

Qrf has finalised the intended Reset



ANNUAL RESULTS 2019

19 FEBRUARY 2020 – 17:40
Regulated Information

9.04 MEUR

Regulated Information in 2019 increased by 5.15% to 9.04 MEUR (8.60 MEUR in 2018). The EPRA earnings per share amounted to 1.29 EUR, a decrease of 15.27% compared with 2018.

0.80 EUR per aandeel

Proposed gross dividend of 0.80 EUR per share, which represents a pay-out percentage of EPRA result of 63.28%, and a gross dividend yield of 4.92% on the closing price of 16.25 EUR as at 31 December.

48.73%

Debt ratio of 48.73% at the end of 2019 (52.12% at the end of 2018). Debt reduction through allocation of proceeds from the sale of Non-Core sites. The average Financing Cost amounted to 1.87% in 2019 (compared with 1.91% in 2018).

251.65 MEUR

Fair value of the portfolio of 251.65 MEUR, of which 220.76 MEUR (87.73%) Core sites; 30.89 MEUR (12.27%) Non-Core sites. The IFRS NAV per share amounted to EUR 17.90 (-21.55% compared with 31 December 2018); the EPRA NAV amounted to EUR 18.19 (-21.27% compared with 31 December 2018).

97.32%

Stable occupancy rate of 97.32% (97.53% in 2018) on the portfolio, excluding redevelopment sites.

21.28 MEUR

Active sales programme finalized with divestment of 14 Non-Core sites for a **total net income** of 21.28 MEUR (limited loss of 0.60% on fair value), of which 13 sales were closed before the balance sheet date for a net income of 15.78 MEUR.

Operational highlights

Fundamental steps taken in the preparation of **two major development projects** with a combined fair value of 45.4 MEUR (18.04% of the total portfolio). At the end of 2020, this will mean a cash inflow of 20.34 MEUR combined with the holdings in development properties for 24.66 MEUR (9.07% of the property portfolio).

Better control and monitoring of the **recurring property charges**¹ (-18.02% compared with 2018) and the **Company's Overheads** (-10.94% compared with 2018).

Internalisation of property management will, as from 2020, lead to a direct and **recurring saving of 40%** on the Management Costs of the Properties and to a more efficient portfolio management.

Outlook

A **gross dividend of EUR 0.80** per share is also envisaged for 2020. The expected decline in EPRA result for 2020, due to the impact of the properties sold and the full effect of the agreement with H&M, will not affect dividend.

¹ Property charges minus the one-off severance payment of 0.1 MEUR to Quares Property Management NV for the termination of the external management contract for the Belgian property portfolio.

1

Commercial Results

1.1 CONTRIBUTION IN KIND

On 30 January 2019, a contribution in kind of nine retail properties located in Ostend and Antwerp was completed. This yielded an effective rental income (including guarantees from the contributor) of 0.90 MEUR in 2019. The total investment value of the transaction amounted to 23.8 MEUR.

1.2 CORE AND NON-CORE LOCATIONS

In order to create future shareholder value and to clarify the existing portfolio, it was already decided in the first half of 2019 to split up the real estate portfolio into a Core and Non-Core portfolio. The Core portfolio was determined on the basis of various criteria, i.e. a combination of the attractiveness of the city (demographic, tourist, etc.), the positioning within the shopping area and the quality of the real estate for retailers. The Core portfolio moreover includes the properties intended for redevelopment (Century Center Antwerp and Bondgenotenlaan Leuven).

CORE PORTFOLIO

Aalst - Nieuwstraat 29 - 31 - 33
Antwerp - Century Center
Antwerp - Kammenstraat 34
Antwerp - Meir 107
Antwerp - Meirbrug 2 / Schoenmarkt 22
Antwerp - Schuttershofstraat 53
Antwerp - Wiegstraat 4
Antwerp - Wiegstraat 6
Bonnelles - Route du Condroz 42-44
Ghent - Langemunt 61-63
Hasselt - Demerstraat 21-25
Hasselt - Koning Albertstraat 48-50
Huy - Shopping Mosan
Leuven - Bondgenotenlaan 58
Leuven - Jan Stasstraat 12
Mechelen - Bruul 15
Ostend - Adolf Buylstraat 1A
Ostend - Adolf Buylstraat 33
Ostend - Adolf Buylstraat 35
Ostend - Adolf Buylstraat 42
Ostend - Adolf Buylstraat 44
Ostend - Kapellestraat 65
Wilrijk - Boomsesteenweg 894-898
Den Bosch - Hinthamerstraat 41-45
Enschede - Kalandersstraat 2-4 9
Maastricht - Grote Staat 58
Nijmegen - Broerstraat 49
Zwolle - Diezerstraat 60

NON-CORE PORTFOLIO

Dendermonde - Oude Vest 19-37
Hasselt - Koning Albertstraat 60
Liège - Rue de la Cathédrale 79-83
Liège - Rue de la Cathédrale 87-93
Mechelen - Graaf van Egmontstraat 10
Namur - Rue de Fer 10
Ostend - Kapellestraat 105
Oudenaarde - Nederstraat 43/45
Sint-Niklaas - Stationsstraat 33
Sint-Truiden - Luikerstraat 49-51
Tongeren - Maastrichterstraat 20a-20b
Uccle- Chaussée d'Alséberg 767
Wilrijk - Boomsesteenweg 925-935-937 (1)

Situation per 31st of December 2019

(1) Property for which a binding sale-purchase agreement has been concluded.

