



ANNUAL RESULTS 2017: SOLID RESULTS

“Qrf City Retail has worked hard in recent years to build a qualitative and balanced real estate portfolio in Belgium. In 2017, Qrf City Retail expanded its activities to the Netherlands as the second core country with an initial acquisition of five retail properties at top locations. Supported by the expansion of the portfolio and the solid results in 2017, Qrf City Retail will propose an increase of the gross dividend for the third year in a row to 1.35 EUR per share.”

– Anneleen Desmyter, CEO Qrf City Retail

Summary of annual results 2017¹:

- Increase of the EPRA earnings by 12.5% to 8.33 MEUR in 2017 (7.41 MEUR in 2016).
- EPRA earnings per share of 1.59 EUR in 2017 (+0.2% compared to 2016).
- Increase of the proposed gross dividend to 1.35 EUR per share (compared to 1.34 EUR in 2016).
- First acquisition in the Netherlands with 5 premium retail properties at top locations in Den Bosch, Enschede, Maastricht, Nijmegen and Zwolle for a total investment value of 28.8 MEUR.
- Further expansion of the real estate portfolio in Belgium with 7 retail properties situated in the inner-city of Antwerp, Ostend and Leuven for a total investment value of 16.3 MEUR.
- Sale of non-strategic premises in Merksem and Temse for a net selling price of 5.6 MEUR.
- The Fair Value of the real estate portfolio grew by 14.6% to 287.40 MEUR on 31 December 2017 (250.72 MEUR on 30 December 2016).
- Occupancy rate of 97.47% on 31 December 2017.
- Debt ratio of 52.69% on 31 December 2017.
- The share of inner-city properties in the portfolio increased to 89% of the portfolio on 31 December 2017. More than 75% of the total real estate portfolio is located in 10 important shopping cities in Belgium and 5 cities in the Netherlands.

¹ The Extraordinary General Meeting of Shareholders of 6 June 2017 decided to extend the closing date of the financial year from 30 December to 31 December of each year.

1. Key figures

EPRA earnings 8.33 MEUR 1.59 EUR per share	Occupancy rate 97.47%	Contractual rents on an annual basis 16.02 MEUR	Portfolio spread 89% (inner-city) 11% (periphery)
Gross dividend 1.35 EUR per share	Fair Value of the real estate portfolio 287.40 MEUR	Debt ratio 52.69%	NAV per share 23.78 EUR (IFRS) 24.12 EUR (EPRA)

2. Transactions and achievements in 2017

2.1. Acquisitions

In the course of the financial year 2017, Qrf City Retail implemented its acquisition strategy with inner-city purchases in Antwerp, Leuven and Ostend, important Belgian shopping cities. In addition, Qrf City Retail expanded its activities to the Netherlands as the second core country, where Qrf City Retail acquired a portfolio of premium retail properties in Maastricht, Enschede, Den Bosch, Zwolle and Nijmegen.

Qrf City Retail has acquired new properties for a total investment value of 45.1 MEUR, which together generate additional rental income of ca. 2,120 KEUR. These properties increase the general quality of the portfolio and strengthen the strategic position of Qrf City Retail in the important shopping cities of Belgium and the Netherlands.

Summary of Qrf City Retail acquisitions 2017

Transaction date	Country	City	Street	Tenant(s)	Total gross surface	Contractual rents on an annual basis
19-01-2017	BE	Leuven	Jan Stasstraat 12	Bpost	1,673 m ²	75 KEUR
25-04-2017	NL	Den Bosch	Hinthamerstraat 41-45	America Today	1,042 m ²	1,380 KEUR
	NL	Maastricht	Grote Staat 58/ Helmstraat 9-11	America Today/ Gebrs. Coster	629 m ²	
	NL	Nijmegen	Broerstraat 49 / Gruitberg 33-35	Mango	891 m ²	
	NL	Zwolle	Diezerstraat 60 / Brouwerstraat 1-3	Only Store	836 m ²	
	NL	Enschede	Kalanderstraat 2-4	Kentucky Fried Chicken	972 m ²	
27-10-2017	BE	Ostend	Adolf Buylstraat 1A	Planet Parfum	534 m ²	665 KEUR
	BE	Ostend	Adolf Buylstraat 36	Edisac	910 m ²	
	BE	Ostend	Kapellestraat 105	Jack Wolskin	552 m ²	
	BE	Antwerp	Wiegstraat 4	New Zealand Auckland	184 m ²	
	BE	Antwerp	Wiegstraat 6	Who's That Girl	114 m ²	
	BE	Antwerp	Schrijnwerkersstraat 15	Chez Claire	264 m ²	
TOTAAL					8,601 m²	2,120 KEUR

The newly purchased properties are superbly situated in the *Golden Mile* of the respective cities and are thus a logical implementation of the strategy of Qrf City Retail. The units are let to national and international chains such as America Today, Kentucky Fried Chicken, Planet Parfum, Mango, Edisac, Chez Claire and Jack Wolfskin.

2.1.1. *First step in the Netherlands*

In April 2017 Qrf City Retail made its first step in the Dutch market with the purchase of a portfolio of five premium retail properties (some of which with upstairs apartments) at top locations in the Netherlands. The total investment value of these properties amounts to 28.8 MEUR. The five properties together generate over 1,380 KEUR annual rental income and represent a total surface area of 4,370 m². The retail units are fully rented to reputable brands such as America Today, Kentucky Fried Chicken, Mango and Only Store. The commercial leases have an average residual duration (to the first break date) of 5.0 years.

The entry in the Dutch market will further support the growth story of Qrf City Retail. Furthermore, Qrf City Retail is entering a market where the retail sector has undergone enormous changes in recent years. The severe economic crisis in the Netherlands not only led to a number of bankruptcies, but also to the necessary adjustments and progress to serve the “consumer of tomorrow” even better. The Dutch economy is starting to perform well again and consumer confidence is on its way to recovery now, so it is the right moment for Qrf City Retail to enter the Dutch retail property market.

(1) Den Bosch – Hinthamerstraat 41-45

The property is located at 41-45 Hinthamerstraat, Den Bosch, and has a surface area of ca. 791 m² retail space. In addition, the upper stories (ca. 250 m²) are let as residential units.

The retail space is rented entirely to America Today, a *brand* that focuses on student clothing with a wink to the American ‘college look’.



On account of its historic city centre, Den Bosch is considered as one of the cosiest (shopping) cities in the Netherlands. In addition to over 150,000 inhabitants, the city can fall back on a large hinterland and extensive tourism (museums, St. John’s Cathedral, cruises). The Hinthamerstraat is one of the top 3 shopping streets in Den Bosch.

