187	-/- 132	-/- 59	-/- 91	300	362
<b>Total Poland</b>	<b>1,519</b>	<b>1,434</b>	<b>829</b>	<b>807</b>	<b>-/- 870</b>	<b>-/- 675</b>	<b>-/- 414</b>	<b>-/- 402</b>	<b>1,064</b>	<b>1,164</b>
<b>Ukraine:</b>										
Aisi Bela	-	-	-	-	-	-/- 1	-/- 8	-/- 15	-/- 8	-/- 16
<b>Bulgaria:</b>										
Boyana	-	-	-	-	-	-	-/- 27	-/- 29	-/- 27	-/- 29
Inventories	-	-	-	-	-	-	-/- 16	-/- 11	-/- 16	-/- 11
<b>Total Bulgaria</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-/- 43</b>	<b>-/- 40</b>	<b>-/- 43</b>	<b>-/- 40</b>
<b>Romania:</b>										
EOS Business Park	379	-	-	-	-	-	-/- 46	-	333	-
Delenco	-	-	-	-	-	-	-/- 20	-/- 9	-/- 20	-/- 9
<b>Total Romania</b>	<b>379</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-/- 66</b>	<b>-/- 9</b>	<b>313</b>	<b>-/- 9</b>
<b>Grand total</b>	<b>3,259</b>	<b>2,948</b>	<b>1,144</b>	<b>1,167</b>	<b>-/- 1,281</b>	<b>-/- 1,157</b>	<b>-/- 943</b>	<b>-/- 915</b>	<b>2,179</b>	<b>2,043</b>

Segment	Subtotal net rental & related income		Net results on properties and equity investments		Other operating income <sup>3</sup>		Financial expenses <sup>4</sup>		Total segment result	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
	in € 1,000		in € 1,000		in € 1,000		in € 1,000		in € 1,000	
<b>Czech Republic:</b>										
Palmovka	139	130	1	1	-	-	-	-	140	131
Karlin	257	214	-	-	-	71	-	-	257	285
VUP	-	64	-	-	-	-	-	-	-	64
PV 10	142	118	-	-	-	-	-	-	142	118
<b>Total Czech Republic</b>	<b>538</b>	<b>526</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>71</b>	<b>-</b>	<b>-</b>	<b>539</b>	<b>598</b>
<b>Slovakia:</b>										
Záhradnícka	47	53	-/- 1	-/- 1	-	1	-	-	46	53
Pražská 2	-	6	-	-/- 92	-	-	-	-	-	-/- 86
Pražská 4	-	-	-	-/- 65	-	-	-	-	-	-/- 65
Letná	268	359	18	29	-	-	-	-	286	388
<b>Total Slovakia</b>	<b>315</b>	<b>418</b>	<b>17</b>	<b>-/- 129</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>332</b>	<b>290</b>
<b>Poland:</b>										
Laubitz 8	2	36	1	,2	-	-	-	-	3	38
800-lecia Inowroclawia	56	32	1	-	-	-	-	-	57	32
Krzemowa	116	103	3	2	-	-	-	-	119	105
Plutona	48	40	-	-	-	-	-	-	48	40
Kalinkowa	97	89	-/- 4	-/- 2	-	-	-	-	93	87
Wojska Polskiego	133	118	5	5	-	-	-	-	138	123
Wolności	-/- 26	40	-	-	-	-	-	-	-/- 26	40
Grzymały Siedleckiego	110	104	-/- 33	-/- 24	-	-	4	6	73	74
Kardyn. Wyszyńskiego	72	72	-/- 27	-/- 19	-	-	12	12	33	41
Legionów	156	168	-/- 7	-/- 5	-	-	29	25	120	138
Maris	300	362	-/- 9	6	-	-	-	-	291	368
<b>Total Poland</b>	<b>1,064</b>	<b>1,164</b>	<b>-/- 70</b>	<b>-/- 35</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>43</b>	<b>949</b>	<b>1,086</b>
<b>Ukraine:</b>										
Aisi Bela	-/- 8	-/- 16	-	-/- 3,295	-	-	-	-	-/- 8	-/- 3,311
<b>Bulgaria:</b>										
Boyana	-/- 27	-/- 29	-/- 503	-	-	-	-	-	-/- 530	-/- 29
Inventories	-/- 16	-/- 11	285	-/- 29	-	-	-	-	269	-/- 40
<b>Total Bulgaria</b>	<b>-/- 43</b>	<b>-/- 40</b>	<b>-/- 218</b>	<b>-/- 29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-/- 261</b>	<b>-/- 69</b>
<b>Romania:</b>										
EOS Business Park	333	-	15	704	-	-	-	-	348	704
Delenco	-/- 20	-/- 9	123	-	-	-	-	-	103	-/- 9
<b>Total Romania</b>	<b>313</b>	<b>-/- 9</b>	<b>138</b>	<b>704</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>451</b>	<b>695</b>
<b>Grand total</b>	<b>2,179</b>	<b>2,043</b>	<b>-/- 132</b>	<b>-/- 2,783</b>	<b>-</b>	<b>72</b>	<b>45</b>	<b>43</b>	<b>2,002</b>	<b>-/- 711</b>

<sup>3</sup> Other operating income relates solely to penalties for early termination of rental contracts.

<sup>4</sup> Financial expenses relate solely to interest expense on lease liabilities.

### 10.5.2 Reconciliation segment result with profit for the period

The reconciliation between the total segment results as calculated in section 10.5.1 “Overview of segment result (overview A)” with the profit for the period, as stated in the Consolidated Income Statement, is made below.

	<b>01-01-2023 to 30-06-2023</b>	<b>01-01-2022 to 30-06-2022</b>
	in € 1,000	in € 1,000
<b>Total segment result (overview A)</b>	2,002	-/- 711
Unallocated income:		
Financial income	214	181
Other operating income	-	89
Less: early termination of rental contracts (allocated)	-	-/- 72
Subtotal unallocated income	214	198
Unallocated expenses:		
Administrative expenses	348	353
Other operating expenses	469	609
Financial expenses	1,340	938
Less: interest expense on lease liabilities (allocated)	-/- 45	-/- 43
Subtotal unallocated expenses	2,112	1,857
<b>Profit before income tax</b>	104	-/- 2,370
Income tax expense	165	473
<b>Profit for the period</b>	<b>-/- 61</b>	<b>-/- 2,843</b>

### 10.5.3 Overview carrying amount of type of property<sup>5</sup> per business category<sup>6</sup> (overview B)

Segment	30-06-2023	31-12-2022
	In € 1,000	In € 1,000
<b>Office:</b>		
Palmovka	3,655	3,597
Karlin	6,327	6,220
PV 10	6,777	6,651
Záhradnícka	3,791	3,786
Letná	12,818	12,810
Maris	9,102	9,040
EOS Business Park	5,346	5,346
<b>Total office</b>	<b>47,816</b>	<b>47,450</b>
<b>Retail:</b>		
Laubitz 8	1,689	1,670
800-lecia Inowroclawia	2,670	2,670
Krzemowa	3,181	3,180
Plutona	1,900	1,900
Kalinkowa	2,700	2,700
Wojska Polskiego	3,310	3,310
Wolnosci	1,660	1,640
Grzymaly Siedleckiego	1,370	1,370
Kardyn. Wyszynskiego	2,160	2,160
Legionow	3,080	3,080
<b>Total retail</b>	<b>23,720</b>	<b>23,680</b>
<b>Residential:</b>		
Inventories Boyana	1,482	1,835
<b>Land:</b>		
Aisi Bela	932	958
Boyana	460	2,991
<b>Total land</b>	<b>1,392</b>	<b>3,949</b>
<b>Grand total</b>	<b>74,410</b>	<b>76,914</b>

<sup>5</sup> Right-of-use assets excluded.

