

14 June 2021

Secure Property Development & Investment PLC ('SPDI' or 'the Company') Update on Arcona Property Fund N.V. Agreement

Highlights

- Agreements signed for Stage Two of the Arcona transaction which involves transfer of certain SPDI assets in Romania and Ukraine in exchange for Arcona shares and warrants and €1m cash (the “Arcona Transaction”)
- Estimated €8.2 million value of Stage Two alone is almost at par with SPDI’s overall current market capitalisation, highlighting significant divergence between real asset value within the Company and market value of the Company
- Arcona Transaction, which has an estimated intrinsic value of €30 million, is in line with strategy to create a larger Central and South Eastern European focused investment vehicle

Secure Property Development and Investment PLC (AIM: SPDI), the AIM-quoted South Eastern European focused property company, is pleased to announce the signing of three agreements (‘the Agreements’) relating to the proposed transfer of certain assets owned by SPDI in Romania and Ukraine (together ‘the Stage Two Assets’) to Arcona Property Fund N.V. (‘Arcona’). Under the terms of the Agreements, SPDI will receive approximately 605,000 new ordinary shares in Arcona (the ‘Stage Two Shares’) and approximately 145,000 warrants over ordinary shares in Arcona (the ‘Stage Two Warrants’) (the ‘Stage Two Transaction’) as well as €1m in cash, subject to, *inter alia*, standard form adjustment and finalisation in accordance with the Agreements.

Creating a larger Central and South Eastern European focused investment vehicle

The transfer of the Stage Two Assets represents the second stage of an intended three-stage process for the Arcona Transaction to complete the previously announced transfer to Arcona of SPDI’s property portfolio, excluding its Greek logistics properties, to create a leading Central and South Eastern European focused property investment vehicle. In exchange for the transfer of the Company’s assets, and subject to the same standard form adjustment and finalisation mentioned above, SPDI is to be issued new ordinary shares in Arcona and warrants over Arcona ordinary shares. Arcona invests in Central European commercial property and is listed on Euronext Amsterdam and the Prague Stock Exchange. As at close of markets on 10 June 2021, Arcona’s share price was €6.08.

€8.2 million value of the Stage Two Transaction

The total €8.2 million value of the Stage Two Transaction (based on a net asset value of €11.87 per Arcona share as at 31 December 2020) is almost at par with SPDI’s current overall market

capitalisation which, in addition to the Stage Two Assets, reflects Arcona shares held already by SPDI following the completion of Stage One of the Arcona Transaction, as well as the Assets to be included in Stage Three of the Arcona Transaction (the 'Stage Three Transaction').

Stage Two Transaction

The Stage Two Assets which, as per the Company's unaudited 31 December 2020 financials, recorded an aggregate Gross Asset Value of €15.1 million, comprise the following:

- EOS, a purpose built one-tenant office building in Bucharest Romania leased to Danone Romania
- 24,345% of the Delenco office building also in Bucharest, fully let to a number of tenants with the anchor tenant being ANCOM, the telecoms regulator in Romania
- Two plots of land for development in Kiev

Closing of the Stage Two Transaction is expected to take place in H2 2021, at which point SPDI will be issued the Stage Two Shares and the Stage Two Warrants. As previously disclosed, SPDI intends, in time, to distribute the Arcona shares and warrants to its Shareholders.

In August 2019, SPDI and Arcona signed a conditional Framework Agreement which sets out the process by which both parties will proceed to execute the Stage Two Transaction and Stage Three Transaction. It should be noted that completion of the Stage Two Transaction is not conditional on reaching agreement on the Stage Three Transaction, discussions on which are still ongoing. It is likely that closing of the Stage Two Transaction will be conditional on SPDI Shareholder approval pursuant to AIM Rule 15, and further updates will be provided in this regard as and when appropriate.

Michael Beys, Chairman, said; *"With an estimated intrinsic value of €30million, the Arcona transaction has been worth pursuing, as per our shareholders' guidance, despite the challenges posed, both at corporate and personal levels, by the global pandemic and associated lockdowns. It is therefore a testament to the perseverance of the board and the management team that the transaction has been advanced to the point of signing the agreements for Stage Two. With an estimated value of €8.2 million, Stage Two on its own highlights the substantial divergence that has opened up between how the market and the industry value SPDI's portfolio of South Eastern European real estate. The expected completion of Stage Two later this year therefore ought to act as a value trigger event for shareholders, not just because it crystallises the value of the assets concerned, but also because SPDI will be issued with shares in a much larger and more diversified Central and South Eastern European focused property company."*

Shareholder call

The Company intends to hold a shareholders' call within the next few weeks, during which management will provide a review of the Arcona Transaction and answer any questions raised

by its shareholders. Further details regarding the shareholder call will be provided in due course.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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