(2) Maastricht – Grote Staat 58 / Helmstraat 9-11

Situated in Maastricht, at the corner of the Grote Staat 58 and the Helmstraat 9-11, with a surface area of ca. 629 m², the property is one of the dominant buildings in the city centre. It is rented to America Today and the Gebrs. Coster Group among others.

With a population of more than 122,000 inhabitants, the city of Maastricht is one of the most popular shopping cities in the Netherlands, thanks to the pull effect on Dutch but also German and Belgian consumers among others. The city owes its popularity to its historic character, but also to the variety of shops, bars and restaurants. Furthermore, Maastricht is an important student city with more than 15,000 students at the University of Maastricht.

The most important shopping streets in the central shopping area are the Grote Staat, Kleine Staat, Muntstraat and Wolfstraat. These streets play host to well-known international and national chains such as De Bijenkorf, Hema, C&A, Mango, H&M and Hudson's Bay.



(3) Nijmegen – Broerstraat 49 / Gruitberg 33-35



Situated in Broerstraat 49 / Gruitberg 33-35, Nijmegen, the property consists of ca. 571 m² retail space, plus ca. 320 m² in the upper storeys divided into three residential units.

The retail space is rented to Mango.

Nijmegen has ca. 172,000 inhabitants and is one of the oldest cities in the Netherlands. Furthermore, about 10% of the population consists of students, making Nijmegen the fourth largest student city in the Netherlands.

The Broerstraat, Burchtstraat and Marikenstraat are the most important shopping streets in the central shopping district of Nijmegen. Various known national and international chains such as H&M, Zara, The Sting and Hema are present here.

(4) Zwolle – Diezerstraat 60 / Brouwerstraat 1-3

The property in Zwolle (Diezerstraat 60 / Brouwerstraat 1-3) consists of a retail space of ca. 336 m² on the ground floor and five residential units which together represent 500 m². The retail space is rented to Only Store.

Zwolle, a city with ca. 124,000 inhabitants, plays an important shopping role in its region and has little competition from other cities nearby. The Diezerstraat is the most important shopping street in Zwolle, with known chains such as Hema, H&M and The Sting in the vicinity.



(5) Enschede – Kalandersstraat 2-4



The corner property in Enschede (Kalandersstraat 2-4) consists of a retail space of ca. 972 m².

The property is rented to Kentucky Fried Chicken. The volume of the building and good visibility from every angle make it one of the most dominant properties at this location. It is situated directly opposite from the Zara flagship store.

Enschede, a city with ca. 159,000 inhabitants, is the biggest city in the eastern Netherlands, strategically located near the German border. Thanks to its location, Enschede attracts many German shoppers, so its catchment area extends far beyond the region. The city of Enschede is considered the best location for fun shopping in the eastern part of the Netherlands.

2.1.2. Further expansion in Belgium

In 2017 Qrf City Retail expanded its Belgian real estate portfolio further in Antwerp, Leuven and Ostend, with a total investment value of 16.3 MEUR. These seven retail properties together generate ca. 740 KEUR in annual rental income. On 31 December 2017, 19% of the total real estate portfolio was located in the inner-city of Antwerp.

(1) Leuven - Jan Stasstraat 12 – Bogaardenstraat 1-3

In January 2017, Qrf City Retail acquired a building situated in the Jan Stasstraat 12 – Bogaardenstraat 1-3. The site is in direct line with the property situated in de Bondgenotenlaan 58, which has been in Qrf City Retail's portfolio since December 2015.

The investment value of the acquisition amounted to 3.8 MEUR. The property is rented to Bpost. This is a strategic acquisition that has further strengthened Qrf City Retail's position on and around the Bondgenotenlaan and which will help maximize the potential at this top location in the commercial heart of Leuven.



(2) Antwerp - Wiegstraat 4

The property situated in Antwerp (Wiegstraat 4), has a façade width of ca. 11 metres and a gross surface area of ca. 184 m², of which ca. 135 m² on the ground floor. The property is rented to the clothing chain NZA (New Zealand Auckland).



(3) Antwerp - Wiegstraat 6

Situated at 6 Wiegstraat, Antwerp, the property has a façade width of ca. 5 metres and a gross surface area of ca. 114 m², of which ca. 75 m² on the ground floor. The property is rented to Who's That Girl, a clothing concept with 7 stores and more than 300 points of sale in Europe.



(4) Antwerp - Schrijnwerkersstraat 15



The property situated in Antwerp (Schrijnwerkersstraat 15) has a façade width of 5 metres and a gross surface area of ca. 264 m², of which ca. 71 m² on the ground floor. It is rented to Chez Claire, a confectioner who sells luxury eclairs. The eclairs are sold in different tastes, with the possibility of a tasting on the premises, which can be accompanied with a glass of “Cuvée Claire” champagne.

(5) Ostend - Adolf Buylstraat 1A



The property situated in Ostend (Adolf Buylstraat 1A) has a façade width of 8 metres and a gross surface area of ca. 534 m², of which ca. 264 m² on the ground floor. It is at the corner of the Kapellestraat and is rented to Planet Parfum, a Belgian perfumer shop with 80 points of sale in Belgium and Luxembourg. Planet Parfum is a reference player for perfumes, make-up and care products.

(6) Ostend - Adolf Buylstraat 36

The property situated in Ostend (Adolf Buylstraat 36) has a façade width of 8 metres and a gross surface area of ca. 910 m², of which ca. 253 m² on the ground floor. In 2013, the façade was refurbished giving the property a superb appearance. The property is rented fully to Edisac, a French family company that specialises in the sale of quality bags and shoes for young and old. Edisac has three outlets in Belgium (Bruges, Ostend and Nieuwpoort) and eleven in France (in particular Lille, Roubaix, Duinkerke and Arras).



(7) Ostend - Kapellestraat 105



The property in Ostend (Kapellestraat 105) has a façade width of 9 metres and a gross surface area of ca. 552 m², of which ca. 265 m² on the ground floor. The property is fully rented to Jack Wolfskin, specialised in quality outdoor clothing and equipment.

2.2. Divestments

In addition to setting targets for its growth strategy in inner-city retail real estate, Qrf City Retail is capitalizing on the sale of non-strategic properties to enhance the average quality of the portfolio.

In 2017, Qrf City Retail sold 2 non-strategic properties in Merksem (Bredabaan 448-452) and Temse (Orlaylaan 4-8) for a total net selling price (after deduction of the registration costs and other transfer costs) of ca. 5.6 MEUR. The net selling price of the 2 properties was above the last Fair Value estimated by the independent property appraiser.