<sup>6</sup> Based on main purpose of the property.

#### 10.5.4 Overview of geographic assets (overview C)

	Czech Republic		Slovakia		Poland		Ukraine		Bulgaria	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022
	in € 1,000		in € 1,000		in € 1,000		in € 1,000		in € 1,000	
Investment property	16,759	16,468	12,818	12,810	27,694	34,014	-	-	-	-
Investment property under development	-	-	-	-	-	-	932	958	-	-
Investments in associates	-	-	-	-	-	-	-	-	-	-
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-
Deferred tax assets	-	-	-	-	408	432	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	1,482	1,835
Tax assets	19	-	160	509	73	49	-	-	-	3
Trade and other receivables	167	1,006	296	237	141	201	-	-	157	-
Prepayments and deferred expenses	73	39	65	42	94	122	2	3	-	-
Cash and cash equivalents	491	1,374	436	249	1,061	1,196	2	16	25	2
Assets held for sale	-	-	3,791	3,786	6,676	-	-	-	460	2,991
	<b>17,509</b>	<b>18,887</b>	<b>17,566</b>	<b>17,633</b>	<b>36,147</b>	<b>36,014</b>	<b>936</b>	<b>977</b>	<b>2,124</b>	<b>4,831</b>

	Romania		The Netherlands		Other countries		Total	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022	30-06-2023	31-12-2022
	in € 1,000		in € 1,000		in € 1,000		in € 1,000	
Investment property	5,346	5,346	-	-	-	-	62,617	68,638
Investment property under development	-	-	-	-	-	-	932	958
Investments in associates	3,710	3,587	-	-	-	-	3,710	3,587
Derivative financial instruments	-	-	-	-	515	479	515	479
Deferred tax assets	-	-	-	-	-	-	408	432
Inventories	-	-	-	-	-	-	1,482	1,835
Tax assets	-	2	-	-	-	-	252	563
Trade and other receivables	153	144	-	-	591	408	1,505	1,996
Prepayments and deferred expenses	22	5	21	3	-	-	277	214
Cash and cash equivalents	156	70	798	1,833	-	-	2,969	4,740
Assets held for sale	-	-	-	-	-	-	10,927	6,777
	<b>9,387</b>	<b>9,154</b>	<b>819</b>	<b>1,836</b>	<b>1,106</b>	<b>887</b>	<b>85,594</b>	<b>90,219</b>

# 11 NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11.1 SUBSIDIARIES

### 11.1.1 Consolidated subsidiaries

All subsidiaries of the Fund have been included in the consolidation. These are as follows:

Name of subsidiary	Registered office	Country of incorporation	Proportion of shares held	Proportion of shares held
			30-06-2023 In %	31-12-2022 In %
Arcona Capital RE Bohemia s.r.o.	Prague	Czech Republic	100.0	100.0
Arcona Capital RE Slovakia s.r.o.	Bratislava	Slovakia	100.0	100.0
Arcona Capital Real Estate Poland Sp. z o.o.	Warsaw	Poland	100.0	100.0
Arcona Capital Real Estate Trio Sp. z o.o.	Warsaw	Poland	100.0	100.0
Arcona Real Estate B.V.	Amsterdam	The Netherlands	100.0	100.0
Arcona Poland B.V.	Amsterdam	The Netherlands	100.0	100.0
Arcona Poland B.V. Project 5 Sp. z o.o.	Warsaw	Poland	100.0	100.0
Aisi Bela LLC	Kyiv	Ukraine	100.0	100.0
Boyana Residence E.O.O.D.	Sofia	Bulgaria	100.0	100.0
Arcona Capital Real Estate Bulgaria Ltd.	Sofia	Bulgaria	100.0	100.0
Arcona Black Sea Real Estate B.V.	Amsterdam	The Netherlands	100.0	100.0
N-E Real Estate Park First Phase S.r.l.	Bucharest	Romania	100.0	100.0
Alfa Build Boyana E.O.O.D.	Sofia	Bulgaria	Sold	N.a.
Boyana Residence Project E.O.O.D.	Sofia	Bulgaria	100.0	N.a.

### 11.1.2 Subsidiaries incorporated during the financial period

As at March 23, 2023 the Fund incorporated a Special Purpose Vehicle (SPV): Alfa Build Boyana E.O.O.D. This SPV was incorporated for the sale of (a part of) the development land within the project “Boyana Residence”, held by Boyana Residence E.O.O.D.

As at June 15, 2023 the Fund incorporated a SPV: Boyana Residence Project E.O.O.D. This SPV was incorporated for the sale of (a part of) the development land within the project “Boyana Residence, held by Boyana Residence E.O.O.D.

### 11.1.3 Subsidiaries sold during the financial period

As at June 6, 2023 the Fund sold its share in the SPV Alfa Build Boyana E.O.O.D. for an amount of € 2,041,000, which corresponds to the agreed sale price of (a part of) the development land within the project “Boyana Residence”.

## 11.2 INVESTMENT PROPERTY

### 11.2.1 Analysis of investment property

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Owned investment property (lease incentives excluded)	62,392	67,204
Lease incentives	113	140
Owned investment property	62,505	67,344
Right-of-use assets	112	1,294
	<b>62,617</b>	<b>68,638</b>

### 11.2.2 Analysis of owned investment property

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Buildings (including underground)	62,505	67,344
Land plots	-	-
	<b>62,505</b>	<b>67,344</b>