The Core portfolio is considered to total 87.73% or 220.76 MEUR. This Core portfolio has an occupancy rate of 98.01%, not including redevelopment projects. This part of the portfolio offers better resistance to changing market conditions and has a rental yield of 5.47%.

The remaining, Non-Core portfolio, accounting for 30.89 MEUR or 12.27% of the total portfolio, comprises the properties that scored less well on the set criteria. This is of course offset by a higher rental yield (7.04%) and a lower occupancy rate (94.31%).

Taken as a whole, this gives a rental yield of 5.66% on the entire portfolio and an occupancy rate of 97.32%.

Following the finalization of the sale of Boomssesteenweg 925-935-937 in Wilrijk, the Non-Core portfolio will continue to fall in value to 26.13 MEUR and will account for 10.58% of the total portfolio, which will then amount to 246.89 MEUR.

1.3 ACTIVE SALES PROGRAMME CARRIED OUT

Buyers were actively sought throughout the financial year for the properties with the greatest risks so as to reduce the Non-Core portfolio in order to perpetuate shareholder value.

In 2019, 14 sites were sold² for a net income of 21.28 MEUR, for a capital loss of 0.15 MEUR (or 0.60%) on the most recent fair value. For thirteen of these assets, the deed was drawn up before balance sheet date for a total net gain of 15.78 MEUR.

A significant risk of downward adjustment of the rental income and possible vacancy in the future was removed thanks to the sales.

1.4 RE-LETTING ACTIVITIES

A global agreement was concluded with Qrf's largest lessee, H&M, under the terms of which the ongoing litigation between parties was dropped and new terms and conditions were renegotiated for the four sites that H&M currently occupies.

New terms were agreed for the Uccle property through a renewal of the current commercial lease. Agreements have moreover already been concluded for the premises in Sint-Truiden and Aalst regarding the renewal of the leases in 2020 and 2021 respectively, thereby ensuring continuous and sustainable rental income at the respective locations for Qrf.

² Sites sold is both relating to realised divestments of locations as well as locations for which a binding sale agreement was signed.

The property on the Demerstraat in Hasselt will be leased by The Sting/Costes as of June 2020, where both brands (belonging to the same group) will be housed in a Qrf-building thanks to this opportunity.

The dependency on H&M in the portfolio will decrease significantly as from May 2020.

On 31 December 2019 Qrf had an occupancy rate of 97.32% (excluding the development projects): 98.01% of the Core portfolio and 94.31% of the Non-Core portfolio.

1.5 REDEVELOPMENT

Already since the IPO in 2013 (Century Center, Antwerp) and through a contribution in kind in 2016 (Bondgenotenlaan, Leuven) Qrf has had two interesting redevelopment projects that remained underutilized until 2019 and therefore could not generate an optimal rental yield. Today the two projects account for 45.4 MEUR or 18.04% of the total real estate portfolio.

Qrf will join forces with a specialist developer for both development projects and will retain 30% of the shares in the respective joint ventures.

As a result, 20.34 MEUR cash will be generated and shareholdings in joint venture companies worth 24.66 MEUR will be held by the end of 2020.

The advantage of participating as a minority shareholder in redevelopment projects in its own portfolio is that: (1) a significant part of the liquidity is obtained directly and can therefore be reinvested, (2) Qrf also benefits from the years of experience of the development partners, and (3) Qrf expects a higher return from development as opposed to traditional rental income during the period of the development.

It should be borne in mind that redevelopment of locations ensures that limited rental income will be generated in the interim period (from 2021 until completion) in the joint ventures. This will have a negative effect on the EPRA result in the short term, but will create substantial shareholder value in the medium term.

Qrf signed a binding agreement with Baltisse for the joint redevelopment of the Century Center complex in Antwerp already in the first half of 2019. As a result of this cooperation, the entire complex will be redeveloped as a single entity into a project that combines retail with car parks and offices, which will meet contemporary needs.

The cooperation will entail a contribution by Baltisse and Qrf of their respective property in joint venture companies. As a result of this agreement, at the time of contribution (for a value of 19,2 MEUR) Qrf will hold 30% in the joint venture companies and will receive an additional cash amount of 7.6 MEUR. These transactions are valued at fair value. The parties are aiming for a contribution in the fourth quarter of 2020, subject to obtaining the necessary planning permits. Qrf will retain the rental income on its property components during the period leading up to the contribution.

