

7 August 2019

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

Secure Property Development and Investment PLC (AIM: SPDI), the AIM-quoted South Eastern European focused property company, is pleased to announce the signing of two formal agreements ('the Agreements') relating to the transfer of certain assets owned by SPDI in Bulgaria and Ukraine (together 'the Assets') to Arcona Property Fund N.V. ('Arcona') in exchange for approximately 630,000 new ordinary shares (the "Stage One Shares") in Arcona and approximately 190,000 warrants over ordinary shares in Arcona (subject to standard form adjustment and finalisation in accordance with the Agreements).

The transfer of the Assets, which at the time of SPDI's 2018 Audited Final Results had an aggregate Gross Asset Value of €15.3 million, represents Stage One of an intended three-stage process to complete the previously announced transfer to Arcona of SPDI's property portfolio, excluding its Greek logistics properties ('the Non-Greek Portfolio'), in exchange for, and subject to the same standard form adjustment and finalisation mentioned above, 2,176,339 new ordinary shares in Arcona and 561,756 warrants over ordinary shares in Arcona ('the Transaction') to create a larger Central and South Eastern European focused investment vehicle.

The total €29.3 million value of the Transaction (based on a net asset value of €13.44 per Arcona share as at 3 June 2019, and excluding the issue of warrants over ordinary shares in Arcona), completion of which is still subject to a number of conditions, represents a premium of approximately 135% to SPDI's current market capitalisation. Arcona, which invests in Central European commercial property, is listed on Euronext Amsterdam and the Prague Stock Exchange. As at close of markets on 5 August 2019, Arcona's share price was €6.59.

The Assets comprise Boyana, a residential project in Bulgaria with a gross asset value as per the Company's 2018 accounts of €8.8 million, and three plots of land for development in Odessa, Zaporoznie and Tsimliansky in Ukraine with a gross asset value of €6.5 million. In anticipation of the Transaction, the continuous price improvement in the region's property market and the capital expenditure planned for 2019, sales at the Boyana project were curbed and only three out of 37 units were sold in 2018 for a total turnover of €0.2 million and a consequent operating loss before tax of €0.2 million. The Boyana project is financed through a €3.4 million bank loan from Alpha Bank and completion of Stage One remains subject to receipt of confirmation from Alpha Bank regarding an extension of the relevant property loan for an additional two years until June 2021 and the execution of the relevant documentation.

Closing of Stage One of the Transaction is expected to take place in the third quarter of 2019, at which point SPDI will be issued new shares in Arcona at an intrinsic net asset value of €13.44 and warrants which can be converted into Arcona shares if the price of Arcona shares reach a volume weighted average price over a period of 10 trading days of €8.10 within five years. As previously disclosed, SPDI intends in time to distribute the Arcona shares and warrants to its shareholders.

In addition to the above, SPDI and Arcona have signed a conditional Framework Agreement ('the Framework Agreement') as a replacement of the conditional implementation agreement originally signed by the two parties in December 2018 (see announcement of 18 December 2018 for further details). The Framework Agreement sets out the process by which both parties will proceed in order to execute Stages Two and Three of the Transaction later this year. The Transaction is being implemented in three stages to accommodate the existing financing banks which are required to agree to the change of the shareholder structure for transferring the bank financing to Arcona, as well as various requirements of the Euronext Amsterdam ("Euronext"), including the need for a Prospectus on behalf of Arcona to be approved by Autoriteit Financiële Markten in order to proceed with Stage Two.

It should be noted that completion of Stage One is not conditional on reaching agreement on the terms of Stages Two and Three, discussions on which are still ongoing. In the event that the Company and Arcona do proceed with Stage Two of the Transaction, it is highly likely that this will be conditional on, *inter alia*, SPDI Shareholder approval pursuant to AIM Rule 15. In turn, the issuance of new Arcona shares envisaged for Stage Three of the Transaction will most likely be conditional on, *inter alia*, Arcona shareholder approval. Stage One does not require SPDI Shareholder approval under the AIM Rules due to the scale of Stage One of the Transaction relative to the Company.

**Michael Beys, Chairman, said;** *"The estimated €30 million intrinsic value of the Arcona deal 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. Stage One of the Transaction, which accounts for assets valued on a net asset basis at over €12 million, alone accounts for the vast majority of SPDI's entire market capitalisation. The completion of Stage One in the third quarter of 2019 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."*

**Lambros G. Anagnostopoulos, Chief Executive Officer, said;** *"This is a very exciting milestone for SPDI and its shareholders, as we commence the transition from a small South Eastern European focused property Company to a larger Eastern European platform which will have*

*assets in six different countries and in various property types, including many income producing commercial and retail assets. Following numerous months of navigating through eight different jurisdictions and legal frameworks, we are happy to have concluded the first step of this transformative deal for the benefit of creating value for our shareholders."*

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

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