ANNUAL REPORT
2017

Qrf cityretail

Qrf City Retail

Annual Report 2017

This annual financial report of Qrf Comm. VA (hereinafter indicated as "Qrf", "Qrf City Retail" or the "Company") is a registration document within the meaning of Article 28 of the Act of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market.

The Dutch version was approved by the FSMA, pursuant to Article 23 of the aforementioned act, on 10 April 2018. The approval of the registration document by the FMSA does not imply any judgement on the condition of the Company.

Qrf City Retail has opted for Dutch as the official language whereby the annual financial report in Dutch has probative value.

The French[1] and English versions are translations of the Dutch[2] original. The annual financial report was translated under the responsibility of Qrf City Retail.

Chapters 3, 4, 5 and 11 of this annual financial report constitute the annual report within the meaning of Article 96 and Article 119 of the Companies Code.

Cover photo: Meir – Antwerp Resized – Jasper Léonard

1 Ce rapport financier annuel est également disponible en français.
2 Dit financieel jaarverslag is ook beschikbaar in het Nederlands.

Antwerp
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Table of Contents

1 Risk factors

Ostend
Adolf Buylstraat 36

1 Risk factors

The Executive Management and the Board of Directors of Qrf City Retail are aware of the specific risks associated with the management of a property portfolio. They endeavour to manage and, where possible, to limit such risks in optimal fashion.

An overview of the most important risks confronting the company is given below, together with the possible impact on the company and the measures taken to limit and manage risks and their impact.

The first column of the risk matrix below names the risk factor. The second column describes the possible impact of the risk. Finally, the third column provides an overview of the measures that Qrf City Retail considers to limit and manage the risk as adequately as possible.

MARKET RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
General downturn of the economic conjuncture	1. Decline of rent levels upon reletting or possible requests for rent discounts or reductions.	Focus on properties within the *Golden Mile*[1] of their catchment area so that the decline in value and vacancy rate can be limited to some degree. (1, 2, 3)
	2. Decline of the Fair Value of investment properties and consequently of equity and the net asset value.	Geographic spread of the property portfolio.[2] (1, 2, 3)
	3. Chance of the risks described below materializing as a direct or indirect consequence of the economic downturn.	Continuous monitoring of the strategic, operational, financial and compliance risks to keep track of the results and the financial situation. (3)
		Development and utilization of market knowledge. (1, 2, 3)

1 Cf. Chapter 6.4 for further details.
2 Cf. Chapter 9.1.1 for more information on the geographic spread of the portfolio.

MARKET RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
General downturn in the retail sector or a specific subsector with a negative impact on the financial capacity of tenants of retail premises	1. Possible bankruptcy of tenants.	Permanent contacts with the leading brokerage firms in commercial real estate and the (expansion) managers of major chains active in the Belgian and Dutch market. (2, 3)
	2. Possible decline of the net rental income attributable to a rise in non-payments or a decline of the collection rate.	Qualitative and professional tenants, mainly national and international chains, where the risk of bankruptcy and non-payment is lower than in shops run by self-employed persons. (1, 2)
	3. Increase in the vacancy rate[3] owing to the inability to find candidate tenants or (re)letting at a lower rent than the existing situation.	Diversification of the tenant portfolio at sector level, thereby limiting the impact of sector-based results. (1, 2, 3)
		Limiting the share of one tenant in the overall rental income and, insofar as possible, the spreading of rental income per tenant over various properties.[4] (1, 2)
		Active monitoring of the tenant base and collection. Concluding rent guarantees where possible, as well as allocating an annual provision for doubtful debtors. (2)
		Clear collection procedure which provides in particular for correct payment of the rent in advance, as well as a correct monitoring of rent guarantees, as stipulated in the lease.[5] (1, 2)
		Conducting external credit risk analyses on customers before they are accepted. Regular contacts with tenants to get an idea of how they adjust to the changed economic context in particular with more e-commerce and the experience aspects, which is gaining in importance for retail. (1, 2)
		Using direct debit for receivable rental income as much as possible. (2)
General decline of the financial capacity of tenants who rent other real estate[6] than retail premises	1. Possible increase in non-payments and a decline in the collection rate.	Limiting the share of "other real estate" in the portfolio.[7] (1, 2)
	2. Increase in the vacancy rate owing to the inability to find candidate tenants or (re)letting at a lower rent than the existing situation.	

3 An increase in the vacancy rate can (in the long run) lead to a decline in the Fair Value of the investment properties. An increase in the vacancy rate can also lead to a decline in the rental income. Cf. Operational risks for further possible impact by the vacancy rate.
4 Cf. Chapter 9.1.1 for more information on the spreading of the portfolio among tenants.
5 In principle, tenants have to provide a rent guarantee in the form of a bank guarantee of three to six months' rent.
6 Non-retail premises such as residential properties or offices.
7 On 31 December 2017, the Contractual Rent was generated (rounded off) as follows: 96% from retail premises, 2% from parking facilities (linked to commercial activities), and 2% from other categories such as residential properties and offices.

MARKET RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Declining or insufficient demand for retail premises or retail premises within the *Golden Mile* on the rental market or the investment market	1. Decline in the Fair Value of the real estate and, as a result, in the net asset value also.	Active management of the properties, in cooperation with the tenants, cities and stakeholders, to maintain the value per property and the attraction of the location. (1, 2, 4)
	2. Increase in vacancy rate owing to the inability to find (candidate) tenants or (re)letting at a lower rent than the existing situation.	Diversification of the real estate portfolio, in geographic terms and per type of property, with focus on properties within the *Golden Mile* of their catchment areas, on the assumption that these locations are very attractive. (1, 2, 4)
	3. As a result of not finding (candidate) tenants: missing out on rental agreement.	Active cooperation with real estate brokers and utilization of modern ICT tools to increase visibility and to measure the appeal per property. (2, 4)
	4. Not being able to sell real estate for strategic or diversification reasons.	Active cooperation with regional and large cities and interest in taking part in urban projects to bring down the vacancy rate so as to keep the visibility and value of properties intact. (1, 2, 3, 4)
		Clear investment and maintenance criteria with attention for the structural functionality and quality of the properties. (1, 2, 3, 4)
		Planning a temporary occupation of the property in the form of pop-ups, marketing actions or other forms of occupation. (1, 2, 3)
Deflation risk	1. Decline in consumption owing to consumer speculation on further reductions of prices where the turnover of the tenant retailer drops.	Quality and professional tenants, primarily national and international chains, where the risk of bankruptcy and non-payment is lower. (1)
	2. Possible decline of rental income due to negative indexing.	Maintaining, insofar as feasible, the indexing option in the leases exclusively for the lessor, so that a negative indexing can be avoided. (2)
Inflation risk	1. Increase of financing costs due to a rise in interest rates.	Hedging against such fluctuations through derivatives (such as *Interest Rate Swaps*).[8] (1)
	2. Increasing discrepancy between the actual rent collected and the ERV[9].	Providing indexing clauses in leases as a standard. (2)
Volatility of the short- and/or long-term interest rates on the (international) financial market	1. Increase of the net interest costs.	Diversifying the different sources of capital. (1, 2, 3)
	2. Fluctuations in the value or revaluation of the financial instruments.[10]	Sufficient number of financial partners and, insofar as possible, checking the financial rating of the credit institutions, and setting high requirements thereupon. (1, 3)
	3. As a result of 1 or 2: possible decline in the net asset value and an increase of the Debt ratio.	Hedging against fluctuations in interest rates through derivatives (such as *Interest Rate Swaps*). (1, 3)

8 Cf. Chapter 4.3.2 for further details.
9 *Estimated Rental Value* (cf. Glossary).
10 Cf. also “Risk when using (complex) derivatives (e.g. IRS)” under “Financial Risks”.

MARKET RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Volatility and uncertainty on the (international) financial markets	1. Limited possibilities to attract new capital in the form of equity or loan capital.	Expanding solid long-term relations with investors and credit institutions whereby dialogue can take place on a regular basis. (1, 2, 3)
	2. An ensuing increase in the Debt ratio and a limitation of growth possibilities.	Systematic and effective communication on the financial outlook to all stakeholders concerned. (1, 2, 3)
	3. Volatility in share prices.	Application and compliance with the RREC legislation. (3)
		Endeavouring to maintain a sufficient level of available lines of credit.[11] (2)
(Inter)(national) political instability, the splitting up, exit of countries, the disappearance of the monetary union (or consequences of speculation thereon) or terrorist threat	1. Increase of financing costs due to a rise in interest rates.	Focus on the retail property market in politically stable and safe countries with a relatively long history of open trade relations. (1, 2, 3)
	2. Potential increase of customs costs or international transport costs whereby omni-channel retail entails a higher cost burden for tenant-retailers.	
	3. Decrease in the number of passers-by in shopping streets due to a wait-and-see attitude towards consumption.	

11 Cf. Chapter 4.3.1 for further details.

OPERATIONAL RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Risks of (complex) real estate or share transactions where strategic, economic, fiscal or legal aspects are assessed wrongly or not completely	1. Impacted by certain concealed economic, fiscal and legal deficiencies or inconsistencies that might arise.	Comprehensive fiscal, accounting, legal and technical *Due Diligence* in cooperation with external advisors. (1, 2, 3)
	2. The acquisition of properties which, if correctly assessed, would not have withstood the test against the investment criteria.	Comprehensive analysis and formal approval procedure for the acquisition by the investment committee and the Board of Directors. (1, 2, 3)
	3. Expected return not attained.	Spreading of the real estate portfolio as provided in the RREC legislation[12] to limit the impact of risks of one property as a whole in the portfolio. (1, 2, 3)
Sub optimal strategic and investment choices	1. Expected return not attained.	Defining (and assessing on a regular basis) a clear investment strategy with a long-term vision and effective management of the capital structure, where each investment is tested against pre-established investment criteria. (1, 2, 3, 4)
	2. Reduction in the stability of the income stream and a decline of income potential.	Monitoring changes in economic, real estate and regulatory trends (in particular as regards taxation law, companies law, regulation concerning RREC status, etc.). (2, 3, 4)
	3. The real estate portfolio is not adapted to the market demand, leading to potential rental vacancy.	An experienced management team and supervision by the Board of Directors. (3, 4)
	4. Revision of the company's risk profile.	Appointing an independent real estate expert who provides information on the expected real estate yield and the long-term rental income level for the property concerned (on the basis of recent similar market transactions), as well as a quarterly valuation of the real estate portfolio by an independent real estate expert. (1, 2, 3, 4, 5)
	5. Decline in the Occupancy rate.	Requiring, where possible or expedient, a rent guarantee from sellers to compensate for any vacancy and thus guarantee cash flows for a certain period.
Regulatory, technical, budgetary and financial setbacks when (re) developing or renovating for one's own account	1. Inability to develop or renovate a project because the required permits were not obtained.	An experienced management team and supervision by the Board of Directors. (1, 2, 3, 4, 5, 6)
	2. Loss of income.	Intention to cultivate a good relationship and communication with governmental authorities and regional stakeholders.(1, 6)
	3. Material overrun of the estimated budget and costs.	Supervision and cooperation with the Property Manager and external advisors on the monitoring of such projects. (1, 2, 3, 4, 5)
	4. Result cannot withstand the test of desired structural and technical quality.	If necessary, calling on specialized consultants. (1, 3, 4)
	5. Expected return not obtained.	Although it can engage in development for its own account, this is not the organization's core activity. (1, 2, 3, 4, 5, 6)
	6. Risk of frictional or structural vacancy.	

12 Pursuant to Article 30. § 1, 1° and 2° of the RREC Act, without prejudice to Article 29, no transaction carried out by a public regulated real estate company may lead to more than 20% of its consolidated assets in real estate being invested in one property as a whole or this percentage being exceeded further, if it already amounts to more than 20%, irrespective of the cause of the original overrun of this percentage in the latter case.

OPERATIONAL RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Ageing of the properties	1. Rising maintenance costs.	Annual plan and budget drawn up for the structural maintenance and renovation of the portfolio. (1, 2, 3)
	2. Declining Occupancy rate.	Sale of certain properties which are no longer in line with the investment strategy, so as to maintain the Occupancy rate of the portfolio in the event of (impending) vacancy.[13] (2)
	3. Reduced appeal for tenants and therefore missed or reduced rental income.	Focus on properties within the *Golden Mile* of their catchment area, assuming that the appeal of these locations remains guaranteed. (2, 3)
		Regular testing of the afore-discussed strategy (focus on the *Golden Mile*) and the set criteria to ascertain whether the appeal of these locations meets the stated expectations. (2, 3)
		Strict internal coordination by management, as well as monitoring in cooperation with the Property Manager. (1, 2, 3)
Buildings destroyed fully or partially by force majeure	1. Loss of construction value of assets.	Qrf City Retail has taken out the customary insurance coverage for a total of ca. 133 MEUR on 31 December 2017, which covers the destruction risk in most cases. The portfolio's insured value is based on the estimated new built value, i.e. the cost for the reconstruction of the building as new, including the architects' fees and VAT. This amount represents ca. 46% of the Fair Value of the investment properties on 31 December 2017. (1)
	2. Potential (temporary) loss or reduction of rental income and tenant turnover.	The value of the inner-city retail premises is largely location based. (1)
	3. Building can no longer be used.	Using the long-term tenant relationship for relocation or temporary solution. (2)
		Insurance for rental loss due to the full or partial destruction of the building. Qrf City Retail has taken out insurance that covers the estimated rent for a period of 3 years maximum. (2)
Buildings destroyed fully or partially by terror attack	1. Loss of construction value of assets.	The general coverage of Qrf City Retail provides for limited protection against terror. Since 1 January 2016, Qrf City Retail has covered its insurance with a specific "terrorist threat" clause for certain specific properties in the portfolio. (1)
	2. Potential (temporary) loss or reduction of rental income and tenant turnover.	
	3. Building can no longer be used.	
	4. Increase in maintenance costs.	

13 Cf. Chapter 9.1.2 for a discussion of the Occupancy rate.

OPERATIONAL RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Vacancy risk	1. Decline in the Occupancy rate.	Focus on properties within the *Golden Mile* of their catchment area, assuming that the appeal of these locations remains guaranteed. (1, 2, 3, 4)
	2. Decline in the Fair Value of the real estate and, as a result, in the net asset value also.	Active management of the properties, in cooperation with the tenants, cities and stakeholders to maintain the value per property and the attraction of the location. (1, 2, 3, 4)
	3. Missing out on rental income and a possible downward revision of the ERV.	Planning a temporary occupation of the property in the form of pop-ups, marketing actions or other forms of occupation. (1, 2, 3, 4)
	4. Increase in the unforeseen or normal costs to be passed on such as (but not limited to) advance levy on income derived from real estate, vacancy tax, commercial costs for reletting, etc.	Active cooperation with regional and large cities and interest in taking part in urban projects to bring down the vacancy rate so as to keep the visibility and value of properties intact, and in certain cases, where so provided by the legislation, to obtain an exemption to the vacancy tax. (1, 2, 3, 4)
		Active cooperation with real estate brokers and utilization of modern ICT tools to increase visibility and to measure the appeal per property so as to be able to capitalize thereon. (1, 2, 3, 4)
		Spreading of the real estate portfolio as provided in the RREC legislation to limit the impact of risks of one property as a whole in the portfolio, and the consequences thereof. (1, 2, 3, 4)
Negative revaluation of the real estate portfolio	1. Decline of the net result.	An investment strategy geared to high quality real estate within the *Golden Mile*, ideally with growth potential. (1, 2, 3)
	2. Impact on the capacity to pay out a dividend if the negative value of the accumulated changes exceeds the payable reserves.	A well-diversified portfolio. (1, 2, 3)
	3. Increase of the Debt ratio.	A clearly defined and prudent managed capital structure. The intent not to let the consolidated Debt ratio rise above 55%, considerably below the legal maximum of 65%. (1, 2, 3)
Concentration risk of tenants and properties	1. Material decline of rental income in case of departure, bankruptcy or drop in collection concerning a tenant.	Risk spreading via diversification of generated revenues per tenant, in compliance with the relevant legal provisions.[14] (1, 2)
	2. Material decline in the Fair Value of the real estate.	Spreading of the real estate portfolio as provided in the RREC legislation[15] to limit the impact of risks of one property as a whole in the portfolio, and the consequences thereof. (1, 2)

14 The two most important tenants of Qrf City Retail are H&M, who (spread over 5 locations) represents 16,2% of the Contractual rents on an annual basis, followed by Galleria Inno, representing 10,3% of the Contractual rents on an annual basis. For more information in respect to tenant concentration risk, reference is made to pages 101 and 102 (with inclusion of footnote 2) in Chapter 9 of this report.

15 Pursuant to Article 30. § 1, 1° and 2° of the RREC Act, without prejudice to Article 29, no transaction carried out by a public regulated real estate company may lead to more than 20% of its consolidated assets in real estate being invested in one property as a whole or this percentage being exceeded further, if it already amounts to more than 20%, irrespective of the cause of the original overrun of this percentage in the latter case.

OPERATIONAL RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Early termination or non-renewal of the contract	1. Chance of vacancy with a decline in the Occupancy rate as a result.	If possible, call on rent sureties or rent guaranties. (1, 2, 3)
	2. Reduction of rental income.	Continuing canvassing for new or alternative tenants. (1, 2, 3)
	3. Increase in the unforeseen or normal costs to be passed on such as (but not limited to) advance levy on income derived from real estate, vacancy tax, commercial costs for reletting, etc.	Assertion of contractual rights. (1, 2, 3)
Developments and trends with strong potential impact on the retail or real estate sector in general	1. Sudden disruption of the retail real estate market, for example by e-commerce, strengthening the impact, chance or speed of the other risks.	The Executive Management of Qrf City Retail tries to stay informed of the latest trends and (technological) evolutions in the retail and real estate sector, for example by maintaining regular contacts with retailers and sector specialists, conducting market studies, and monitoring of literature and seminars.
Destruction or defect of operating equipment	1. Loss of documentation and contact data.	Comprehensive, independent ICT and CRM storage system. (1, 2)
	2. Loss of know-how in the organization.	Back-ups on a regular basis. (1, 2)
Staff turnover	1. Negative impact on existing business relations.	Active monitoring of staff satisfaction. (1, 3)
	2. Loss of forcefulness in the management decision-making process.	Clear and consistent procedures to guarantee continuity. (1, 2, 3)
	3. Loss of know-how in the organization.	Team work is put centre stage to avoid that a single individual is responsible for a concentration of important and strategic tasks. (2, 3)
		Market-based staff remuneration. (1, 2, 3)
Interruption of the continuity in Risk and Compliance Management due to force majeure[16]	1. Temporarily enhanced chance that risks will materialize.	Internal training to teach the staff the principles of Compliance and Risk Management and in so doing support the continuity thereof. (1)
		An experienced management team and internal supervision by the Board of Directors. (1)
External service providers do not comply correctly with the service agreement	1. Possible negative effect on income and cost streams, efficiency of the organization and the overall reputation of the company.	Audit of the activities of important suppliers and providers of services on the basis of clear KPIs[17] with an obligation of results where possible. (1)
		Possibility to put an end to the service agreement in the event of gross negligence or fraud. (1)

16 In view of the fact that the Risk Manager and the Compliance Officer have to be natural persons, continuity in Risk and Compliance Management could be impaired in the event of force majeure (e.g. illness, death, etc.), taking account of the period needed to replace the person in question.

17 KPIs (i.e. *Key Performance Indicators*) are measurable criteria used by Qrf City Retail as a basis for assessing the quality of the service.

FINANCIAL RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Counterparty risk – *Possible solvency risk of financial or banking counterparties/partners*	1. Loss of deposits.	Sufficient number of different financial partners, and especially ascertaining and comparing the financial ratings of the credit institutions, if possible. (1, 2, 3, 4)
	2. Higher or unforeseen (financial) costs.	Striving to maintain sufficient availability margins on confirmed lines of credit. For more information on the financing policy, cf. chapters 3.4.1 and 6.4.1.4 of the annual report. (3, 4)
	3. Cancellation or termination of existing lines of credits or *Interest Rate Swaps* (IRS) and thus a (temporary) limitation of financial resources.	
	4. Negative impact on the income.	
Liquidity risk – *unavailability of sufficient (financial) resources to meet direct obligations*	1. Inability to achieve growth/acquisitions.	Maintaining sufficient lines of credit available to finance foreseen outlays and planned investments. (1, 2, 3, 4, 5)
	2. Reduction in the profitability of acquisition as a result of an increased financing cost.	Expanding solid long-term relations with investors and credit institutions. (1, 2, 3, 4, 5)
	3. Force sale of (strategically expedient) real estate (whether or not at a price lower than the Fair Value).	Active monitoring of cash flows, pool of tenants and collection. The conclusion of rent guarantees, insofar as necessary, and provisions for doubtful debtors. (1, 2)
	4. Unforeseen increase of the Debt ratio owing to temporary non-payment, which results in an increased solvency ratio.	Monitoring of the operational risk and clear real estate policy. (5)
	5. Contractual (repair) obligations incumbent upon tenants that cannot be fulfilled (in time), which can result in claims for compensation.	
Solvency risk – *incapacity to meet obligations in the long term*	1. Bankruptcy.	Quarterly valuation of the real estate portfolio by an independent real estate expert. (1)
	2. Proportionally increasing Debt ratio.	Striving in the (medium) long term for a consolidated Debt ratio of 55% maximum, considerably lower than the legal maximum of 65%. (2)
Exchange rate risk	1. Decline of income.	Conducting activities within the European Monetary Union. (1, 2)
	2. Decline in the value of the investments.	
Risk when using (complex) derivatives (e.g. IRS)	1. Decline in equity.	
	2. Decline in the net result and the EPRA earnings.	In particular, checking and comparing the financial ratings of financial institutions and setting high requirements in that respect. (1, 2)
	3. If the interest rates were to drop, the interest rate hedges could lead to a higher market interest rate having to be paid. Furthermore, this situation can lead to a situation where the Market value of the hedge instruments becomes highly negative. This can have a negative impact on the income statement.	Cooperation with professional and reputable financial institutions and intermediaries who can provide the right advice and support for derivatives. (1, 2)

FINANCIAL RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Dividend risk – *Lower than expected or no divided (yield) for the shareholder*	1. Decline of the share price.	Development of solid long-term relations with investors and financial institutions whereby a dialogue can take place on a regular basis (1, 2, 3)
	2. General decline of confidence in the share or the company.	At least 80% of the corrected positive net result, less the net drop in the debt burden in the course of the financial year, must be paid out as compensation of the capital.[18] (1, 2, 3)
	3. An ensuing higher risk for other financial risks.	