The same strategy was followed for Leuven and a suitable partner was sought. Qrf has concluded a conditional agreement with Dyls NV for the joint redevelopment

of the entire site at 58 Bondgenotenlaan into some 110 student residences and 5,000 m² retail premises, with the commitment to sell the student residences to end investors.

At the time of implementation, Qrf will hold 30% in the joint venture companies for a value of 5.46 MEUR and will receive an additional cash amount of 12.74 MEUR. These transactions are valued at a discount on fair value of 2.41%. The parties aim to implement the agreement in the second half of 2020. Qrf has already obtained a feasible urban development permit for the redevelopment. Qrf will retain the rental income on its property components during the period up to development.

2 Operational Results

2.1 CHANGES IN SHAREHOLDING STRUCTURE, CHANGE IN CONTROL OF THE STATUTORY MANAGER AND IN THE COMPOSITION OF THE EXECUTIVE MANAGEMENT AND THE BOARD OF DIRECTORS

The contribution in kind on January 30, 2019 resulted in a change of control over the Statutory Manager, and Qrf can count on a reference shareholder with 28.3% of the shares.

The aforementioned transaction entailed a change in the composition of the Board of Directors and the Executive Management:

- on January 30th William Vanmoerkerke and Francis Vanderhoydonck were appointed to the Board of Directors;
- on 19 February 2019, the Board of Directors decided to appoint William Vanmoerkerke as CEO and Effective Leader;
- on April 21, Tom Schockaert joined the Company as CFO and Effective Leader.

2.2 REDUCTION OF THE PROPERTY CHARGES AND THE COMPANY'S OVERHEADS

The new Management has paid much needed attention to managing the company cost-efficiently and thus to improving cost control. As a result, recurring Property charges decreased by 18.02% and the Company's Overheads by 10.94% compared to 2018. The total property charges³ decreased by 6.86% compared with 2018.

It goes without saying that cost control will be continued in the coming years so as to maintain a balance between the professional and efficient management of the Company and the related costs.

2.3 INTERNALIZATION OF PROPERTY MANAGEMENT AS OF 2020

Adjusted financial conditions have been applied to the management agreement with Quares Property Management NV since 30 January 2019, which implied a discount of 15% on all costs related to the Property Management agreement. Combined with a critical follow-up of the contractual agreements, these savings have led to 22.46% in total savings on the recurring Property Management costs in 2019.

³ Inclusive of a one-off severance payment of 0.14 MEUR for the termination of the external management contract with Quares Property Management NV.

An agreement was reached by and between Quares Property Management NV and Qrf in mid-2019 to terminate the contractual relationship between both parties on 31 December 2019 for the management of the Belgian real estate portfolio. Qrf has taken over property management since January 2020. Due to a one-off severance payment paid to Quares, the total management costs increased by 1.55% compared with 2018.

The internalization of the real estate management is expected to result in recurring savings of 40% on the management costs of the Belgian real estate portfolio as of 2020. An additional advantage of in-house management of the property portfolio is a closer relationship with the tenants. As a result of the internalisation, the team has been strengthened with profiles in Facility and Property Management as well as in Finance Management. Attracting the necessary skills ensures a professional and customer-oriented management.

Based on the essential role played by Mr Michiel Gevers, Investment & Asset Manager, in attaining the Commercial and Operational objectives for 2019, and in view of the change in the internal organization, the Remuneration Committee decided to appoint Mr Michiel Gevers as Chief Operating Officer effective as of 1 January 2020.

3

Financial Results

3.1 CONSOLIDATED KEY FIGURES 2019

Financial year 2019 covers the period from 1 January to 31 December 2019.

CONSOLIDATED KEY FIGURES

REAL ESTATE PORTFOLIO

		31/12/2019	31/12/2018
Fair value of investment properties including assets held for sale ⁴	(KEUR)	251,654	271,794
Total gross surface area	(m ²)	84,054	87,116
Contractual Rents on an annual basis ⁵	(KEUR)	14,253	15,391
Estimated Rental Value of vacant premises	(KEUR)	840	842
Gross rental income ⁶		5.66%	5.66%
Occupancy rate ⁷		97.32%	97.53%

BALANCE SHEET

		31/12/2019	31/12/2018
Shareholders' equity (excl. minority interests)	(KEUR)	128,032	129,272
Debt ratio (RREC Act) ⁸		48.73%	52.12%

PROFIT AND LOSS ACCOUNT

		31/12/2019	31/12/2018
Net rental income	(KEUR)	15,100	15,441
Operating result before result on the portfolio	(KEUR)	11,853	11,930
Operating margin ⁹		78.5%	77.3%
Portfolio result	(KEUR)	-28,906	-7,100
Financial result	(KEUR)	-3,645	-4,045
Taxes	(KEUR)	207	-145
Net result (group share)	(KEUR)	-20,478	608
<i>Adjustment for portfolio result</i>	<i>(KEUR)</i>	<i>28,906</i>	<i>7,100</i>
<i>Adjustment for changes in the fair value of the financial assets and liabilities (non-effective portion of interest rate hedges)</i>	<i>(KEUR)</i>	<i>892</i>	<i>936</i>
<i>Adjustment for deferred taxes relating to EPRA changes</i>	<i>(KEUR)</i>	<i>-277</i>	<i>-43</i>
EPRA earnings ¹⁰	(KEUR)	9,043	8,600

4 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.