### 11.2.3 Specification of owned investment property

Name of property	Address	30-06-2023	31-12-2022
		In € 1,000	In € 1,000
<b>In ownership of Arcona Capital RE Bohemia s.r.o. (Czech Republic)</b>			
Palmovka	Na Žertvách 34, Prague	3,655	3,597
Karlin	Prvního Pluku 621/8a, Prague	6,327	6,220
PV 10	Politických Vězňů 10, Prague	6,777	6,651
<b>Subtotal</b>		<b>16,759</b>	<b>16,468</b>
<b>In ownership of Arcona Capital RE Slovakia s.r.o. (Slovakia)</b>			
Letná	Letná 45, Košice	12,818	12,810
<b>In ownership of Arcona Capital Real Estate Poland Sp. z o.o. (Poland)</b>			
Laubitz	Laubitz 8, Inowroclaw	1,689	1,670
Lecia Inowroclawia	800-lecia Inowroclawia 27, Inowroclaw	2,670	2,670
Krzemowa	Krzemowa 1, Gdansk	3,181	3,180
Plutona	Plutona 1, Glogow	1,900	1,900
Kalinkowa	Kalinkowa 82, Grudziadz	2,700	2,700
Wojska Polskiego	Wojska Polskiego 137, Piotrkow Trybunalski	3,310	3,310
Wolnosci	Wolnosci 6, Slupsk	1,660	1,640
<b>Subtotal</b>		<b>17,110</b>	<b>17,070</b>
<b>In ownership of Arcona Capital Real Estate Trio Sp. z o.o. (Poland)</b>			
Grzymaly Siedleckiego	Grzymaly Siedleckiego 20, Bydgoszcz	1,370	1,370
Kardynala Wyszyńskiego	Kardynala Wyszyńskiego 107, Lodz	-	2,160
Legionow	Legionow 216, Torun	-	3,080
<b>Subtotal</b>		<b>1,370</b>	<b>6,610</b>
<b>In ownership of Arcona Capital Poland B.V. Project 5 Sp. z o.o. (Poland)</b>			
Maris	Holdu Pruskiego 9 & 12 Malopolska 12, Szczecin	9,102	9,040
<b>In ownership of Aisi Bela LLC (Ukraine)</b>			
Balabino Project	Territory of Balabynska Village Council, Zaporizkyi District, Zaporizhzhia Region	-	-
<b>In ownership of N-E Real Estate Park First Phase S.r.l. (Romania)</b>			
EOS Business Park	Strada Nicolae Cânea 140-160, Bucharest	5,346	5,346
		<b>62,505</b>	<b>67,344</b>

#### 11.2.4 Statement of changes in owned investment property

	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 31-12-2022 In € 1,000
Balance as at 1 January	67,344	75,877
Acquisitions	-	4,642
Additions	141	365
Fair value adjustments	15	-/- 3,737
Exchange rate differences	245	458
Reclassification (to assets held for sale)	-/- 5,240	-/- 10,261
<b>Balance as at 30 June / 31 December</b>	<b>62,505</b>	<b>67,344</b>

The “Reclassification (to assets held for sale)” for € 5,240,000 negative relates to the properties Kardynala Wyszynskiego (Poland) and Legionow (Poland), which have been reclassified to “Assets held for sale”. For further reference see section 11.12.4 “Statement of changes in owned investment property held for sale”.

#### 11.2.5 Valuation of owned investment property

The owned investment property, stated under section 11.2.3 “Specification of owned investment property”, was not valued by an external, independent appraiser as at Statement of Financial Position’s date.

The Managing Board reviewed the appraised values of the investment property owned by the Fund. The applied valuation method was the same as used by the external, independent appraiser as described in the Consolidated Financial Statements 2022. The Managing Board would adjust the fair value of an investment property (in local currency) under the following conditions:

- if the estimated rental value (ERV) determined by the external, independent valuer changed by more than 10%;
- if unforeseen circumstances occurred during the financial period, such as fire or water damage to a property.

These conditions were not met. Therefore, the Managing Board utilised the most recent external valuation (as of 31 December 2022), adjusted to account for the total capital expenditure incurred during the financial period, as well as any letting fees provided during that period. For the measurement of the fair value, reference is made to section 13.10 “Investment property” in the Consolidated Financial Statements 2022.

Regarding the Zaporizhzhia plot, the Managing Board decided, given the current situation in Ukraine and the plot's proximity to the active front lines, to maintain the value of the land plot at zero. This situation will be reviewed regularly in consultation with the Fund’s local advisors.

#### 11.2.6 Specification of right-of-use assets

Nature of right-of-use asset	Related to owned investment property	30-06-2023 In € 1,000	31-12-2022 In € 1,000
<b>Right-of-use held by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)</b>			
Land lease	Grzymaly Siedleckiego	112	114
Land lease	Kardynala Wyszynskiego	-	342
Land lease	Legionow	-	838
		<b>112</b>	<b>1,294</b>

### 11.2.7 Statement of changes in right-of-use assets

	<b>01-01-2023 to 30-06-2023</b>	<b>01-01-2022 to 31-12-2022</b>
	In € 1,000	In € 1,000
Balance as at 1 January	1,294	1,397
Remeasurement (as a result of an index / inflation)	324	-
Fair value adjustments	-/- 50	-/- 103
Reclassification (to assets held for sale)	-/- 1,456	-
<b>Balance as at 30 June / 31 December</b>	<b>112</b>	<b>1,294</b>

The “Remeasurement (as a result of an index / inflation)” for the amount of € 324,000 relates to the remeasurement of the lease liability (see also section 11.15.3 “Statement of changes in lease liabilities”).

The “Reclassification (to assets held for sale)” for the amount of € 1,456,000 negative relates to the properties Kardynala Wyszynskiego (Poland) and Legionow (Poland), which have been reclassified to “Assets held for sale”. For further reference see section 11.12.7 “Statement of changes in right-of-use assets held for sale”.

### 11.2.8 Valuation of right-of-use assets

The right-of-use assets, stated under section 11.2.6 “Specification of right-of-use assets”, were not valued by an external, independent appraiser as at Statement of Financial Position’s date. Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted by the amount of any prepaid or accrued lease payment, less any lease incentives received. The right-of-use asset is subsequently measured at fair value (subject to certain exceptions), less accumulated depreciation and impairment losses. The right-of-use asset will additionally be adjusted for any remeasurement of the lease liability, when applicable.

The Managing Board is of the opinion the above method is the most appropriate approach to the valuation of right-of-use assets as required by IFRS 16.

## 11.3 INVESTMENT PROPERTY UNDER DEVELOPMENT

### 11.3.1 Specification of investment property under development

Name of property	Address	<b>30-06-2023</b>	<b>31-12-2022</b>
		In € 1,000	In € 1,000
<b>In ownership of Aisi Bela LLC (Ukraine)</b>			
Bela Logistic Park	Territory of Nerubaiske Village Council, Biliayivskyi District, Odesa Region	932	958

### 11.3.2 Statement of changes in investment property under development

	<b>01-01-2023 to 30-06-2023</b>	<b>01-01-2022 to 31-12-2022</b>
	In € 1,000	In € 1,000
Balance as at 1 January	958	2,699
Fair value adjustments	-	-/- 1,341
Exchange rate differences	-/- 26	-/- 400
<b>Balance as at 30 June / 31 December</b>	<b>932</b>	<b>958</b>

### 11.3.3 Valuation of investment property under development

All investment property under development is valued at fair value. The investment property under development, stated under section 11.3.1 "Specification of investment property under development", was not valued by an external, independent appraiser as at Statement of Financial Position's date.

The Managing Board reviewed the appraised values of investment property under development by the Fund. The Managing Board would adjust the fair value of an investment property (in local currency) under the following conditions:

- if the estimated rental value (ERV) determined by the external, independent valuer changed by more than 10%;
- unforeseen circumstances occurred during the financial period, such as fire or water damage to a property.

These conditions were met after the Russian troops invaded Ukraine on February 24, 2022. The current situation in Ukraine has not materially changed; therefore, the Managing Board decided not to alter the valuation used in the Consolidated Financial Statement 2022. The Management will closely monitor further developments in Ukraine and, if appropriate, will adjust the valuation of the land plot again.