Summary of Qrf City Retail divestments 2017

Date	Divestment of	Situated in	Contractual rents on an annual basis	Net selling price
9 January 2017	A retail property	Merksem (Bredabaan 448-452)	70 KEUR	1.13 MEUR
21 December 2017	A retail site	Temse (Orlaylaan 4-8)	297 KEUR	4.50 MEUR

2.3. Development of the real estate portfolio

As a result of the aforementioned acquisitions and divestments, the Fair Value of the property investments rose to more than 287 MEUR on 31 December 2017. The share of inner-city real estate has gone up to ca. 89% of the portfolio. More than 75% of the total real estate portfolio is situated in the 10 most important shopping cities in Belgium (Antwerp, Brussels, Ghent, Hasselt, Liège, Namur, Leuven, Mechelen, Aalst and Ostend) and 5 important shopping cities in the Netherlands (Maastricht, Den Bosch, Nijmegen, Zwolle and Enschede).

Qrf City Retail has a well-diversified portfolio in regard to the geographic spread, type of retail real estate, commercial activity of the tenants and final expiry date of the leases.

2.4. Capital increases – contributions in kind

In 2017, various contributions in kind were decided on by the Board of Directors of Qrf City Retail's Statutory Manager within the limits of the authorised capital. As a consequence of these contributions in kind, Qrf City Retail strengthened its equity during 2017 by 12.50 MEUR. In that context, 536,020 new shares were issued and Qrf City Retail's share capital rose to 131.72 MEUR.

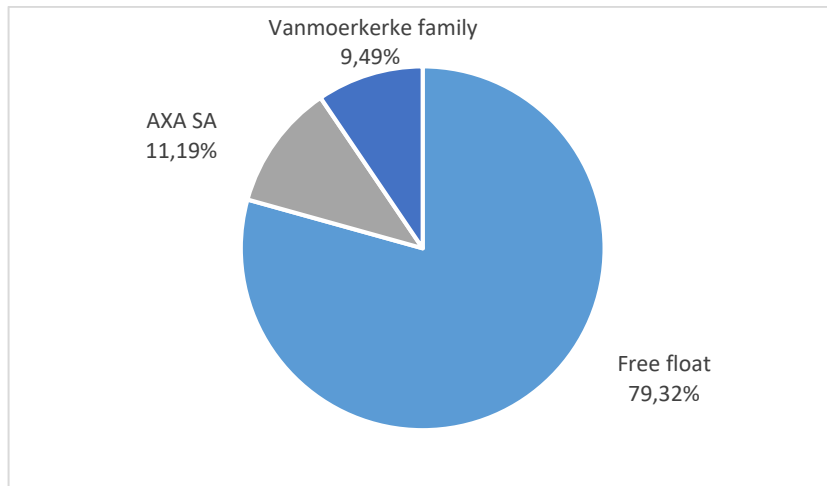
Summary of Qrf City Retail capital increases 2017

Date	Contribution in kind from	Situated in	Contribution value	Increase to "capital" heading	Increase to "issue premiums" heading
27 October 2017	Six retail premises	Antwerp (Schrijnwerkersstraat 15, Wiegstraat 4 and 6) Ostend (Kappellestraat 105, Adolf Buylstraat 1A and 36)	12.50 MEUR	12.46 MEUR	0.04 MEUR

As a result of the capital increases detailed above, Qrf City Retail welcomed the Vanmoerkerke family as a new shareholder to its capital, thereby enlarging its shareholders' base.

On 31 December 2017, the shareholders' structure of Qrf City Retail was as follows:

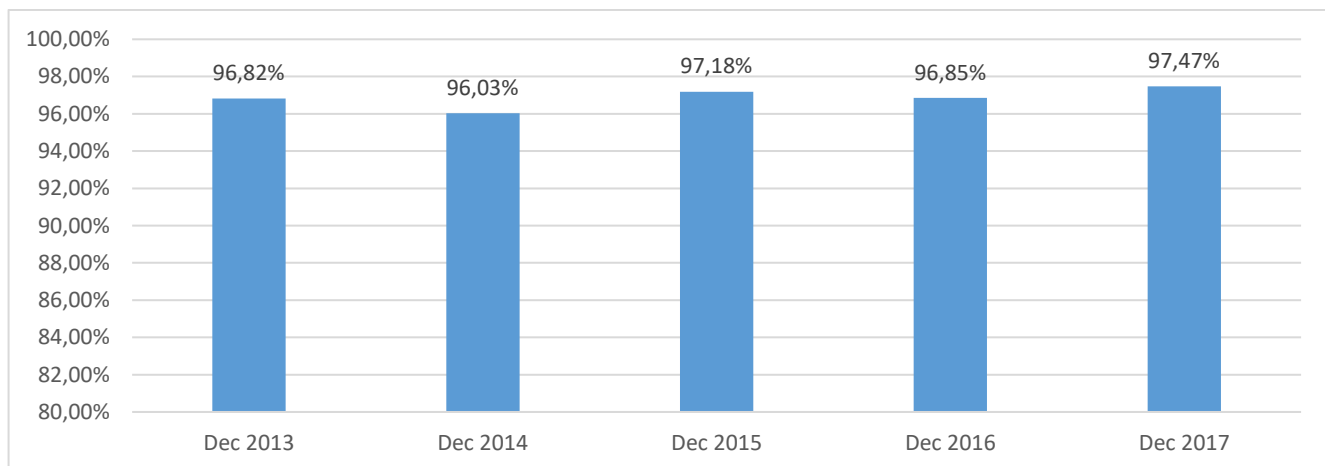
Shareholders' structure on 31 December 2017



2.5. Occupancy rate and lease activity

Within the portfolio of 52 sites let to more than 100 tenants, Qrf City Retail was able to maintain the overall high Occupancy rate² in 2017. At the end of 2017, the Occupancy rate of the portfolio was 97.47%, (compared to 96.85% the year before).

Evolution of the occupancy rate up to 31 December 2017



2.6. Renovations

In 2017 Qrf City Retail carried out renovation works on its building in Aalst (Nieuwstraat 29-33), which were completed in the course of January 2018.

² Occupancy rate = (Contractual rents on an annual basis) / (Contractual rents on an annual basis plus the Estimated rental value of vacant property).

In this renovation, the space and layout of the leftmost unit on the groundfloor in Aalst (Nieuwstraat 29-33) was optimised. As a result, a previously unavailable basement level was integrated in the retail space. Furthermore, the façade of the entire building was cleaned. Thanks to these renovation works, the available retail space was enlarged, and the commercial value of the unit maximized.