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

6 Gross portfolio yield = (Contractual rents on an annual basis) / (fair value of the real estate portfolio).

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

8 Calculated in accordance with the Royal Decree of 13 July 2014 implementing the Regulated Real Estate Companies Act of 12 May 2014.

9 Operating margin = Operating result before the result on the portfolio / (Net rental income).

10 EPRA earnings = Net result (group share) excluding the portfolio result and changes in the fair value of the non-effective interest rate hedges. This term is used in accordance with the *Best Practice Recommendations* of the EPRA.

CONSOLIDATED KEY FIGURES

KEY FIGURES PER SHARE

		31/12/2019	31/12/2018
Number of shares outstanding at the end of the period		7,153,322	5,665,822
Weighted average number of shares ¹¹		7,031,062	5,665,822
Net result per share	(EUR)	-2.91	0.11
EPRA earnings per share	(EUR)	1.29	1.52
Closing price of the share at the end of the financial year	(EUR)	16.25	13.80
IFRS NAV per share ¹²	(EUR)	17.90	22.82
Premium/discount with regard to IFRS NAV ¹³ (end of financial year)		-9.2%	-39.5%
EPRA NAV per share ¹⁴	(EUR)	18.19	23.11
Premium/discount with regard to EPRA NAV ¹⁵ (end of financial year)		-10.7%	-40.3%

3.2 RESULTS

Net rental income fell by 2.21% from 15.44 MEUR in 2018 to 15.10 MEUR in 2019. This decrease is due to a contribution in kind on 30 January 2019 (positive effect), the sale of several properties throughout the year (negative effect) and the decrease in like-for-like rental income of 4.56%, entirely due to a decrease in rental income on H&M properties as of the second half of the year.

Despite the declining net rental income, the operating result before the result on the portfolio remained virtually stable at 11.85 MEUR compared with 2018 (11.93 MEUR), based on stricter general cost control. As a result, the operating margin increased from 77.26% in 2018 to 78.50% in 2019.

Qrf wanted to gain a better insight into the value and liquidity of the portfolio also as part of the "Reset." The splitting up of Core and Non-Core real estate, an active sales programme and an agreement with H&M provided sufficient elements to the independent valuer to enable him to determine the fair value of the portfolio. This resulted in a significant decrease of the portfolio result which amounted to -28.91 MEUR at the end of 2019. The portfolio result consists of the variation in the fair value of investment properties (-28.02 MEUR) on the one hand, and the result on realised sales of properties (-0.88 MEUR) on the other.

11 Shares are counted *pro-rata temporis* from the time of issue. The time of issue differs in this case from the time of profit sharing.

12 IFRS NAV per share = Net Asset Value per share according to IFRS.

13 Premium/Discount relative to IFRS NAV = [(Closing share price at the end of the period)/(IFRS NAV per share at the end the period)-1].

14 EPRA NAV per share = Net Asset Value per share according to EPRA *Best Practice Recommendations*.

15 Premium/Discount relative to EPRA NAV = [(Closing share price at the end of the period)/(EPRA NAV per share at the end of the period)-1].

The Non-Core properties, including those already sold, were revalued downwards by 13.45 MEUR, a decrease of 22.07% compared to the fair value of the Non-Core portfolio on 31/12/2018. This 13.45 MEUR includes a depreciation of two properties let to H&M for an amount of 6.00 MEUR. These are the properties in the Luikerstraat in Sint-Truiden and the Chaussée d'Alseberg in Uccle.

On the Core properties, a depreciation of EUR 14.57 million was carried out, which represents a decrease of 6.91 % compared with the fair value of the portfolio on 31/12/2018. A depreciation of 3.38 MEUR or 32.56% was carried out on the two Core properties (compared with the valuation on 31/12/2018) where H&M is the current tenant, i.e. Demerstraat 21-25 in Hasselt and Nieuwstraat 29-31 in Aalst.

The financial result amounted to -3.65 MEUR in 2019 (compared with -4.04 MEUR in 2018). The net interest charges fell from 2.85 MEUR in 2018 to 2.59 MEUR in 2019. This decrease is due to a decrease in credit lines drawn of 19.00 MEUR (or 13.48% compared with 2018), combined with a decrease in the average financing cost to 1.87% (compared with 1.91% in 2018). This decrease will be more pronounced in 2020 as the main changes were made in December 2019. Furthermore, a negative variation in the fair value of financial assets and liabilities of -0.89 MEUR has been recorded in the profit and loss account of 2019.