REGULATORY RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Not (being able to) comply with the legislation applicable on Regulated Real Estate Companies or changes in the legislation applicable in future	1. Change of status to an ordinary real estate company or an AIF with possible loss of fiscally transparent status as a result. Furthermore, this could have possible implications on the cost structure of the company as well as accelerated due payment of financial debts.	Continuous assessment of changes relating to legal requirements and compliance therewith, supported by external, specialized advisors and advice gathering from sector bodies. (1, 2, 3)
	2. A possible impact on reporting, capital requirements, use of derivatives, credit agreements and general operational organization of the company. As a result thereof, impact on the obtained yield and results and possibly the valuation.	An experienced management team and supervision by the Board of Directors to comply with the relevant legislation. (1, 2, 3)
	3. Sanctions and/or enhanced supervision of the FSMA if certain legal (financial) parameters are not met.	
Changes in international financial reporting standards (IFRS)	1. Impact on reporting, capital requirements, use of derivatives and the organization of the company.	Continuous assessment of changes relating to legal standards, assisted by external, specialized advisors and advice gathering from industrial bodies. (1,2)
	2. Direct and indirect impact on the real estate valuation as well as on the operational activities.	An experienced management team and supervision by the Board of Directors to comply with the relevant legislation, as well as to coordinate and assess the strategy depending on the specific impact. (1, 2)
Change of the tax regulation or interpretation thereof by the administration or the courts[19]	1. Possible impact on prices for the purchase and sale of real estate.	Ongoing assessment of changes relating to legal requirements and compliance therewith, assisted by external, specialized advisors. (1, 2)
	2. As a result thereof, possible impact on the valuation and consequently on the net asset value and profitability.	
Changes in various legislation	1. Must comply with legislation with adverse implications for the Company and/or its stakeholders.	Staying constantly abreast of new legislation by attending seminars, assistance by specialists and self-study. (2, 6)
	2. Not prepared for or estimate wrongly the impact of the practical application of the new legislation.	An experienced management team and supervision by the Board of Directors to comply with the relevant legislation and to coordinate and assess the strategy depending on the specific impact. (1, 2, 3, 4, 5)
	3. Impact on the purchase and sale prices of immoveable properties.	
	4. Reduction of yield and consequently of the appeal of the share.	
	5. Decline in the Fair Value of the real estate portfolio.	

19 Cf. in particular as to Circular Ci.RH.423/567.729 of 23 December 2004 of the Belgian Ministry of Finance concerning the calculation of the exit tax. This determines in particular the actual value of the properties which is used to calculate the basis of the exit tax, is determined by the registration duties or the VAT to be taken into account which would be applied for a sale of the properties in question. This value may differ from the Fair Value of those assets as determined for IFRS purposes in the finance statements.

REGULATORY RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Change of the legislation on town and country planning or the environment	1. Increase in operating costs.	Staying constantly abreast of new legislation by attending seminars, assistance by specialists and self-study. (1, 2, 3, 4, 5)
	2. Expansion of the surface areas or volume boundaries on the basis whereof legal provisions apply to a property.	An experienced management team and supervision by the Board of Directors to comply with the relevant legislation and to coordinate and assess the strategy depending on the specific impact. (1, 2, 3, 4, 5)
	3. Ensuing from 2: falling under (a section of) legislation where no compliance was required previously, resulting in reduced appeal for the property.	Building up and maintaining a good relationship and communication with the governmental authorities and regional stakeholders. (1, 2, 3, 4, 5)
	4. Decline of the Occupancy rate.	
	5. Decline of the Fair Value of the investment properties.	

THIRD-PARTY RISKS

RISK FACTOR	POSSIBLE IMPACT	LIMITING FACTORS AND ACTIONS
Conflict of interest with affiliated companies or parties.	1. Adverse decisions.	Sound integrity policy and settlement of conflicts of interest as provided in particular in the RREC Act and the Companies Code.[20] (1)
Sale of a large number of Shares in the short term.	1. Decline of the stock price.	Permanent efforts to enhance liquidity. Qrf City Retail concluded a liquidity agreement with KBC Securities NV in 2017 to promote the tradeability of the share. (1)

The list of risks is not exhaustive and was drawn up on the basis of the information known at this time. Other unknown or improbable risks may exist, as well as risks for which, on the date of this registration document, is not assumed that, if they should occur in future, they would have an unfavourable impact on the company, its activity or financial situation.

The permanent developments on the real estate and financial markets require continuous monitoring of the strategic, operational, financial and compliance risk to keep track of the results and the financial situation of Qrf City Retail.

20 Cf. Chapter 7.3 of this report.

2 Message from the CEO and the Chairwoman

Retailer of the Year 2016

2 Message from the CEO and the Chairwoman

Dear Shareholders,

In 2017, Qrf City Retail continued and expanded its strategy by investing in quality properties in the *Golden Mile* of the most important shopping streets. In the first half of 2017, it took a big step abroad with the acquisition of 5 retail properties in the Netherlands. In addition, Qrf City Retail expanded its Belgian portfolio further with 3 retail properties in the popular district "de Wilde Zee" [the Wild Sea] in Antwerp, 3 properties in Ostend, and one in Leuven. In parallel, it sold 2 non-strategic properties in Merksem and Temse.

The Executive Management and staff of Qrf City Retail made the necessary efforts to maintain the high Occupancy rate in a turbulent retail market in 2017. In the second half of the year, Qrf City Retail carried out thorough renovation works on its building in Aalst, which made it possible to attract A.S.Adventure as a new tenant.

In the meantime, the portfolio reached the 287.40 MEUR mark. The shareholders' equity was strengthened further to amount to 134.71 MEUR on 31 December 2017.

Qrf City Retail can scarcely sit still. The world has shifted into seventh gear. The concept 'mobility' stands for a major change. Banks are facing new competitors from an unexpected corner. Blockchain, Artificial Intelligence, and Robotics are the buzz words of this period. The digital revolution is visible and tangible in all sectors, particularly in the retail sector.

We should not be blind to the fact. It feels as if we have reached a tipping point. The important thing here is that this revolution is really coming from the outside: the 'progress' is consumer-driven. Technology has changed the behaviour of the general public. Knowledge about the consumer and his/her buying behaviour and taste preferences is consequently crucial, as is the skill of turning this knowledge *(big data)* into new, relevant, tailored propositions *(smart data)*. Our customers are faced with major challenges. Whereas in previous years, investments were made in setting up systems, today investments are made in rolling out systems.

Agility is an absolute must in 2018, including for Qrf City Retail. We will continue to optimize our portfolio and strategy to maximize our success on the market.

At Qrf City Retail we are focusing on 3 significant feelers that help us to continue to look ahead:

We stay in contact with the contemporary consumer

Never before has the consumer been so unpredictable, nor has s/he had so many channels available for buying and for gathering and sharing information. The customer's buying behaviour requires a 24-hour economy: *instant gratification*, where packages ordered today delivered tomorrow seems completely normal. But we also see change: the consumer is tired of getting stuck in traffic jams because of vans making small deliveries. He is moreover becoming critical of the ecological impact of this trend. The hybrid consumer is becoming increasingly more aware of good service, advice, experience and sustainability on the one hand, and price and speed on the other. The focus of the shop will be increasingly on experience, style advice and the human touch. Qrf City Retail wants to invest further in research on consumer behaviour to understand even better and respond accordingly to the customer of its customers. We shall do our bit to get our voice heard among important groups and governmental authorities in the discussion concerning the opening hours, mobility and sustainability of the e-commerce model.

We stay in contact with the retailer

Major retail chains are tackling online retail better and better. They have worked hard on creating a brand with online fans and see that online sales and aftersales are carving a bigger share in the turnover. Retailers however continue to wrestle with the profitability of this model. Qrf City Retail will open up to the needs of its customers, without forsaking its own goals.

We stay in contact with our shareholders

Qrf City Retail came about because people and organizations believed in our people. We wish to thank you for the trust and confidence you have shown in us in the last 4 years and for the trust and confidence we get from in future.

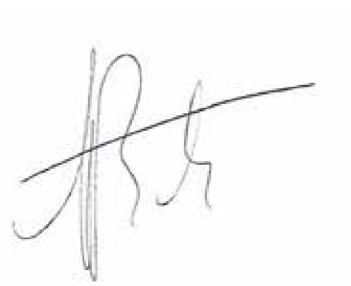
Qrf City Retail wishes to stay close to its own identity in future as well, but must also dare to try. In 2018, Qrf City Retail wants to divest part of its portfolio further and look actively for opportunities in its own portfolio and in the market. This market continues to be Belgium and the Netherlands. From that perspective, Qrf City Retail sees 2018 as a year of *"rebalancing for future growth"*.

Retail is one of the most innovative sectors and will continue to undergo major changes in the coming years. We have noted that more and more retailers are aware that they are waging an unequal struggle with electronic platforms which are working with a different business model. A partnership will be set up between parties instead of working against each other. Two recent examples of this trend are the announcement of a partnership between H&M and Alibaba, and between Carrefour and Tencent. As we see it, this creates opportunities for the retailer to focus again on the (profitable) core business, namely managing a shopping and experience outlet with extra attention for customer-oriented staff.

We expect even more openings and takeovers of physical outlets by pure player web shops. Brand creation can for that matter be obtained only through physical channels, while the stores will also have a crucial role to play in the long-term feasibility of the *last mile*.

The added value of locations with customer experience will only gain in importance in the strategy of retailers. The urban environment boasts unique winning assets in terms of authenticity and experience that provide an answer on this front. Trendy restaurants, coffee bars, and delectable eateries provide the right variety.

On the policy level, shops in the city centre are preferred: major projects on urban fringe areas have difficulties getting new permits. Policy makers realize that the urban environment is the perfect setting for an integrated, sustainable and affordable living-working-shopping policy. Now the opening hours have to be adapted accordingly!



Inge Boets
Chairwoman of the Board of Directors

Anneleen Desmyter
CEO

3 Consolidated key figures

Key figures of 2017

Debt Ratio
52.7 %

EPRA earnings
8.33 MEUR
1.59 EUR per share

Contractual rents on an annual basis
16.03 MEUR

Gross dividend
1.35 EUR per share

NAV per share
23.78 EUR (IFRS)
24.12 EUR (EPRA)

Fair Value of the real estate portfolio
287.40 MEUR

Number of retailers who are customers at Qrf City Retail
> 100

Share inner-city retail real estate
89 %

Gross rental yield
5.5 %

Occupancy rate
97.5 %

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.

3 Consolidated key figures

The financial year 2017 covers the period from 31 December 2016 to 31 December 2017.[1]

CONSOLIDATED KEY FIGURES		2017	2016
REAL ESTATE PORTFOLIO			
Fair Value of the real estate portfolio[2]	(KEUR)	287,404	250,724
Total gross surface area	(m^2)	91,573	89,185
Contractual rents on an annual basis[3]	(KEUR)	16,025	14,220
Estimated Rental Value of vacant property	(KEUR)	417	462
Gross portfolio yield[4]		5.58%	5.67%
Occupancy rate[5]		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[6]		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)	*(KEUR)*	*-40*	*0*
EPRA earnings[7]	(KEUR)	8,332	7,409

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.
2 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.
3 Contractual rents on an annual basis = The index-adjusted base rental prices as contractually set in the rental contract before the deduction of gratuities or other incentives allowed to the tenant.
4 Gross portfolio yield = (Contractual rents on an annual basis) / (Fair Value of the real estate portfolio).
5 Occupancy rate = (Contractual rents on an annual basis) / (Contractual rents on an annual basis including the Estimated Rental Value of vacant property).
6 Operating margin = (Operating result before result on the portfolio) / (Net rental income).
7 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.

CONSOLIDATED KEY FIGURES		2017	2016
BALANCE SHEET			
Shareholders' equity (excl. minority interests)	(KEUR)	134,710	122,776
Debt ratio (under the RREC Act)[8]		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[9]		5,224,997	4,653,684
Net earnings 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[10]		84.7%	84.2%
Gross dividend yield (on closing price at the end of the period)		5.5%	5.0%
Closing price of the share at the end of the period	(EUR)	24.38	26.90
IFRS NAV per share[11]	(EUR)	23.78	23.93
Premium/discount to IFRS NAV[12] (end of period)		2.5%	12.4%
EPRA NAV per share[13]	(EUR)	24.12	24.46
Premium/discount to EPRA NAV[14] (end of period)		1.1%	9.9%

8 Calculated according to the Royal Decree of 13 July 2014 pursuant to the Regulated Real Estate Companies Act of 12 May 2014.
9 Shares are counted *pro-rata temporis* as of the time of issue. The time of issue may differ from the time of profit sharing.
10 Price-earnings ratio = (Gross dividend per share) / EPRA earnings per share).
11 IFRS NAV per share = *Net Asset Value* per share according to IFRS.
12 Premium/Discount to IFRS NAV = (Closing price of the share at the end of the period) / (IFRS NAV per share at the end of the period) -1.
13 EPRA NAV per share = Net Asset Value per share according to EPRA *Best Practices Recommendations.*
14 Premium/Discount to EPRA NAV = (Closing price of the share at the end of the period) / (EPRA NAV per share at the end of the period) -1.

4 Notes to the consolidated results 2017

Ghent
Lange Munt 61-63

4 Notes to the consolidated results 2017

Annual results on 31 December 2017: 12.4% increase in EPRA earnings to 8.33 MEUR in 2017 – increase of the Fair Value of investment properties to 287.40 MEUR.

4.1 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 MEURin 2017.

The **portfolio result** for 2017 amounted to -3.61 MEUR, consisting of:

- a positive **result from the sale of investment properties** amounting to 0.47 MEUR (properties situated in Merksem and Temse); 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 negative development of 1.65 MEUR in the Fair Value of the properties that Qrf City Retail acquired in the Netherlands. This write-off is the technical accounting consequence of entering properties at Fair value in the accounts. The "value costs to buyer" method (i.e. after deduction of the real estate transfer tax) was used instead of the "value deed in hand" method (i.e. including the real estate transfer tax). In the Netherlands the real estate transfer tax amounts to 6.00% on commercial real estate and 2.00% on residential real estate. The purchase price paid (before transfer costs) is in line with the Fair Value of the properties, as estimated by the Property expert Cushman & Wakefield. The write-off therefore corresponds to the difference between the purchase price paid, inclusive of real estate transfer costs, and the Fair Value;
- a negative evolution of 2.42 MEUR in the Fair Value of the properties in Belgium. This negative evolution is mainly a result of a decline in the market rent as estimated by the Property expert.

The **financial result** for 2017 was -2.95 MEUR (compared with -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[1] 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 income statement of 2017.

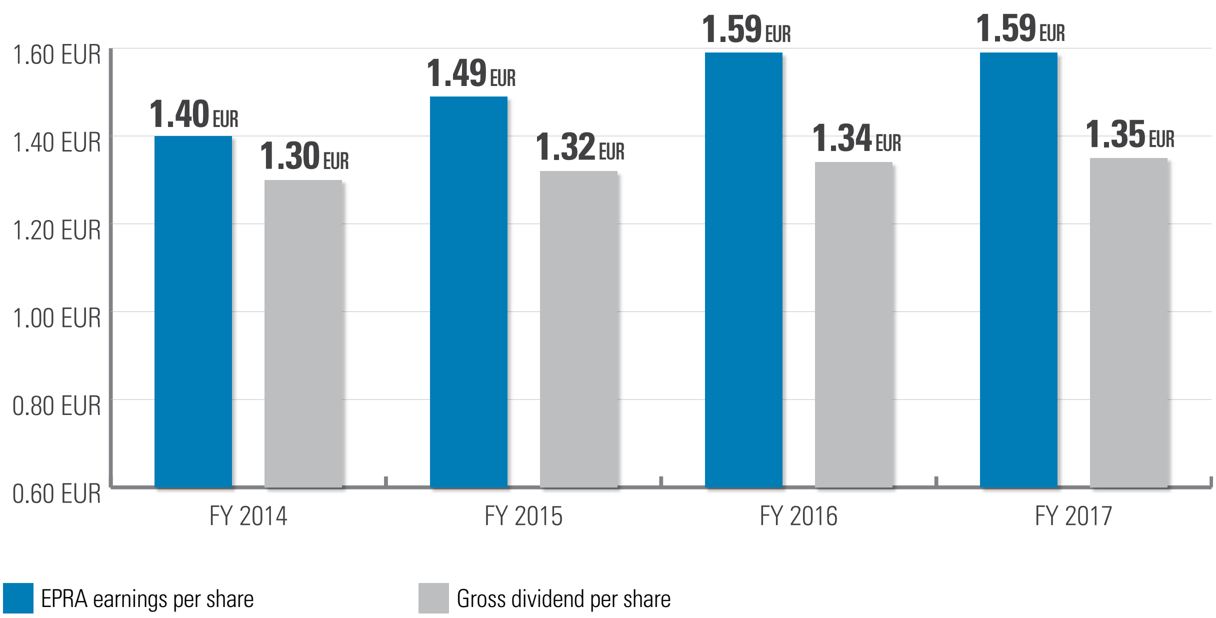
1 Average Cost of Financing = (Net interest cost on a yearly basis) / (Average amount of outstanding debt).

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

After adjustment for the portfolio result (-3.61 MEUR) and the change in the Fair Value of financial assets and liabilities (+0.04 MEUR) Qrf City Retail registered an increase in **EPRA earnings** of 12.5% to 8.33 MEUR in 2017 (compared with 7.41 MEUR in 2016). The **EPRA earnings per share** remained stable at 1.59 EUR in 2017 (+ 0.2% compared with 2016).

Based on these solid EPRA earnings, 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), enabling Qrf City Retail to create additional reserves.

GRAPH 1 DEVELOPMENT OF EPRA EARNINGS AND GROSS DIVIDEND PER SHARE SINCE THE IPO (IN EUR)



4.2 Balance sheet

On 31 December 2017, the **Fair Value of the real estate portfolio** stood at 287.40 MEUR, compared with 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, as described under Chapter 5.1.4. Capital increase – contribution in kind.

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. Cf. Chapter 11, Note 28.

4.3 Financing structure

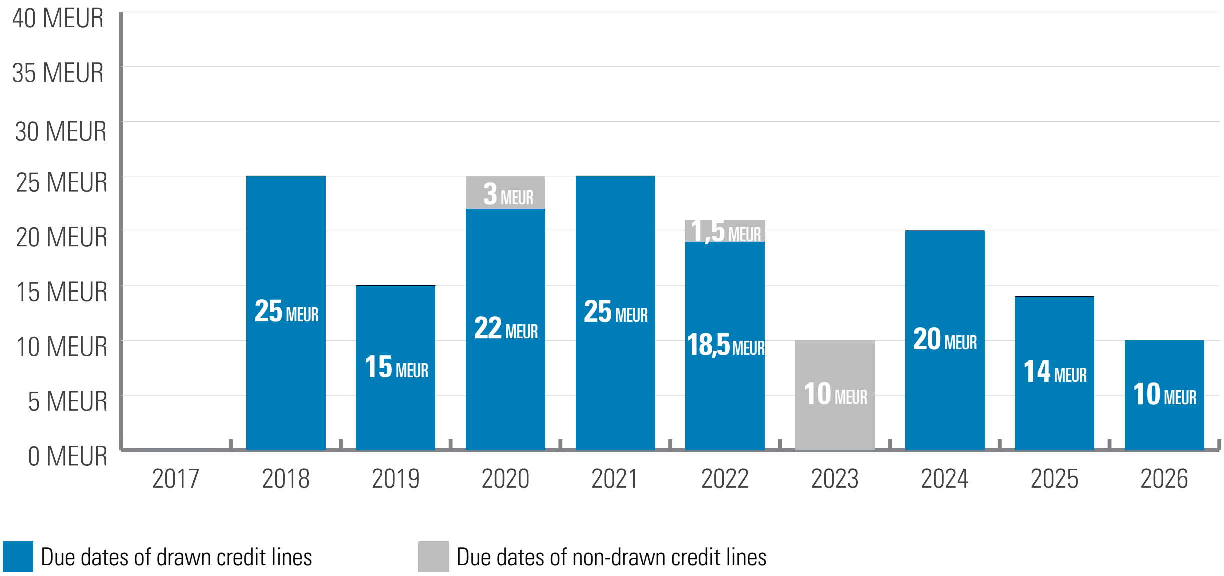
4.3.1 Debt structure

On 31 December 2017, Qrf City Retail had 149.5 MEUR in financial debts. The financial debts consist exclusively 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 has 164.0 MEUR in credit lines at its disposal. An amount of 14.5 MEUR of the credit lines is not drawn.

The Average Cost of Financing is 2.07% in 2017 (compared with 2.29% in 2016).

GRAPH 2 DUE DATES OF THE DRAWN AND NON-DRAWN CREDIT LINES ON 31 DECEMBER 2017 (IN MEUR)

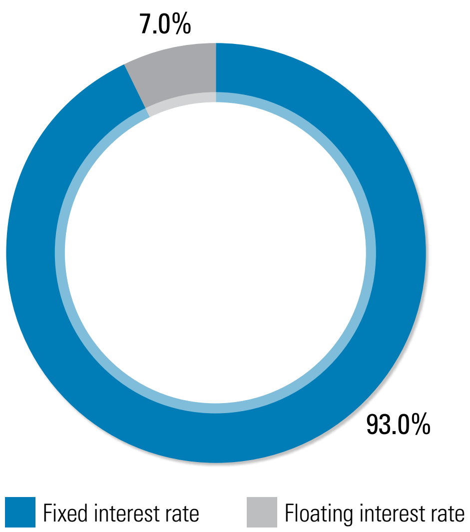


4.3.2 Interest rate hedges

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 the *Interest Rate Swaps* as a hedge. The fixed interest rates have a weighted average residual term of 4.0 years.

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.

GRAPH 3 PROPORTION OF FIXED AND FLOATING INTEREST RATE



5 Transactions and achievements

Zwolle
Diezerstraat 60

5 Transactions and achievements

5.1 During financial year 2017

5.1.1 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.

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 van 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.

TABLE 1 SUMMARY OF QRF CITY RETAIL ACQUISITIONS 2017[1]

TRANSACTION DATE	COUNTRY	CITY	STREET	TENANT(S)	TOTAL GROSS SURFACE AREA	CONTRACTUAL RENTS ON AN ANNUAL BASIS
19-01-2017	BE	Leuven	Jan Stasstraat 12	Bpost	1,673 m²	75 KEUR
25-04-2017	NL	Den Bosch	Hinthamerstraat 41-45	America Today	1,042 m²	1,380 KEUR
	NL	Maastricht	Grote Staat 58/ Helmstraat 9-11	America Today/ Gebrs. Coster	629 m²	
	NL	Nijmegen	Broerstraat 49 / Gruitberg 33-35	Mango	891 m²	
	NL	Zwolle	Diezerstraat 60 / Brouwerstraat 1-3	Only Store	836 m²	
	NL	Enschede	Kalanderstraat 2-4	Kentucky Fried Chicken	972 m²	
27-10-2017	BE	Ostend	Adolf Buylstraat 1A	Planet Parfum	534 m²	665 KEUR
	BE	Ostend	Adolf Buylstraat 36	Edisac	910 m²	
	BE	Ostend	Kapellestraat 105	Jack Wolfskin	552 m²	
	BE	Antwerp	Wiegstraat 4	New Zealand Auckland	184 m²	
	BE	Antwerp	Wiegstraat 6	Who's That Girl	114 m²	
	BE	Antwerp	Schrijnwerkersstraat 15	Chez Claire	264 m²	
TOTAL					8,601 m²	2,120 KEUR

1 The acquisition value of the acquisitions meets the requirements of article 49 § 1 of the RREC Act.

5.1.1.1 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 led not only 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 Hinthamerstraat 41-45, 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 also of its historic city centre, 's-Hertogenbosch or simply 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. 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 Maastrich.

