



## BUSINESS UPDATE – THIRD QUARTER 2017

- 11.9% increase in the Fair Value of the real estate portfolio, from 250.72 MEUR at 30 December 2016 to 280.58 MEUR at 30 September 2017.
- Stable occupancy rate of 96.37% at 30 September 2017.
- Debt ratio of 56.38% at 30 September 2017.
- After closing the third quarter of 2017, Qrf City Retail completed the contribution in kind of six retail properties situated in the “de Wilde Zee” district at the commercial heart of Antwerp and in the Ostend city centre. The transaction resulted in the shareholders’ equity of Qrf City Retail being strengthened by 12.50 MEUR, while the debt ratio decreased to approximately 54.00%.
- Reconfirmation of the expected gross dividend of 1.35 EUR per share for 2017 (compared with 1.34 EUR for 2016).

Occupancy rate	Contractual rents on an annual basis	Portfolio spread
96.37%	15.41 MEUR	87% (inner city) 13% (periphery)
Fair Value of the real estate portfolio	NAV per share	Debt ratio
280.58 MEUR	23.58 EUR (IFRS) 24.00 EUR (EPRA)	56.38%

## 1. Key figures

Consolidated key figures		30/09/2017	30/12/2016
<b>Real estate portfolio</b>			
Fair Value of the real estate portfolio <sup>1</sup>	(KEUR)	280 584	250 724
Total gross surface	(m <sup>2</sup> )	92 563	89 185
Contractual rents on an annual basis <sup>2</sup>	(KEUR)	15 413	14 220
Estimated rental value of vacant property	(KEUR)	580	462
Gross portfolio yield <sup>3</sup>		5.49%	5.67%
Occupancy rate <sup>4</sup>		96.37%	96.85%
<b>Balance sheet</b>			
Shareholders' equity (excl. minority interests)	(KEUR)	120 944	122 776
Debt ratio (under the RREC Act) <sup>5</sup>		56.38%	49.76%
<b>Key figures per share</b>			
Total number of shares outstanding at the end of the period		5 129 802	5 129 802
Closing price of the share at the end of the period	(EUR)	24.26	26.90
Market capitalisation	(KEUR)	124 449	137 966
IFRS NAV per share <sup>6</sup>	(EUR)	23.58	23.93
Premium/discount on the IFRS NAV (end of period)		2.9%	12.4%
EPRA NAV per share <sup>7</sup>	(EUR)	24.00	24.46
Premium/discount on the EPRA NAV (end of period)		1.1%	9.9%

## 2. Property activities

### 2.1. Developments in the property portfolio in the first nine months of 2017

At 30 September 2017, the **Fair Value of the real estate portfolio** stood at 280.58 MEUR, an increase of 11.9% compared to 30 December 2016 (250.72 MEUR). This increase is attributable mainly to the purchase of the properties in the Netherlands (Den Bosch, Enschede, Maastricht, Nijmegen, Zwolle) and Belgium (Leuven), and the sale of a non-strategic property in Belgium (Merksem). The portfolio was valued overall by the Real Estate Expert at a Gross portfolio yield of 5.49% (compared to 5.67% on 30 December 2016).

The **Contractual rents on an annual basis** were 15.41 MEUR at 30 September 2017 (compared with 14.22 MEUR at 30 December 2016).

The **Occupancy rate** of the portfolio fell slightly to 96.37% at 30 September 2017 (compared with 96.85% at 30 December 2016).

<sup>1</sup> The 'Fair Value' of the real estate portfolio is 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.

<sup>2</sup> 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.

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

<sup>4</sup> Occupancy rate = (Contractual rents on an annual basis) / (Contractual rents on an annual basis including the estimated rental value of vacant property).

<sup>5</sup> Calculated according to the R.D. of 13th July 2014 pursuant to the Regulated Real Estate Companies Act of 12 May 2014.

<sup>6</sup> IFRS NAV per share = *Net Asset Value* per share according to IFRS.

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

## 2.2. Renovations in Aalst (Nieuwstraat 29-33) and letting of vacant unit to A.S.Adventure

In September 2015, Qrf City Retail acquired a retail property in Aalst (Nieuwstraat 29-33) let to H&M, Kruidvat and MS Mode. There are 77 parking places on the roof of the building, managed by the parking management company Vinci.

One of the retail units became vacant in the fourth quarter of 2016 when MS Mode went bankrupt. Qrf City Retail was able to recover its claims against MS Mode in full, including the collection of a 6 months' bank guarantee.

Qrf City Retail had renovation works carried out in its building in the second and third quarter of 2017. As a result, a previously unavailable basement level was integrated in the retail spaces. Furthermore, the facade of the entire building was cleaned, and the available retail area was enlarged, so that the commercial value of the building is being maximized.