## 11.4 INVESTMENTS IN ASSOCIATES

### 11.4.1 Specification of investments in associates

Name of project	Name of associate	Country	Asset type	30-06-2023	31-12-2022
				In € 1,000	In € 1,000
Delea Nuova Project	Lelar Holdings Limited and S.C. Delenco Construct S.r.l.	Romania	Office building	3,710	3,587

Name of project <sup>7</sup>	30-06-2023			01-01-2023 to 30-06-2023		
	Proportion of shares held by the Group In %	Total assets In € 1,000	Total liabilities In € 1,000	Net rental and related income In € 1,000	Valuation result of properties In € 1,000	Profit for the period In € 1,000
Delea Nuova Project	24.35	17,423	2,190	696	-	507

Name of project	31-12-2022			29-03-2022 to 31-12-2022		
	Proportion of shares held by the Group In %	Total assets In € 1,000	Total liabilities In € 1,000	Net rental and related income In € 1,000	Valuation result of properties In € 1,000	Profit for the period In € 1,000
Delea Nuova Project	24.35	17,281	2,555	1,056	-/- 1,240	-/- 391

<sup>7</sup> Amounts based on 100%-share.

## 11.4.2 Statement of changes in investments in associates

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 31-12-2022</b> In € 1,000
Balance as at 1 January	3,587	-
Acquisitions	-	3,655
Share in result of investments in associates	123	-/- 68
<b>Balance as at 30 June / 31 December</b>	<b>3,710</b>	<b>3,587</b>

## 11.5 DERIVATIVE FINANCIAL INSTRUMENTS

### 11.5.1 Specification of derivative financial instruments

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Non-current part of derivative financial instruments	400	372
Current part of derivative financial instruments	115	107
	<b>515</b>	<b>479</b>

### 11.5.2 Specification of derivative financial instruments

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Interest rate swaps used for hedging	515	479

## 11.6 RECOGNISED DEFERRED TAXES

### 11.6.1 Specification of recognised deferred taxes

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Recognised deferred tax assets	408	432
Recognised deferred tax liabilities	-/- 3,277	-/- 3,183
	<b>-/- 2,869</b>	<b>-/- 2,751</b>

### 11.6.2 Statement of changes in recognised deferred taxes

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 31-12-2022</b> In € 1,000
Balance as at 1 January	-/- 2,751	-/- 2,909
Adjustments related to prior years	-/- 14	-/- 42
Additions as a result of acquisitions	-	-/- 704
Additions / withdrawals	-/- 100	945
Exchange rate differences	-/- 4	-/- 41
<b>Balance as at 30 June / 31 December</b>	<b>-/- 2,869</b>	<b>-/- 2,751</b>

## 11.7 TAX ASSETS

### 11.7.1 Specification of tax assets

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Non-current part of tax assets	-	-
Current part of tax assets	252	563
	<b>252</b>	<b>563</b>

### 11.7.2 Specification of tax assets

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Corporate income tax (CIT)	240	558
Value added tax (VAT)	1	3
Property tax	11	2
	<b>252</b>	<b>563</b>

## 11.8 TRADE AND OTHER RECEIVABLES

### 11.8.1 Analysis of trade and other receivables

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Non-current part of trade and other receivables	770	650
Current part of trade and other receivables	735	1,346
	<b>1,505</b>	<b>1,996</b>

## 11.8.2 Specification of trade and other receivables

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Trade receivables	388	353
Debt Service Reserve Account (DSRA)	770	650
Sold properties	157	877
Termination derivative financial instruments (interest rate swaps)	79	78
Receivables SPDI	91	8
Interest income	6	6
Invoiceable amounts	-	5
Other trade and other receivables	14	19
	<b>1,505</b>	<b>1,996</b>

The "Sold properties" for the amount of € 157,000 relates to the remaining part of the sold inventory apartment 8-E (Bulgaria). This amount was received during third quarter of 2023.

## 11.8.3 Analysis of trade receivables

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Trade receivables (gross)	820	800
Total expected credit losses for trade receivables	-/- 432	-/- 447
	<b>388</b>	<b>353</b>

## 11.8.4 Expected credit losses for trade receivables

The estimation techniques for the calculation of the collective and individually assessed credit losses of trade receivables are the same as described in the Consolidated Financial Statements 2022 (section 15.9.4).

## 11.9 PREPAYMENTS AND DEFERRED EXPENSES

### 11.9.1 Analysis of prepayments and deferred expenses

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Non-current part of prepayments and deferred expenses	-	-
Current part of prepayments and deferred expenses	277	214
	<b>277</b>	<b>214</b>

### 11.9.2 Specification of prepayments and deferred expenses

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Prepayments	215	117
Deferred expenses	62	97
	<b>277</b>	<b>214</b>

## 11.10 CASH AND CASH EQUIVALENTS

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Bank balances	2,824	4,579
Deposits	145	161
	<b>2,969</b>	<b>4,740</b>

## 11.11 INVENTORIES

### 11.11.1 Analysis of inventories

Name of inventory	Address	<b>30-06-2023</b>		<b>31-12-2022</b>	
		Quantity	Carrying amount In € 1,000	Quantity	Carrying amount In € 1,000
<b>In ownership of Boyana Residence E.O.O.D. (Bulgaria)</b>					
Apartment 1-D	Residential Complex Gardova Glava, Boyana	6	384	7	367
Apartment 3-C	Residential Complex Gardova Glava, Boyana	3	307	6	426
Apartment 7-D	Residential Complex Gardova Glava, Boyana	3	230	5	305
Apartment 8-E	Residential Complex Gardova Glava, Boyana	6	403	8	482
Parking places	Residential Complex Gardova Glava, Boyana	39	158	63	255
			<b>1,482</b>		<b>1,835</b>

### 11.11.2 Statement of changes in inventories

	<b>01-01-2023 to 30-06-2023</b>	<b>01-01-2022 to 31-12-2022</b>
	In € 1,000	In € 1,000
Balance as at 1 January	1,835	1,765
Investments / additions	163	-
Disposals	-/- 516	-
(Reversal of) impairments	-	70
<b>Balance as at 30 June / 31 December</b>	<b>1,482</b>	<b>1,835</b>

The fair value of the inventories as at Statement of Financial Position's date amounts to € 2,897,000 (December 31, 2022: € 3,256,000). This fair value is based on an external, independent appraisal as at December 31, 2022.

## 11.12 ASSETS HELD FOR SALE

### 11.12.1 Analysis of assets held for sale

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Owned investment property held for sale (lease incentives excluded)	9,479	6,774
Lease incentives held for sale	12	3
Owned investment property held for sale	9,491	6,777
Right-of-use assets held for sale	1,435	-
	<b>10,927</b>	<b>6,777</b>

### 11.12.2 Analysis of owned investment property held for sale

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Buildings (including underground)	9,031	3,786
Land plots	460	2,991
	<b>9,491</b>	<b>6,777</b>

### 11.12.3 Specification of owned investment property held for sale

Name of property	Address	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
<b>In ownership of Arcona Capital RE Slovakia s.r.o. (Slovakia)</b>			
Záhradnícka	Záhradnícka 46, Bratislava	3,791	3,786
<b>In ownership of Boyana Residence E.O.O.D. (Bulgaria)</b>			
Boyana	Gardova Glava, Boyana	-	2,991
<b>In ownership of Boyana Residence Project E.O.O.D. (Bulgaria)</b>			
Boyana	Gardova Glava, Boyana	460	-
<b>In ownership of Arcona Capital Real Estate Trio Sp. z o.o. (Poland)</b>			
Kardynala Wyszynskiego	Kardynala Wyszynskiego 107, Lodz	2,160	-
Legionow	Legionow 216, Torun	3,080	-
<b>Subtotal</b>		<b>5,240</b>	<b>-</b>
		<b>9,491</b>	<b>6,777</b>

The Fund has identified the properties listed above as owned investment property held for sale.