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 – Kalanderstraat 2-4

The corner property in Enschede (Kalanderstraat 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 Germany 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.

5.1.1.2 Acquisitions 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 six 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 strengthened further 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.

Strengthening the portfolio in Antwerp

Qrf City Retail acquired 3 properties in the popular district "de Wilde Zee" [the Wild Sea] in the heart of Antwerp, namely at Schrijnwerkersstraat 15, Wiegstraat 4, and Wiegstraat 6. In so doing, Qrf City Retail is strengthening its position in Antwerp, Belgium's premier shopping city.

Other properties in the Qrf City Retail portfolio in Antwerp are located on the Meir, the Keyserlei, Wapper, Schuttershofstraat and Kammenstraat. On 31 December 2017, 19% of the total property portfolio was located in the inner-city of Antwerp.

(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 Wiegstraat 6, 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 (Schrijnwerkers-straat 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 accompa-nied with a glass of "Cuvée Claire" champagne.

First acquisitions in Ostend

Qrf City Retail has acquired its first properties in Ostend with this transaction. With more than 70,000 inhabitants, Ostend is also known as the "Queen of Seaside Resorts". The city has a good reputation for tourism and cultural offer, but also as a shopping destination par excellence. Many tourists find their way to Ostend by train thanks to the various direct connections from Bruges, Kortrijk, Ghent, Brussels, Liège and Antwerp.

(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 800 points of sale in Belgium and Luxembourg. Planet Parfum is a reference player for perfumes, make-up and care products.

(6) Oostende, 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 specializes in the sale of quality bags and shoes for young and old. Edisac has three stores in Belgium (Bruges, Ostend and Nieuwpoort) and eleven in France (in particular Lille, Roubaix, Duinkerke and Arras).

(7) Ostend, Kapellestraat 105

This 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. It is rented fully to Jack Wolfskin, which specializes in quality outdoor clothing and equipment.

5.1.2 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.

TABLE 2 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

5.1.3 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 as regards the geographic spread, type of retail real estate, commercial activity of the tenants and final expiry date of the leases.

5.1.4 Capital increase – contribution 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 authorized 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.

TABLE 3 SUMMARY OF QRF CITY RETAIL CAPITAL 2017

DATE	CONTRIBUTION IN KIND OF	SITUATED IN	CONTRIBUTION	CAPITAL HEADING	ISSUE PREMIUM HEADING
27 October 2017	Six retail premises	Antwerp (Schrijnwerkersstraat 15, Wiegstraat 4 and 6) Ostend (Kapellestraat 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 investor base.

Cf. Chapter 8, 8.4. for the shareholding structure of Qrf City Retail.

5.1.5 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 rate[2] in 2017.

The portfolio's Occupancy rate rose to 97.47% (compared with 96.85% the previous year).

5.1.6 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.

In this renovation, the space and layout of the leftmost unit on the groundfloor in Aalst (Nieuwstraat 29-33) was optimized. 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 Occupancy rate = (Contractual rents on an annual basis) / (Contractual rents on an annual basis including the Estimated Rental Value of vacant property).

5.1.7 Marketing activities during the previous year

5.1.7.1 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 three 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.

5.1.8 Other important events in the past financial year

5.1.8.1 New offices of Qrf city Retail – Change of registered office

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

5.1.8.2 Expansion of the Executive Management team

On 1 October 2017, Michiel Gevers took over as Investment & Asset Manager and Qrf City Retail. Michiel Gevers (34 years old) holds a law degree from the KUL (Catholic University of Leuven) and a Master's Degree in General Management from 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 takeovers, where he advised and guided real estate companies, investment funds and industrial players in M&A and private equity transactions.

5.1.8.3 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 Koning Albertstraat 48-50, 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.

5.1.8.4 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 Niewstraat 29-33, 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.

5.2 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 nonetheless because the retail sector is in the middle of a transition where consumer patterns are changing and digital and 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 realize that they engaged in an asymmetrical 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 outlets with extra attention for customer-oriented staff.

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

The added value of locations with experience will only become more important in the strategy of retailers. The urban environment has unique advantages in terms of authenticity and experience that answer to this need.

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"*.

The main trends that can have an impact o Qrf City Retail and its prospects in financial year 2018 are:

- The development of the real estate market in which Qrf City Retail is active with possible downward pressure on market rentals and/or the Occupancy rate. For a discussion fo this development, cf. Chapter 9 "Property Report," while certain risks thereof are discussed under Chapter 1 "Risk factors".

- The development of interst rates and the related interest risks are discussed under Chapter 1 "Risk factors".

6 Who is Qrf City Retail

Antwerp
Kammenstraat 34

6 Who is Qrf City Retail

6.1 Identity

Qrf City Retail is a Belgian public regulated real estate company (RREC or BE-REIT) specialized in the niche market of inner-city retail properties. More specifically, the company acquires, redevelops and lets retail properties with a focus on City Retail situated in what is known as the *Golden Mile* – the streets in the inner-city that are dominant in their catchment area.

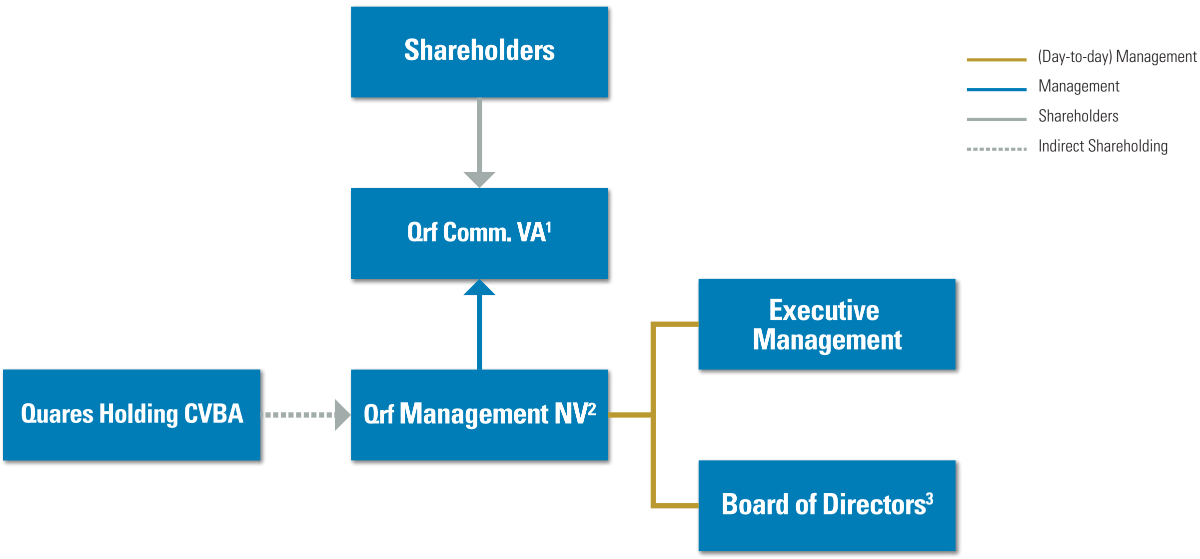
Through an active portfolio management, Qrf City Retail pursues value creation over and beyond the basic goal of maintaining the value of its real estate. This dynamic approach is reflected in particular in its active renovation policy and the proactive attitude to (re)development potential in the portfolio.

Qrf City Retail was incorporated for an unspecified period by a deed drawn up by the notary Vroninks on 3 September 2013 in the form of a partnership limited by shares, and is managed by its sole Statutory Manager, Qrf Management NV.

On 7 November 2014, Qrf City Retail assumed the status of a public Regulated Real Estate Company. On 31 December 2017, the team of Qrf City Retail consisted of 6 staff.

Qrf City Retail, Quares Property Management and Quares Holding are affiliated companies, as indicated below:

ORGANIZATIONAL CHART 1 STRUCTURE OF AFFILIATION OF QRF CITY RETAIL



1 Listed BE-REIT
2 Statutory Manager of Qrf Comm. VA
3 Supervision of the Statutory Manager and Qrf Comm. VA

6.2 Perimeter Companies

On 31 December 2017 Qrf City Retail had 3 Perimeter Companies.

ORGANIZATIONAL CHART 2 PERIMETER COMPANIES OF QRF CITY RETAIL (DIRECT OR INDIRECT PARTICIPATION)

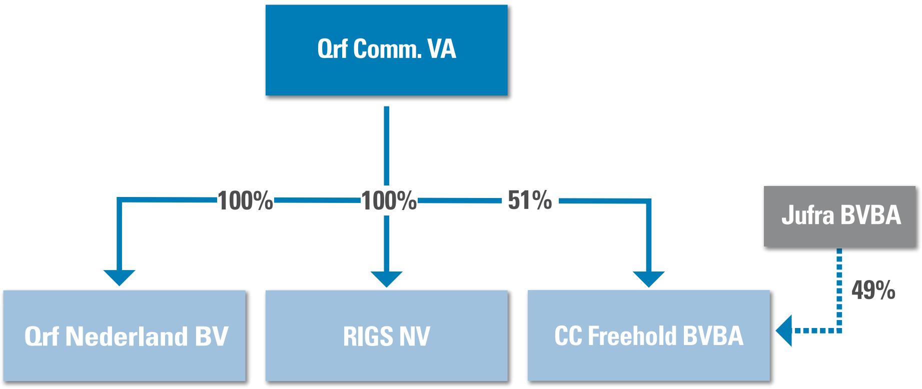
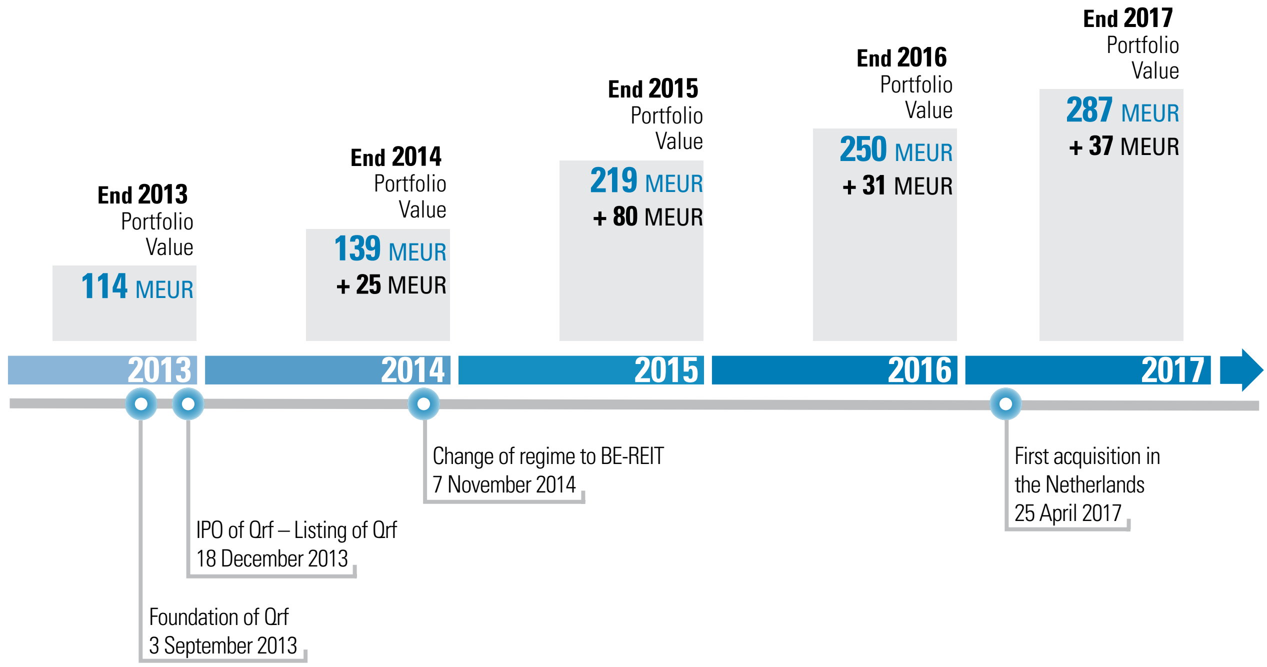


TABLE 1 LIST OF THE PERIMETER COMPANIES OF QRF CITY RETAIL

SUBSIDIARY	SHAREHOLDING	DIRECTORS	AUDITOR
■ **Qrf Nederland BV** (registered office: Emmalaan 25, 1075AT Amsterdam, Netherlands)	100% of the shares are held directly or indirectly by Qrf City Retail	Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter Mr Preben Bruggeman	/
■ **RIGS NV** (registered office: Museumstraat 11/211, 2000 Antwerp, Belgium)	100% of the shares are held directly or indirectly by Qrf City Retail	Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter Fontenelle BVBA, represented by Mr Herman Du Bois	PwC
■ **CC Freehold BVBA** (registered office: Museumstraat 11/211, 2000 Antwerp, Belgium)	51% Qrf City Retail – 49% Jufra BVBA (Qrf City Retail has the final control over Century Center Freehold)	Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter Fontenelle BVBA, represented by Mr Herman Du Bois Jufra BVBA, represented by Mr Frank Hemelaer	PwC

6.3 History of Qrf City Retail



6.4 Strategy and vision of Qrf City Retail

6.4.1 Strategic principles of Qrf City Retail

The strategy of Qrf City Retail can be summarized in four pillars:

Golden Mile
A focus on the acquisition, renovation or development, letting and management of retail (and related) properties situated in the commercial heart of the most important shopping cities in Belgium and the Netherlands.

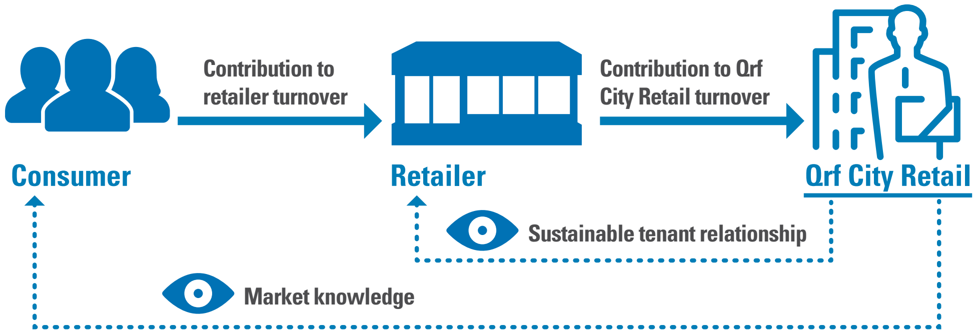
Conservative financing
A conservative financing strategy geared to limiting the Debt ratio and hedging a substantial part of the financial debts against interest rate fluctuations.

Diversification
A balanced spread of the real estate on the basis of the location, tenant composition and weight of the individual properties.

Social footprint
Sustainability and corporate social responsibility.

To support these strategic pillars, Qrf City Retail has to have particularly important knowledge of today's property market and must acquire insight in the trends of tomorrow as illustrated in the figure below:

ORGANIZATIONAL CHART 3 OVERVIEW STRATEGY QRF CITY RETAIL



Qrf City Retail focuses on properties situated in the commercial heart of the most important shopping cities in Belgium and the Netherlands.

The number of visitors in these cities and shopping streets has a direct connection with the turnover, profitability and visibility of the retailer established there. The retailer's turnover, profitability and visibility at that retail outlet in turn form the basis for the rent that the retailer can spend. As such rent determines in large measure the turnover of Qrf City Retail, it is crucial to monitor the market situation closely.

A description of the situation of the Belgian and Dutch retail property market is provided in Chapter 9 of this annual report.

6.4.1.1 Golden Mile: investment strategy

Pursuant to its investment strategy, Qrf City Retail focuses on inner-city retail outlets within the *Golden Mile* of the most important shopping cities in Belgium and the Netherlands. Qrf City Retail has activities in Belgium and the Netherlands and is in constant search of ambitious cities with an active urban development and city marketing policy.

Qrf City Retail focuses on properties with a minimum facade width of five metres. In addition, it concentrates on transactions with an investment value of at least 1 MEUR. The aim of these minimum requirements is to guarantee efficient management and to invest in a segment in which there is less competition for the private investor.

Qrf City Retail also seeks to acquire related assets such as parking and storage facilities, and loading and unloading zones, insofar as such assets contribute to the appeal of the commercial properties.

In line with its investment strategy, Qrf City Retail keeps an eye on high quality properties. The quality of the property is expressed in combination with the technical state (e.g. energy supply, materials used, etc.), as well as accessibility and mobility, the appeal of the street and the flexibility of the property.

6.4.1.2 Diversification: risk-spreading strategy

Qrf City Retail seeks a balanced composition of the real estate portfolio in terms of tenants, geography and the weight of the individual properties in order to spread the risk.

- As regards the type of tenants, Qrf City Retail seeks to spread the risk over all retail and hotel and catering sectors. Furthermore, it keeps close watch on the financial clout of its tenants, opting for stable tenants with a focus on national and international chains.

- Qrf City Retail opts for a balanced geographic risk-spreading between Belgium and the Netherlands. It is already present in Belgian cities such as Aalst, Antwerp, Brussels, Ghent, Hasselt, Leuven, Liège, Mechelen, Namur and Ostend and in Dutch cities such as Den Bosch, Enschede, Maastricht, Nijmegen and Zwolle.

- As regards the importance of individual properties for the total portfolio, Qrf City Retail makes sure, in accordance with the RREC Act,[4] that no individual property as a whole is expressed in Fair Value that accounts for more than 20% of its consolidated assets.

6.4.1.3 Conservative financing strategy

Qrf City Retail has charted a financing strategy based on the following pillars:

- Qrf City Retail aims at a conservative Debt ratio of 55% maximum, although the maximum admissible Debt ratio according to the RREC Act of 12 May 2014 is 65%. On 31 December 2017, the Debt ratio amounted to 52.69%.

- Qrf City Retail endeavours to hedge at least 75% of its financial debts against interest rate fluctuations. On 31 December 2017, 92.98% of its lines of credit were hedged by means of *Interest Rate Swaps*.

6.4.1.4 Social foot print: sustainability and CSR

In terms of properties, Qrf City Retail seeks a sustainable solution for renovation and expansion works and investments. An efficient, multi-year maintenance and investment plan, together with a comprehensive risk analysis guarantee a continuous and optimal operation.

In addition, the choice of a sound inner-city investment strategy is an important pillar in the sustainability and corporate social responsibility strategy of Qrf City Retail. The urban environment is an optimal biotope for attaining the highest comfort possible for retailer and consumer alike in terms of mobility, energy consumption, optimal use of space and sustainable innovation.

As regards the location of the retail properties, the necessary attention is paid to accessibility, mobility and optimal use of space. Qrf City Retail moreover invests in research on these issues. In 2016 and 2017, a research study was conducted in particular on mobility, to give cities and retailers an indication of the average consumer's mobility mentality. This sort of studies can ultimately contribute to innovation in tackling the mobility problem in Belgium.

Qrf City Retail is seeking to strike a balance between an economic and a social narrative as regards optimal use of space, such as "living above shops". A shop window at least five metres wide is a must for practically every retailer. As such, separate entrances to the upper storeys are often lacking. Together with the city, Qrf City Retail will explore the possibilities for the optimal use of space above shops in order to enhance the livability of shopping streets, where the principle of sustainable retail properties takes precedence.

4 Pursuant to Article 30. § 1, 1° and 2° of the RREC Act, without prejudice to Article 29, no transaction carried out by a public regulated real estate company may lead to more than 20% of its consolidated assets in real estate being invested in one property as a whole or this percentage being exceeded further, if it already amounts to more than 20%, irrespective of the cause of the original overrun of this percentage in the latter case.

> "A modern retailer will today opt for a combination of physical stores for the shopping experience and webshops for functional purchasing, but the inner city also has a lot of potential for functional shopping that has not been utilized up to now."
>
> – Anneleen Desmyter, CEO of Qrf City Retail

Qrf City Retail is committed to corporate social responsibility in line with its internal organization. This is expressed chiefly in employment, providing training programmes for employees, transparent communication and reporting, and the use of sustainable products.

Qrf City Retail finally wishes to bring its vision of the future of the inner-city to life in a pleasant manner. It has accordingly opted to support projects and artists that enliven and make the inner-city more pleasant.

For instance, in the last four years, Qrf City Retail has invested in art projects to that end. For the annual report of 2017, it has opted for the "Resized" project of artist and photographer Jasper Léonard, who uses a specific, analogue technique to show urban elements from above, as if they were miniatures. Bright colours and lively scenes bring the vibrant city to life – so great and yet so small, so anonymous yet ever so personal.

Qrf City Retail maintains close contacts with the respective city councils to make its property and retail knowledge available to them. The aim is to continue to look over and improve the safety, accessibility, livability and image of shopping streets in which Qrf City Retail invests. These acts will ultimately have a positive impact on the flows of passers-by and as such make a sustainable retail location possible – to the satisfaction of all parties involved, namely the inhabitants of and visitors to the city, policymakers, retailers, and finally the shareholders of Qrf City Retail.

6.4.2 Qrf City Retail outlook

1. THOROUGHLY PROFESSIONAL MARKET: LIMITED OWNER CHARGES, ACCURATE YIELD ASSESSMENT

The retail property market and the underlying retail market is a thoroughly professional market.

Tenants need to have a comprehensive market study before opening a store. Certain checks and balances are built in to ensure that retailers hit the ground with sufficient knowledge of the facts:

- The trading establishments act (socio-economic legislation) requires that the chances of the company's success for each net retail floor space of be ascertained by the local authorities.
- Screening before financing is obtained: doing business in retail requires sufficient start-up capital to cover the layout of the store, rent payments, rent guarantee and inventories. Financial institutions subject applicants to a strict screening process, which includes a screening of the feasibility of the proposed business model to ascertain whether they can meet their obligations in the long term.
- Screening by property owners: before concluding a new lease, property owners conduct a thorough analysis of the counterparty ("counterparty risk"). Qrf City Retail tries to assess in particular the solvency, liquidity, potential profitability, feasibility of the concept at a certain location, and the experience behind the concept.