These renovations made it possible to rent the unit to a new tenant, A.S. Adventure (previously rented to MS Mode). The rent under the new contract is nearly 60% higher than the rent paid by MS Mode.

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

2.7. Marketing activities during the previous year

2.7.1. *Sponsoring Retailer of the Year*

The role of Qrf City Retail in the real estate market is not limited to the letting of premises, but is further stretched to include researching and trendspotting. This way, Qrf City Retail wants to offer an added value for its tenants.

As head sponsor of the Retailer of the Year Award, Qrf City Retail has drawn attention to a retailer that caters to the needs of his customers and is, above that, innovating as well. After more than 400,000 consumers' opinions, the Standaard Boekhandel was chosen as the Qrf Best Retail Chain in Belgium, Colruyt was named Qrf Retailer of the Year and Bol.com carried off the Qrf Webshop Award. Furthermore, the Qrf Retail Sustainability Award was conferred for the first time this year to JBC.

Furthermore, Qrf City Retail has undertaken different researches, in cooperation with market research office Q&A, in order to investigate the wishes of the consumer. Thanks to the results of this research, Qrf City Retail can help its stakeholders to anticipate and define the ever-changing retail market. By staying tuned with the modern trends and sharing this knowledge, Qrf City Retail can be a partner as well as a knowledge resource centre.

2.8. Other important events in the past financial year

2.8.1. *New offices of Qrf City Retail – Change of registered office*

In July 2017 Qrf City Retail moved into its new offices at 11/211 Museumstraat, Antwerp. The new offices are in line with the growth vision that Qrf City Retail has registered since its initial public offering in 2013.

2.8.2. *Expansion of the executive management team*

On 1 October 2017, Michiel Gevers took over as Investment & Asset Manager at Qrf City Retail. Michiel Gevers (34 years old) holds a law degree at the KUL (Catholic University of Leuven) and a Master's Degree in General Management at the Vlerick Business School. In addition, he holds an Advanced Master's Degree in Companies Law and a Post-graduate degree in Corporate Finance. He has 9 years of experience as a lawyer specialised in mergers and acquisitions, where he advised and guided real estate companies, investment funds and industrial players in M&A and private equity transactions.

2.8.3. *TT Center Plus NV Merger*

The Board of Directors of the Statutory Manager of Qrf City Retail approved on 6 February 2017 the transaction

equated with a merger through acquisition of TT Center Plus NV, in accordance with Articles 676, 1° juncto 719 – 727 of the Companies Code. This company owned a retail property situated at 48-50 Koning Albertstraat, Hasselt. More information on this transaction can be found on the website of Qrf City Retail (investor.qrf.be) at Shareholders – Specific information on transactions.

2.8.4. Imrohem NV Merger

The Board of Directors of the Statutory Manager of Qrf City Retail approved on 6 February 2017 the transaction equated with a merger through acquisition of Imrohem NV, in accordance with Articles 676, 1° juncto 719 – 727 of the Companies Code. This company owned a retail property situated at 29-33 Nieuwstraat, Aalst. More information on this transaction can be found on the website of Qrf City Retail (investor.qrf.be) at Shareholders – Specific information on transactions.

3. Financial results for 2017

The financial year 2017 covers the period from 31 December 2016 to 31 December 2017.³

Consolidated key figures		2017	2016
Real estate portfolio			
Fair Value of the real estate portfolio ⁴	(KEUR)	287 404	250 724
Total gross surface	(m ²)	91 573	89 185
Contractual rents on an annual basis ⁵	(KEUR)	16 025	14 220
Estimated rental value of vacant property	(KEUR)	417	462
Gross portfolio yield ⁶		5.58%	5.67%
Occupancy rate ⁷		97.47%	96.85%
Profit-and-loss account			
Net rental income	(KEUR)	14 940	13 581
Operating result before result on the portfolio	(KEUR)	11 726	10 526
Operating margin ⁸		78,5%	77,5%
Portfolio result	(KEUR)	-3 605	373
Financial result	(KEUR)	-2 952	-2 722
Taxes	(KEUR)	-412	-407
Net result (group share)	(KEUR)	4 766	7 782
Adjustment for portfolio result	(KEUR)	3 605	-373
Adjustment for changes in the Fair Value of the financial assets and liabilities (non-effective interest rate hedging - IAS 39)	(KEUR)	-40	0
EPRA earnings at ⁹	(KEUR)	8 332	7 409
Balance sheet			
Shareholders' equity (excl. minority interests)	(KEUR)	134 710	122 776
Debt ratio (under the RREC Act) ¹⁰		52.69%	49.76%
Key figures per share			
Total number of shares outstanding at the end of the period		5 665 822	5 129 802
Weighted average number of shares ¹¹		5 224 997	4 653 684
Net result per share	(EUR)	0.91	1,67
EPRA earnings per share	(EUR)	1.59	1.59
Gross dividend per share	(EUR)	1.35	1,34
Pay-out ratio ¹²		84.7%	84.2%
Gross dividend yield (based on the closing price at the end of the year)		5.5%	5.0%
Closing price of the share at the end of the year	(EUR)	24.38	26.90
IFRS NAV per share ¹³	(EUR)	23.78	23.93
Premium/discount on the IFRS NAV (end of period)		2.5%	12.4%
EPRA NAV per share (EPRA) ¹⁴	(EUR)	24.12	24.46
Premium/discount on the EPRA NAV (end of period)		1.1%	9.9%

³ The Extraordinary General Meeting of Shareholders of 6 June 2017 decided to extend the closing date of the financial year from 30 December to 31 December of each year.

⁴ 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.

⁵ 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.

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

⁹ 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 Practise Recommendations* of the EPRA.

¹⁰ Calculated according to the R.D. of 13 July 2014 pursuant to the Regulated Real Estate Companies Act of 12 May 2014.

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 Pay-out ratio = (Gross dividend per share) / (EPRA earnings per share).

¹³ IFRS NAV per share = *Net Asset Value* per share according to IFRS.

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

3.1. Results

The **net rental income** rose by 10.0% from 13.58 MEUR in 2016 to 14.94 MEUR in 2017. This is attributable mainly to the acquisition of additional properties since 31 December 2016 and the full contribution in 2017 of properties that Qrf City Retail purchased in 2016.

The **operating margin** increased from 77.5% in 2016 to 78.5% in 2017.

As a result, the **operating result before the result on the portfolio** has increased with 11.4% from 10.53 MEUR in 2016 to 11.73 MEUR in 2017.

The **portfolio result** for 2017 amounted to -3,61 MEUR, consisting of

- a positive **result from the sale of property investments** amounting to 0.47 MEUR (properties situated in Merksem (Bredabaan 448-452) and Temse (Orlaylaan 4-8); and
- negative **changes in the Fair Value of the real estate portfolio** for an amount of 4.07 MEUR.