Qrf City Retail signed a lease with A.S.Adventure for the former floor space of MS Mode and the additional basement level. A.S.Adventure is a new retailer in the tenant base of Qrf City Retail. The rent under the new contract is almost 60% higher than the rent MS Mode paid. A.S.Adventure has planned the opening of the new shop in January 2018.

The completion of these renovation works and the signing of a lease with A.S.Adventure as a new tenant are in line with the dynamic portfolio management and constant search of Qrf City Retail for value creation.

## 3. Balance sheet

**The shareholder's equity (excl. minority interests)** fell to 120.94 MEUR at 30 September 2017 (compared with 122.78 MEUR at 30 December 2016).

The **Debt ratio** rose from 49.76% at 30 December 2016 to 56.38% at 30 September 2017.

The **IFRS NAV per share** decreased by 1.5% from 23.93 EUR at 30 December 2016 to 23.58 EUR at 30 September 2017. The **EPRA NAV per share** decreased over the same period by 1.9% from 24.46 EUR to 24.00 EUR.

## 4. Transactions after the balance sheet date

### 4.1. Contribution in kind of six retail premises in Antwerp and Ostend on 27 October 2017

After closing the third quarter, on 27 October 2017, Qrf City Retail completed within the framework of the authorised capital the contribution in kind of six properties in the "de Wilde Zee" district at the commercial heart of Antwerp (Wiegstraat 4, Wiegstraat 6 and Schrijnwerkersstraat 15) and in the Ostend city centre (Kappellestraat 105, Adolf Buylstraat 1A and Adolf Buylstraat 36).

The transaction resulted in the shareholders' equity of Qrf City Retail being strengthened by 12.50 MEUR. As a result, the debt ratio decreased from 56.38% (at 30 September 2017) to approximately 54.00%.

## 5. Financial reporting - EPRA Gold Award

Qrf City Retail won for the first time for its annual report the EPRA Gold Award for Financial Reporting. EPRA, the European Public Real Estate, is the voice of the European sector of real estate listed on the stock exchange, and represents 430 BEUR in property assets ([www.epra.com](http://www.epra.com)).

## 6. Outlook for 2017

The retail sector is in full transition. The buying experience has been changing drastically. The offer is bigger and more diversified than ever, globalization is a reality and e-commerce is booming. Retailers must adapt to digitization and new competition.

Furthermore, leisure time and relaxation (eating out, travelling, experience, etc.) and fixed costs (mobile telephony, Internet, online content, etc.) account increasingly for a larger part of the household budget. The retail market remains challenging in this context of transition.

Despite this new reality, Qrf City Retail reconfirms that it expects to pay out a gross dividend of 1.35 EUR per share for 2017 (compared with 1.34 EUR for 2016).

Caution concerning 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. If one or more of these risks or uncertainties were to occur or should the basic hypotheses used be inaccurate, the final results may differ significantly from the assumed, expected, estimated or extrapolated results. Qrf City Retail consequently assumes no responsibility for the accuracy of these forecasts.*

For more information:

**Anneleen Desmyter**

CEO

Tel: +32 3 233 52 46

Mobile telephone: +32 476 98 21 94

[Anneleen.desmyter@qrf.be](mailto:Anneleen.desmyter@qrf.be)

**Preben Bruggeman**

CFO

Tel: +32 3 233 52 46

Mobile telephone: +32 496 15 80 44

[Preben.bruggeman@qrf.be](mailto:Preben.bruggeman@qrf.be)

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

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About Qrf City Retail

Qrf City Retail is a listed Belgian REIT (GVV/SIR) specialising in the niche market of inner-city 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 30 September 2017, the real estate portfolio consisted of 47 retail properties with a total Fair Value of 281 MEUR. On 27 October 2017, Qrf City Retail completed the contribution in kind of six properties in Antwerp and Ostend. As a result of this transaction, the portfolio's Fair Value will increase to more than 290 MEUR.

Qrf City Retail has been listed on Euronext Brussels (QRF:BB) since December 2013. On 27 October 2017, the company's market capitalisation was 135 MEUR.



For its annual report Qrf City Retail won the EPRA Gold Award for Financial Reporting. EPRA, The European Public Real Estate Association, is the voice of the European sector of real estate listed on the stock exchange, and represents 430 BEUR in property assets ([www.epra.com](http://www.epra.com)).



Qrf City Retail is the main sponsor of Retailer of the Year Belgium 2017. On 21 September 2017 the category winners were announced during the RetailDetail Day. The overall winner will be announced on 23 November 2017. Qrf City Retail believes in the strength of the physical shop. Retailers are making concrete efforts to improve and renew their offer and service. By supporting this initiative, Qrf City Retail wants to give its customers, the retailers, a unique opportunity to understand the customer even better.