This more developed professionalization means that, unlike other property segments, the owner's obligations through the lease term are limited:

- Only the structural works (namely roof and walls) are at the owner's expense. This gives the tenant an opportunity to lay out the store in accordance with the concept and the consumer's wishes.
- The owner can always opt to keep the layout of the store or to ask as for a delivery in shell state, so as can enhance the re-lettability.
- The advance levy on income derived from real estate and taxes and charges are usually passed on to the tenant.
- The tenant provides as a standard a bank guarantee (upon request) of 3 to 6 months to cover his obligations to the owner.

The property charges are here relatively easy to assess, whereby unexpected expenditures during the lease period when the tenant leaves are negligible. As a result, the gross and net rental income are pretty much equal.

2. RETAIL IN THE INNER-CITY: A TANGIBLE EXPERIENCE OF INESTIMABLE VALUE

Every modern retailer today anticipates the omni-channel model. Part of the turnover which was previously generated at the physical store is now generated by the online shop: retailers want to offer consumers as many points of sale as possible and what is spent online can no longer be spent in the physical store.

The retail sector has been able to learn a great deal in recent years through this battle for the consumer, and has matured as a result. We also see that retailers who continue to be successful in a competitive market, very often can do so very well and even consider expansion as discussed in Chapter 9.

The physical store is a basic ingredient in the urban fabric and is playing an increasingly more important role in the modern consumer experience. As a result, retailers who have not given the customer experience pride of place are slowly disappearing or will disappear from the street scape.

In a digital world, where more and more time is spent online, the physical store has an ever more powerful impact on the consumer's purchasing decisions and market experience.

We are actually on the verge of the next phase in e-commerce: *automated commerce*, where the consumer can place his orders faster than ever before through *artificial intelligence* and *data optimization*.

The consumer gets not only 101 purchase suggestions that can disappear at once in the digital shopping basket, but can get previous orders in his mailbox at the tip of his fingers.

E-commerce, and automated commerce par excellence, is a means for carrying out the purchasing process as simply and rapidly as possible. Not a moment to enjoy, but an efficient means when the customer is busy.

This high consumption speed makes it far more difficult to convey a brand identity to the consumer online. The physical store provides solace on this front.

This observation was underpinned by Pieter Zwart, CEO of Coolblue, in a recent interview about the online shop: *"It's always something with a little image, a little price and a little button – and that is precisely where the problem lies. That image is something which you did not come up with yourself. That button has to make the difference. In the end, there is one thing that you can decide on, and that is the price."* [5]

Webshops have limited possibilities to stand out. There is little customer experience, no direct contact with the store staff or the physical products. Online shopping creates no *'wow moment'* for the consumer.

5 Frank News, CEO of Coolblue Pieter Zwart: *'E-commerce is domste businessmodel ter wereld'*, 4 December 2017.

On the other hand, there is the physical store, where a visit is an experience, a moment to absorb the values and perception of the retail brand and a chance to create powerful memories that will enable the customer to establish emotional bonds with the brand.

Retailers realize that the physical experience is far more powerful than any online experience, because in the physical store, the retailer has the chance to address the senses and the consumer's direct reaction without any intermediary channels.

The consumer actually needs tangible experiences in order to get to like the brand. Unique experiences that stimulate the senses form the most powerful memories in our brain and turn the physical store into a unique platform for a strong emotional bond between the consumer and the brand. It is not for nothing that no fewer than 75% of consumers in Belgium and 73% in the Netherlands prefer the physical store to online shopping.[6]

This experience is of inestimable value precisely because this experience is so powerful and is becoming increasingly more unique in the loyalty building process. A well situated physical store has the power to attract consumers, and by extension, financial resources. The success of this power of attraction is no longer limited to the physical store turnover alone, which may even decline, but contributes directly to the profitability of the online channels, so that the potential of the whole is greater than the individual parts.

It is therefore also clear that more and more retailers realize that the store of the future can no longer be appreciated on the basis of the store (cash) intake; the strong value of the real estate as a marketing object must also be taken into account.

Being able to create wonderful experiences at successful locations is decisive for the profitability of a complete *omni-channel* chain. The contribution component of a physical store to the full chain is one that will have to be mapped further in the years to come by the retailer so as to be able to conduct a good location analysis. The fact remains, however, that strong physical stores have a significant impact on the total earning model and the feasibility of an *omni-channel* strategy.

The principle of a shortage of quality retail properties at good locations in the *Golden Mile*, where the maximum catchment area of consumers in the region can be addressed in a pleasant manner, will thereby only gain in importance and value potential in future.

3. THE PHYSICAL STORE AS A SOLUTION FOR THE PRICE OF CONVENIENCE (E-COMMERCE)

And that is not all: The physical store is also gaining in importance in the logistic chain of retailers. What a retailer wants most is for the consumer to buy and pick up the desired product in the physical store. In this way, they avoid the cost of the *last mile* as an organization, which is heavy for the retailer. This cost of the last mile was recently calculated by Beckers and Cardenas. They came to an average price of 3.74 EUR per stop.[7]

Retailers realize that the costs related to the model of e-commerce are hefty, certainly for a service that brings little if any brand loyalty.

During the ING Business Boost in Rotterdam, Pieter Zwart, CEO of Coolblue went as far as to say: *'E-commerce is the dumbest business model in the world!'* and *"e-commerce is a race to the bottom,"* a market of competition through rock bottom prices; and also, *"Earning money with webshops is nearly impossible."*

Pure online players are beginning to invest massively in a physical store network, and society is also starting to become collectively aware of the social cost that online shopping entails. Nothing is free of charge. In November 2017, De Standaard reported that an estimated 150,000 deliveries per day bear a price tag of 45,000 EUR per day throughout Belgium.

6 PwC, Total Retail Report – Netherlands 2017, May 2017.
7 De Standaard Online, 7 November 2017, *'Thuisleveringen hebben zware impact op mobiliteit en milieu'*.

The government is trying to pass on this social cost to retailers or their suppliers (consider the mileage charge for lorries), but consumers have to be made more aware. We must realize that costs tend to be handed down to the underside of the chain.

It is no wonder therefore that the appeal of e-commerce is on the wane in many European countries when people live close to an area with a high retail density. Consumers in rural areas shop more online compared with those in urban areas.

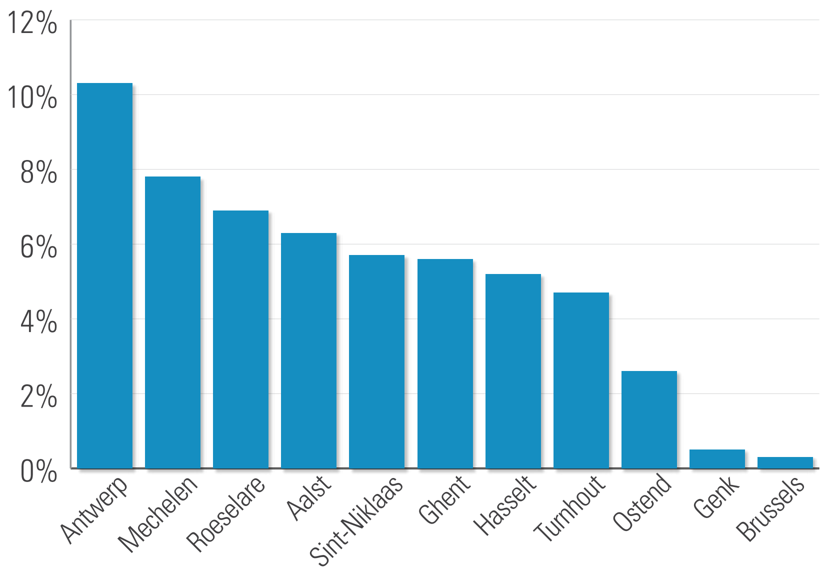
The advantages of direct, physical shopping (a unique experience, direct contact with product specialists and the shop staff, shopping when you want, etc.) tend to become more attractive when the store is just around the corner. In addition, consumers avoid the delivery cost, having to be at home to receive the delivery, and also the chance of having to return the product because it was delivered wrongly or having to complain when it is not delivered at all. It was recently established that some 1,300 consumers get a wrong delivery or no delivery at all every year.

4. THE INNER-CITY AS THE MOST DESIRED DESTINATION FOR PHYSICAL SHOPPING

Qrf City Retail believes in the inner-city as an environment where people can strike the perfect balance between living, working, shopping and relaxing.

It is not for nothing that the population of cities is growing. This positive demographic trend is strongly supported by the increase of the number of single-parent households, the wish of two working parent households to be in an environment with sufficient facilities and the changing view of mobility on the part of young people.

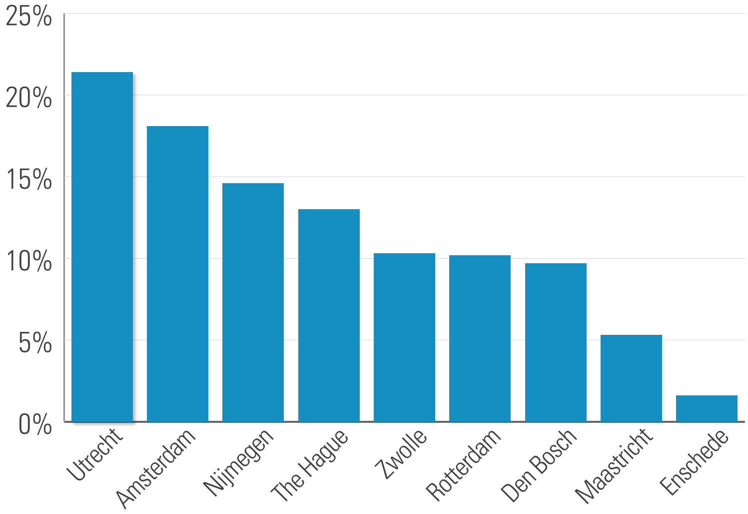
GRAPH 1 GROWTH IN THE NUMBER OF INHABITANTS OF BELGIAN CENTRAL CITIES IN THE PERIOD 2014-2024 (IN PERCENTAGE)



Source: Statistics Flanders[8]

8 http://www.statistiekvlaanderen.be/sites/default/files/docs/proj2014_bevolking_centrumsteden_150317.pdf
http://www.stedenbeleid.vlaanderen.be/de-bevolking-en-huishoudenprojecties-in-de-13-centrumsteden-2015-2030)

GRAPH 2 GROWTH IN THE NUMBER OF INHABITANTS OF DUTCH CENTRAL CITIES IN THE PERIOD 2015-2030 (IN PERCENTAGE)



Source: CBS Netherlands[9]

The inner-city has all the facilities to meet the needs of the young generation, which explains in part why young people feel more and more attracted to cities.

The inner-city is authentic, and every inner-city is different. They have all the ingredients to make innovation, advantages of scale, sustainable travel, trendsetting and other social factors possible.

Both large chains, expensive brand outlets, feelgood stores but also trendy hotel and catering concepts are attracted by the authenticity of the inner-city. This gives a unique retail offer that ensures natural appeal for the inner-city as a shopping environment. Shops in the inner-city can enjoy this enhanced activity and natural increase in the number of passers-by in the shopping street.

The inner-city is a mixer where all the ingredients are blended to bring a unique retail experience to the fore time and again. Retail concepts that originate or take a foothold in inner cities can capitalize on this dynamism to create an optimal perceptual concept.

5. WORKING TOGETHER ON A BETTER FUTURE

In spite of the maximal presence of unique winning assets, creating an attractive and successful inner-city is a continuous process. Cities and retailers must work together to chart a course for an optimal experience whereby the commercial heart of the city, the most dominant shopping street, turns into a place where consumers want to spend most of their available time. They have to focus to the utmost on the factors that consumers prize to turn the inner-city into the *"most desired destination"* for consumers. Every little experience helps: good accessibility, a strong (alternative) mobility network, presence of hotel and catering outlets, the diversity of shops, plus art and culture.

Qrf City Retail endeavours day in and day out to meet city councils and policymakers so as to inform them and to present its vision at networking moments, because we are convinced that it is essential to integrate the notion that *"every experience counts"* at every level.

9 https://www.cbs.nl/nl-nl/nieuws/2016/37/pbl-cbs-prognose-groei-steden-zet-door

Once this vision is integrated in a city's DNA to the maximum, the historical winning assets of that city (culture, entrepreneurship, hotels and catering, etc.) can be addressed in optimal fashion.

It is moreover important to give the consumer a chance to shop whenever s/he wants. Qrf City Retail has been pleading for expanding the opening hours. It recently conducted a study on the issue in cooperation with Q&A which showed that the idea of having stores open later in the morning but also closing later in the evening is supported by a broad consumer panel.[10]

Because in modern society, everyone is working increasingly later, but most shops still close at 6:00 PM. There is a demand for shopping in the evening, but little opportunity to do so. The opening hours of stores are a development not the consequence of our busy lives.

Retailers feel the need for adjustments and developments and it is necessary for everyone to pull together. A measure cannot be introduced by halves, as is often the case nowadays with efforts to veer towards modern opening hours. A shopping street where half the shops are closed immediately loses most of its appeal.

Longer opening hours are needed, not only in the evening, but also on Sunday, which constitutes 1/7 or 14.3% of the life of the consumer! Furthermore, on Sundays consumers have time to shop and are free of their many weekly obligations. The need for convenience is low on those days, but the need for pure experience is all the more sorely felt.

An inner-city that meets the principle of *'most desired destination'* encourages the consumer to visit the city again and again because the physical shopping experience is unique and always surprising. This inner-city tailors itself to the needs of the modern consumer.

In this way, the city and retail become 'drivers' that strengthen each other, improve the cohesion of the urban fabric and have a positive impact on the shopping experience. The whole is greater than the individual parts.

10 All our research studies are available on www.qrf.be.

7 Corporate governance statement

Ostend
Kapellestraat

7 Corporate governance statement

7.1 General information

Pursuant to Article 17, §6 of the RREC Act, Qrf City Retail has charted an appropriate integrity policy. A summary of the rules and principles on the basis of which the *Corporate Governance* of QRF City Retail is organized are summarized below.

Qrf City Retail uses the Belgian Corporate Governance Code as the reference code (www.corporategovernancecomittee.be). This code was published by the *Corporate Governance* Committee on 12 March 2009 (hereinafter referred to as the *Governance Code 2009*).

This statement contains the most important rules that Qrf City Retail has adopted in application of the legislation and recommendations on corporate governance. The statement is also part of the Annual Report, pursuant to Article 96, § 2 and § 3 of the Companies Code.

The Governance Code 2009 is based on the *"comply and explain"* principle: Belgian listed companies must comply with the Governance Code 2009, but can depart from the provisions and guidelines (but not from the principles), on condition that they state their reasons for such departures in their corporate governance statement.

The Statutory Manager stands fully behind the principles of the Governance Code 2009, but believes that certain (limited) departures from the provisions are justified in the light of the specific situation of Qrf City Retail.

More specifically, Qrf City has departed from the following recommendation of the Governance Code 2009:

- As an exception to principle 2.9 of the Governance Code 2009, no formal secretary is appointed, given the scope of Qrf City Retail, its activities and the efficiency of its decision-making process. For the same reason, it has no in-house lawyer and will call on specialized external advice as and when it deems it useful or necessary.

The integrity policy of Qrf City Retail was summarized in the *Corporate Governance Charter*. The *Corporate Governance Charter* deals in particular with the management bodies of the company, conflicts of interest, the code of ethics and sustainable entrepreneurship. The *Corporate Governance Charter* of Qrf City Retail was approved by the Board of Directors of the Statutory Manager in accordance with the recommendations in the Governance Code 2009. The Statutory Manager will review the *Corporate Governance Charter* of Qrf City Retail periodically.

The Board of Directors of the Statutory Manager initially adopted this Charter at its meeting of 26 November 2013. The Charter was last revised on 9 November 2016.

The most recent version of the *Corporate Governance Charter* van Qrf City Retail can be consulted at all times online at investor.qrf.be, under *Corporate Governance,* and can be obtained free of charge at the registered office of Qrf City Retail (Museumstraat 1/211, 2000 Antwerp).

For information as referred to in Article 14, section 4 of the Act of 2 May 2007 on the publication of sizeable stakes in issuers whose shares are admitted for trading on a regulated market, cf. Chapter 8 "Qrf City Retail on the stock exchange".

The procedure for the appointment and replacement of the Statutory Manager and the members of its Board of Directors is described in Chapter 7.2.1 and 7.2.2.1 respectively. A description of the holders of securities to which particular control rights are attached is provided under Chapter 8.4 (together with a description of those rights). There is no legal or statutory restriction for the exercise of the voting right, except that that the voting right of any own shares of Qrf City Retail is suspended.

Chapter 12.5 of this annual report contains a copy of the restated articles of association of Qrf City Retail. Each amendment of the articles of association of Qrf City Retail must be carried out in accordance with the rules set out in the Companies Code, the RREC Act and the RREC RD. For a summary of the Statutory Manager's powers to issue shares or to redeem own shares, cf. Chapter 11 (Note 17.2 and 17.3) of this annual report.

7.2 Decision-making bodies

7.2.1 Statutory Manager

Pursuant to Article 11 of the articles of association, Qrf City Retail is managed by a Statutory Manager who has the capacity of managing (general) partner and is appointed in the articles of association. Pursuant to Article 11 of the articles of association of Qrf City Retail, Qrf Management NV, having its registered office at Leopold de Waelplaats 8, 2000 Antwerp, was appointed as the sole Statutory Manager of Qrf City Retail for a period of 15 years. This period entered into force on 3 September 2013.

As the Statutory Manager and managing partner, Qrf Management NV is vested with powers to carry out all such operations as are useful or required to attain the corporate object of Qrf City Retail, with the exception of those operations reserved by the relevant legislation or the articles of association of Qrf City Retail for the General Meeting of Shareholders.

The Statutory Manager is appointed for a specified period, as provided in the articles of association of Qrf City Retail. Upon the expiry of the term of office, the Statutory Manager may be reappointed by the extraordinary General Meeting of Shareholders by altering the articles of association before a notary. The mandate may be revoked by court decision upon request by the General Meeting of Shareholders for legal reasons.

The Statutory Manager may not take part in the voting on the decision to lodge such a request. The Statutory Manager will continue to serve its term of office until the court decision revoking the mandate has acquired the force of res judicata.

The Statutory Manager may resign at all times, but must continue to serve in a caretaking capacity until a replacement can be reasonably provided. In such a case, the General Meeting of Shareholders will be convened within one month to appoint a new Statutory Manager.

In the exercise of its managerial tasks, Qrf Management NV acts as Statutory Manager in the exclusive interest of the shareholders of Qrf City Retail.

The Statutory Manager appoints a permanent representative pursuant to Article 61, §2 of the Companies Code. Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter, has been appointed permanent representative.

As Quares Real Estate Investment Management Retail NV (hereinafter referred to as "Quares REIM Retail" or the "Promoter") exercises exclusive control over the Statutory Manager and owns 99% of the shares of the Statutory Manager, it is a company affiliated with Qrf City Retail. In this way, Qrf City can from the outset avail itself of the extensive experience of this affiliated company concerning retail properties. The Promoter must comply with the obligations in accordance with Article 23 of the RREC Act.

The Promoter also signs the *Corporate Governance Charter* of City Retail.

7.2.2 Board of Directors of the Statutory Manager

7.2.2.1 Structure

As Qrf City Retail has assumed the form of a limited equity partnership, which is managed by a manager-legal person, the following obligations are set for the board of the Statutory Manager by the RREC Act and the RREC RD.

- Pursuant to Article 13 of the RREC Act, the Board of Directors of the public RREC or, depending on the case, the manager-legal person of the public

RREC (that has assumed the form of a limited equity partnership) must be composed in such a way that the public RREC can be managed pursuant to Article 4 of the RREC Act. The articles of association of the Statutory Manager must stipulate that its Board of Directors has at least three independent members within the meaning of Article 526ter of the Companies Code;

- The articles of association of the Statutory Manager must stipulate that compliance with the criteria set in in Article 526ter of the Companies Code is also assessed as if the independent member of the Board of Directors involved or the Statutory Manager is a director of the public RREC;
- The directors of the Statutory Manager must also comply with Article 14 and 15 of the RREC Act; and
- Depending on the chosen policy structure and pursuant to Article 18 of the RREC Act, the Statuary Manager must comply with Article 17 of the RREC Act;
- The directors are appointed by the general meeting of shareholders of the Statutory Manager by ordinary majority from a list of candidates put forth by the Board of Directors, on the advice of the remuneration and nomination committee.

7.2.2.2 Tasks of the Board of Directors

The role of the Board of Directors consists of endeavouring for the long-term success of Qrf City Retail by guaranteeing entrepreneurial leadership and ensuring that risks can be assessed and managed.

The Board of Directors decides on the values and the strategy of Qrf City Retail, the risk policy and the main policy lines. In addition, the Board of Directors ensures that the obligations of Qrf City Retail to its shareholders are clear and that said obligations are met, taking due account of the interests of the other stakeholders.

In particular, the Board of Directors has the following core tasks (the list is not exhaustive):

- Charting of the strategy, the risk profile and in particular the definition of the sectors and the geographic area of activity of Qrf City Retail, in accordance with the relevant legal requirements;
- Approval of all important investments and transactions of Qrf City Retail, in line with the relevant legal requirements;
- Monitoring and approval of periodic financial information of Qrf City Retail;
- Supervision of the Executive Management, and in particular in light of the monitoring of the strategy;
- Approving of publicly disseminated information of Qrf City Retail;
- Proposing the appropriation of profit concerning Qrf City Retail;
- Defining the structure, powers and obligations entrusted to the Executive Management;
- Supervising the performance of the Auditor and the internal audit function;
- Monitoring and assessing the effectiveness of the committees and the Board of Directors (such as the audit committee, the remuneration and nomination committee, and the investment committee);
- Approving and assessing the implementation of the internal control and risk management framework, as drawn up by the Executive Management; and
- The other tasks expressly attributed to the Statutory Manager by the Companies Code.

In 2017 the Board of Directors met 10 times in its capacity of Statutory Manager of Qrf City Retail, on certain occasions by teleconferencing.

Board of Directors of Qrf City Retail. From left to right, front: Anneleen Desmyter, Herman Du Bois. Back: Jan Brouwers, Frank De Moor, Inge Boets, Freddy Hoorens.