These negative changes in the Fair Value of the investment portfolio are attributable to:

- a writedown of 1.65 MEUR on the portfolio that Qrf City Retail acquired in the Netherlands. This writedown is the technical consequence of recognising the buildings at Fair Value. The value after deduction of the real estate transfer tax is used to determine the Fair Value. In the Netherlands, the real estate transfer tax amounts to 6.00% and 2.00% on commercial and residential real estate respectively. The purchase price paid (before real estate transfer costs) is in line with the Fair Value of the buildings, estimated by the valuation expert Cushman & Wakefield. The writedown corresponds to the difference between the purchase price paid, including the transfer costs and the Fair Value.
- negative changes in the Fair Value of the real estate portfolio in Belgium for an amount of 2.42 MEUR. This is the result of a decrease in the market rent as estimated by the real estate expert.

The **financial result** for 2017 was -2.95 MEUR (compared to -2.72 MEUR in 2016). The increase in financial charges is explained by a rise in financial debts in 2017. This increase in financial debts was offset partly by a drop in the **Average cost of financing**¹⁵ from 2.29 % in 2016 to 2.07% in 2017. Qrf City Retail recorded a positive variation in the Fair Value of financial assets and liabilities of 0.04 MEUR in the profit-and-loss account of 2017.

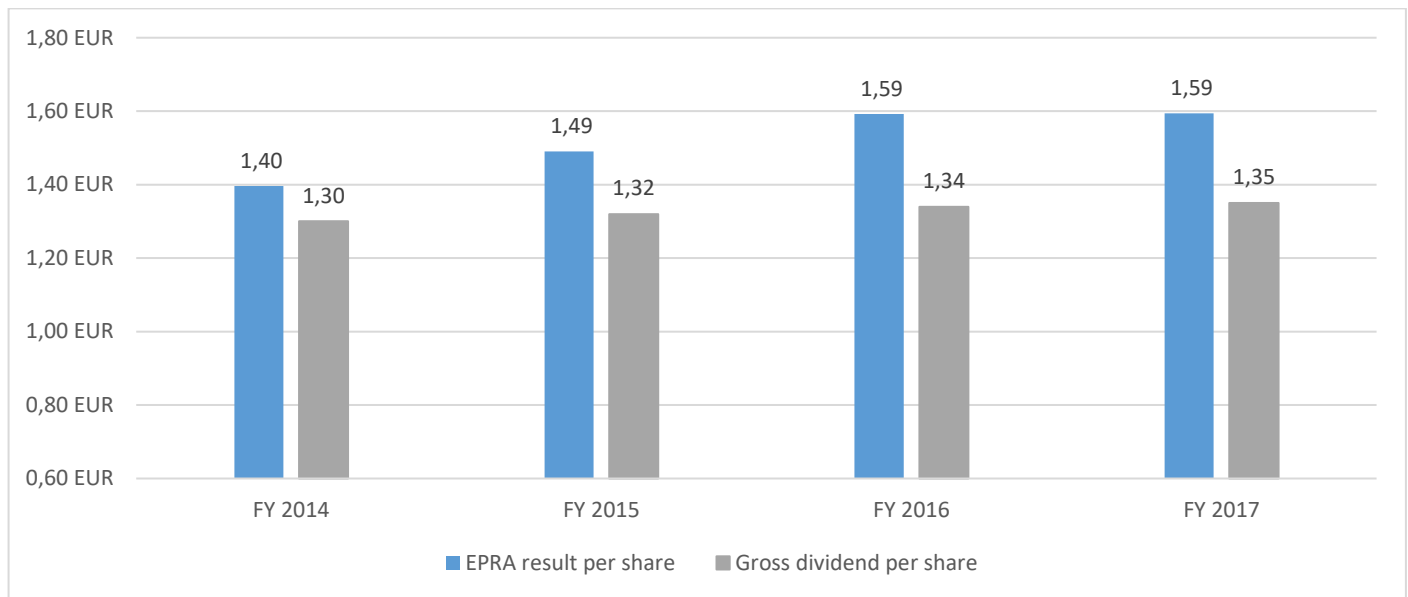
The **net result** (group share) dropped from 7.78 MEUR in 2016 to 4.77 MEUR in 2017, or from 1.67 EUR per share in 2016 to 0.91 EUR per share in 2017.

After adjustment for the portfolio result and changes in the Fair Value of financial assets and liabilities, Qrf City Retail recorded a rise in the **EPRA earnings** of 12.5% to 8.33 MEUR in 2017 (compared to 7.41 MEUR in 2016). The **EPRA earnings per share** amounted to 1.59 EUR for 2017 (up by 0.2% compared with 2016).

Based on this solid result, the Board of Directors of the Statutory Manager decided to propose to the Ordinary General Meeting of Shareholders on 15 May 2018 to pay a **gross dividend** of 1.35 EUR per share, an increase of 0.7% compared with the dividend of 1.34 EUR paid out in May 2017 for the 2016 financial year. Consequently, the pay-out ratio amounted to 84.7% in 2017 (compared to 84.2% in 2016). This way, Qrf City Retail creates additional reserves.

¹⁵ Average cost of financing = This is the average cost of the outstanding financial debts over the period. This is calculated by dividing the "Net interest costs" on an annual basis by the average amount of outstanding debt.

Evolution EPRA earnings and gross dividend per share (in EUR)



3.2. Balance sheet

On 31 December 2017, the **Fair Value of the real estate portfolio** stood at 287.40 MEUR, compared to 250.72 MEUR on 30 December 2016, an increase of 14.6%.

Overall, the portfolio was valued by the real estate appraiser at a **Gross portfolio yield** of 5.58%.

The **shareholder's equity**, excluding minority interests, grew by 9.7% from 122,78 MEUR on 30 December 2016 to 134.71 MEUR on 31 December 2017.

Given that the number of outstanding shares rose from 5,129,802 on 30 December 2016 to 5,665,822 on 31 December 2017, the **IFRS NAV per share** dropped by 0.7% from 23.93 EUR on 30 December 2016 to 23.78 EUR on 31 December 2017. The **EPRA NAV per share** dropped by 1.4% from 24.46 EUR to 24.12 EUR over the same period.

The **Debt ratio** increased from 49.76% on 30 December 2016 to 52.69% on 31 December 2017.