The taxes in 2019 had a positive contribution to the result of 0.21 MEUR because of the initial recognition of deferred taxes arising out of the temporary difference between the fair value and tax value of the properties in the Netherlands.

The Net result (group share) fell from 0.61 MEUR in 2018 to -20.48 MEUR in 2019, or from 0.11 EUR per share in 2018 to -2.91 EUR per share in 2019. After adjustment for the portfolio result (28.91 MEUR), the variation in the fair value of financial assets and liabilities (0.89 MEUR) and the deferred taxes relating to EPRA adjustments (-0.28 MEUR) Qrf noted an increase in the EPRA earnings from 5.15% to 9.04 MEUR in 2019 (compared with 8.60 MEUR in 2018).

The EPRA result per share decreased to 1.29 EUR in 2019 (-15.27% compared with 2018). Pursuant to Article 617 of the Companies Code, calculated in accordance with Chapter 4 of Appendix C of the Royal Decree on Regulated Real Estate Companies, the distributable equity amounted to 133.86 MEUR on 31 December 2019 and meets the legal conditions to distribute a dividend. By reducing its net indebtedness in 2019, Qrf is free, pursuant to Article 13 of said Royal Decree, to choose whether or not to pay out a dividend, so as to decide on the pay-out ratio relating thereto.

With a view to strengthen the company's balance sheet further as well as to pursue a long-term and sustainable dividend policy, the Board of Directors of the Statutory Manager has decided to propose a gross dividend pay-out totalling 5.72 MEUR, i.e. 0.80 EUR per share, to the General Meeting of Shareholders. This reflects a distribution rate of 63.28% of the EPRA.

3.3 BALANCE SHEET

On 31 December 2019, the fair value of investment properties amounted to 251.65 MEUR, compared with 271.79 MEUR on 31 December 2018, a decrease of 7.41%:

- On 31 December 2018, the fair value of the real estate portfolio amounted to 271.79 MEUR. On 30 January 2019, after the contribution in kind, the fair value amounted to 295.59 MEUR.
- On 31 December 2019, as mentioned above, 13 sites with a combined fair value of 16.67 MEUR were divested for a net income of 15.78 MEUR.
- In 2019 a depreciation of 28.02 MEUR was carried out (strictly speaking, a depreciation of 27.25 MEUR and an activated investment amount of 0.77 MEUR), bringing the fair value of the portfolio to 251.65 MEUR

Overall, the portfolio is valued by the real estate expert at a Gross Rental Yield of 5.66%. Group equity, i.e. excluding minority interests, decreased by 0.96% from 129.27 MEUR on 31 December 2018 to 128.03 MEUR on 31 December 2019.

The number of outstanding shares rose to 7,153,322 on 31 December 2019 as a result of a contribution in kind on 30 January 2019. The IFRS NAV per share fell by 21.55% from 22.82 EUR on 31 December 2018 to 17.90 EUR on 31 December 2019. The EPRA NAV per share fell by 21.27% from 23.11 EUR to 18.19 EU over the same period.

The debt ratio fell to 48.73% on 31 December 2019 (compared with 52.12% on 31 December 2018).

3.4 FINANCING STRUCTURE

At 31 December 2019 Qrf's financial debts amounted to 122.00 MEUR:

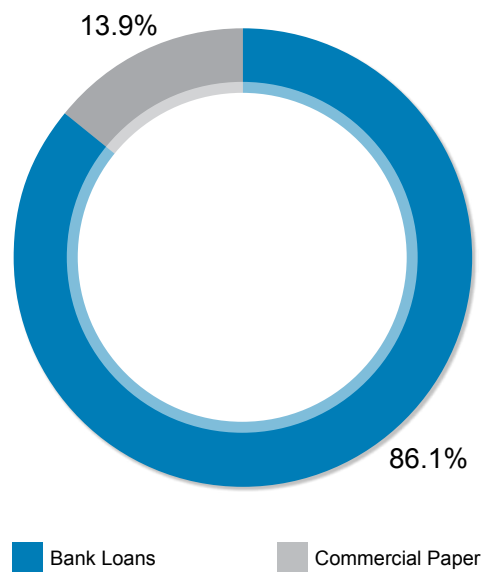
- Bilateral lines of credit for an amount of 105.00 MEUR. The drawn bilateral lines of credit have been concluded with 7 different financial institutions with well spread maturities between 2020 and 2026. The weighted average remaining maturity of these drawn lines is 3.6 years.
- Commercial Paper (treasury bills) for an amount of 17.00 MEUR. The full amount of outstanding short-term treasury bills is covered by available long-term lines of credit (back-up lines).