TABLE 1 ATTENDANCE OF THE BOARD OF DIRECTORS

BOARD OF DIRECTORS

NAME	POSITION	ATTENDANCE 2017
Inge Boets	Independent director and Chairwoman of the Board of Directors	10/10
Jan Brouwers	Independent director	8/10
Frank De Moor	Independent director	9/10
Fontenelle BVBA[1]	Non-independent, non-executive director	7/7
Herman Du Bois[2]	Non-independent, non-executive director	3/3
B.M.C.C. BVBA[3]	Non-independent, non-executive director	6/7
Freddy Hoorens[4]	Non-independent, non-executive director	3/3
Anneleen Desmyter EBVBA[5]	Non-independent, executive director	7/7
Anneleen Desmyter[6]	Non-independent, executive director	3/3

7.2.2.3 Powers of the Board of Directors and activities during 2017

The Board of Directors has, in addition to reciprocal subjects, decided also on various issues such as, in particular:

- The deliberation and approval to expand the activities of Qrf City Retail to the Netherlands as 2nd core country;
- The deliberation on legal matters;
- The deliberation and approval of various investment and divestment projects;
- A capital increase within the limits of the authorized capital;
- The deliberation on different operations equated with merger by acquisition.

7.2.2.4 Composition

On the date of this Annual Report, the Board of Directors or the Statutory Manager was composed of six members to wit:

- One executive director;
- Two non-executive, non-independent directors; and
- Three non-executive independent directors.

Pursuant to the Act of 28 July 2011[7] and Article 518bis of the Companies Code, which aims for a greater presence of women in the Board of Directors of listed companies, Qrf City Retail meets the requirement that one third of its members have to be female. Key positions in Qrf City Retail are filled by women, namely Inge Boets as Chairwoman of the Board of Directors and Anneleen Desmyter as executive director.

1 The mandate of Fontenelle BVBA, represented by Mr Herman Du Bois, expired on 20 September 2017.
2 The mandate of Herman Du Bois started on 20 September 2017.
3 The mandate of B.M.C.C. BVBA, represented by Mr Freddy Hoorens, expired on 20 September 2017.
4 The mandate of Freddy Hoorens started on 20 September 2017.
5 The mandate of Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter, expired on 20 September 2017.
6 The mandate of Anneleen Desmyter started on 20 September 2017.
7 Act amending the Act of 21 March 1991 concerning the reform of certain economic state companies, the Companies Code and the Act of 9 April 2002 on rationalizing the working and management of the National Lottery to guarantee that women have a place on the Board of Directors of the autonomous state companies, listed companies and the National Lottery.

On 20 September 2017 the director's mandates of the following directors expired:

- Mrs Inge Boets;
- Mr Jan Brouwers;
- Mr Frank De Moor;
- Fontenelle BVBA (represented by Mr Herman Du Bois);
- B.M.C.C. BVBA (represented by Mr Freddy Hoorens);
- Anneleen Desmyter EBVBA (represented by Mrs Anneleen Desmyter).

The ordinary General Meeting of Shareholders of Qrf Management NV of 20 September 2017 appointed the following persons as directors for the period from 20 September 2017 to the closing of the ordinary General Meeting of Shareholders of Qrf Management NV which will decide on the annual financial statements of the financial year closed on 31 March 2021:

- Mrs Inge Boets;
- Mr Jan Brouwers;
- Mr Frank De Moor;
- Mr Herman Du Bois;
- Mr Freddy Hoorens;
- Mrs Anneleen Desmyter.

TABLE 2 REMITS AND MANDATES OF THE MEMBERS OF THE BOARD OF DIRECTORS AND/OR ITS COMMITTEES

NAME REMITS	DATE OF BIRTH	M/F	START OF MANDATE	END OF MANDATE
Inge Boets - Chairwoman of the Board of Directors - Non-executive, independent Director within the meaning of Article 526ter of the Companies Code - Member of the audit committee - Member of the remuneration and nomination committee - Director with final responsibility for internal audit	1962	F	20 September 2017	Upon the closing of the ordinary General Meeting of Shareholders of Qrf Management NV which shall decide on the annual financial statements of the financial year closed on 31 March 2021
Anneleen Desmyter - Executive Director - Chairwoman of the investment committee	1976	F	20 September 2017	Upon the closing of the ordinary General Meeting of Shareholders of Qrf Management NV which shall decide on the annual financial statements of the financial year closed on 31 March 2021
Freddy Hoorens - Non-executive, non-independent Director (represents Quares) - Member of the remuneration and nomination committee - Member of the investment committee	1963	M	20 September 2017	Upon the closing of the ordinary General Meeting of Shareholders of Qrf Management NV which shall decide on the annual financial statements of the financial year closed on 31 March 2021
Herman Du Bois - Non-executive, non-independent Director (represents Quares) - Member of the audit committee - Member of the investment committee	1964	M	20 September 2017	Upon the closing of the ordinary General Meeting of Shareholders of Qrf Management NV which shall decide on the annual financial statements of the financial year closed on 31 March 2021
Jan Brouwers - Non-executive, independent director within the meaning of Article 526ter of the Companies Code - Chairman of the remuneration and nomination committee	1974	M	20 September 2017	Upon the closing of the ordinary General Meeting of Shareholders of Qrf Management NV which shall decide on the annual financial statements of the financial year closed on 31 March 2021
Frank De Moor - Non-executive, independent director within the meaning of Article 526ter of the Companies Code - Chairman of the audit committee	1962	M	20 September 2017	Upon the closing of the ordinary General Meeting of Shareholders of Qrf Management NV which shall decide on the annual financial statements of the financial year closed on 31 March 2021

Pursuant to Article 14 of the RREC Act, the directors must have the professional reliability and appropriate expertise required to perform their remit.

Other remits and mandates of the members of the Board of Directors of Qrf City Retail exercised during the previous five years:

TABLE 3 REMITS AND MANDATES EXERCISED BY THE DIRECTORS OF QRF CITY RETAIL DURING THE PREVIOUS 5 YEARS

NAME CURRENT POSITION	CURRENT MANDATES	MANDATES EXERCISED DURING THE PREVIOUS 5 YEARS AND EXPIRED
Inge Boets Current position: Director at various companies (Onderheide 28, 2930 Brasschaat)	- Econopolis Wealth Management NV, independent director (2013-present); - Inge Boets BVBA, manager (1996-present); - VZW Altijd Vrouw, director (2012-present); - La Scoperta BVBA, shareholder/manager (2011-present); - Euroclear plc, independent director (2014-present); - Euroclear SA, independent director (2014-present); - Ontex*, independent director and chairwoman of the audit committee (2014-present); - Guberna, Advisory Board Effectiveness (2011-present) - Van Breda Risk & Benefits, independent director and Chairwoman of the audit committee (2015-present). - Triginta, Chairwoman (2017-present)	- Euroclear Belgium, independent director (2012-2014); - Flemish Parliament, member of the audit committee (2011-2015)
Anneleen Desmyter Current position: CEO Qrf City Retail (Museumstraat 11/211, 2000 Antwerp) & Director Quares Holding CVBA	- Anneleen Desmyter EBVBA, statutory manager (2013-present); - Admires BVBA, non-Statutory Manager (2005-present); - Thomas More, member of the Board of Directors (2016-present); - Various mandates in the subsidiaries of Quares Holding CVBA (Quares Real Estate Investment Management Student Housing NV, branches of Quares Student Housing Comm.VA, Quares Real Estate Investment Management Retail Foetz NV, Foetz Holding SA, Foetz Retail-Invest SA, Quares Facility Management NV, director,Quares Consulting & Product Development NV, Quares Incentive CVBA, Quares Property & Facility Management BV, Quares Real Estate Investment Management BV, Centry BV,Quares Real Estate Investment Management Retail NV, Quares Property Management NV, BC Quares Property Management SA, Quares Real Estate Investment Management NV, Quares Residential Agency NV, Quares SHF Upside NV).	
Freddy Hoorens Current position: Director Quares Holding CVBA (Leopold de Waelplaats 8, 2000 Antwerp)	- Various mandates in the subsidiaries of Quares Holding CVBA (Quares Real Estate Investment Management Student Housing NV, branches of Quares Student Housing Comm.VA, Quares Real Estate Investment Management Retail Foetz NV, Foetz Holding SA, Foetz Retail-Invest SA, Quares Facility Management NV, Quares Consulting & Product Development NV, Quares Incentive CVBA,Quares Property & Facility Management BV, Quares Real Estate Investment Management BV, Centry BV, Quares Real Estate Investment Management Retail NV, Quares Property Management NV, BC Quares Property Management SA, Quares Real Estate Investment Management NV, Quares Residential Agency NV, Quares SHF Upside NV); B.M.C.C BVBA, Statutory Manager/ shareholder (2006-present); - Convest BVBA, non-statutory manager (2005-present); - Profaco BVBA, statutory manager (2002-present); - CityD NV, (2014-present).	

NAME CURRENT POSITION	CURRENT MANDATES	MANDATES EXERCISED DURING THE PREVIOUS 5 YEARS AND EXPIRED
Herman Du Bois Current position: Director Quares Holding CVBA (Leopold de Waelplaats 8, 2000 Antwerp)	- Various mandates in the subsidiaries of Quares Holding CVBA (Quares Real Estate Investment Management Student Housing NV, branches of Quares Student Housing Comm. VA, Quares Real Estate Investment Management Retail Foetz NV, Foetz Holding SA, Foetz Retail-Invest SA, Quares Facility Management NV, Quares Consulting & Product Development NV, Quares Incentive CVBA, Quares Property & Facility Management BV, Quares Real Estate Investment Management BV, Centry BV, Quares Real Estate Investment Management Retail NV, Quares Property Management NV, BC Quares Property Management SA, Quares Real Estate Investment Management NV, Quares Residential Agency NV, Quares SHF Upside NV); - Fontenelle BVBA, non-Statutory Manager (1997-present); - Pastis Investment, director (2010-present).	
Jan Brouwers Current position: Director Jaran Capital Fund SA (Rue Aldringen 11, L-1118 Luxembourg)	- Jaran Capital BV Nederland, shareholder/director (2013-present).	- Morgan Stanley, Managing Director (1999-2013); - Proviron Holding NV, independent director (2004-2016).
Frank De Moor Huidige functie: CEO Q-Park NV (Stationsplein 8E, 6221 BT Maastricht)	- Electronic Commerce Platform Nederland, Member of the Advisory Board (2004-present).	- Mediq NV, Auditor/ independent director (2008-2013); - Sligro Food Group, Auditor/ independent director (2004-2012); - Macintosh Retail Group NV, CEO (2003-2014). - Detailhandel Nederland, Member of Day-to-Day Management Board (2002-2014); - BNP Paribas (Belgium), Member of the National Advisory Board (2008-2014).

Companies indicated with an * are listed.

Article 14 of the RREC Act imposes specific obligations on the directors of the Statutory Manager concerning professional reliability and appropriate expertise.

Pursuant to these obligations, the directors of the Statutory Manager declared that they were not convicted for fraud in the previous five years. All directors of the Statutory Manager have moreover declared that, as members of the board, executive and supervisory body in the previous five years, they were not involved in any bankruptcy, suspension of payments or liquidation. The non-executive directors moreover confirmed that they did not combine more than five mandates in listed companies.

In addition, all directors declared that they had not been the subject of any official or publicly expressed accusations and/or any sanction imposed by a legal or supervisory authority, or that they had been prohibited by a court from acting (i) as a member of the board, executive or supervisory body of an issuer of financial instruments, or (ii) with a view to the management or the exercise of the activities of an issuer of financial instruments.

There are no family ties between the members of the board, executive or supervisory bodies.

CHAIRMANSHIP OF THE BOARD OF DIRECTORS OF THE STATUTORY MANAGER

During the meeting of the Board of Directors of the Statutory Manager of 20 September 2017, Mrs Inge Boets was reappointed Chairwoman of the Board of Directors for an unspecified period. Her mandate shall expire at the time that her current mandate as director comes to an end, unless it is expressly renewed by the Board of Directors on the advice of the remuneration and nomination committee.

7.2.3 Specialized committees of the Board of Directors

7.2.3.1 Audit committee

TASKS AND POWERS OF THE AUDIT COMMITTEE

The audit committee is responsible for the legal tasks described in Article 526bis of the Companies Code. The tasks of the audit committee comprise in particular:

- Assisting the Board of Directors in its supervisory responsibilities, more specifically as regards the provision of information to the shareholders and third parties;
- Monitoring the financial reporting process, more specifically the quarterly, semi-annual and annual results;
- Monitoring the legal control of the statutory annual financial statements and the consolidated annual financial statements;
- Monitoring the effectiveness of Company's systems for internal control and risk management;
- Monitoring the internal audit and its effectiveness;
- Assessing and monitoring the independence of the Auditor, as well as the approval of the remuneration of said Auditor;
- Analysing the observations that the Auditor makes and where necessary, making recommendations to the Board of Directors;
- Ensuring that all legal regulations concerning any conflict of interests are strictly applied.

The tasks and powers of the audit committee are described in Articles 4.3 and 4.5 to 4.8 of the *Corporate Governance Charter* of Qrf City Retail.

COMPOSITION OF THE AUDIT COMMITTEE

TABLE 4 COMPOSITION OF THE AUDIT COMMITTEE - PERIODICITY - PURPOSE

TYPE OF COMMITTEE	PERIODICITY	PURPOSE	COMPOSITION
Audit committee	Min. 4x per year	Check the integrity of public financial information	Two non-executive and independent directors: 1) Inge Boets; 2) Frank De Moor.
		Examine the internal control and systems concerning risk management set up by the Executive Management	One non-executive and non-independent director: 1) Herman Du Bois[8].

The detailed rules concerning the composition of the audit committee are set out in Article 4.2 of the *Corporate Governance Charter* of Qrf City Retail. All members of the audit committee are non-executive directors, the majority of whom are independent.

The members of the audit committee have collective expertise in the activities of Qrf City Retail and the necessary expertise in accounting and audit.

FUNCTIONING OF THE AUDIT COMMITTEE

The audit committee gathers as much information as necessary to carry out its tasks properly, and does so no fewer than four times per financial year. Meetings are convened by the Chairman of the audit committee, Mr Frank De Moor. He is required to convene a meeting each time a member of the audit committee so requests. The audit committee may decide, at its discretion, to invite non-members, such as e.g. the CEO, the CFO, the internal auditor the Auditor of Qrf City Retail) to attend the meetings.

At least the majority of the members of the audit committee must be present or represented for said meetings to be validly composed.

The audit committee holds a meeting with the Auditor of Qrf City Retail and the internal auditor at least twice a year to consult with them on matters pertaining to the internal regulation and all elements arising out of the audit process, in particular the significant weak points of the internal control.

The Auditor of Qrf City Retail has direct and unlimited access to the Chairman of the audit committee and to the Chairwoman of the Board of Directors.

The audit committee can call on external professional advice at the expense of Qrf City Retail, subject to informing the Chairwoman of the Board of Directors accordingly in advance. The audit committee assesses its functioning, effectiveness and internal rules of procedures on an annual basis. After the assessment, the committee makes recommendations to the Board of Directors concerning any possible changes.

In 2017 the audit committee met on four occasions, during which the subjects of its remit were discussed, namely keeping an eye on the accuracy of the reporting of the semi-annual and annual figures of Qrf City Retail.

8 The mandate of Fontenelle BVBA, represented by Mr Herman Du Bois, expired on 20 September 2017. The mandate of Herman Du Bois started on 20 September 2017.

TABLE 5 ATTENDANCE OF THE AUDIT COMMITTEE

AUDIT COMMITTEE

NAME	POSITION	ATTENDANCE 2017
Frank De Moor	Non-executive, independent director and Chairman of the audit committee	4/4
Inge Boets	Non-executive, independent director	4/4
Fontenelle BVBA[9]	Non-executive, non-independent director	3/3
Herman Du Bois[10]	Non-executive, non-independent director	1/1

7.2.3.2 Investment committee

TASKS AND POWERS OF THE INVESTMENT COMMITTEE

The investment committee, set up by the Board of Directors of the Statutory Manager, is responsible for preparing the investment and divestment files for the Board of Directors. The investment committee then monitors the negotiations with the different counterparties of Qrf City Retail. These negotiations pertain chiefly to the acquisition (in any form) and disposal of properties, the conclusion of leases and/or the acquisition of real estate companies.

The Board of Directors of the Statutory Manager may decide at all times to set up several investment committees if it should deem it necessary (e.g. per geographic region). The framework and the provisions of the investment committee will be applied to the different investment committees, with only the necessary changes having been made.

The tasks and powers of the investment committee are described in Article 6.3 of the *Corporate Governance Charter* van Qrf City Retail.

COMPOSITION OF THE INVESTMENT COMMITTEE

TABLE 6 COMPOSITION OF THE INVESTMENT COMMITTEE - PERIODICITY - PURPOSE

TYPE OF COMMITTEE	PERIODICITY	PURPOSE	COMPOSITION
Investment committee	Min. 4x per year	Prepare investment and divestment files for the Board of Directors.	Executive Management: 1) Anneleen Desmyter[11]; 2) Preben Bruggeman; 3) Michiel Gevers.
			Non-executive directors: 1) Herman Du Bois[12]; 2) Freddy Hoorens[13].

The detailed rules concerning the composition of the audit committee are set out in Article 6.2 of the *Corporate Governance Charter* of Qrf City Retail.

9 The mandate of Fontenelle BVBA, represented by Mr Herman Du Bois, expired on 20 September 2017.
10 The mandate of Herman Du Bois started on 20 September 2017.
11 The mandate of Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter, expired on 20 September 2017. The mandate of Anneleen Desmyter started on 20 September 2017.
12 The mandate of Fontenelle BVBA, represented by Mr Herman Du Bois, expired on 20 September 2017. The mandate of Herman Du Bois started on 20 September 2017.
13 The mandate of B.M.C.C. BVBA, represented by Mr Freddy Hoorens, expired on 20 September 2017. The mandate of Freddy Hoorens started on 20 September 2017.

FUNCTIONING OF THE INVESTMENT COMMITTEE

The investment committee meets as often as necessary to carry out its tasks properly, and does so no fewer than four times per financial year. The meetings are convened by its Chairwoman, Anneleen Desmyter.

All meetings are held according to an agenda which is fixed by the Chairwoman of the investment committee.

At the next meeting of the Board of Directors, the Chairwoman reports on the last meeting of the investment committee. Advice and decisions are adopted by majority of the votes cast. If the vote is tied, the proposal is rejected. This issue is then submitted to the complete Board of Directors at its next meeting. Members who voted against a decision or advice can have their reasons entered in the minutes of the investment committee.

The investment committee assesses its functioning, effectiveness and internal rules of procedures on an annual basis. After the assessment, the committee makes recommendations to the Board of Directors concerning any possible changes.

7.2.3.3 Remuneration and nomination committee

TASKS AND POWERS OF THE REMUNERATION AND NOMINATION COMMITTEE

The remuneration and nomination committee, set up by the Board of Directors of the Statutory Manager, makes proposals and provides advice to the Board of Directors on the remuneration policy as well as the individual remuneration of directors and the members of the Executive Management. It gives advice on acquisitions and developments and assesses the scope and composition of the Board of Directors. It ascertains the suitability of the members of the Board of Directors and the Executive Management and sees to an appropriate remuneration system.

The remuneration and nomination committee is more specifically responsible for:

- Making proposals to the Board of Directors of the Statutory Manager on the remuneration policy for the directors and members of the Executive Management and, where applicable, on the ensuing proposals to be submitted to the shareholders by the Board of Directors of the Statutory Manager;
- Making proposals to the Board of Directors of the Statutory Manager (i) on the individual remuneration of the directors and the members of the Executive Management, including the variable remuneration and long-term performance bonuses, which may but need not be attached to Shares, in the form of stock options or other financial instruments; (ii) severance pay; and (iii) where applicable, ensuing proposals to be submitted to the shareholders by the Board of Directors of the Statutory Manager;
- Preparing the remuneration report added by the Board of Directors of the Statutory Manager to the corporate governance statement in the annual report;
- Explaining the remuneration report at the annual General Meeting of Shareholders;
- Advising the Board of Directors of the Statutory Manager on (re)appointments that are proposed to the General Meeting of Shareholders, on the basis of objective criteria and in a professional way;
- Giving advice on recruitments/promotions of members of the Executive Management, including when they have to be approved by the General Meeting of Shareholders;
- Drawing up procedures for the appointment of the directors of the Statutory Manager, the CEO and the other members of the Executive Management;

- Assessing the scope and composition of the Board of Directors of the Statutory Manager periodically and making recommendations to the Board of Directors concerning changes thereto;
- Looking for candidates to fill vacant director's mandates, and submitting them to the Board of Directors of the Statutory Manager for approval;
- Giving advice on proposals for appointing directors stemming from shareholders; and
- Taking follow-up questions fully into consideration.

The remuneration and nomination committee considers proposals made by relevant parties, including the management and the shareholders. The CEO moreover provides an opportunity to submit proposals to the remuneration and nomination committee, whereby she is sufficiently advised by said committee, particularly when it discusses issues relating to the executive directors or the Executive Management of the Statutory Manager.

The tasks and powers of the remuneration and nomination committee are described in Article 5.3 of the *Corporate Governance Charter* of Qrf City Retail.

COMPOSITION OF THE REMUNERATION AND NOMINATION COMMITTEE

TABLE 7 COMPOSITION OF THE REMUNERATION AND NOMINATION COMMITTEE - PERIODICITY - PURPOSE

TYPE OF COMMITTEE	PERIODICITY	PURPOSE	COMPOSITION
Remuneration and nomination committee	Min. 2x per year	Draw up the remuneration policy report and the individual remuneration of its Statutory Manager, analysis of new effective leaders, etc.	Non-executive, independent directors: 1) Inge Boets; 2) Jan Brouwers.
			Non-executive, non-independent director: 1) Freddy Hoorens14.

The detailed rules concerning the composition of the audit committee are set out in Article 5.2 of the *Corporate Governance Charter* of Qrf City Retail.

14 The mandate of B.M.C.C. BVBA, represented by Mr Freddy Hoorens, expired on 20 September 2017.
The mandate of Freddy Hoorens started on 20 September 2017.

FUNCTIONING OF THE REMUNERATION AND NOMINATION COMMITTEE

The remuneration and nomination committee meets as often as necessary to comply with its obligations, and does so no fewer times than twice per financial year. The meetings are convened by its Chairman, Mr Jan Brouwers. He is required to convene a meeting when a member of the remuneration and nomination committee so requests. The remuneration and nomination committee can choose to invite non-members to attend the meetings.

At least the majority of the members of the remuneration and nomination committee must be present or represented for the meetings to be legally valid.

No one decides/advises on his/her own remuneration. Accordingly the director concerned leaves the meeting of the remuneration and nomination committee when his/her remuneration is discussed. This method is not applied when the remuneration and nomination committee discusses the general remuneration policy and the policy concerning the categories of directors. The CEO takes part in the meetings of the remuneration and nomination committee when it deals with the remuneration of other members of the Executive Management.

The remuneration and nomination committee assesses its composition, functioning, and effectiveness annually and makes recommendations to the Board of Directors concerning the necessary changes.