3.3. Financial structure

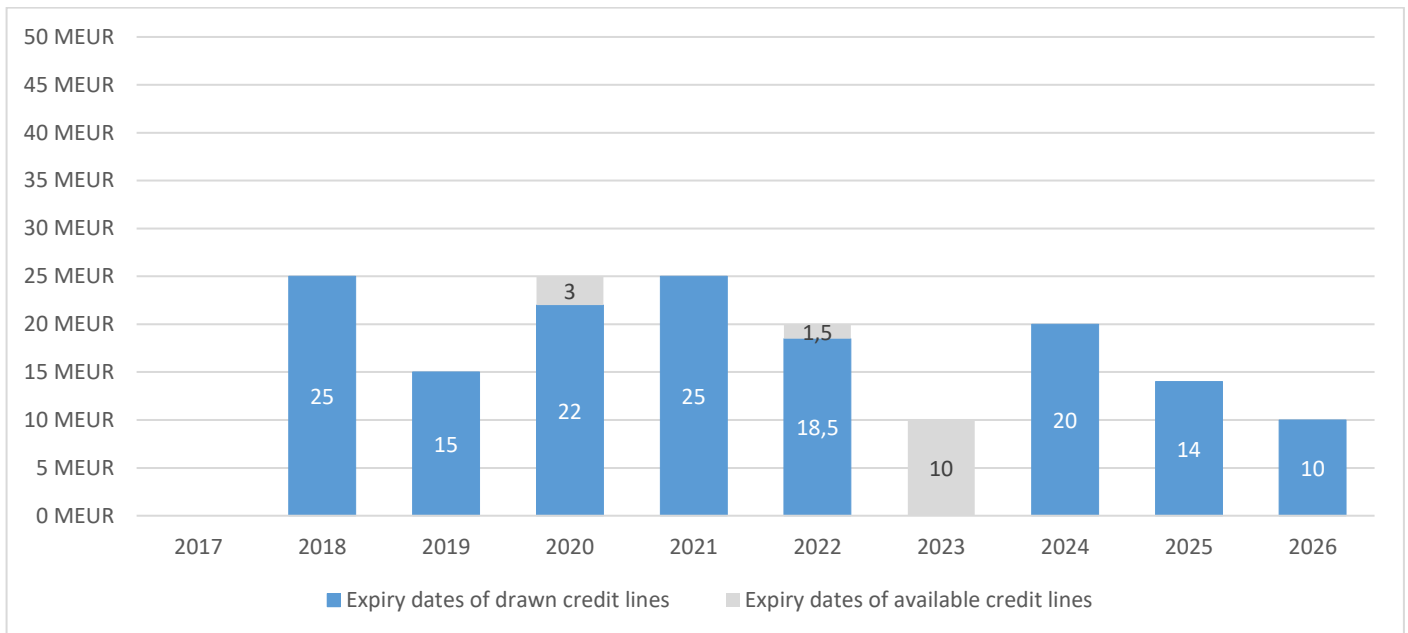
3.3.1. Composition of the debts

On 31 December 2017, Qrf City Retail had 149.5 MEUR financial debts. The financial debts consist exclusively out of bilateral credit lines from 7 financial institutions, with expiry dates that are well spread between 2018 and 2026, and a weighted average residual duration of 4.1 years.

At the end of 2017, Qrf City Retail disposes over 164.0 MEUR of credit lines. An amount of 14.5 MEUR of the credit lines is not drawn and available.

The Average cost of financing is 2.07% in 2017 (opposed to 2.29% in 2016).

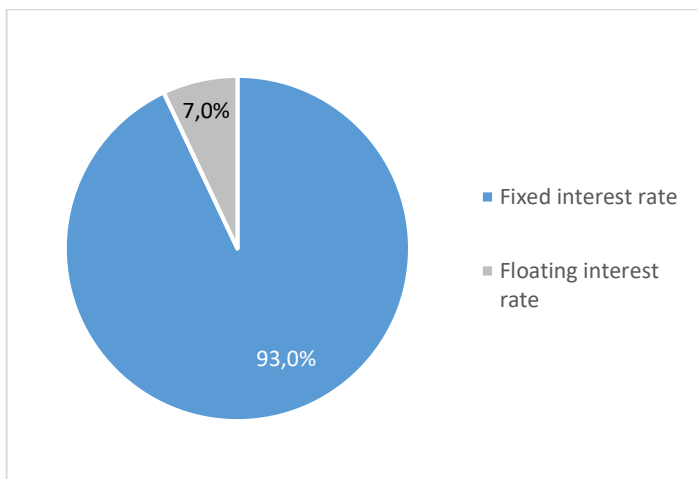
Due dates of the effective and non-effective lines of credit on 31 December 2017 (in MEUR)



3.3.2. Interest rate hedge

On 31 December 2017, the effective lines of credit had a fixed interest for 93.0% of the cases (for a sum amounting to 139 MEUR), for example by using Interest Rate Swaps as a hedge. The fixed interest rates have a weighted average residual term of 4.0 years.

Proportion of fixed and variable interest rate



The total value of the hedges on the closure date was negative for the amount of 1.81 MEUR, because of a decline of the interests after the closure of the hedges. The management of Qrf City Retail wishes to stress the fact that they want to protect the association against potential interest rises to the maximum.

4. Financial reporting - EPRA Gold Award

For the first time, in 2017 Qrf City Retail obtained 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 €430 billion in immovable assets (www.epra.com).



5. Outlook for 2018

Despite a challenging retail market, Qrf City Retail recorded solid results in 2017 for the fourth year in a row. The past years, a number of retailers in the market filed for bankruptcy. However, these recent events have had no significant effect on Qrf City Retail's results.

Qrf City Retail remains prudent about the retail property market because the retail sector is in the middle of a transition where consumer patterns are changing and digital and physical sales channels are looking for a new balance. Larger retail chains have invested heavily in online platforms in recent years and online sales and aftersales have been generating a larger share in the turnover. Retailers are still struggling with the profitability of their model. This leads to downward pressure on the rental prices.

Retail is one of the most innovative sectors and will undergo major changes in the coming years. We notice that more and more retailers realise that they engaged in an uneven struggle with electronic platforms which work with a different *business model*. Parties will enter into partnerships instead of working against each other. Two recent examples of these trends are the announcement of a partnership between H&M and Alibaba, and between Carrefour and Tencent. In our view, this creates opportunities for the retailer to refocus on the (profitable) core business, namely running a shopping and experience point with extra attention for customer-oriented staff.

We expect even more openings (or acquisitions) of physical shops by (previous) pure webshops. Brand creation can in essence be obtained only through physical channels and the shops will play a crucial role in the long-term feasibility of the last mile in logistics supply.

The added value of locations with customer experience will only gain in importance in the strategy of retailers. The urban environment has unique winning assets in terms of authenticity and experience that address this issue.

