



FIRST QUARTER 2018

- Fair Value of the real estate portfolio amounted to 282.61 MEUR on 31 March 2018.
- Particular impairment on properties rented by H&M for an amount of 4.51 MEUR.
- As a result, drop of IFRS NAV per share by 1.6% to 23.40 EUR on 31 March 2018, and a drop of the EPRA NAV per share by 1.7% to 23.71 EUR.
- Stable Occupancy rate of 97.36% on 31 March 2018.
- Debt ratio of 52.88% on 31 March 2018.
- Successful launch of a commercial paper programme.
- Sale of a non-strategic property situated in Sint-Niklaas (Stationsstraat 39) for a net selling price of 675 KEUR in April 2018.

| | | |
|---|--------------------------------------|-------------------------------------|
| Occupancy rate | Contractual rents on an annual basis | Portfolio spread |
| 97.36% | 16.08 MEUR | 88% (inner city) 12% (periphery) |
| Fair Value of the real estate portfolio | NAV per share | Debt ratio |
| 282.61 MEUR | 23.40 EUR (IFRS) 23.71 EUR (EPRA) | 52.88% |

1. Key figures

| Consolidated key figures | | 31/03/2018 | 31/12/2017 |
|---|-------------------|------------|------------|
| Real estate portfolio | | | |
| Fair Value of the real estate portfolio ¹ | (KEUR) | 282 614 | 287 404 |
| Total gross surface area | (m ²) | 91 573 | 91 573 |
| Contractual rents on an annual basis ² | (KEUR) | 16 081 | 16 025 |
| Estimated Rental Value of vacant property | (KEUR) | 437 | 417 |
| Gross portfolio yield ³ | | 5.69% | 5.58% |
| Occupancy rate ⁴ | | 97.36% | 97.47% |
| Balance sheet | | | |
| Shareholders' equity (excl. minority interests) | (KEUR) | 132 567 | 134 710 |
| Debt ratio (under the RREC Act) ⁵ | | 52.88% | 52.69% |
| Key figures per share | | | |
| Total number of shares outstanding at the end of period | | 5 665 822 | 5 665 822 |
| Closing price of the share at the end of period | (EUR) | 22.40 | 24.38 |
| Market capitalization | (KEUR) | 126 914 | 138 133 |
| IFRS NAV per share ⁶ | (EUR) | 23.40 | 23.78 |
| Premium/discount to IFRS NAV (end of period) | | -4.3% | 2.5% |
| EPRA NAV per share ⁷ | (EUR) | 23.71 | 24.12 |
| Premium/discount to EPRA NAV (end of period) | | -5.5% | 1.1% |

2. Real estate activities

2.1. Acquisitions, divestments and other activities in the first quarter of 2018

Acquisitions and divestments

There were no acquisitions or divestments in the first quarter of 2018.

Launch of commercial paper programme

In line with the continuous optimization of the composition and cost of its debt financing, in January 2018 Qrf City Retail launched a commercial paper programme with Belfius Bank as dealer. Qrf proceeded to a first issue under the programme for 10 MEUR. The outstanding commercial paper is fully covered by back-up lines.

“Qrf City Retail can look back with satisfaction to the launch of the commercial paper programme and a first issue of 10 MEUR under that programme. Investors showed strong interest. The commercial paper programme enables Qrf City Retail to further diversify its financing sources.”

– Preben Bruggeman, CFO Qrf City Retail

¹ Fair Value of the real estate portfolio = the investment value as defined by an independent chartered surveyor, from which the transfer costs are deducted. The Fair Value is equivalent to the book value under IFRS.

² Contractual rents on an annual basis = the index-adjusted base rental prices as contractually set in the rental contract before the deduction of gratuities or other incentives allowed to the tenant.

³ Gross portfolio yield = (Contractual rents on an annual basis) / (Fair Value of the real estate portfolio).

⁴ Occupancy rate = (Contractual rents on an annual basis) / (Contractual rents on an annual basis including the Estimated Rental Value of vacant property).

⁵ Calculated according to the Royal Decree of 13 July 2014 pursuant to the Regulated Real Estate Companies Act of 12 May 2014.

⁶ IFRS NAV per share = *Net Asset Value* per share according to IFRS.

⁷ EPRA NAV per share = *Net Asset Value* per share according to EPRA *Best Practices Recommendations*.

2.2. Acquisitions, divestments and other activities after the closing of the first quarter of 2018

Divestment on 16 April 2018: Sint-Niklaas (Stationsstraat 39)

On 16 April 2018, Qrf City Retail sold a non-strategic property situated in Sint-Niklaas (Stationsstraat 39) for a net selling price (after deduction of registration fees and other transfer charges) of 675 KEUR. The property was not rented. The net selling price exceeded the last Fair Value estimated by the independent property expert.

Conversion of RIGS NV to a GVBFIIS/REIF

On 30 June 2016, Qrf City Retail acquired 100% of the shares of RIGS NV. The main asset of this company is the retail property in Hasselt (Demerstraat 21-25) rented to H&M and The Sting. On 6 April 2018, the company has been included on the list of specialized investment funds at the FPS Finance. RIGS NV has thus assumed the status of GVBFIIS/REIF.