During the financial period, a portion of the land plot in Boyana (Bulgaria) was successfully sold through an SPV: Alfa Build Boyana E.O.O.D. For further details, please refer to section 11.1.3 “Subsidiaries sold during the financial period”.

The remaining portion of the land plot in Boyana (Bulgaria) has been transferred from Boyana Residence E.O.O.D. to the SPV: Boyana Residence Project E.O.O.D. As of 23 May 2023, a preliminary agreement has been signed for the sale of the shares of the SPV for an amount of € 460,000, which corresponds to the agreed sale price of the remaining part of the land plot in Boyana. The sale of the SPV's shares is expected to be executed in the second half of 2023.

#### 11.12.4 Statement of changes in owned investment property held for sale

	<b>01-01-2023 to 30-06-2023</b>	<b>01-01-2022 to 31-12-2022</b>
	In € 1,000	In € 1,000
Balance as at 1 January	6,777	4,550
Reclassification (from owned investment property)	5,240	10,261
Additions	5	71
Fair value adjustments	-/- 490	795
Disposals	-/- 2,041	-/- 8,900
<b>Balance as at 30 June / 31 December</b>	<b>9,491</b>	<b>6,777</b>

The "Reclassification (from owned investment property)" for the amount of € 5,240,000 relates to the properties Kardynala Wyszynskiego (Poland) and Legionow (Poland), which have been reclassified from "Owned investment property". For further reference see section 11.2.4 "Statement of changes in owned investment property".

The "Disposals" for the amount of € 2,041,000 relates to the sale of a part of the land plot Boyana (Bulgaria). For further reference see section 11.1.3 "Subsidiaries sold during the financial period".

#### 11.12.5 Valuation of owned investment property held for sale

The investment property held for sale, owned by the Fund and listed under section 11.12.3 "Specification of owned investment property held for sale", was not valued by an external, independent appraiser as of the Statement of Financial Position date.

The Managing Board reviewed the appraised values of the investment property held for sale owned by the Fund. The valuation method applied was consistent with that used by the external, independent appraiser, as described in the Consolidated Financial Statements 2022. The Managing Board would adjust the fair value of an investment property (in local currency) under the following conditions:

- if the estimated rental value (ERV) determined by the external, independent valuer changed by more than 10%;
- if unforeseen circumstances arose during the financial period, such as fire or water damage to a property.

These conditions were not met. Therefore, the Managing Board used the most recent external valuation (as of 31 December 2022), adjusted to include the sum of capital expenditure incurred during the financial period, as well as any letting fees provided during that period, with the exception of the remaining part of the land plot Boyana. The remaining part of the land plot Boyana is valued at the expected sales price. For further reference, please see section 11.12.3 "Specification of owned investment property held for sale". For the measurement of the fair value, refer to the Consolidated Financial Statements 2022, section 15.13.5.

#### 11.12.6 Specification of right-of-use assets held for sale

<b>Nature of right-of-use asset</b>	<b>Related to owned investment property</b>	<b>30-06-2023</b>	<b>31-12-2022</b>
		In € 1,000	In € 1,000
<b>Right-of-use held by Arcona Capital Real Estate Trio Sp. z o.o. (Poland)</b>			
Land lease	Kardynala Wyszynskiego	409	-
Land lease	Legionow	1,026	-
		<b>1,435</b>	<b>-</b>

### 11.12.7 Statement of changes in right-of-use assets held for sale

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 31-12-2022</b> In € 1,000
Balance as at 1 January	-	-
Reclassification (from right-of-use assets)	1,456	-
Fair value adjustments	-/- 21	-
<b>Balance as at 30 June / 31 December</b>	<b>1,435</b>	<b>-</b>

The “Reclassification (from assets held for sale)” for the amount of € 1,456,000 relates to the properties Kardynala Wyszyńskiego (Poland) and Legionów (Poland), which have been reclassified from “Right-of-use assets”. For further reference see section 11.2.7 “Statement of changes in right-of-use assets”.

### 11.12.8 Valuation of right-of-use assets held for sale

For the measurement of the carrying amount of right-of-use assets held for sale see section 11.2.8 “Valuation of right-of-use assets”.

### 11.13 GROUP EQUITY

For the consolidated statement of changes in group equity reference is made to section 7 “Consolidated statement of changes in group equity”.

### 11.14 TAX LIABILITIES

#### 11.14.1 Specification of tax liabilities

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Non-current part of tax liabilities	-	-
Current part of tax liabilities	235	509
	<b>235</b>	<b>509</b>

#### 11.14.2 Analysis of tax liabilities

	<b>30-06-2023</b> In € 1,000	<b>31-12-2022</b> In € 1,000
Property tax	137	233
Corporate income tax (CIT)	14	150
Value added tax (VAT)	72	94
Withholding tax (WHT)	12	32
	<b>235</b>	<b>509</b>

## 11.15 LOANS AND BORROWINGS

### 11.15.1 Analysis of loans and borrowings

Kind of loans and borrowings	30-06-2023		
	Non-current liabilities	Current liabilities	Total
	In € 1,000	In € 1,000	In € 1,000
Secured bank loans	7,766	19,413	27,179
Lease liabilities	35	74	109
Other loans and borrowings	-	4,207	4,207
	<b>7,801</b>	<b>23,694</b>	<b>31,495</b>

Kind of loans and borrowings	31-12-2022		
	Non-current liabilities	Current liabilities	Total
	In € 1,000	In € 1,000	In € 1,000
Secured bank loans	13,804	16,371	30,175
Lease liabilities	991	171	1,162
Other loans and borrowings	2,418	2,370	4,788
	<b>17,213</b>	<b>18,912</b>	<b>36,125</b>

### 11.15.2 Statement of changes in secured bank loans

	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 31-12-2022 In € 1,000
Balance as at 1 January	30,175	30,895
Additions as a result of acquisitions	-	3,276
Redemptions	-/- 3,118	-/- 4,260
(Amortisation) flat fee and transaction costs	28	52
Exchange rate differences	94	212
<b>Balance as at 30 June / 31 December</b>	<b>27,179</b>	<b>30,175</b>

### 11.15.3 Statement of changes in lease liabilities

	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 31-12-2022 In € 1,000
Balance as at 1 January	1,162	1,297
Remeasurement (as a result of an index / inflation)	324	-
Redemptions	-/- 57	-/- 188
Accrued interest	17	76
Exchange rate differences	-/- 8	-/- 23
Reclassification (to liabilities directly associated with the assets held for sale)	-/- 1,329	-
<b>Balance as at 30 June / 31 December</b>	<b>109</b>	<b>1,162</b>

The "Reclassification (to liabilities directly associated with the assets held for sale)" for the amount of € 1,329,000 negative relates to the corresponding lease liabilities of the properties Kardynala Wyszynskiego

(Poland) and Legionow (Poland), which have been reclassified to “Assets held for sale”. For further reference see section 11.19.2 “Statement of changes in lease liabilities directly associated with the assets held for sale”.