Qrf City Retail will continue to invest in quality properties in the Golden Mile of the most important shopping cities. In 2018, Qrf City Retail wants to divest a further part of its portfolio and actively seek opportunities within its own portfolio and in the market. From this perspective, Qrf City Retail sees 2018 as a year of *"rebalancing for future growth"*.

6. Financial calendar 2018

	Date
Publication Annual Financial Report 2017	13/04/2018
Publication of the Q1 update for 2018	09/05/2018
Annual General Meeting of Shareholders	15/05/2018
Dividend 2017 - Ex date	16/05/2018
Dividend 2017 - Record date	17/05/2018
Dividend 2017 - Payment date	18/05/2018
Publication of half-yearly results and half-yearly report for 2018	22/08/2018
Publication of Q3 update for 2018	14/11/2018

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 December 2017, the real estate portfolio consisted of 52 retail properties with a total Fair Value of more than 287 MEUR.

Qrf City Retail has been listed on Euronext Brussels (QRF:BB) since December 2013. At 31 December 2017, the company's market capitalisation was 138 MEUR.



Qrf City Retail won the EPR 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 the main sponsor of Retailer of the Year Belgium 2017, 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.

APPENDIX 1: FINANCIAL STATEMENTS ¹⁶

I. STATE OF THE CONSOLIDATED RESULT

A. Consolidated profit-and-loss statement

Figures in thousands EUR		31/12/2017 ¹⁷	30/12/2016
(+)	I. Rental income	14,949	13,614
(+)	II. Writebacks carried forward and discounted rents	0	0
(+/-)	III. Rental-related expenses	-10	-33
NET RENTAL INCOME		14,940	13,581
(+)	IV. Recovery of property charges	0	0
(+)	V. Recovery of rent charges and taxes normally borne by the tenant on the leased buildings	1,178	880
(-)	VI. Costs payable by tenants and borne by the landlord for rental damage and refurbishment at end of lease	0	0
(-)	VII. Charges and taxes normally payable by tenants on let properties	-1,213	-835
(+/-)	VIII. Other rental-related income and expenditure	0	0
PROPERTY RESULT		14.905	13.626
(-)	IX. Technical costs	-289	-310
(-)	X. Commercial costs	-155	-95
(-)	XI. Costs and taxes on un-let properties	-164	-119
(-)	XII. Real estate management costs	-546	-485
(-)	XIII. Other real estate charges	0	0
PROPERTY CHARGES		-1,155	-1,009
OPERATING PROPERTY RESULT		13,750	12,617
(-)	XIV. Corporate operating charges	-2,026	-2,099
(+/-)	XV. Other operating charges and income	1	8
OPERATING RESULT BEFORE RESULT ON THE PORTFOLIO		11,726	10,526
(+/-)	XVI. Result on disposal of investment properties	466	164
(+/-)	XVII. Result on disposal of other non-financial assets	0	0
(+/-)	XVIII. Changes in the Fair Value of investment properties	-4,071	209
(+/-)	XIX. Other result on the portfolio	0	0
PORTFOLIO RESULT		-3,605	373
OPERATING RESULT		8,120	10,899
(+)	XX. Financial income	10	9
(-)	XXI. Net interest costs	-2,902	-2,604
(-)	XXII. Other financial costs	-100	-127
(+/-)	XXIII. Changes in the Fair Value of financial assets and liabilities	40	0
FINANCIAL RESULT		-2,952	-2,722

¹⁶ Basic assumptions concerning the figures 31 December 2017: The financial information regarding the period ending at 31 December 2017 is drafted in accordance with International Financial Reporting Standards (IFRS), as these have been accepted and set by the European Commission. This financial report has to be read together with the financial report on the financial year ending on 31 December 2017. The published numbers in this report are consolidated numbers; in conformity to the relevant legislation, holdings and subsidiaries have been consolidated.

¹⁷ The Extraordinary General Meeting of Shareholders of 6 June 2017 decided to extend the closing date of the financial year from 30 December to 31 December of each year.

(+)	XXIV. Share in the result of associated corporations and joint ventures	0	0
PRE-TAX RESULT		5,169	8,177
(+/-)	XXV. Corporate tax	-412	-407
(+/-)	XXVI. Exit tax	0	0
TAXES		-412	-407
NET RESULT		4,756	7,769
Attributable to:			
Shareholders of the group		4,766	7,782
Minority interests		-10	-12
Components of the Net result – Group shareholders:			
NET RESULT (GROUP SHARE)		4,766	7,782
Adjustment for result on portfolio		3,605	-373
Adjustment for changes in the Fair Value of financiële assets and liabilities		-40	0
EPRA EARNINGS *		8,332	7,409

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

B. Statement of other comprehensive income

Figures in thousands EUR	31/12/2017	30/12/2016
I. NET RESULT	4,756	7,769
II. OTHER ELEMENTS OF THE OVERALL RESULT RECYCLABLE IN PROFIT-AND-LOSS STATEMENT	0	-508
(+/-) B. Variations on the effective part of the Fair Value of allowed hedges of the cash flow as defined in IFRS	0	-508
OVERALL RESULT	4,756	7,262
Attributable to:		
Group shareholders	4,766	7,274
Minority interests	-10	-12

II. RESULT PER SHARE

Figures in EUR	31/12/2017	30/12/2016
Number of ordinary shares in circulation at the end of the period	5,665,822	5,129,802
Weighted average number of shares during the period ¹⁸	5,224,997	4,653,684
NET PROFIT PER ORDINARY SHARE – GROUP SHARE (in EUR)	0.91	1.67
DILUTED NET RESULT PER SHARE – GROUP SHARE (in EUR)	0.91	1.67

¹⁸ Shares are being counted from the moment of issue. The issue moment differs in this case from the moment of profit. In total, 5,129,802 shares are entitled to the dividend of financial year 2017.