TABLE 8 ATTENDANCE OF THE REMUNERATION AND NOMINATION COMMITTEE

REMUNERATION AND NOMINATION COMMITTEE

NAME	POSITION	ATTENDANCE 2017
Jan Brouwers	Non-executive, independent director and Chairman of the remuneration and nomination committee	2/2
Inge Boets	Non-executive, independent director	2/2
B.M.C.C. BVBA[15]	Non-executive, non-independent director	1/1
Freddy Hoorens[16]	Non-executive, non-independent director	0/1

15 The mandate of B.M.C.C. BVBA, represented by Mr Freddy Hoorens, expired on 20 September 2017.
16 The mandate of Freddy Hoorens started on 20 September 2017.

7.2.4 Executive Management

The Executive Management of Qrf City Retail consists of the CEO, the CFO, and the Investment & Asset Manager.

7.2.4.1 Tasks and powers of the Executive Management

The CEO is first and foremost the direct director with final responsibility for:

- The general management, in other words the day to day management of the team;
- The coordination of the reporting to the Board of Directors;
- Marketing, namely charting marketing actions for existing and potential customers, in cooperation with the Commercial Assistant;
- ICT, namely seeking, studying and negotiating the right ICT tools and backup plans. This is carried out together with the Commercial Assistant;
- HRM, namely attracting, integrating and retaining (new) employees;
- The commercial strategy, i.e. defining the approach to maximize the Occupancy rate in the long term, with attention for both existing and potential customers. This is carried out together with the Investment & Asset Manager;
- The investment strategy, namely seeking, studying and negotiating new acquisition projects in the regions where Qrf City is active. This is carried out together with the Investment & Asset Manager;
- Investor relations, namely communication with private and institutional investors through contacts with financial analysts and journalists, but also directly with investors through roadshows and other initiatives, together with the CFO;
- Business Development, i.e. extending the network of customers/suppliers and stakeholders;
- Following up and providing support when needed to the Risk Manager & Compliance Officer.

The CFO is primarily responsible for:

- The financial strategy, daily financial management, and internal and external reporting. This comprises in particular the cash management, debtor and creditor management, the management of loans and interest charges, and the reporting to the different levels. This is done with the support of the Finance Manager;
- The guidance and support for investment projects from the financial perspective;
- The financial organization;
- The activities of investor relations, namely the communication to private and institutional investors through contacts with financial analysts and journalists, but also directly with the investors through roadshows and other initiatives, together with the CEO;
- Compliance and Risk Management (within his remit of Compliance Officer & Risk Manager).

The Investment & Asset Manager is primarily responsible for:

- The investment strategy, namely seeking, studying and negotiating new acquisition projects in regions where Qrf City Retail is active. This is carried out together with the CEO;
- The commercial strategy, i.e. defining the approach to maximize the Occupancy rate in the long term, with attention for both existing and potential customers. This is carried out together with the CEO;
- The management of the property portfolio, more specifically defining the strategy for the management of existing buildings (maintenance, alternation and improvement works) in consultation with the Property Manager;
- The project management, namely initiating and following up the ongoing construction sites and development projects.

7.2.4.2 Composition of the effective management and the Executive Management

Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter, and Mr Preben Bruggeman are the effective leaders of Qrf City Retail. The transition regime was applied to appoint only natural persons as effective leaders, pursuant to Article 14, §1 of the RREC Act. The transition regime entails that if one of the effective leaders is replaced the new effective leader will act as a natural person.

TABLE 9 COMPOSITION OF THE EXECUTIVE MANAGEMENT - POSITION - DURATION OF MANDATE

NAME POSITION	DATE OF BIRTH	M/F	START OF MANDATE	END OF MANDATE
Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter CEO Effective leader Office address: Museumstraat 11/211, 2000 Antwerp TEL: +32 3 233 52 46	04/09/1976	F	26 November 2013	31 October 2018
Anneleen Desmyter, CEO Effective leader Chairwoman of the Investment committee Office address: Museumstraat 11/211, 2000 Antwerp TEL: +32 3 233 52 46	04/09/1976	F	1 November 2018	Unspecified period
Preben Bruggeman CFO Effective leader Member of the Investment committee Compliance Officer and Risk Manager Office address: Museumstraat 11/211, 2000 Antwerp TEL: +32 3 233 52 46	05/12/1984	M	16 February 2015	Unspecified period
Michiel Gevers Investment & Asset Manager Member of the Investment committee Office address: Museumstraat 11/211, 2000 Antwerp TEL: +32 3 233 52 46	30/10/1983	M	1 October 2017	Unspecified period
Bert Weemaes EBVBA[17] Represented by Mr Bert Weemaes COO Member of the Investment committee Effective leader Office address: Leopold de Waelplaats 8/1, 2000 Antwerp TEL: +32 3 233 52 46	14/04/1972	M	26 November 2013	30 January 2017

17 Bert Weemaes EBVBA terminated its mandates at Qrf City Retail on 30 January 2017.

Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter (CEO), Mr Preben Bruggeman (CFO) and Mr Michiel Gevers constitute the Executive Management of Qrf City Retail.

The effective leaders and the Executive Management must at all times have the professional reliability and appropriate expertise required to perform their remit.

Pursuant to these obligations, the effective leaders of the Statutory Manager declared that they were not convicted for fraud in the previous five years. All members of the Executive Management of the Statutory Manager have moreover declared that, as effective leaders in the past five years, they were not involved in any bankruptcy, suspension of payments or liquidation. The non-executive directors moreover confirmed that they did not combine more than five mandates in listed companies.

In addition, all effective leaders declared that they had not been the subject of any official or publicly expressed accusations and/or any sanction imposed by a legal or supervisory authority, or that they had been prohibited by a court from acting (i) as a member of the board, executive or supervisory body of an issuer of financial instruments, or (ii) with a view to the management or the exercise of the activities of an issuer of financial instruments.

There are no family ties between the members of the board, executive or supervisory bodies.

A brief description of the professional career of the Executive Management members is given below.

Pursuant to Article 14, §1 of the RREC Act, since it adopted the status of an RREC, Qrf City Retail can only appoint natural persons as effective leaders. The mandate of Anneleen Desmyter EBVBA, represented by Mrs Anneleen Desmyter, will expire on 31 October 2018. Effective of 1 November 2018, the mandate of effective leader and member of the Executive Management (as CEO) is transferred to Mrs Anneleen Desmyter as a natural person.

Anneleen **Desmyter**, CEO

(°04/09/1976) earned her degree in Applied economics from the Catholic University of Leuven in 1998 and her Master's degree in Business Administration from the Université Catholique Louvain-la-Neuve in 1999. In 2004 she successfully completed a Master's degree in Real Estate at the University of Antwerp Management School. Anneleen Desmyter is a member of the BIV (Beroepsinstituut van Vastgoedmakelaars) [Professional Institute of Estate Agents] and has the title of MRICS (Member of the Royal Institution of Chartered Surveyors).

Anneleen embarked on her career in 1999 as a Project Manager and the project promoter Eurinpro (now: Goodman International), where she was responsible for the development, sales and marketing of new office projects and business parks in Belgium and the Netherlands.

In 2004 she launched, together with Freddy Hoorens, the current Quares Residential Agency where she headed a team of real estate brokers as Managing Director. Two years later, in 2006, together with Herman Du Bois and Freddy Hoorens, she founded the Quares Group. Anneleen Desmyter has been a director at Thomas More since 2016.

Preben **Bruggeman**, CFO

(°5/12/1984) earned his Master's degree in Business Engineering (specializing in Finance) from the University of Antwerp in 2008. He then earned a Bachelor's degree in philosophy from the same university. In 2012 he successfully completed 3 levels of the Chartered Financial Analyst (CFA) programme.

Preben embarked on his career in 2008 at the Degroof Bank as a shares analyst, where he was responsible for monitoring the real estate sector. In 2011 he joined the corporate finance department of the Degroof Bank where he was in charge of different capital markets and M&A transactions in the real estate sector.

Michiel **Gevers**, Investment & Asset Manager

(°30/10/1983) graduated from the Catholic University of Leuven with a Law degree in 2007, and then earned a Master's degree from the Vlerick Business School in 2008. He also earned an Advanced Master's degree in Company Law (2011) and a Post-graduate degree in Corporate Finance (2012).

Michiel embarked on his career in 2008 at the law firm Lydian and has 9 years of experience as a lawyer specialized in mergers and acquisitions. Michiel provided advice and support primarily to real estate companies, investment funds and industrial players at M&A and private equity transactions.

7.2.5 Description of the independent control functions and information on the responsible persons

7.2.5.1 Summary of the control functions

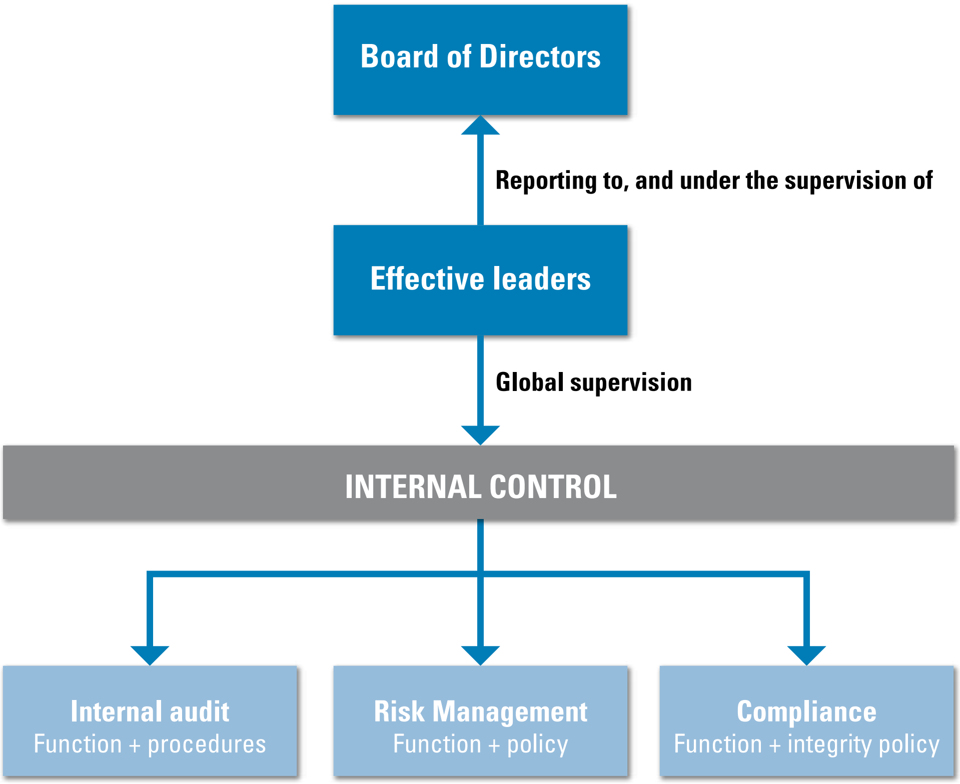
Pursuant to the Corporate Governance rules and the legal obligations concerning the RREC legislation, Qrf City Retail has introduced independent control functions in accordance with the RREC Act and in particular Article 14, 15, 16 and 17 of the RREC Act.

TABLE 10 SUMMARY OF THE INDEPENDENT CONTROL FUNCTIONS

POSITION	PERSON	START OF MANDATE	END OF MANDATE	REMUNERATION
Internal auditor	EY with Michel Brabants as representative and the Chairwoman of the Board of Directors as director with final responsibility	2 February 2015	Unspecified	Discussed under Chapter 12.4.3
Compliance Officer	Preben Bruggeman CFO	24 July 2015	Unspecified	Included in total pay package
Risk Manager	Preben Bruggeman CFO	24 July 2015	Unspecified	Included in total pay package

7.2.5.2 Function and risk management

The internal audit system and the discussion of the risks for Qrf City Retail are featured annually on the agenda of both the audit committee and the Board of Directors.



ORGANIZATIONAL CHART 1 INTERNAL CONTROL SYSTEM OF QRF CITY RETAIL

This structure complies with the principle of 3 lines of defence, where the organization of risk management and internal control falls under the responsibility of the effective leaders and their teams. The internal audit sees to the organization of these activities and tests the quality of the internal control. The audit committee and the Board of Directors receive reports from the effective management and the internal audit and make sure that the risk management and internal control system is suitable.

7.2.5.3 Internal control

Pursuant to the *Corporate Governance* rules and Article 17, §2 of the RREC Act, Qrf City Retail has devised an internal control system that provides a reasonable degree of certainty about the reliability of the financial reporting process. In this respect, the annual financial statements and the semi-annual statements, as well as the annual report and semi-annual report in particular are in line with the accounting regulations in force. In addition, Qrf City Retail has mapped its risks extensively.

The list of risks is not exhaustive and was drawn up on the basis of the information known at this time. Other unknown and unlikely risks can exist, as well as risks that were assumed at the time this document was drawn up, which, if they were to materialize in future, could have an unfavourable impact on the company, its activities or financial situation. The ongoing developments in the real estate and financial markets require continuous monitoring of the strategic, operational, financial and compliance risks to supervise the results and the financial situation of Qrf City Retail.

7.2.5.4 Risk management and the function of Risk Manager

Preben Bruggeman, CFO of Qrf City Retail, has been appointed Risk Manager for an unspecified period by the Board of Directors. Given his independence from the operational company activities and the small structure of Qrf City Retail, he is the most suitable person to perform this task in an independent manner.

The most important risks at Qrf City Retail are divided into the market risks, operational and real estate-related risks, legal and fiscal risks and financial risks. Preben Bruggeman takes the lead in inventorying these risks and determining the proper control measures.

In addition he will alert the employees of Qrf City Retail about risks in the internal and external environment and make sure that the good example of the *Corporate Governance Charter* is duly followed. He will draw up a report at least once a year for the audit committee, the Internal auditor and the Auditor.

7.2.5.5 Independent compliance function

Rules concerning compliance and integrity fall under the purview of the Compliance Officer.

Pursuant to principles 3.7 and 6.8 and Annex 2 of the Governance Code 2009, Preben Bruggeman, CFO of Qrf City Retail, has been appointed Compliance Officer by the Board of Directors. As such, he is responsible for supervising laws, regulations and rules of conduct that are applicable to Qrf City Retail, including compliance with the rules concerning market abuse, as laid down in particular by the Supervision of the Financial Sector and Financial Services Act of 2 August 2002 on the one hand and Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (as amended) on the other. He will spare no effort to conduct optimal supervision at Qrf City Retail so that in particular the RREC legislation, the Commercial lease legislation, the *Corporate Governance Charter* and the legislation concerning market abuse are duly complied with. Given his independence from the operational company activities and the small structure of Qrf City Retail, he is the most suitable person to perform this task in an independent manner.

7.2.5.6 Internal auditor

The internal audit can be seen as an independent assessment function, geared to assessing the operation and efficiency of the internal company processes. This assessment can extend to several areas, including the financial, operational, accounting and reporting processes of the company, as well as the quality of the management of these processes, compliance and the risk management function.

Qrf City Retail calls on the services of a specialist for the Independent Internal Audit. EY, represented by Michel Brabants, has been appointed as internal auditor.

EY is the market leader in risk advisory, inclusive of internal control, internal audit and risk management. The internal audit methodology used is in line with the standards of the *Institute of International Auditors* (IIA). EY also has a sound risk management methodology based on the international COSO standard and on the "ISO: 31000 2009 *Risk Management Principles & Guidelines*" standard. In addition, EY currently performs no other consultancy functions than an External Audit function for Qrf City Retail.

The daily operations are reported directly to Mrs Inge Boets, Chairwoman of the Board of Directors and director with final responsibility for the Internal Audit function. In addition, there is direct access to the Chairwoman of the audit committee to guarantee independence.

Qrf City Retail has opted for the *Enterprise Risk Management* (ERM) model developed by the *Committee of Sponsoring Organizations of the Treadway Commission (COSO)* as the framework for its internal audit.

The Internal auditor has accordingly drawn up an internal audit plan which relies on a risk analysis to propose an approach to examining internal control and risk management systems, set up by the Executive Committee. In 2017, an internal audit was conducted on "maintenance and repairs" and "property management contract".

7.3 Prevention of conflicts of interest

7.3.1 General

Pursuant to Articles 36, 37 and 38 of the RREC Act, Qrf City Retail has, together with the Statutory Manager, introduced a number of procedures to limit the risk of any adverse impact of conflicts of interest on Qrf City Retail.

In addition, Articles 523 and 524 of the Companies Code remain fully applicable on Qrf City Retail and the Statutory Manager.

Pursuant to Article 37 of the RREC Act, conflicts of interests with in particular (i) the shareholders of Qrf City Retail, (ii) persons who are affiliated with or have a participating interest in Qrf City Retail, a Perimeter Company of the Statutory Manager, the Promoter, etc., (iii) Statutory Manager, (iv) the Executive Management of Qrf City Retail and the Statutory Manager, etc., are reported to the FSMA. In its report to the FSMA, Qrf City Retail has to show that the planned transaction is of importance for and falls within its strategy. If the FSMA opines that the data in the previous report were insufficient, incomplete, unsatisfactory or irrelevant, it will inform Qrf City Retail accordingly. It can go public with its view, if Qrf City Retail does not take account of its remarks. Pursuant to Article 8 of the RREC RD, this report to the FSMA is made public and transactions that entail a conflict of interest must be mentioned specially in the annual report and, if necessary in the semi-annual report as well as in the auditor's report.

Pursuant to Article 38 of the RREC Act, its Articles 36 and 37 of the RREC Act shall not apply in the following cases:

- For a transaction with a value lower than the lowest amount of 1% of the consolidated assets of Qrf city retail and 2,500,000 EUR;
- If securities are acquired by Qrf City Retail or one of its Perimeter Companies in a public issue by a third issuer, where the Promoter and the persons referred to in Article 37, §1 of the RREC Act act as intermediaries within the meaning of 2, 10° of the Supervision of the Financial Sector and Financial Markets Act of 2 August 2012;
- If shares of Qrf City Retail, which were issued as a result of a decision of the General Meeting of Shareholders, are acquired or subscribed by the persons referred to in Article 37, §1 of the RREC Act; and
- If transactions concerning cash and cash equivalents of Qrf City Retail or one of its Perimeter Companies are carried out, on condition that the person who acts as a counterparty has the capacity of intermediary within the meaning of Article 2, 10° of the aforementioned Act of 2 August 2002 and that these transactions are carried out under market conditions.

Pursuant to Article 37, §3 and 49, §2 of the RREC Act, when the counterparty is one of the persons referred to in Article 37, § 1 or if one of those persons gains any benefit from the transaction, the Fair Value of the property concerned is appreciated, irrespective of the value of the transaction:

- If Qrf City Retail or its Perimeter Companies dispose of real estate in one of the aforementioned cases, the minimum price at which the property can be disposed of is the Fair Value determined by the expert;
- If Qrf City Retail or its Perimeter Companies acquire real estate in one of the aforementioned cases, the maximum price at which the property can be acquired is the Fair Value determined by the expert.

In accordance with article 37 §3 of the RREC Act, the transactions referred to in Article 37 §1 of the RREC Act must be carried out under normal market conditions.

7.3.1.1 Conflicts of interest for directors

Potential conflicts of interest can occur for some members of the Board of Directors. Qrf City Retail will in such case endeavour to limit the impact of such conflicts as much as possible by complying with the legal conflict of interest procedures. Transactions between Qrf City Retail and the directors must be conducted at the customary market conditions.

The legal rules in conflicts of interest that have to be applied are Article 523 of the Companies Code and Articles 36, 37 and 38 of the RREC Act which stipulate the obligation of informing the FSMA in advance in certain cases. A conflict of interest of a director with Qrf City Retail will be considered to constitute a conflict of interest between that director and the Statutory Manager.

Qrf City Retail had no conflicts of interest within the meaning of Article 523 of the Companies Code or of Article 37 of the RREC Act in 2017.

7.3.1.2 Conflicts of interest for members of the Executive Management

Apart from its obligations pursuant to Article 37 of the RREC Act, Qrf City Retail moreover requires that each member of the Executive Management must avoid the occurrence of conflicts of interest as much as possible. If a conflict of interest does arise nonetheless concerning a matter that falls under the purview of the Executive Management or the Board of Directors, on which it has to decide, the person concerned will inform the other members. The latter will then decide whether the member concerned can vote on the matter to which the conflict of interest pertains or can attend the deliberations on the subject. The Executive Management will present the matter to the Board of Directors.

There is a conflict of interest for a member of the Executive Management when:

- The member in question or one of his or her close relatives in the first degree has a financial interest that runs counter to a decision or a transaction on which the Executive Management of Qrf City Retail has to decide;

- A company that does not belong to the Group, in which the member or one of his or her close relatives in the first degree holds a position on the board or in management, has a financial interest that runs counter to a decision or a transaction on which the Executive Management of Qrf City Retail has to decide.

No conflicts of interest occurred in the Executive Committee at Qrf City Retail in 2017.

7.3.1.3 Conflicts of interest for affiliated companies

Qrf City Retail complies with the procedure stipulated in Article 524 of the Companies Code in the case of:

- Dealings of Qrf City Retail with a company that is affiliated with it, except for its Perimeter Companies;

- Dealings between a Perimeter Company of Qrf City Retail and a company that is affiliated with that Perimeter Company but is not a Perimeter Company of the Perimeter Company.

Decisions on such matters must be submitted beforehand for assessment by a committee of three independent directors assisted by one or more independent experts appointed by the committee. The written reasoned opinion of the committee (with mention of the information provided in Article 524 §2 of the Companies Code) is submitted to the Board of Directors, which then deliberates on the proposed transaction. The Board of Directors mentions in its minutes whether the described procedure was complied with, and where applicable, whether and on what grounds the committee's opinion was departed from. The Auditor gives an opinion on the accuracy of the data mentioned in the committee's opinion and in the minutes of the Board of Directors. This opinion is attached to the minutes of the Board of Directors. The committee's decision, an excerpt from the minutes of the Board of Directors and the Auditor's opinion are printed in the annual report.

Qrf City Retail had no conflicts of interest within the meaning of Article 524 of the Companies Code in 2017.

7.3.1.4 Corporate opportunities

As the directors of the Statutory Manager are appointed on the basis of their competencies and experience in real estate, it happens that they hold directorships in other real estate companies or in companies that control real estate companies, or that they exercise real estate activities as natural persons.

Qrf City Retail and the Statutory Manager comply with the recommendations of the Governance Code 2009 and the legal provisions of *Corporate Governance* by applying them, once the necessary changes have been made, to the organization of the board in the Statutory Manager. As the administrative body of the Manager of Qrf City Retail, it is the Board of Directors of the Statutory Manager that decides collegially on the values and the strategy of Qrf City Retail, on its preparedness to take risks and on the main policy line, and exercises collegial supervision over Qrf City Retail.

A transaction that is proposed to the Board of Directors (e.g. the purchase of a building in an auction) may arouse the interest of another company in which a director exercises a mandate. For such case, which may lead to conflicts of interest at times, Qrf City Retail has decided to apply a procedure which is largely borrowed from that which Article 523 of the Companies Code provides for conflicts of interest.

