



QRF CITY RETAIL FINALIZES CONTRIBUTION IN KIND OF NINE RETAIL PROPERTIES IN ANTWERP AND OSTEND

– DISCLOSURE PURSUANT TO ARTICLE 15 OF THE ACT OF 2 MAY 2007 (TRANSPARENCY ACT) –

On 12 December 2018, Qrf City Retail issued a press release to the effect that it had reached an agreement in principle concerning the contribution in kind under conditions precedent of nine retail properties situated in Meirbrug-Schoenmarkt (2000 Antwerp) at the end of the Meir, in the direction of the Groenplaats, and in Kapellestraat and Adolf Buylstraat (8400 Oostende).¹

The nine retail properties are expected to generate² 1,178 KEUR in Contractual rents on an annual basis.³

¹ For more information, see the press release of 12 December 2018 “Vanmoerkerke family wishes to increase its strategic stake in Qrf City Retail.”

² Seven of the nine properties are rented on the date of this press release and generate 908 KEUR in Contractual rents on an annual basis. The other two are not rented on the date of this press release. For these two properties, the contributor has granted Qrf City Retail a rental income for six months for an amount of 270 KEUR on an annual basis.

³ 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.

1. Capital increase – Contribution in kind

On 30 January 2019, Qrf City Retail completed the contribution in kind of the nine retail properties situated in Antwerp and Ostend for a total value of 23.8 MEUR in conjunction with the issue of 1,487,500 new shares. The new shares were issued as the result of a capital increase by decision of the Board of Directors of Qrf City Retail's Statutory Manager, within the limits of the authorized capital.

As a result of this transaction, the shareholders' equity of Qrf City Retail was strengthened by 23.8 MEUR, of which 1,487,500 EUR was allocated to the *Capital* heading and 22,312,500 EUR to the *Share premiums heading*. Furthermore, the Debt Ratio is expected to drop to 48.4% (compared with 53.8% on 30 September 2018).⁴

The contributors⁵ were remunerated with 1,487,500 new Qrf City Retail shares at an issue price set contractually at 16.00 EUR per share. This implies a premium of 13% with respect to the closing price of 14.15 EUR on 30 January 2019 and a premium of 12% with respect to the average closing price during the 30 calendar days prior to the date of this press release.

The new shares are ordinary shares that have the same rights as the existing shares, except for the fact that they do not entitle holders to the dividend for the financial year ending on 31 December 2018. The new shares will be entitled to a share of the profits as of 1 January 2019.

2. Disclosure pursuant to Article 15 of the Act of 2 May 2007 (Transparency Act)

As a result of the capital increase and the issue of new shares on 30 January 2019, Qrf City Retail's total registered capital amounts to 7,153,322 EUR on 30 January 2019. The capital is represented by 7,153,322 fully paid up ordinary shares. There are no preference shares or shares without voting rights. Nor are there any convertible bonds or warrants giving entitlement to shares. Each of these shares grants one voting right at the General Meeting of Shareholders and hence these shares represent the denominator for the purpose of disclosures in the context of the transparency regulations (disclosure in the event of reaching, exceeding or falling short of the statutory thresholds of 5% or a multiple of 5%). Qrf City Retail does not apply any additional statutory threshold.

⁴ The sale of various retail premises in the fourth quarter of 2018 was taken into account in calculating the Debt Ratio, as announced earlier in the press release of 9 October 2018 entitled "Further Optimization of the Real Estate Portfolio: Agreement to Sell Four Retail Premises for 7.3 MEUR."

⁵ The retail premises located in Ostend were contributed by Horizon Retail Investerings WP BVBA. The retail premises located in Antwerp were contributed by Horizon Retail Investerings DMB NV. The two contributing companies are controlled by the Vanmoerkerke family.

