

# Third quarter 2019

## Highlights Q3 2019

**261.61** MEUR

Fair Value of the real estate portfolio amounted to 261.61 MEUR on 30 September 2019.

**18.39** EUR

IFRS NAV per share of 17.99 EUR and EPRA NAV per share of 18.39 EUR on 30 September 2019.

**50.81** %

Debt ratio of 50.81% on 30 September 2019.

**95.86** %

Occupancy rate of 95.86% on 30 September 2019.

**1.2 - 1.3** EUR

Confirmation of outlook for an expected EPRA result of 1.2 – 1.3 EUR per share for 2019, as well as confirmation of a minimum dividend of 0.8 EUR per share.

### Operational highlights

- Further de-risking the non-core portfolio through the sale of 3 properties
- Internalization of property management
- In the Extraordinary General Meeting, the Shareholders represented approved the agenda items

# 1. Key figures

## CONSOLIDATED KEY FIGURES

### REAL ESTATE PORTFOLIO

		30/09/2019	31/12/2018
Fair Value of the real estate portfolio <sup>1</sup>	(KEUR)	261,614	271,794
Total gross surface area	(m <sup>2</sup> )	87,642	87,116
Contractual Rents on an annual basis <sup>2</sup>	(KEUR)	14,963	15,391
Estimated Rental Value of vacant property	(KEUR)	1,056	842
Gross portfolio yield <sup>3</sup>		5.72%	5.66%
Occupancy rate <sup>4</sup>		95.86%	97.53%

### BALANCE SHEET

		30/09/2019	31/12/2018
Shareholders' equity (excl. minority interests)	(KEUR)	128,657	129,272
Debt ratio (under the RREC Act) <sup>5</sup>		50.81%	52.12%

### KEY FIGURES PER SHARE

		30/09/2019	31/12/2018
Total number of shares outstanding at the end of the period		7,153,322	5,665,822
Closing price of the share at the end of the period	(EUR)	15.90	13.80
Market capitalization	(KEUR)	113,738	78,188
IFRS NAV per share <sup>6</sup>	(EUR)	17.99	22.82
Premium/discount to IFRS NAV (end of period)		-11.60%	-39.52%
EPRA NAV per share <sup>7</sup>	(EUR)	18.39	23.11
Premium/discount to EPRA NAV (end of period)		-13.60%	-40.28%

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 excluding rents on development properties) / (Contractual Rents on an annual basis plus the Estimated Rental Value of vacant spaces excluding vacant spaces of development properties)

5 Calculated according to the R.D. 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 Practice Recommendations.

## 2. Activity report

### 2.1. Acquisitions, divestments and other activities in the third quarter of 2019

#### **Further reduction of important risks within the non-core portfolio through sales**

In the third quarter of 2019, 2 sales of properties from the non-core portfolio were realized. The previously announced sales of Diestsestraat 137 in Leuven and Wapper 14-16 in Antwerp were finalized in July for a net revenue of 7.36 MEUR. With these sales, an important risk of downward adjustment of rental income and possible vacancy in the future was neutralized.

In addition, binding sales agreements were concluded for two properties in the non-core portfolio (Tongeren, Maastrichtsestraat 48-50 leased to C&A; and Heist-Op-Den-Berg, Bergstraat 106, leased to Esprit and Hunkemöller). The binding sales agreements were realized at Fair Value, for a net revenue of 4.27 MEUR.

After realizing these and the previously announced sales, Qrf will realize a net revenue from sales of 21.17 MEUR in 2019.

#### **Focus on rental of vacant properties as well as sustainable re-letting of existing contracts**

In the second half of 2019, the focus within the existing portfolio will be on renting out some vacant core locations, namely A. Buylstraat 33, Ostend, Schuttershofstraat 53, Antwerp. In addition, the vision of the new management is to make sustainable lease agreements with existing tenants.

#### **Increasing operational efficiency by internalizing property management**

The technical and administrative management of the Qrf portfolio is since the IPO in 2013 outsourced to Quares. Certain contractual terms and conditions of this property management agreement had already been amended in January by the Statutory Manager, entailing in particular ca. 15% savings for Qrf in costs on the services provided.