III. CONSOLIDATED BALANCE SHEET
A. Assets

Figures in thousands EUR		31/12/2017	30/12/2016
ASSETS			
I. FIXED ASSETS		287,452	250,749
A	Goodwill	0	0
B	Intangible fixed assets	0	0
C	Property investments	287,404	250,724
D	Other tangible fixed assets	49	25
E	Financial fixed assets	0	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		3,870	7,943
A	Assets intended for sale	0	0
B	Current financial assets	0	0
C	Finance leasing receivables	0	0
D	Trade receivables	629	660
E	Tax receivables and other current assets	513	172
F	Cash and cash equivalents	2,577	7,005
G	Accruals – assets	152	107
TOTAL ASSETS		291,322	258,692

B. Liabilities

Figures in thousands EUR		31/12/2017	30/12/2016
LIABILITIES			
SHAREHOLDERS' EQUITY		134,978	123,053
I.	Equity capital attributable to the shareholders of the parent company	134,710	122,776
A	Capital	131,572	119,151
	<i>Subscribed capital</i>	131,724	119,261
	<i>Costs of capital increases</i>	-152	-110
B	Issue premiums	1,496	1,459
C	Reserves	-3,124	-5,616
D	Net result for the financial year	4,766	7,782
II.	Minority interests	267	277
LIABILITIES		156,344	135,639
I.	Non-current liabilities	126,456	126,607
A	Provisions	0	0
B	Non-current financial debts	124,434	119,907
	<i>Credit institutions</i>	124,434	119,907
	<i>Financial leasing</i>	0	0
	<i>Other</i>	0	0
C	Other non-current financial liabilities	1,639	2,571
D	Trade debts and other non-current debts	0	0
E	Other non-current liabilities	113	80
F	Deferred taxes – liabilities	270	4,050
	<i>Exit tax</i>	0	3,780
	<i>Other</i>	270	270
II.	Short-term liabilities	29,888	9,032
A	Provisions	0	0
B	Short-term financial debts	24,994	0
	<i>Credit institutions</i>	24,994	0
	<i>Financial Leasing</i>	0	0
	<i>Other</i>	0	0
C	Other short-term financial liabilities	174	0
D	Trade debts and other short-term debts	2,640	7,419
	<i>Exit tax</i>	0	4,631
	<i>Other</i>	2,640	2,788
E	Other short-term liabilities	1,327	1,327
F	Accruals - liabilities	753	286
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		291,322	258,692

IV. CONSOLIDATED CASH FLOW STATEMENT

Figures in thousands EUR	31/12/2017	30/12/2016
CASH AND CASH EQUIVALENTS AT START OF PERIOD	7,005	3,600
1. Cash flow from business activities	1,115	5,189
Net result	4,756	7,769
Unpaid interests and bank charges	103	-59
Adjustment of the result for non cash-flow transaction	4,504	494
- Depreciation of activated financing costs	34	54
- Depreciation of intangible and other material fixed assets	23	19
- Result of the sale of real estate investments	-466	-164
- Increase/decrease of the provisions (+/-)	883	795
- Variation in the Fair Value of real estate investments and development property	4,071	-210
- Variation in the Fair Value of financial assets and liabilities	-40	0
Variations in the working capital requirement	-8,248	-3,009
Movement of assets:	0	91
- Trade receivables	31	32
- Tax receivables and other current assets	14	55
- Accruals	-45	3
Movement of liabilities:	-8,248	-3,100
- Other short-term financial liabilities	0	0
- Provisions	0	0
- Other non-current liabilities	33	0
- Deferred taxes – liabilities	0	0
- Trade debts and other short-term debts	-8,280	-2,526
- Other short-term liabilities (incl. tax debts)	0	-446
- Accruals	0	-128
2. Cashflow from investment activities	-28,982	6,476
Acquisitions of intangible and other tangible fixed assets	-46	-13
Acquisitions of shares in real estate companies	0	2,412
Acquisitions of project developments	0	0
Acquisitions of real estate	-32,980	-308
Investments in existing real estate investments	-1,573	-139
Investments in project developments	0	0
Investments in assets intended for sale	0	0
Activated financing costs	0	0
Acquisition of assets with deferred payment	0	0
Income from the sale of real estate investments	5,617	4,524
Income from the sale of other investments	0	0
Income from the sale of other non-financial fixed assets	0	0
Investments in real estate	0	0
Revenues from non-current trade receivables and other fixed assets	0	0
Bank interest received	0	0
3. Cashflow from financing activities	23,439	-8,266
Repayment of loans	-6,500	-18,663
Drawdown of loans	36,000	15,000
Income from the issue of convertible bonds	0	0
Income from the issue of shares	0	0
Costs related to capital increase	-41	-28
Interest payments on loans	0	0
Payment of dividends	-6,007	-4,575
Payment of transaction costs	-13	0
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,577	7,005

APPENDIX 2: ALTERNATIVE PERFORMANCE MEASURES (APM)

The European Securities and Markets Authority (ESMA) has published regulations that are applicable from the 3rd of July 2016 for the use and explanation of alternative performance measures.

Alternative performance measures are measures used by Qrf City Retail in presenting its financial results that are not defined by law or in the *International Financial Reporting Standards* (IFRS).

Below, there is an overview of the alternative performance measures that are used in this press release and their reconciliation.

EPRA NAV: Net Asset Value according to the *Best Practice Recommendations* of EPRA.

This is the Net Asset Value adjusted to include properties and other investment interests at Fair Value and to exclude certain items not expected to crystallise in a long-term investment property business model.

Figures in thousands EUR		31/12/2017	30/12/2016
IFRS NAV (group shareholders)		134 710	122 776
(iv)	Fair Value of financial instruments	1 813	2 571
(v.a)	Deferred tax	270	270
	Minority interests with regards to deferred tax	-132	-132
EPRA NAV		136 661	125 484
	Number of shares	5 665 822	5 129 802
EPRA NAV per share (in EUR)		24.12	24.46

EPRA earnings: Net result (group share) with exclusion from the portfolio result and the variations on the Fair Value of the non-effective interest hedges. This term is used in accordance to the *Best Practice Recommendation* of EPRA.

Figures in thousands EUR		31/12/2017	30/12/2016
IFRS result (group share)		4 766	7 782
(i)	Changes in the Fair Value of real estate investments	4 071	-209
(ii)	Profit or loss on the sale of real estate investments	-466	-164
(vi)	Changes in the Fair Value of financial instruments	-40	0
EPRA earnings		8 332	7 409
Weighted average number of shares		5 224 977	4 653 684
EPRA earnings per share (in EUR)		1.59	1.59

Average cost of financing: This is the average cost of the outstanding financial debts over the period. This is calculated by dividing the “Net interest costs” on an annual basis by the average amount of outstanding debt.

Figures in thousands EUR	31/12/2017	30/12/2016
XXI. Net interest costs	2 902	2 604
Weighted average amount of financial debt during the period	140 464	113 822
Average cost of financing	2.07%	2.29%

Operating margin: This APM measures the operating performance of the company as a percentage of the rental income and is calculated by dividing the “Operating result before result on the portfolio” by the “Net rental income”.

Figures in thousands EUR	31/12/2017	30/12/2016
Operating result before the result on the portfolio	11 726	10 526
Net rental income	14 940	13 581
Operating margin	78.49%	77.51%