3. Conditions precedent met

All the conditions precedent were met, including:

- A positive result of the due diligence carried out on the properties to be contributed;
- Approval by the FSMA for the proposed alteration of the articles of association of Qrf City Retail concerning the contribution in kind; and
- Approval by the Extraordinary General Meeting of Shareholders of 9 January 2019 of the formal decrease of the registered capital with a view to the formal and technical reduction of the accountable par of the share (previously 23.25 EUR) to a value of 1.00 per share with transfer of the balance of the capital in the equity to the unavailable share premiums, so that the total shareholders' equity remains the same.

4. Change in control of the Statutory Manager and directors

Together with the completion of the contribution, the Vanmoerkerke family has acquired 100% of the shares in Qrf Management NV, the Statutory Manager of Qrf City Retail from the Quares Group.⁶

Messrs Herman Du Bois and Freddy Hoorens of the Quares Group consequently resigned as directors on 30 January 2019. They were replaced by Messrs Francis Vanderhoydonck and William Vanmoerkerke.

Francis Vanderhoydonck (1958) earned an LL.M degree from the Dutch-speaking Free University of Brussels, and enhanced this training with a programme in Common Law at Cambridge University. He then attended the programme for the Master's Degree in Applied Economics at the Dutch-speaking Free University of Brussels, and a programme in Tax Law at the Brussels Tax College. He then earned an MBA in Finance from New York University. He embarked on his career in 1986 at De Generale Bank, where he worked until 1998 as Global Head of Investment Banking. He then worked as Managing Partner at the private equity fund Buy Out Fund CVA and at Maple Finance Group (corporate finance advisory) in 2015 and 2017 respectively. Since 1999, he has also been a director for several listed and private Belgian and Dutch companies.

William Vanmoerkerke (1983) earned a Master's Degree in Applied Economics from the University of Ghent, a Master's Degree in Marketing Management from the Vlerick Leuven Ghent Management School, and a Master's Degree in Business Administration from New York University. He started his career at eBay as a Segment Manager. In 2008, he joined Roland Berger Strategy Consultants as a consultant, and then in 2012 he joined The Boston Consulting Group. In 2013 he continued his career as Senior Director of Strategy & Business Development at Elsevier Inc. Since 2014, together with Olivia and Mark Vanmoerkerke, he represents the interests of the family in various companies and participations.

⁶ Through its subsidiaries "Quares REIM Retail NV" and "Quares Holding CVBA" which together hold 100% of the shares of "Qrf Management NV".

5. Adaptation of the Property Management agreement

The technical and administrative management of the Qrf City Retail portfolio had hitherto been outsourced to Quares Property Management NV (for the property portfolio in Belgium) and Quares Property & Facility Management BV (for the property portfolio in the Netherlands) on the basis of a property management agreement. Quares Property Management NV and Quares Property & Facility Management BV are no longer affiliated with Qrf City Retail as of today, but they continue to provide technical support in order to ensure continuity for the activities of Qrf City Retail. Certain contractual terms and conditions of this property management agreement had to be amended as a result, entailing in particular ca. 15% savings for Qrf City Retail in costs on the services provided.

The procedure for conflicts of interest of Articles 523 and 524 of the Companies Code was applied to point 1 (capital increase by contribution in kind) and point 5 (adaptation of the property management agreement) of this press release.

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 materialize, 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) specializing 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 properties, within areas known as the "Golden Mile" – inner city streets with major catchment areas. On 30 September 2018, the real estate portfolio consisted of 51 retail properties with a total Fair Value of 280 MEUR.

Qrf City Retail has been listed on Euronext Brussels (QRF:BB) since December 2013. On 30 September 2018, the company's market capitalization was 90 MEUR.



Qrf City Retail won the EPRA Gold Award for Financial reporting for its Annual Report 2017. EPRA, the European Public Real Estate Association, is the voice of the European listed real estate sector. It represents EUR 450 billion in immovable assets (www.epra.com)



In 2018, Qrf City Retail was the main sponsor of "Retailer of the Year Belgium" for the third year in a row, an award conferred by consumers to the best retail chain in Belgium. On 29 November 2018 Colruyt was named Qrf Best retail chain of Belgium. 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 of today even better.