#### 11.15.4 Statement of changes in other loans and borrowings

	<b>2023</b>	<b>2022</b>
	In € 1,000	In € 1,000
Balance as at 1 January	4,788	4,604
Loans advanced	1,000	3,100
Redemptions	-/- 1,599	-/- 2,900
(Amortisation) flat fee and transaction costs	1	-/- 39
Accrued interest	18	37
Exchange rate differences	-/- 1	-/- 14
<b>Balance as at 30 June / 31 December</b>	<b>4,207</b>	<b>4,788</b>

#### 11.16 TRADE AND OTHER PAYABLES

##### 11.16.1 Analysis of trade and other payables

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Non-current part of trade and other payables	-	-
Current part of trade and other payables	2,103	3,344
	<b>2,103</b>	<b>3,344</b>

##### 11.16.2 Specification of trade and other payables

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Trade payables	377	346
Administrative expenses	1,105	1,120
Accruals	289	847
(Penalty) interest payables and costs Alpha Bank	-	660
Interest payables	212	228
Payable settlement acquisitions	120	120
Other trade and other payables	-	23
	<b>2,103</b>	<b>3,344</b>

#### 11.17 DEFERRED INCOME AND TENANT DEPOSITS

##### 11.17.1 Analysis of deferred income and tenant deposits

	<b>30-06-2023</b>	<b>31-12-2022</b>
	In € 1,000	In € 1,000
Non-current part of deferred income and tenant deposits	342	384
Current part of deferred income and tenant deposits	313	159
	<b>655</b>	<b>543</b>

### 11.17.2 Specification of deferred income and tenant deposits

	30-06-2023 In € 1,000	31-12-2022 In € 1,000
Deposits received from tenants	519	523
Advance payments related to sale of properties	92	-
Advance payments received from tenants	44	20
	<b>655</b>	<b>543</b>

The "Advance payments related to the sale of properties" for the amount of € 92,000 relate to advance payments received (20% of the agreed sales price) concerning the intended sale of the remaining part of the land plot in Boyana (Bulgaria).

### 11.18 DEFERRED TAX LIABILITIES

The changes in recognised deferred tax liabilities are included in section 11.6.2 "Statement of changes in recognised deferred taxes".

### 11.19 LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE

#### 11.19.1 Analysis of liabilities directly associated with the assets held for sale

	30-06-2023 In € 1,000	31-12-2022 In € 1,000
Lease liabilities	1,391	-

#### 11.19.2 Statement of changes in lease liabilities directly associated with the assets held for sale

	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 31-12-2022 In € 1,000
Balance as at 1 January	-	-
Reclassification (from loans and borrowings)	1,329	-
Redemptions	-/- 47	-
Accrued interest	28	-
Exchange rate differences	81	-
<b>Balance as at 30 June / 31 December</b>	<b>1,391</b>	<b>-</b>

The "Reclassification (from loans and borrowings)" for the amount of € 1,329,000 relates to the corresponding lease liabilities of the properties Kardynala Wyszynskiego (Poland) and Legionow (Poland), which have been reclassified to "Assets held for sale". For further reference see section 11.15.3 "Statement of changes in lease liabilities".

## 11.20 GROSS RENTAL INCOME

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Gross rental income collected / accrued	3,367	3,056
Amortisation of lease incentives	-/- 108	-/- 108
	<b>3,259</b>	<b>2,948</b>

## 11.21 PROPERTY OPERATING EXPENSES

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Property management	242	224
Asset management	279	282
Maintenance expenses in respect of properties	220	221
Property taxes and fees	173	160
Insurance premiums	33	28
Subtotal	947	915
Adjustment property taxes and fees previous year(s)	9	-
Reimbursement from tenants	-/- 13	-
	<b>943</b>	<b>915</b>

## 11.22 VALUATION RESULT OF PROPERTIES

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Owned investment property	29	78
Right-of-use assets	-/- 50	-/- 51
Investment property under development	-	-/- 2,625
Owned investment property held for sale	1,796	692
Right-of-use assets held for sale	-/- 21	-
	<b>1,754</b>	<b>-/- 1,906</b>

## 11.23 RESULT ON DISPOSALS OF PROPERTIES

### 11.23.1 Analysis of result on disposals of properties

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Owned investment property held for sale	-/- 2,294	-/- 848

### 11.23.2 Specification of result on disposals of properties - per building

	<b>01-01-2023 to 30-06-2023</b>	<b>01-01-2022 to 30-06-2022</b>
	In € 1,000	In € 1,000
Part of Gardova Glava, Boyana (Bulgaria)	-/- 2,294	-
Pražská 2, Košice (Slovakia)	-	-/- 427
Pražská 4, Košice (Slovakia)	-	-/- 421
	<b>-/- 2,294</b>	<b>-/- 848</b>

### 11.23.3 Specification of result on disposals of properties

	<b>01-01-2023 to 30-06-2023</b>	<b>01-01-2022 to 30-06-2022</b>
	In € 1,000	In € 1,000
Realised value adjustments	-/- 2,281	-/- 756
Transaction costs on sale of properties	1	91
Consultancy fees and legal fees	12	1
Subtotal	13	92
	<b>-/- 2,294</b>	<b>-/- 848</b>

## 11.24 RESULT ON DISPOSALS OF INVENTORIES

### 11.24.1 Analysis of result on disposals of inventories

	<b>Quantity</b>	<b>01-01-2023 to 30-06-2023</b>	<b>01-01-2022 to 30-06-2022</b>
		In € 1,000	In € 1,000
Apartment 1-D, Gardova Glava, Boyana (Bulgaria)	1	8	-
Apartments Block 2-A, Gardova Glava, Boyana (Bulgaria)	-	-	-/- 29
Apartment 3-C, Gardova Glava, Boyana (Bulgaria)	3	72	-
Apartment 7-D, Gardova Glava, Boyana (Bulgaria)	2	46	-
Apartment 8-E, Gardova Glava, Boyana (Bulgaria)	2	137	-
Parking places, Gardova Glava, Boyana (Bulgaria)	24	22	-
		<b>285</b>	<b>-/- 29</b>

#### 11.24.2 Specification of result on disposals of inventories

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Selling price	850	-
Less: carrying amount of sold inventories	516	-
	334	-
Adjustment refund of Value Added Tax	48	-
Transaction costs on sale of inventories	1	-
Settlement charged costs of adjustment refund of Value Added Tax	-	29
Subtotal	49	29
	<b>285</b>	<b>-/- 29</b>

The “Adjustment refund of Value Added Tax” for the amount of € 48,000 represents the expense for Bulgarian Value Added Tax as a result of the repayment of a tax credit incurred by the sale of the inventories.