The director concerned reports the existence of such a situation to the Chairwoman of the Board of Directors immediately. The CEO and/or the Compliance Officer also make sure to identify the existence of such a situation.

Once the risk is identified, the director concerned and the Chairwoman or the CEO examine jointly whether the existing Chinese Wall procedure in Qrf City Retail allows the director to assume that s/he can take part in the meetings of the Board of Directors without any dispute and under his own responsibility. If such procedures have not been introduced or when the member of the Board of Directors thinks that it would be wiser for the director concerned to abstain, the latter withdraws from the deliberation and decision-making process concerning the operation. In such a case, the preparatory notes are not sent to him/her and s/he leaves the meeting of the Board of Directors as soon as the item comes up for discussion. Compliance with this procedure does not however discharge the director concerned from his obligation of confidentiality with regard to Qrf City Retail.

The minutes of the Board of Directors record the compliance with these procedures or explain the reasons why it was not applied.

Once the risk no longer exists, this procedure is no longer applicable.

The Auditor of Qrf City Retail is informed of a conflict of interest that has occurred through the minutes of the meeting.

This procedure was not applied in 2017.

7.3.1.5 Preventive measures concerning the management and detection of conflicts of interest

Qrf City Retail sets up control points and detection systems to prevent, detect and minimize possible conflicts of interest or incompatibility.

The following means are used for the preventive detection of conflicts of interest:

- Upon being appointed, the members of the Board of Directors have to (i) provide a summary of all their current mandates, as well as mandates that have already expired in a period of five years prior to their appointment in Qrf City Retail, and (ii) indicate the companies in which they were a partner in a period of five years prior to their appointment in Qrf City Retail (except if the stake in the company concerned was less than 1% of the total number of shares issued by such company);
- Confirmation that there are no conflicts of interest will be requested from the Board of Directors at each of its meetings (fixed agenda item);
- The *Corporate Governance Charter* comprises measures concerning conflicts of interest. Every member of the Board is thus required to report a possible acceptance of a new mandate;

- The audit committee will draw up a list of transactions with the members of the Board of Directors and their affiliated parties at each meeting and check whether these transactions were reported.

Pursuant to Article 19 of the RREC Act, Qrf City Retail can entrust the management of its portfolio to an affiliated company specialized in property management.

Qrf City Retail has concluded an assistance contract with Quares Property Management NV (also referred to as the Property Manager), an affiliated company of Qrf City Retail. Pursuant to Article 19 of the RREC Act, this company has an administrative, accounting, financial and technical organization that is suitable for the management of the real estate of the public RREC and its Perimeter Companies, as well as the necessary knowledge concerning investment properties. The directors and persons who assume the effective management in the Property Manager have the professional reliability and appropriate experience required to carry out such activities. They are a major market player with more than 10 years of experience and have BIV and RICS accreditation as well.

Qrf City Retail may from time to time call on the services of Quares Residential Agency NV for the purchase, sale and letting of properties at market conditions.

7.4 Remuneration report

Pursuant to Article 96, §3 of the Companies Code, Qrf City Retail draws up a remuneration report on the remuneration policy and individual remuneration of its Statutory Manager, directors and Executive Management.

7.4.1 Board of Directors of the Statutory Manager

The Statutory Manager receives remuneration that is determined according to the procedures defined below, in accordance with Article 35 of the RREC Act.

The net remuneration of the Statutory Manager (i.e. after the reimbursement of all expenses incurred directly for the day-to-day running of Qrf City Retail) is calculated each year on the basis of the net earnings before costs of the Statutory Manager, before taxes and exclusive of the portfolio earnings.

The net remuneration is equal to 4% of the net current earnings before costs of the Statutory Manager, before taxes and exclusive of the portfolio earnings. The remuneration thus calculated is due on the last day of the financial year concerned, but is payable only after approval of the calculation at the General Meeting of Shareholders of Qrf City Retail. The calculation of the remuneration of the Statutory Manager is checked by the Auditor. As the remuneration of the Statutory Manager is pegged to the earnings of Qrf City Retail, the interest of the Statutory Manager tallies with the interest of the shareholders, in accordance with Article 35 of the RREC Act.

The Statutory Manager of Qrf City Retail is also entitled to reimbursement of all expenses incurred directly for the day-to-day running of Qrf City Retail, including the fees of members of the Board of Directors and the effective leaders.

7.4.2 Principles for the development of a remuneration policy and for establishing the individual remuneration

The Statutory Manager receives remuneration that is determined according to the afore-described procedures and in accordance with the articles of association of Qrf City Retail.

As regards the remuneration policy of the directors, Qrf City Retail draws a distinction between two types of directors: the executive director and the non-executive director who may, but need not be an independent director.

The Chairwoman of the Board of Directors receives additional compensation for preparing all meetings. All members of the Board of Directors are moreover covered by a director's civil liability policy, the premium for which is paid by Qrf City Retail. The premiums for 2017 are fixed at 20,561 EUR.

The directors are remunerated with a fixed annual amount. There is no separate presence allowance per meeting. The directors receive no other benefits (company car, pension, options, mobile telephone, etc.). Non-executive directors are not eligible for variable remuneration. The Board of Directors has nonetheless decided to propose the following amendments to the annual General Meeting of Shareholders of Qrf Management concerning the remuneration of directors as of 2018:

- The current fixed annual remuneration remains unchanged, but will cover only the four physical meetings per year as well as all meetings of the Board of Directors by telephone or correspondence;
- The remunerated directors will be entitled to an attendance fee of 2,000 EUR per physical meeting of the Board that they attend beyond the four aforementioned physical meetings.

The remuneration for the Executive Management consists of a fixed fee, with the possibility of a variable remuneration. The amount of these two components is fixed by the Board of Directors, taking into account the responsibilities and the time needed to exercise these functions, as well as the customary practices in the sector.

The remuneration and nomination committee analyses every year the remuneration policy applied and determines whether a change is to be introduced This committee makes the necessary recommendations to the Board of Directors.

The company plans no changes to the principles of the remuneration policy in the coming two financial years, with the exception of (i) the aforementioned proposal to change the remuneration of the directors effective as of 2018, (ii) the changes to the criteria for the variable remuneration of the Executive Management as of 2018, and (iii) change of the maximum variable remuneration for 2018 for the Executive Management (cf. further in this remuneration report).

7.4.3 Remuneration 2017

THE STATUTORY MANAGER

The remuneration for the Statutory Manager amounted to 364 KEUR in 2017.

In addition, the expenses of the Statutory Manager were reimbursed. These costs comprise in particular the remuneration of the directors, committees and the Executive Committee of the Statutory Manager and amounted to a total of 603 KEUR (inclusive of VAT where applicable) in financial year 2017.

BOARD OF DIRECTORS OF THE STATUTORY MANAGER

The members of the Board of Directors met 10 times in 2017, physically or via teleconferencing. Each of the five non-executive directors received a fixed fee of 10,000 EUR. The Chairwoman of the Board of Directors, Mrs Inge Boets, received an additional fee of 10,000 EUR for financial year 2017.

The members of the remuneration and nomination committee received a fixed annual fee of 1,750 EUR for financial year 2017; the members of the audit committee received a fixed annual fee of 3,500 EUR.

The remuneration and nomination committee met twice and the audit committee four times in 2017.

TABLE 11 ATTENDANCE AND REMUNERATION OF THE DIRECTORS

DIRECTOR	ATTENDANCE: BOARD OF DIRECTORS	ATTENDANCE: AUDIT COMMITTEE	ATTENDANCE: REMUNERATION COMMITTEE	REMUNERATION: BOARD OF DIRECTORS	REMUNERATION: AUDIT COMMITTEE	REMUNERATION: REMUNERATION COMMITTEE	TOTAL
Inge Boets	10/10	4/4	2/2	20,000 EUR	3,500 EUR	1,750 EUR	25,250 EUR
Jan Brouwers	8/10		2/2	10,000 EUR		1,750 EUR	11,750 EUR
Frank De Moor	9/10	4/4		10,000 EUR	3,500 EUR		13,500 EUR
Fontenelle BVBA[18]	7/7	3/3		7,250 EUR	2,500 EUR		9,750 EUR
Herman Du Bois[19]	3/3	1/1		2,750 EUR	1,000 EUR		3,750 EUR
B.M.C.C. BVBA[20]	6/7		1/2	7,000 EUR		1,250 EUR	8,250 EUR
Freddy Hoorens[21]	3/3			3,000 EUR		500 EUR	3,500 EUR
Anneleen Desmyter EBVBA[22]	7/7						
Anneleen Desmyter[23]	3/3						
TOTAL				**60,000 EUR**	**10,500 EUR**	**5,250 EUR**	**75,750 EUR**

No shares, options on shares or any other settlement was allocated to the members of the Board of Directors. No remuneration was provided for the members of the investment committee.

EXECUTIVE MANAGEMENT

The fixed remuneration for the Executive Management amounted to 428 KEUR in 2017, of which 214 KEUR for the CEO and 214 KEUR for the other members of the Executive Management.

A variable remuneration of 56,000 EUR was allocated to the CEO and of 30,000 EUR to the CFO in 2017.

The payment of the variable remuneration for financial year 2017 depended on the following criteria:

TABLE 12 VARIABLE REMUNERATION CRITERIA FOR FINANCIAL YEAR 2017

PARAMETER	PERCENTAGE OF THE VARIABLE REMUNERATION: CEO	CFO
Earnings performance	15%	60%
Portfolio performance	15%	20%
Communication	10%	10%
Team management	10%	10%
Comparison with the *peer group*	50%	0%

18 The mandate of Fontenelle BVBA, represented by Mr Herman Du Bois, expired on 20 September 2017.
19 The mandate of Mr Herman Du Bois started on 20 September 2017.
20 The mandate of B.M.C.C. BVBA, represented by Mr Freddy Hoorens, expired on 20 September 2017.
21 The mandate of Freddy Hoorens started on 20 September 2017.
22 The mandate of Anneleen Desmyter BVBA, represented by Mrs Anneleen Desmyter, expired on 20 September 2017.
23 The mandate of Mrs Anneleen Desmyter started on 20 September 2017.

The remuneration and nomination committee checks every year whether (and to what extent) the remuneration criteria were met and makes recommendations to the Board of Directors which decides on the matter. The variable remuneration for a criterion is granted when the objective is attained in full.

The members of the Executive Management appointed under a management agreement receive no additional remuneration (company car, pension plan, options, mobile telephone, etc.). For the CFO, the fixed remuneration consists of the basic salary, plus in particular a company car, mobile telephone, flat-rate allowance for entertainment expenses, and a defined contribution pension plan.

No shares or options on shares were attributed to the members of the Executive Management.

TABLE 13 SUMMARY OF FIXED AND VARIABLE REMUNERATION OF THE EXECUTIVE MANAGEMENT MEMBERS (2017)

	CEO	OTHER EXECUTIVE MANAGEMENT MEMBERS[24]
Fixed remuneration	**214,000 EUR**	**214,000 EUR**
Basic salary	214,000 EUR	223,000 EUR
Pension contributions	0 EUR	5,000 EUR
Other expenses or benefits in kind	0 EUR	16,000 EUR
Variable remuneration	**56,000 EUR**	**30,000 EUR**
TOTAL	**270,000 EUR**	**244,000 EUR**

7.4.4 Remuneration 2018

The remuneration and nomination committee conducts an annual analysis of the remuneration policy in force for the effective leaders and the Executive Committee and ascertains, on the basis of a benchmark exercise, whether the remuneration of the Executive Committee is still in line and compliant with market practices. In addition, it verifies whether it is comparable with other Belgian listed companies (in the real estate sector). The remuneration committee had the comparable study conducted by Hudson.

In addition, given the scope of the company and the responsibilities related therewith, the remuneration and nomination committee assesses whether the compensation is still sufficiently intrinsically motivating to retain the Executive Management.

Taking into account the foregoing elements and in addition to the customary annual indexing, the following changes were made to the remuneration of the Executive Management:

- The fixed remuneration for the CEO for financial year 2018 will amount to 214,000 EUR;
- The fixed remuneration for the other members of the Executive Management for financial year 2018 will amount to 285,000 EUR.

The payment of the variable remuneration for the Executive Management for financial year 2018 depends on the criteria and objectives set by the remuneration and nomination committee and approved by the Board of Directors.

In 2018, a comparable study served as a basis to analyse which performance criteria for the coming financial year are best suitable for the implementation of the chosen strategy, taking the interests of the shareholders into account.

The following criteria were accordingly set and weighted for relevance for 2018:

24 The other members of the Executive Management were: (i) Mr Preben Bruggeman (CFO) for the entire financial year of 2017, (ii) Mr Michiel Gevers (Investment & Asset Manager) for the period from 1 October 2017 to 31 December 2017 and Bert Weemaes EBVBA (COO) for the period from 31 December 2016 to 30 January 2017.

TABLE 14 VARIABLE REMUNERATION CRITERIA FOR FINANCIAL YEAR 2018

	PERCENTAGE OF THE VARIABLE REMUNERATION		
PARAMETER	CEO	CFO	INVESTMENT & ASSET MANAGER
Quantitative criteria	40%	65%	65%
Communication and team management	10%	10%	10%
Strategy implementation	30%	15%	15%
Comparison with *peer group*	20%	10%	10%
TOTAL	**100%**	**100%**	**100%**

A separate weight is allocated per member of the Executive Management, depending on the position and responsibilities. The maximum variable remuneration in 2018 will be 70,000 EUR for the CEO and 64,000 EUR in total for the other members of the Executive Management.

7.4.5 Severance pay

In connection with an early termination of a management agreement with a current member of the Executive Management, it was determined that the initial remuneration may not amount to more than four months of the basic remuneration. Severance pay of four months is provided under the current management agreement of the CEO and the Investment & Asset Manager. Article 554 of the Companies Code is therefore not applicable. The legal periods of notice apply for the CFO.

No severance pay was allotted for the termination of the management agreement with Bert Weemaes EBVBA on 30 January 2017.

7.4.6 Right of recovery

No right is provided for the Company to recover variable remuneration that was granted on the basis of incorrect financial data.

8 Qrf City Retail on the stock exchange

Den Bosch
Hinthamerstraat 41-45

8 Qrf City Retail on the stock exchange

8.1 The Qrf City Retail share

Qrf City Retail offers private and institutional investors the opportunity to gain access to investing in retail properties in a diversified way without having to worry about managing such investments, which is done by professional teams.

The Qrf City Retail (Euronext Brussel: QRF, ISIN code BE0974272040) has been listed on the continuous market of Euronext Brussels. Qrf City Retail is part of the Bel Small-index.

On 31 December 2017, the total capital of Qrf City Retail amounted to 131.723.955,75 EUR. The capital is represented by 5,665,822 fully paid up ordinary shares. Each of these shares entitles the holder to one vote at the General Meeting of Shareholders. The shares have no nominal value. Neither Qrf City Retail, nor one of its Perimeter Companies held Qrf City Retail shares on 31 December 2017.

8.2 Price development of the share and traded volume

TABLE 1 DEVELOPMENT OF THE QRF CITY RETAIL SHARE

	2017	2016
Number of shares in circulation at the end of the financial year	5,665,822[1]	5,129,802[2]
Registered shares	1,431,955	1,217,001
Dematerialized shares	4,233,867	3,912,801
Market capitalization at the end of the financial year (in EUR)	138,132,740	137,966,025
Free float[3]	79.4%	82.9%
Share price (in EUR)		
Highest	26.50	28.00
Lowest	23.75	25.89
At the end of the financial year	24.38	26.90
Average	24.75	27.12
Volume (in number of shares)		
Average daily volume	3,360	2,394
Annual volume	860,033	608,042
Velocity[4]	15.2%	11.9%
IFRS NAV per share[5]	23.78	23.93
Premium/discount relative to IFRS NAV (at the end of the financial year)	2.5%	12.4%
EPRA NAV per share[6]	24.12	24.46
Premium/discount relative to EPRA NAV (at the end of the financial year)	1.1%	9.9%
Gross dividend per share (in EUR)	1.35	1.34
Net dividend per share (in EUR)[7]	0.95	0.94
Gross dividend (on the basis of the closing price at the end of the financial year)	5.5%	5.0%
Net dividend yield (on the basis of the closing price at the end of the financial year)	3.9%	3.5%
Pay-out ratio[8]	84.7%	84.2%

The market price of the Qrf City Retail share closed at 24.38 EUR on 31 December 2017 (compared to 26.90 EUR on 30 December 2016). It registered its highest level (26.50 EUR) at the start of the year, on 2 January 2017, and the lowest (23.75 EUR) on 26 and 27 October 2017.

On 31 December 2017, the market capitalization of Qrf City Retail amounted to 131.13 MEUR.

1 5,129,802 shares are entitled to share in the dividend payout for 2017.
2 4,483,051 shares are entitled to share in the dividend payout for 2016.
3 Free float = [(Number of shares at the closing of the financial year) – (total number of shares held by parties that have made themselves known by means of a transparency declaration pursuant to the Act of 2 May 2007)] / [number of shares at the closing of the financial year].
4 Velocity = (Annual volume) / (Number of shares in circulation at the end of the financial year).
5 IFRS NAV per share = Net Asset Value per share according to IFRS.
6 EPRA NAV per share = *Net Asset Value* per share according to the EPRA *Best Practices Recommendations*.
7 Taking account of a withholding tax on securities of 30%.
8 Pay-out ratio = (Gross dividend per share) / (EPRA earnings/per share).

GRAPH 1 PRICE DEVELOPMENT OF THE QRF CITY RETAIL SHARE AND TRADED VOLUME

The traded volumes went up in 2017. The average daily volume rose from 2,394 shares in 2016 to 3,360 in 2017. The average daily trading value rose from 64,931 EUR to 83,186 EUR over the same period. The velocity, i.e. the part of the capital that was traded over 2017, amounted to 15.2% (compared with 11.9% in 2016). In total, 860,033 shares were traded in 2017 for an amount of 21.21 MEUR.

The Executive Management of Qrf City Retail makes continuous efforts to increase the liquidity of the share by participating in roadshows, organizing meetings with private and institutional investors, and ensuring the communication with analysts.

Furthermore, in 2017 Qrf City Retail concluded a liquidity agreement with KBC Securities NV to promote the tradeability of the share.

QRF LISTED EURONEXT

8.3 Dividend and yield

At the ordinary General Meeting of Shareholders of 15 May 2018, the Board of Directors of the Statutory Manager will propose a gross dividend payout[9] of 1.35 EUR per share (compared with 1.34 EUR in 2016), i.e. an increase of 0.7%. The pay-out ratio rose from 84.2% to 84.7%.

The gross dividend yield amounts to 5.5%, calculated on the closing price on 31 December 2017.

Since 1 January 2017, the withholding tax on securities or allotted dividends amounts to 30%.[10]

The right to the dividend for the full financial year 2017 (31 December 2016 - 31 December 2017) is represented by coupon number 4.

8.4 Share ownership

Based on the transparency notices that Qrf City Retail received, on 31 December 2017 the shareholding structure of Qrf City Retail was as follows:

TABLE 2 REFERENCE SHAREHOLDERS FOR QRF CITY RETAIL

SHAREHOLDERS	SHARES	PERCENTAGE
AXA SA	633,680	11.2%
Vanmoerkerke family	536,020	9.5%
Free float[11]	4,496,122	79.4%
TOTAL	**5,665,822**	**100.0%**

9 For the restrictions that apply to the divided payout, cf. Article 617 of the Companies Code and the calculation of the non-payable equity pursuant to Annex C, Chapter 4 of the RREC RD (cf. point 11.4.8 of the annual report). Cf. also Art. 13 §2 of the RREC RD that prohibits the payment of a dividend if such payout would lead to an increase in the annual or consolidated Debt ratio above 65% or insofar as the annual or consolidated ratio is already higher than 65%.

10 As a result of the Programme Act of 25 December 2016, published in the Belgisch Staatsblad [Belgian Official Gazette] of 29 December 2016, the withholding tax on dividends of public regulated real estate companies was increased from 27% to 30% (except for certain exemptions) effective as of 1 January 2017.

11 Free float = [(Number of shares at the closing of the financial year) – (total number of shares held by parties that have made themselves known by means of a transparency declaration pursuant to the Act of 2 May 2007)] / [number of shares at the closing of the financial year].

TABLE 3 SHARES IN THE HANDS OF EFFECTIVE LEADERS AND MEMBERS OF THE BOARD OF DIRECTORS

DIRECTORS AND EFFECTIVE LEADERS	NUMBER OF SHARES HELD ON 31 DECEMBER 2017
Inge Boets	0
Freddy Hoorens	3,340
Herman Du Bois	600
Jan Brouwers	0
Frank De Moor	0
Anneleen Desmyter	0
Anneleen Desmyter BVBA	0
Preben Bruggeman	0

The Promoter of Qrf City Retail, Quares REIM Retail NV, held a stake of 45,540 shares in Qrf City Retail on 31 December 2017.

Whenever Qrf City Retail is informed of sizeable stakes, they will be posted on http://investor.qrf.be pursuant to the transparency legislation. Any reported changes can also be added.

There are no special control rights conferred on certain categories of shareholders. All shareholders therefore have the same voting rights.

8.5 Financial calendar

TABLE 4 FINANCIAL CALENDAR QRF CITY RETAIL

	DATE
Publication of quarterly update Q1	09/05/2018
General Meeting of Shareholders	15/05/2018
Dividend (ex date)	16/05/2018
Dividend (record date)	17/05/2018
Dividend (payment date)	18/05/2018
Publication of semi-annual and annual report	22/08/2018
Publication of quarterly update Q3	14/11/2018

For possible changes of the agenda, cf. “financial calendar” on http://investor.qrf.be. Any changes will also be announced by press release.

9 Property report

Hasselt
Demerstraat 21-25

9 Property report

9.1 Discussion of the consolidated property portfolio

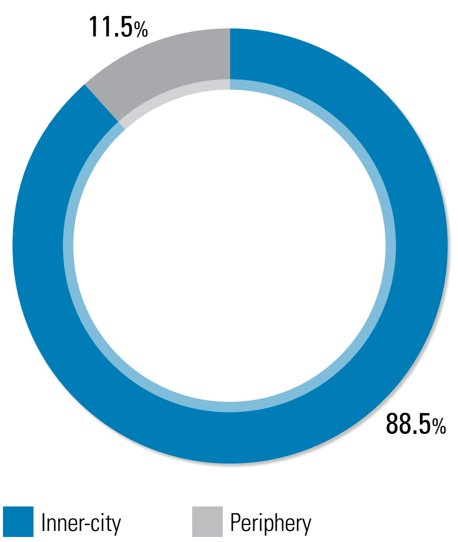
9.1.1 Discussion of the property portfolio on 31 December 2017

On 31 December 2017, the consolidated portfolio consisted of 52 sites with a Total gross surface area of 91,573 m² and a Fair Value of 287.40 MEUR. The Contractual rents on an annual basis amount to 16.03 MEUR.