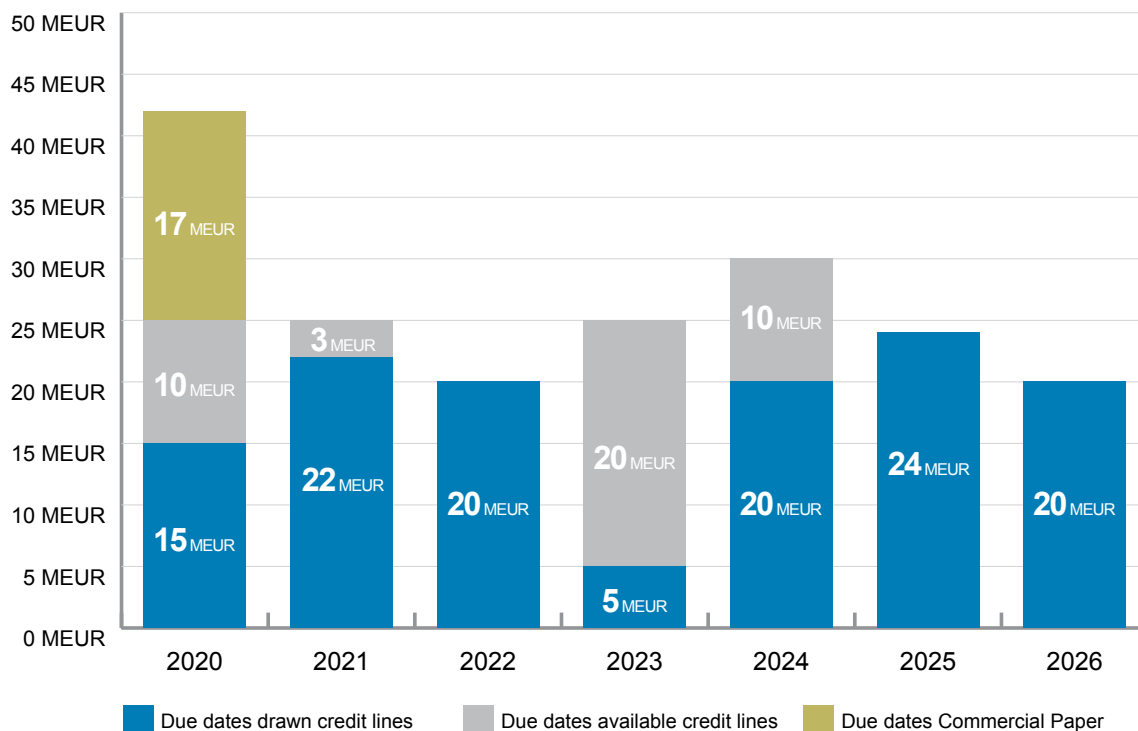
The Reset enabled Qrf to draw more commercial paper from investors in December. The total was increased by 5.00 MEUR (from 12.00 MEUR to 17.00 MEUR). The funds were used to redeem lines of credit, which will further reduce the average financing cost in 2020 under the same conditions.

On 31 December 2019 Qrf had 169.00 MEUR of credit facilities at its disposal. The undrawn portion of the available lines of credit amounts to 64.00 MEUR, of which 1 credit line of 20.00 MEUR is intended to cover the Commercial Paper issued.

The average Financing Cost amounted to 1.87% in 2019 (compared with 1.91% in 2018).

On 31 December 2019, the financial debts consisted of the following:





On 31 December 2019, the financial debt (total of credit lines drawn and Commercial Paper) had a 100% fixed interest rate, inter alia by using Interest Rate Swaps as a hedging instrument. The fixed interest rates have a weighted average remaining term to maturity of 3.9 years.

The total value of the hedges at the closing date was negative for an amount of 1.57 MEUR due to a decrease in interest rates after the closing of the hedges. The Executive Management of Qrf indicated that this is how it wishes to protect the company as much as possible against an eventual increase in interest rates.

4

Outlook

Qrf holds a fundamental belief in the attractiveness of cities for residents, tourists and as one-day destinations, thanks to a wide range and high density of services and leisure facilities. Qrf's positioning has traditionally been limited to inner-city retail property, which is an important part of the appeal of the central cities.

However, consumer spending has changed to such an extent over the past ten years, that an decreasing share of consumer spending has been allocated to clothing (the most important category of Qrf's tenants). Qrf wants to respond to the changing trends in consumer spending and will actively look for a healthy mix of types of tenants and activities when making future investment decisions.

In times of low interest rates, and the impact on real estate prices, Qrf will always evaluate new investment cases critically and study the related risks and opportunities with due attention before making an investment decision.

In 2020, the impact of the actions taken in 2019 on rental income will materialize to the full. The divestments of 14 sites and the agreement with H&M will in particular have a downward effect on rental income in the short term. A decrease in the EPRA earnings is therefore expected for 2020. This will have no impact on the dividend, however, which will be maintained at a level of at least EUR 0.80 per share for 2020.