#### 11.25 NET RESULT ON PROPERTIES

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Valuation gains	384	751
Valuation losses	-/- 577	-/- 3,413
	-/- 193	-/- 2,662
Costs on sale of properties	62	121
	<b>-/- 255</b>	<b>-/- 2,783</b>

#### 11.26 SHARE IN RESULT OF INVESTMENTS IN ASSOCIATES

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Lelar Holdings Limited	123	-

## 11.27 FINANCIAL INCOME

	<b>01-01-2023 to 30-06-2023 In € 1,000</b>	<b>01-01-2022 to 30-06-2022 In € 1,000</b>
Realised currency results on net investments in group companies	116	-
Interest income on derivative financial instruments	50	-
Change in fair value of derivative financial instruments	36	151
Interest income of bank balances and deposits	9	-
Interest on trade receivables	2	2
Foreign exchange and currency gains	-	27
Penalty interest and fees	1	1
	<b>214</b>	<b>181</b>

## 11.28 OTHER OPERATING INCOME

	<b>01-01-2023 to 30-06-2023 In € 1,000</b>	<b>01-01-2022 to 30-06-2022 In € 1,000</b>
Penalties for early termination of rental contracts	-	72
Other operating income	-	17
	<b>-</b>	<b>89</b>

## 11.29 ADMINISTRATIVE EXPENSES

### 11.29.1 Management fee

This is the total fee received by the Managing Board (Arcona Capital Fund Management B.V.) for the management it performs. The total management fee consists of the Fund management fee as well as the Asset management fee. The calculation of the management fee is as described in the Consolidated Financial Statements 2022 (section 15.33.2 "Management fee").

### 11.29.2 Specification fund management fee

	<b>01-01-2023 to 30-06-2023 In € 1,000</b>	<b>01-01-2022 to 30-06-2022 In € 1,000</b>
Management fee	627	635
<i>Less: Asset management fee:</i>		
Arcona Capital Czech Republic s.r.o.	133	151
Arcona Capital Poland Sp. z o.o.	98	102
Arcona Capital Bulgaria E.O.O.D.	9	-
CEG South East Continent Unique Real Estate Management Limited	39	29
	<b>279<sup>8</sup></b>	<b>282</b>
Fund management fee (Arcona Capital Fund Management B.V.)	<b>348</b>	<b>353</b>

<sup>8</sup> Reference is made to section 11.21 "Property operating expenses".

## 11.30 OTHER OPERATING EXPENSES

### 11.30.1 Specification of other operating expenses

	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 30-06-2022 In € 1,000
Costs of service providers	450	374
Other operating expenses	11	53
	461	427
Costs of funding and acquisitions	8	182
	<b>469</b>	<b>609</b>

### 11.30.2 Analysis of costs of funding and acquisitions

	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 30-06-2022 In € 1,000
Consultancy fees / legal fees	8	182

The costs of funding and acquisitions include costs of technical, legal and tax due diligence for potential acquisitions.

## 11.31 FINANCIAL EXPENSES

	01-01-2023 to 30-06-2023 In € 1,000	01-01-2022 to 30-06-2022 In € 1,000
Interest expense on secured bank loans	868	633
Interest expense on other loans and borrowings	340	153
Foreign exchange and currency losses	62	-
Interest expense on lease liabilities	45	39
Withholding tax on loans due to shareholders and other group companies	18	11
Interest expense and costs of Tax Authorities	6	24
Penalty interest and costs on secured bank loans	1	26
Interest expense on derivative financial instruments	-	35
Other financial expenses	-	17
	<b>1,340</b>	<b>938</b>

## 11.32 INCOME TAX EXPENSE

Income tax expense is recognised at an amount determined by multiplying the profit before income tax for the interim reporting period by Management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate in the Consolidated Interim Financial Statements may differ from Management's estimate of the effective tax rate for the Annual Financial Statements.

## 11.33 EARNINGS PER SHARE<sup>9</sup>

### 11.33.1 Calculation of basic earnings per share

The basic earnings per share are calculated by dividing the profit for the period attributable to holders of shares by the weighted average number of shares outstanding during the financial period.

The weighted average number of shares is adjusted for events, other than the conversion of potential ordinary shares, which have changed the number of ordinary shares outstanding without a corresponding change in resources.

If the number of shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share and of the comparative figures is adjusted retrospectively.

### 11.33.2 Profit for the period attributable to shareholders (basic)

	<b>01-01-2023 to 30-06-2023</b> In € 1,000	<b>01-01-2022 to 30-06-2022</b> In € 1,000
Profit for the financial period	-/- 61	-/- 2,843

### 11.33.3 Weighted average number of outstanding shares (basic)

	<b>01-01-2023 to 30-06-2023</b> In pieces	<b>01-01-2022 to 30-06-2022</b> In pieces
Issued shares as at 1 January	4,185,984	3,758,683
Effect of issued shares during the financial period	-	171,983
Effect of treasury shares held during the financial period	-/- 6,049	-
	<b>4,179,935</b>	<b>3,930,576</b>

### 11.33.4 Calculation of diluted earnings per share

The diluted earnings per share are calculated by dividing the profit for the period attributable to holders of shares, adjusted for costs relating to the convertible securities included in the profit for the period, by the weighted average number of shares during the financial period, adjusted for the maximum number of shares that could be converted during the financial period.

The adjustments as described are only made in case conversion will cause dilution of earnings. In case conversion will have a positive effect on the earnings per share, these adjustments are not made.

### 11.33.5 Profit for the period attributable to shareholders (diluted)

	<b>2023</b> In € 1,000	<b>2022</b> In € 1,000
Profit for the period	-/- 61	-/- 2,843
Interest expense on convertible bonds (net of tax)	-	-
	<b>-/- 61</b>	<b>-/- 2,843</b>

<sup>9</sup> The calculation of the earnings per share includes all types of profit-sharing shares (e.g. ordinary and registered shares). Therefore, treasury shares are excluded from the earnings per share.

### 11.33.6 Weighted average number of outstanding shares (diluted)

	<b>01-01-2023 to 30-06-2023</b> In pieces	<b>01-01-2022 to 30-06-2022</b> In pieces
Weighted average number of outstanding shares outstanding during the financial period (basic)	4,179,935	3,930,576
Effect of conversion of warrants	-	-
Effect of conversion of convertible bonds	-	-
	<b>4,179,935</b>	<b>3,930,576</b>

### 11.34 RISK MANAGEMENT

According to its investment policy outlined in the prospectus, and in conjunction with the Registration Document dated 19 October 2016 and the Security Note dated 28 October 2016, the Fund may hold investments in direct property in Central Europe. The Fund's current investment portfolio comprises properties in the Czech Republic, Slovakia, Poland, Ukraine, Bulgaria, and Romania. In principle, these properties are held for an indefinite period. However, the intention is to sell the assets in Ukraine, Slovakia and Bulgaria within the next three years.

The Fund's investment activities expose it to various risks, as also detailed in the prospectus and in the Consolidated Financial Statements 2022, section 15.40 "Risk Management". As of the Statement of Financial Position's date, the exposure to these risks, as described in the Consolidated Financial Statements 2022, does not materially deviate from the exposure as of 31 December 2022.

## 11.35 RELATED PARTIES

### 11.35.1 Identity of related parties

For the Fund, the following categories of related parties were identified during the financial period:

- I. Managers in key positions, meaning the Managing Board and the Supervisory Board;
- II. Major investors (more than 20% voting rights);
- III. All organisational entities within the Group designated as Arcona Capital;
- IV. Investment trusts, investment funds and other investment companies which are managed by an entity belonging to Arcona Capital;
- V. Investments undertaken by Arcona Capital, in which Arcona Capital has significant influence (more than 20% of voting rights).