2.3. Evolution of the real estate portfolio in the first quarter of 2018

The Fair Value of the real estate portfolio amounts to 282.61 MEUR on 31 March 2018 (compared with 287.40 MEUR on 31 December 2017). This drop in the Fair Value of the real estate portfolio of 4.79 MEUR is largely due to properties rented by H&M (-4.51 MEUR). This impairment has a negative impact on the reserves of Qrf City Retail.

The Contractual rents on an annual basis amounted to 16.08 MEUR on 31 March 2018 (compared with 16.03 MEUR on 31 December 2017).

The Gross portfolio yield amounted to 5.69%.

The Occupancy rate of the portfolio remained stable on 97.36% on 31 March 2018 (compared with 97.47% on 31 December 2017).

3. Balance sheet

The Shareholders' equity (excl. minority interests) dropped by 1.6% to 132.57 MEUR on 31 March 2018 (compared with 134.71 MEUR on 31 December 2017).

The Debt ratio rose from 52.69% on 31 December 2017 to 52.88% on 31 March 2018.

The IFRS NAV per share dropped by 1.6% from 23.78 EUR on 31 December 2017 to 23.40 EUR on 31 March 2018.

The EPRA NAV per share dropped by 1.7% over the same period, from 24.12 EUR to 23.71 EUR.

4. Prospects in 2018

Prospects for H&M – most important tenant of Qrf City Retail

H&M published communication in recent months which shows that the profitability of the Swedish fashion group is under pressure. These developments at H&M have an impact on the real estate portfolio of Qrf City Retail, in which H&M is the most important tenant as at 31 March 2018. H&M rents five Qrf City Retail properties and represents, in total, 16.3% of the Contractual rents on an annual basis.

In the portfolio of Qrf City Retail, H&M put an early end to its lease for Sint-Niklaas (Stationsstraat 33). This lease agreement represents 1.3% of the Contractual rents and will expire on 31 August 2018.

Qrf City Retail moreover received a request from H&M to renew the leases for the properties in Hasselt (Demerstraat 21-25)⁸ and Uccle (Alsebergsesteenweg 767) at conditions which in the view of Qrf City Retail are not market compliant or unclear. In case of disagreement on the conditions of a valid request for the renewal of a commercial lease, the tenant is entitled, pursuant to the Commercial Lease Act, to apply for enforcement of the requested renewal to the competent justice of the peace, albeit at conditions defined by the latter. There is a risk that the conditions defined by the court would lead to a lowering of the rent, which could in turn entail a considerable loss in value for the property concerned.

Prospects of Qrf City Retail in 2018

Retail is one of the most innovative sectors and will continue to undergo major changes in the coming years. The developments in the retail landscape in general and at H&M as its most important tenant in particular, constitute a source of uncertainty for Qrf City Retail in the short and medium term. Qrf City Retail is consequently cautious about its prospects.

In 2018 Qrf City Retail wishes to further divest part of its portfolio and look actively for opportunities in its own portfolio (such as making use of the redevelopment potential) and in the market.

From that perspective, Qrf City Retail sees 2018 as a year of “*rebalancing for future growth*”.

⁸ Cf. Note 31.1 of chapter 11 “Financial statements” of the Annual Report 2017 regarding a dispute between Qrf City Retail and H&M that relates to a request from H&M for lease renewal for the premises located at Demerstraat 21-25, 3500 Hasselt.

Caution regarding forward-looking statements

This press release contains forward-looking statements involving risks and uncertainties, including statements regarding Qrf City Retail's plans, targets, expectations and intentions. Readers are reminded that such forward-looking statements involve known and unknown risks and are subject to major corporate, economic and competitive uncertainties to a large extent outside the control of Qrf City Retail. Should one or more of these risks or uncertainties materialise, or should assumptions used prove incorrect, the final results could substantially vary from those anticipated, expected, estimated or projected. Qrf City Retail consequently assumes no responsibility for the accuracy of these forecasts.

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About Qrf City Retail:

Qrf City Retail is a listed Belgian REIT (BE-REIT) specialising in the niche market of retail properties in Belgium and the Netherlands. More specifically, the company focuses on the acquisition, development and leasing of centrally located city premises, within areas known as the "Golden Mile" – inner-city streets with major catchment areas. On 31 March 2018, the real estate portfolio consisted of 52 retail properties with a total Fair Value of 283 MEUR.

Qrf City Retail has been listed on Euronext Brussels (QRF:BB) since December 2013. On 31 March 2018, the company's market capitalisation was 127 MEUR.



Qrf City Retail won the EPRA Gold Award for Financial reporting for its Annual Report 2016. EPRA, the European Public Real Estate Association, is the voice of the European listed real estate sector. It represents EUR 430 billion in immovable assets (www.epra.com).



Qrf City Retail is in 2018 the main sponsor of Retailer of the Year Belgium for the third year in a row, an award conferred by consumers to Best Retail Chain in Belgium, which went to Standaard Boekhandel on 23 November. Qrf City Retail believes in the strength of the physical store. Retailers are making concrete efforts to improve and renew their offer and service. With this initiative, Qrf City Retail wants to give its customers, the retailers, a unique chance to understand the consumer even better.