Qrf is convinced that the actions taken in 2019, which will have an impact on the results for 2020 and 2021, will contribute to the long-term stability of the company and enable it to return to growth in the coming years.

5

Financial calendar

	DATE
Publication of Q1 update for 2020	07/05/2020
General Meeting of Shareholders	19/05/2020
Dividend 2019 - Ex date	20/05/2020
Dividend 2019 - Record date	21/05/2020
Dividend 2019 - Payment date	22/05/2020
Publication of half-yearly results and half-yearly report for 2020	03/08/2020
Publication of Q3 update for 2020	04/11/2020

6

Audit Procedures

The Statutory Auditor has confirmed that his audit and verification of the figures, which have been essentially completed, have not revealed the need for any significant correction of the accounting information contained in the 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.

For more information:

William Vanmoerkerke
CEO

Tel.: +32 3 233 52 46
william.vanmoerkerke@qrf.be

Tom Schockaert
CFO

Tel.: +32 3 233 52 46
tom.schockaert@qrf.be

About Qrf:

Qrf 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 31 December 2019, the real estate portfolio consisted of 41 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 31 December 2019, the company's market capitalization was 114 MEUR.

www.qrf.be

Annex 1: Financial statements

I. CONSOLIDATED RESULT

A. CONSOLIDATED PROFIT AND LOSS ACCOUNT

FIGURES IN THOUSANDS EUR	31/12/2019	31/12/2018
(+) I. Rental income	15,189	15,529
(+) II. Writebacks carried forward and discounted rents	0	0
(+/-) III. Rental-related expenses	-89	-88
NET RENTAL INCOME	15,100	15,441
(+) IV. Recovery of property charges	0	0
(+) V. Recovery of rent charges and taxes normally borne by the tenants on the leased buildings	1,216	1,077
(-) VI. Costs payable by tenants and borne by the landlord on rental damage and refurbishment at the end of lease	0	0
(-) VII. Charges and taxes normally payable by tenants on let properties	-1,375	-1,184
(+/-) VIII. Other rental-related income and expenditure	0	0
PROPERTY RESULT	14,941	15,334
(-) IX. Technical costs	-239	-330
(-) X. Commercial costs	-164	-174
(-) XI. Costs and taxes on un-let properties	-161	-154
(-) XII. Real estate management costs	-579	-570
(-) XIII. Other property charges	0	0
PROPERTY CHARGES	-1,144	-1,228
OPERATING PROPERTY RESULT	13,798	14,107
(-) XIV. Corporate operating charges	-1,945	-2,184
(+/-) XV. Other operating charges and income	0	8
OPERATING RESULT BEFORE THE RESULT ON THE PORTFOLIO	11,853	11,930
(+/-) XVI. Result on disposal of investment properties	-884	249
(+/-) XVII. Result on disposal of other non-financial assets	0	0
(+/-) XVIII. Changes in the fair value of investment properties	-28,022	-7,349
(+/-) XIX. Other result on the portfolio	0	0
PORTFOLIO RESULT	-28,906	-7,100
OPERATING RESULT	-17,053	4,830
(+) XX. Financial income	0	-0
(-) XXI. Net interest costs	-2,587	-2,851
(-) XXII. Other financial costs	-166	-258
(+/-) XXIII. Changes in the fair value of financial assets and liabilities	-892	-936
FINANCIAL RESULT	-3,645	-4,045
(+/-) XXIV. Share in the result of associated corporations and joint ventures	0	0

RESULT BEFORE TAXES	-20,698	785
(+/-) XXV. Corporate tax	207	-145
(+/-) XXVI. Exit tax	0	0
TAXES	207	-145
NET RESULT	-20,491	641
Attributable to:		
Shareholders of the group	-20,478	608
Minority interests	-13	33
Components of the Net result - Group shareholders:		
NET RESULT (GROUP SHARE)	-20,478	608
RESULT ON THE PORTFOLIO	28,906	7,100
CHANGES IN THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES	892	936
DEFERRED TAXES RELATING TO EPRA CHANGES	-277	-43
EPRA EARNINGS *	9,043	8,600

*EPRA earnings = Net result (group share) excluding the portfolio result, the changes in the Fair Value of the non-effective hedges and EPRA changes relating to deferred taxes.