Related parties include both natural and legal persons. Close members of the family of natural persons, being related parties, are also classified as related parties.

### 11.35.2 Transactions with and / or interests of managers in key positions (I)

During the financial period, the Fund entered into the following transactions with the managers in key positions:

- A. the Managing Board received a remuneration (management fee) for an amount of € 627,000 (H1 2022: € 635,000);
- B. the Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Czech Republic s.r.o. for the amount of € 133,000 (H1 2022: € 151,000);
- C. the Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Poland Sp. z o.o. for the amount of € 98,000 (H1 2022: € 102,000);
- D. the Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to Arcona Capital Bulgaria E.O.O.D. for the amount of € 9,000 (H1 2022: € nil);
- E. the Managing Board reduced its own management fee by an amount equivalent to the asset management fees paid by the Fund (and / or its subsidiaries) to CEG South East Continent Unique Real Estate Management Limited for the amount of € 39,000 (H1 2022: € 29,000);
- F. the Supervisory Board received a remuneration for an amount of € 21,000 (H1 2022: € 21,000).

During the financial period no other transactions occurred with members of the Managing Board and / or members of the Supervisory Board.

For the personal interests of members of the Managing and Supervisory Board reference is made to section 12.1 "Personal interests".

For the remuneration of the Managing Board reference is made to section 11.29 "Administrative expenses".

### 11.35.3 Specification major investors

As at Statement of Financial Position's date the Fund identified the following major investors:

Name	Type of share	Direct real	Indirect real	Direct potential	Total
		voting rights In %	voting rights In %	voting rights In %	
Stichting Prioriteit APF	Priority shares	100.00	n.a.	n.a.	100.00
Secure Property Development & Investment Plc (SPDI)	Registered shares	25.69	n.a.	6.22	31.91

The voting rights are based on information in the Register of substantial holdings and gross short positions of the AFM, as at Statement of Financial Position's date.

### 11.35.4 Transactions with and / or interests of major investors (II)

During the financial period, the Fund entered into or maintained the following transactions with major investors:

Name	Kind of transaction	H1 2023	30-06-2023
		Amount of transaction In € 1,000	Carrying amount In € 1,000
SPDI	Acquisition 21.18%-share in Lelar Holding Ltd.	-	57
SPDI	Acquisition 3.17%-share in Lelar Holding Ltd.	-	16
SPDI	Acquisition 100%-share in N-E Real Estate Park First Phase S.r.l.	-	47
SPDI	Receivable / current account	-	91

Name	Kind of transaction	H1 2022	31-12-2022
		Amount of transaction In € 1,000	Carrying amount In € 1,000
SPDI	Acquisition 21.18%-share in Lelar Holding Ltd.	3,734	57
SPDI	Acquisition 3.17%-share in Lelar Holding Ltd.	559	16
SPDI	Acquisition 100%-share in N-E Real Estate Park First Phase S.r.l.	1,473	47
SPDI	Receivable / current account	-	8

### 11.35.5 Transactions with other related parties (III-IV-V)

During the financial period, the Fund entered into or maintained the following transactions with other related parties:

Name	Kind of transaction	Other information	H1 2023	30-06-2023
			Amount of transaction In € 1,000	Carrying amount In € 1,000
Arcona Capital Czech Republic s.r.o.	Asset management fee	-	133	-
Arcona Capital Poland Sp. z o.o.	Asset management fee	-	98	-
Arcona Capital Bulgaria E.O.O.D.	Asset management fee	-	9	-
			240	-
Arcona Capital Czech Republic s.r.o.	Advisory services	-	7	-
Several	Rental income	268 m <sup>2</sup>	34	-
Statutory directors	Wages and salaries	-	6	1

Name	Kind of transaction	Other information	H1 2022	31-12-2022
			Amount of transaction In € 1,000	Carrying amount In € 1,000
Arcona Capital Czech Republic s.r.o.	Asset management fee	-	151	-
Arcona Capital Poland Sp. z o.o.	Asset management fee	-	102	-
			253	-
Arcona Capital Czech Republic s.r.o.	Advisory services	-	4	-
Several	Rental income	268 m <sup>2</sup>	28	-
Statutory directors	Wages and salaries	-	6	6

### 11.35.6 Investments in other related parties (III-IV-V)

Investment trusts, investment funds, and other investment companies managed by an entity within Arcona Capital do hold investments in companies in which the Fund also has investments. As of the Statement of Financial Position's date, the Fund held no investments in other related parties.

### 11.35.7 Transactions with related parties affiliated with the Managing Board of the Fund

During the financial period, the Fund entered into or maintained the following transactions with related parties affiliated with the Managing Board of the Fund:

Name	Kind of transaction	H1 2023	30-06-2023
		Amount of transaction In € 1,000	Carrying amount In € 1,000
R.J. Barker	Providing unsecured loan	-	250
R.J. Barker	Payable interest unsecured loan provided	12	6

Name	Kind of transaction	H1 2022	31-12-2022
		Amount of transaction In € 1,000	Carrying amount In € 1,000
R.J. Barker	Providing unsecured loan	-	250
R.J. Barker	Payable interest unsecured loan provided	12	6

The Fund has not entered into any other transactions with parties affiliated with the Managing Board of the Fund.

### 11.35.8 Loans from third parties

During the financial period, the Fund entered into loan agreements with third parties. These third parties are not related to the Fund or the Managing Board but are investors in other funds managed by the Managing Board.

## 11.36 EVENTS AFTER STATEMENT OF FINANCIAL POSITION'S DATE

The following material events after Statement of Financial Position's date have occurred:

No material events have occurred after Statement of Financial Position's date.

Amsterdam, August 31, 2023

The Managing Board:

Arcona Capital Fund Management B.V.  
On behalf of,

G.St.J. Barker LLB  
*Managing director*

P.H.J. Mars M.Sc  
*Managing director*

M. Van der Laan B.Sc  
*Managing director*

M.T.H. Blokland QCO  
*Managing director*

The Supervisory Board:

Mr. drs. A.N. Krol  
*Chairperson*

Dr. J.J. van Heijst  
*Member*

M.P. Beys Esq.  
*Member*

## **12 OTHER INFORMATION**

### **12.1 PERSONAL INTERESTS**

During the financial period neither the Managing Board nor the Supervisory Board held interests in investments by the Parent Company, except for:

- Mr. J.J. van Heijst (member of the Supervisory Board) who holds 12,855 (December 31, 2022: 12,855) ordinary shares in private possession. Mr. J.J. van Heijst M.Sc. is working for the Stichting Value Partners Family office who controls 397,694 (December 31, 2022: 397,694) ordinary shares;
- Mr. M.P. Beys (member of the Supervisory Board) holds no (December 31, 2022: no) ordinary shares in private possession. Mr. M.P. Beys is also the Chairman of the Board of Directors of SPDI. SPDI owns 1,072,910 (December 31, 2022: 1,072,910) registered shares.

### **12.2 INDEPENDENT AUDITOR'S REPORT**

The information in these Consolidated Interim Financial Statements 2023 has not been audited by an expert pursuant to article 393, Part 9 of Book 2 of the Dutch Civil Code (auditor's report).