On 10 September 2019 Quares and Qrf have reached an agreement to end the contractual relationship between parties for the property management of the Belgian real estate portfolio taking effect on 31 December 2019.

As from 1 January 2020 Qrf will insource property management and expect to realize a cost reduction of 40% of the property management costs for the Belgian real estate portfolio. From 2020 onwards, the cost for property management will be a fixed cost which enables Qrf to realize economies of scale with potential future growth of the real estate portfolio. Furthermore, a closer connection with the tenants will be built.

## 2.2. Evolution of the real estate portfolio during the first three quarters of 2019

The **Fair Value of the real estate portfolio** amounted to 261.61 MEUR on 30 September 2019 (compared with 271.79 MEUR on 31 December 2018), of which 85.4% of the properties belong to the core portfolio. The decrease in the Fair Value of the property portfolio of 10.18 MEUR is the result of:

- the contribution in kind by the Vanmoerkerke family in January (+23.80 MEUR),
- the realized sales of non-core properties (-11.46 MEUR);
- the depreciation on the I-f-I portfolio as a result of the Reset carried out by Qrf (-22.52 MEUR)

On 30 June 2019, the Fair Value of the real estate portfolio amounted to 270.4 MEUR. The decrease during the third quarter is due on the one hand to the sales realized in the third quarter (fair value 8.12 MEUR) and on the other hand to a decrease in the Fair Value of the property portfolio of 0.66 MEUR or a decrease of 0.3% during the third quarter.

The **Contractual Rents on an annual basis** amount to 14.96 MEUR on 30 September 2019 (compared to 15.39 MEUR on 31 December 2018).

The **gross rental yield** of the portfolio is 5.72%.

The **Occupancy rate** of the portfolio, excluding the redevelopment projects, amounted to 95.86% on 30 September 2019 (compared to 97.53% on 31 December 2018). The increase in vacancy is on the one hand due to vacancy in the Schuttershofstraat in Antwerp and the expiry of a rental guarantee in Ostend, and on the other hand due to the realized sales.

## 3. Balance sheet

The **shareholders' equity** (exclusive of minority interests) remains almost stable at 128.66 MEUR (compared to 129.27 MEUR on 31 December 2018).

The **Debt ratio** fell from 52.12% on 31 December 2018 to 50.81% on 30 September 2019.

The **IFRS NAV per share** dropped by 21.17% from 22.82 EUR on 31 December 2018 to 17.99 EUR on 30 September 2019. The **EPRA NAV per share** dropped by 20.40% from 23.11 EUR to 18.39 EUR over the same period.

## 4. Financial reporting – EPRA Gold Award

Qrf City Retail obtained the EPRA Gold Award for Financial Reporting for the third year in a row for its Annual Report 2018. EPRA, the European Public Real Estate Association, is the voice of the European listed real estate sector. EPRA represents 450 billion EUR in immovable assets ([www.epra.com](http://www.epra.com)).

## 5. Extraordinary General Meeting

The Extraordinary General Meeting of 7 November approved the proposal to transfer unavailable issue premiums to available in order to ensure the intended gross dividend for the 2019 financial year. The proposed distribution of the issue premiums that are non-distributable in accordance with the articles of association concerns a purely accounting transfer within equity. This transfer has no economic impact on the company and will have no impact on the amount of equity, the number of shares outstanding, the net value per share or the debt ratio. The shift has the consequence that the non-distributable equity capital according to Art. 617 of the Companies Code will lower. This creates extra room to pay out dividends in the future.

The renewal of the authorized capital authorization was also approved.

## 6. Outlook for 2019

The expected EPRA result for 2019, between 1.20 - 1.30 EUR per share, as well as the dividend for 2019, at least 0.80 EUR, are confirmed.

### 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 retail properties. On 30 September 2019, the real estate portfolio consisted of 50 retail properties with a total Fair Value of 262 MEUR. Qrf City Retail has been listed on Euronext Brussels (QRF:BB) since December 2013. On 30 September 2019, the company's market capitalization was 114 MEUR.

[www.qrf.be](http://www.qrf.be)