B. STATEMENT OF COMPREHENSIVE INCOME

FIGURES IN THOUSANDS EUR

	31/12/2019	31/12/2018
I. NET RESULT	-20,491	641
II. OTHER ELEMENTS OF COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	0	0
(+/-) B. Changes in the effective part of the fair value of allowed hedges of the cash flow as defined in IFRS	0	0
OVERALL RESULT	-20,491	641
Attributable to:		
Shareholders of the group	-20,478	608
Minority interests	-13	33

II. RESULT PER SHARE

FIGURES IN THOUSANDS EUR

	31/12/2019	31/12/2018
Number of ordinary shares in circulation at the end of the period	7,153,322	5,665,822
Weighted average number of shares during the period	7,031,062	5,665,822
NET RESULT PER ORDINARY SHARE - GROUP SHARE (in EUR)	-2.91	0.11
DILUTED NET RESULT PER SHARE - GROUP SHARE (in EUR)	-2.91	0.11

III. CONSOLIDATED BALANCE SHEET

FIGURES IN THOUSANDS EUR

	31/12/2019	31/12/2018
ASSETS		
I. FIXED ASSETS	208,754	271,825
A Goodwill	0	0
B Intangible fixed assets	0	0
C Property investments	206,100	271,794
D Other tangible fixed assets	15	32
E Financial fixed assets	700	0
F Financial leasing receivables	0	0
G Trade receivables and other fixed assets	0	0
H Deferred taxes - assets	0	0
I Investments in associated corporations and joint ventures - changes in equity	0	0
II. CURRENT ASSETS	49,541	3,870
A Assets held for sale	45,554	0
B Current financial assets	0	0
C Finance leasing receivables	0	0
D Trade receivables	182	372
E Tax receivables and other current assets	1,261	1,126
F Cash and cash equivalents	2,483	2,180
G Accruals - assets	61	192
TOTAL ASSETS	256,356	275,696

FIGURES IN THOUSANDS EUR

	31/12/2019	31/12/2018
LIABILITIES		
SHAREHOLDERS' EQUITY	128,319	129,572
I. Equity capital attributable to the shareholders of the parent company	128,032	129,272
A Capital		131,572
a. <i>Subscribed capital</i>	7,153	131,724
b. <i>Costs of capital increase</i>	-331	-152
B Issue premiums	149,867	1,496
C Reserves	-8,179	-4,405
D Net result for the financial year	-20,478	608
II. Minority interests	287	300
LIABILITIES	128,036	146,124
I. Non-current liabilities	92,385	130,781
A Provisions	0	0
B Non-current financial debts	89,946	128,928
a. <i>Credit institutions</i>	89,946	128,928
b. <i>Financial leasing</i>	0	0
c. <i>Other</i>	0	0
C Other non-current financial liabilities	2,156	1,567
D Trade debts and other non-current debts	0	0
E Other non-current liabilities	102	105
F Deferred taxes - liabilities	181	181
a. <i>Exit tax</i>	0	0
b. <i>Other</i>	181	181
II. Short-term liabilities	35,651	15,343
A Provisions	0	0
B Short-term financial debts	31,999	12,000
a. <i>Credit institutions</i>	0	0
b. <i>Financial leasing</i>	0	0
c. <i>Other</i>	0	0
C Other short-term financial liabilities	0	0
D Trade debts and other short-term debts	1,540	1,325
a. <i>Exit tax</i>	0	0
b. <i>Other</i>	1,540	1,325
E Other short-term debts	1,343	1,324
F Accruals - liabilities	770	694
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	256,356	275,696

IV. CONSOLIDATED CASH FLOW STATEMENT

FIGURES IN THOUSANDS EUR

	31/12/2019	31/12/2018
CASH AND CASH EQUIVALENTS AT START OF PERIOD	2,180	2,577
1. Cash flow from business activities	9,003	7,448
Net result	20,491	640
Unpaid interest and bank charges	321	135
Adjustment of the result for non-cash-flow transactions	29,929	7,739
- Depreciation of activated financing costs	17	33
- Depreciation of intangible and other material fixed assets	17	22
- Result of the sale of real estate investments	887	-250
- Increase / Decrease in invoices to be received (+/-)	248	-47
- Changes in the fair value of real estate investments and project developments	28,021	7,348
- Changes in the fair value of financial assets and liabilities	740	633
Change in the working capital requirement:	-756	-1,067
Movement of assets:	-551	409
- Trade receivables	190	257
- Tax receivables and other current assets	-872	192
- Accruals	131	-40
Movement of liabilities:	-206	-1,476
- Other non-current liabilities	0	-9
- Trade debts and other short-term debts	367	-942
- Other short-term liabilities (incl. tax debts)	19	-3
- Accruals	-583	-522
2. Cash flow from investment activities	15,011	7,613
Acquisitions of intangible and other tangible fixed assets	0	-5
Investments in existing property investments	-772	-82
Proceeds from the sale of investment properties	15,783	7,700
3. Cash flow from financing activities	-23,712	-15,458
Repayment of loans	-19,000	-55,500
Drawdown of new loans	0	47,000
Costs related to capital increase	-179	0
Payment of dividends	-4,533	-6,925
Payment of transaction costs	0	-33
CASH OR CASH EQUIVALENTS AT END OF PERIOD	2,483	2,180