The gross rental income on the basis of the Contractual rents on an annual basis amounted to 5.54% on 31 December 2017 (compared with 5.67% on 30 December 2016). This decline is in large measure attributable to the lower gross rental income from the acquisitions made in the course of 2017 and the sale of high-yielding properties or sites at non-strategic locations.

As illustrated in the graph below, the spread of the portfolio, expressed as a percentage of the Fair Value[1], went from 86% inner-city real estate on 30 December to 89% inner-city real estate on 31 December 2017. This increase is the result of the consistent application of the investment strategy of Qrf City Retail with a focus on the inner-city, as explained in Chapter 6.4 of this report.

GRAPH 1 SPREAD OF THE TYPE OR REAL ESTATE PROPERTIES AS A PERCENTAGE OF THE FAIR VALUE ON 31 DECEMBER 2017



> "Qrf City Retail **strengthened** its inner-city position in 2017 thanks to a **consistent application** of its inner-**city investment strategy.**"

Qrf City Retail has divided its portfolio into 2 clusters which correspond to the core countries in which Qrf City Retail is active. The acquisition value, the Fair Value of the investment properties, the Contractual rents on an annual basis and the insured value per cluster are given in the summary below.

1 The Fair Value is always calculated inclusive of the minority interest in Century Center Freehold BVBA.

TABLE 1 SUMMARY VALUES PER CLUSTER ON 31 DECEMBER 2017

CONSOLIDATED PROPERTY PORTFOLIO

COUNTRY	ACQUISITION VALUE	FAIR VALUE	CONTRACTUAL RENTS ON AN ANNUAL BASIS	INSURED VALUE
Belgium	264.79 MEUR	260.10 MEUR	14.642 KEUR	126.30 MEUR
Netherlands	28.77 MEUR	27.30 MEUR	1,383 KEUR	7.07 MEUR
TOTAL	**293.56 MEUR**	**287.40 MEUR**	**16,025 KEUR**	**133.38 MEUR**

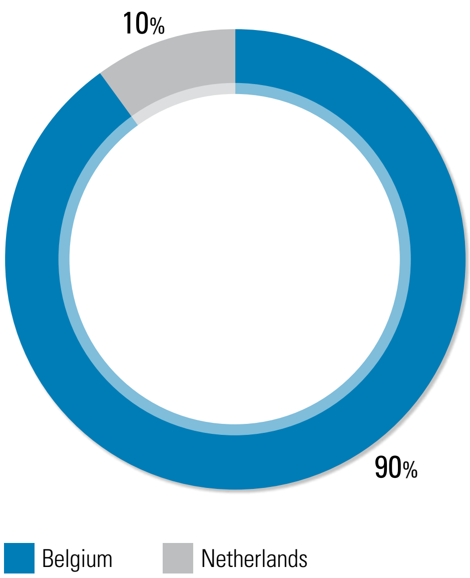
The amount of the insured value is based on the estimate new built value (exclusive of the value of the land) of the portfolio (plus VAT). This value represents ca. 46% of the Fair Value of the investment properties on 31 December 2017. The premiums paid in 2017 totalled 55,746 EUR.

More than 75% of the total property portfolio is located in 10 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).

TABLE 2 FIVE MOST IMPORTANT PROPERTIES IN THE QRF PORTFOLIO ON 31 DECEMBER 2017 (AS A PERCENTAGE OF THE FAIR VALUE)

PROPORTY LOCATION	PERCENTAGE OF CONSOLIDATED ASSETS
3500 Hasselt – Koning Albertstraat 48-50	12.3%
2000 Antwerp – Keyserlei 58-60	9.1%
3500 Hasselt - Demerstraat 21-25	9.0%
9300 Aalst – Nieuwstraat 29-31-33	6.4%
3000 Leuven – Bondgenotenlaan 58	5.9%

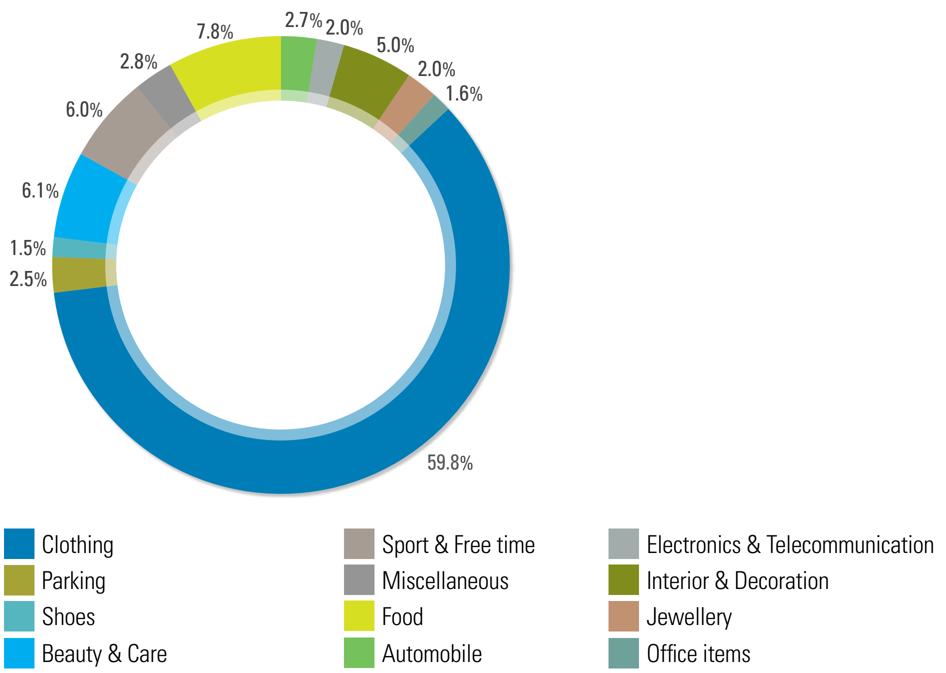
GRAPH 2 GEOGRAPHIC SPREAD OF THE PROPERTY PORTFOLIO IN 2017 (AS A PERCENTAGE OF THE FAIR VALUE)



On 31 December 2017, 90% of the portfolio (expressed in Fair Value) was situated in Belgium and 10% in the Netherlands.

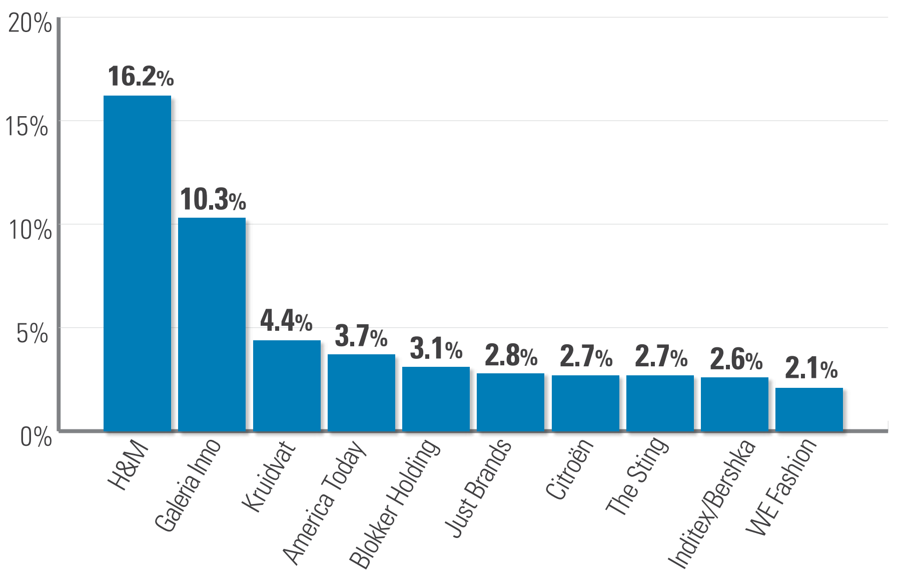
As illustrated in the figure below, the clothing sector accounts for 60% of the total Contractual rents on an annual basis, which corresponds to the average street scape where clothing stores take up a sizeable portion of the shop windows. This sector is followed by Food (8%) and Beauty and Care 6%).

GRAPH 3 SECTORAL SPREAD OF THE PROPERTY PORTFOLIO DECEMBER 2017 (AS A PERCENTAGE OF THE CONTRACTUAL RENTS ON AN ANNUAL BASIS)



In the graph below, the Contractual rents on an annual basis are further broken down according to the main customers of Qrf City Retail. Retailers who are active in the fashion segment take the top positions here. The strong presence of retailers in the fashion segment in Qrf City Retail's customer base arises out of the fact that these retailers are often established at strategic top locations of a city. The prominent presence of these retailers in the customer base therefore reflects the investment strategy of Qrf City Retail.

GRAPH 4 SPREAD OF THE PROPERTY PORTFOLIO TO TENANTS ON 31 DECEMBER 2017 (AS A PERCENTAGE OF THE CONTRACTUAL RENTS ON AN ANNUAL BASIS))



The ten main tenants of Qrf City Retail account for 50.6% of the Contractual rents on an annual basis.

The two main tenants of Qrf City Retail are H&M[2], which (spread over 5 locations) accounts for 16.2% of the Contractual rents on an annual basis, followed by Galeria Inno[3] which accounts for 10.3% of the Contractual rents on an annual basis.

In Belgium Commercial Leases are usually concluded for a period of 9, 18 or 27 years.

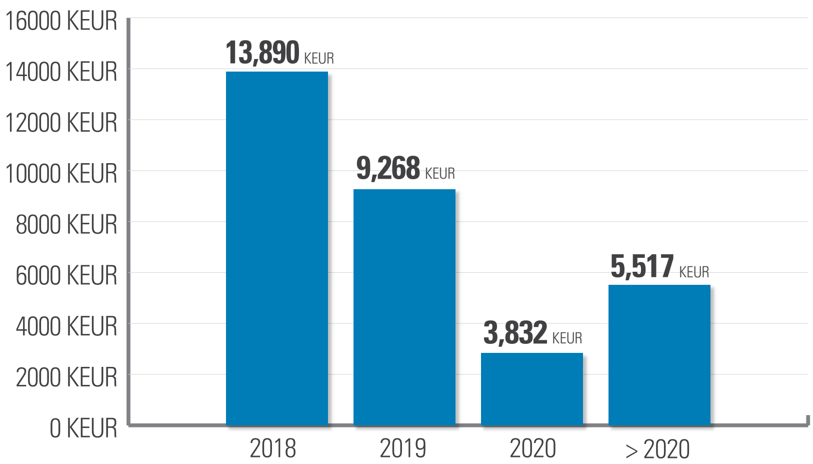
It should be pointed out, however, that a commercial lease can be terminated every 3 years in Belgium. This option is a mandatory legislative provision for the tenant. In addition, the tenant has a legal right to renew the lease.

In the Netherlands, Commercial Leases are usually concluded for a fixed period of 5 years, with an option for extension of another fixed period of 5 or 10 years. Neither the tenant nor the lessor can terminate a commercial lease for a fixed period before the expiry thereof. If an option for extension is provided, only the tenant has the right to exercise his or her notice at the end of the first period.

In the Netherlands a contractual extension option is granted, but not as a legal right for the tenant.

The weighted average remaining term to the final expiry date of the leases concluded by Qrf City Retail in Belgium and the Netherlands amounts jointly to 7.6 years.

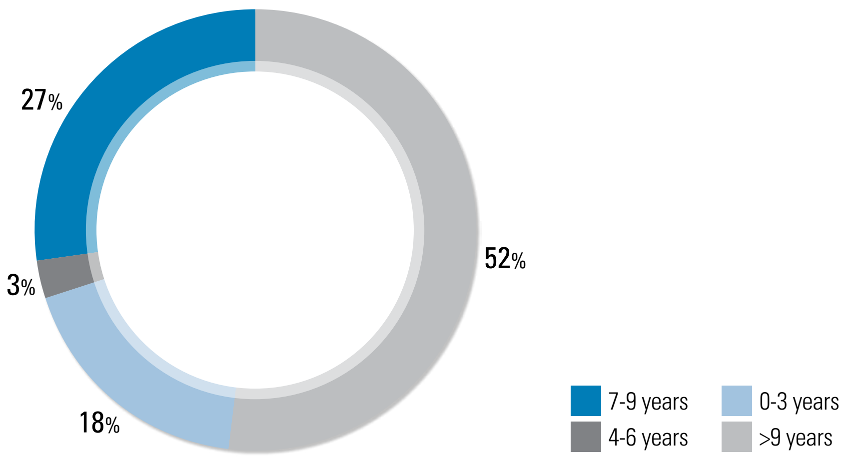
GRAPH 5 CONTRACTUALLY GUARANTEED RENTAL INCOME UNTIL THE FIRST POSSIBLE DATE OF TERMINATION (IN KEUR)



2 Cf. Note 31.1 of chapter 11 "Financial statements" of this annual report regarding a dispute between Qrf City Retail and H&M that relates to a request from H&M for lease renewal for the premises located at Demerstraat 21-25, 3500 Hasselt.
In addition, H&M has put an early end to its lease for Stationsstraat 33, 9100 Sint-Niklaas. This lease agreement, which represents a Contractual Rent of 197 KEUR on 31 December 2017, will expire on 31 August 2018.
H&M rents from Qrf City Retail in Aalst (Nieuwstraat 29-33), Sint-Truiden (Luikerstraat 49-51) and Ukkel (Alsembergsesteenweg 767).
Considering the pressure on the profitability of H&M and the revaluation of its expansion strategy as evidenced by its financial publications, it cannot be ruled out that H&M will ask for rental discounts at these locations or will terminate its lease agreement.
Qrf City Retail is therefore cautious in its prospects regarding its exposure to H&M as its main tenant.

3 Galeria Inno is part of the Hudson's Bay Company group.

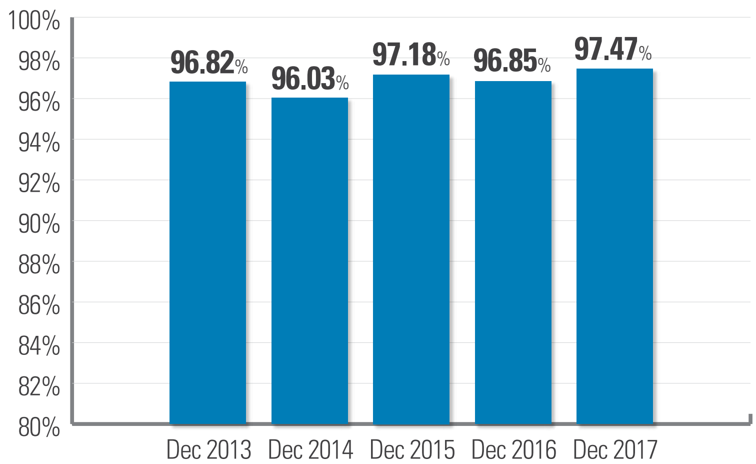
GRAPH 6 SPREAD ACCORDING TO THE AGE OF THE BUILDINGS ON 31 DECEMBER 2017 (% OF FAIR VALUE)



9.1.2 Occupancy rate

On 31 December 2017 the Occupancy rate[4] amounted to 97.47% (compared with 96.85% on 30 December 2016).

GRAPH 7 DEVELOPMENT OF THE OCCUPANCY RATE



9.1.3 Operational management

Qrf City Retail endeavours to optimize the value of its portfolio and cultivate sustainable tenant relations through an active property management.

Qrf City Retail calls on Quares Property Management NV, an affiliated company of Qrf, for technical assistance in managing its properties. Quares Property Management is under the constant supervision of the Investment & Asset Manager.

Qrf also calls on Quares Property Management for the administrative and accounting management of the properties. For this component, the latter is under the supervision of the CFO, assisted by the Finance Manager.

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

9.1.4 Property portfolio on 31 December 2017

ADDRESS	CONTRACTUAL RENT (i) (IN EUR)	ESTIMATED RENTAL VALUE OF EMPTY PREMISES (ii) (IN EUR)	TOTAL ESTIMATED RENTAL VALUE (iii) (IN EUR)
BELGIUM	**14,641,981**	**416,765**	**14,946,232**
INNER-CITY	**12,422,563**	**416,765**	**12,753,733**
Aalst - Nieuwstraat 29-31-33	1,100,131		1,069,270
Antwerp - Kammenstraat 34	78,864		85,000
Antwerp - Keyserlei 58-60	1,532,095	169,302	1,810,098
Antwerp - Meir 107	553,887		553,180
Antwerp - Schrijnwerkersstraat 15	75,000		75,000
Antwerp - Schuttershofstraat 53	190,666		190,000
Antwerp - Wapper 14-16	185,880		180,000
Antwerp - Wiegstraat 4	80,000		80,000
Antwerp - Wiegstraat 6	50,000		48,500
Charleroi - Rue de la Montagne 39	0	29,509	29,509
Charleroi - Rue de la Montagne 41	0	22,500	22,500
Dendermonde - Oude Vest 19-37	281,041		259,850
Geraardsbergen - Oudenaartsestraat 43	70,897		65,000
Ghent - Lange Munt 61-63	156,967		161,000
Hasselt - Demerstraat 21-25	1,404,084		1,290,000
Hasselt - Koning Albertstraat 48-50	2,025,633		1,875,000
Hasselt - Koning Albertstraat 60	90,000		140,000
Heist op den Berg - Bergstraat 108	235,758		217,995
Heist op den Berg - Bergstraat 61	49,082		33,600
Leuven - Bondgenotenlaan 58	810,250		1,070,120
Leuven - Diestsestraat 137	422,297		360,000
Leuven - Jan Stasstraat 12	75,000		122,000
Liège - Rue de la Cathédrale 79-83	125,467		115,000
Liège - Rue de la Cathédrale 87-93	161,848	48,000	206,805
Lier - Antwerpsestraat 44	21,000		20,000
Mechelen - Bruul 15	274,708	20,000	265,000
Mechelen - Geitestraat 27-29	0	29,250	29,250
Mechelen - Graaf van Egmontstraat 10	38,163	8,204	47,194
Merksem - Bredabaan 465	18,600		22,653
Mons - Grand Rue 5	18,000		22,653
Mons - Grand Rue 32	0	40,000	40,000
Namur - Rue de Fer 10	185,108		182,500
Ostend - Adolf Buylstraat 1A	133,322		139,981
Ostend - Adolf Buylstraat 36	173,686		150,000
Ostend - Kapellestraat 105	152,885		150,000
Oudenaarde - Nederstraat 43-45	156,835		167,400
Sint Niklaas - Stationsstraat 33	196,593		155,487
Sint Niklaas - Stationsstraat 39	0	50,000	50,000
Sint-Truiden - Luikerstraat 49-51	526,708		525,140
Tongeren - Maastrichterstraat 20	107,709		128,640
Tongeren - Maastrichterstraat 48-50	151,202		141,000
Ukkel - Chaussée d'Alsemberg 767	513,197		457,409
OUTER AREAS	**2,219,417**		**2,192,499**
Boncelles - Route du Condroz 42-44	308,018		342,820
Huy - Shopping Mosan	889,001		861,184
Marche-en-Famenne - Rue du Parc Industriel 8	238,786		259,325
Wilrijk - Boomsesteenweg 894-898	429,786		427,190
Wilrijk - Boomsesteenweg 925-935-937	353,826		301,980
NETHERLANDS	**1,383,024**		**1,435,856**
INNER-CITY	**1,383,024**		**1,435,856**
Den Bosch, Hinthamerstraat 41-45	260,984		303,555
Enschede, Kalanderstraat 2-4,	200,139		238,070
Maastricht, Grote Staat 58	428,115		423,205
Nijmegen, Broerstraat 49	252,079		216,103
Zwolle, Diezerstraat 60	241,707		254,923
TOTAL	**16,025,005**	**416,765**	**16,382,088**

(i) 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.
(ii) Estimated Rental Value of vacant premises = this is the estimated rental value on an annual basis of the vacant premises, used by the independent Property expert in the valuation reports.
(iii) Total Estimated rental value = this is the total estimated rental value on an annual basis used by the independent Property expert in the valuation reports.

TOTAL GROSS RENTAL FLOOR SPACE (iv) (IN M^2)	TOTAL NUMBER OF LETTABLE UNITS	YEAR OF CONSTRUCTION OR RENOVATION (v)	OCCUPANCY RATE (vi) (IN %)
87,204	**148**		
65,120	**122**		**97%**
7,084	4	2003	100%
161	1	2014	100%
5,279	36	2003	90%
2,109	9	2000	100%
264	1	2000	100%
341	1	2016	100%
746	1	2016	100%
184	1	1998	100%
114	1	1998	100%
363	1	2010	0%
87	1	2010	0%
1,758	8	1982	100%
404	1	2013	100%
638	2	2010	100%
3,903	2	2010	100%
9,266	2	2014	100%
451	1	2008	100%
923	2	2009	100%
125	1	2008	100%
10,360	7	1993	100%
1,620	1	2013	100%
1,673	2	1960	100%
595	1	2004	100%
952	4	1999	77%
173	1	2011	100%
1,107	3	1994	93%
340	4	1988	0%
329	4	2000	82%
252	1	1990	100%
249	1	2005	100%
498	1	2003	0%
192	1	2014	100%
534	2	1964	100%
910	1	1967	100%
552	1	2009	100%
1,228	3	2008	100%
1,980	1	2009	100%
1,043	1	1999	0%
2,508	2	2009	100%
783	2	2000	100%
921	1	2007	100%
2,122	1	2009	100%
22,084	**26**		**100%**
3,246	4	1988	100%
7,858	16	2010	100%
2,255	2	2009	100%
5,389	1	2002	100%
3,336	3	1996	100%
4,369	**18**		
4,369	**18**		**100%**
1,041	5	1970	100%
972	1	2015	100%
629	2	1987	100%
891	4	1955	100%
836	6	1992	100%
91,573	**166**		**97%**

(iv) Where applicable, including offices or residential units lying above, and excluding parking units.
(v) In case of important renovations or renewal works carried out on the real estate, these will be considered as new from the completion of the aforementioned works.
(vi) Occupancy rate = (Contractual rents on an annual basis) / (Contractual rents on an annual basis including the Estimated Rental Value of vacant property).

9.2 Discussion of the market situation of the Belgian and Dutch retail properties

The following paragraphs describe the general state of affairs in the Belgian and the Dutch retail property markets on the basis of information that Qrf City Retail has obtained in particular from real estate specialists such as Cushman & Wakefield, CBRE, JLL and Savills. They collect data on a number of indicators that make it possible to compare and assess the performance of different segments in the retail property market. The most used indicators are the take-up, the investment volume, the development of rent prices and the yield.

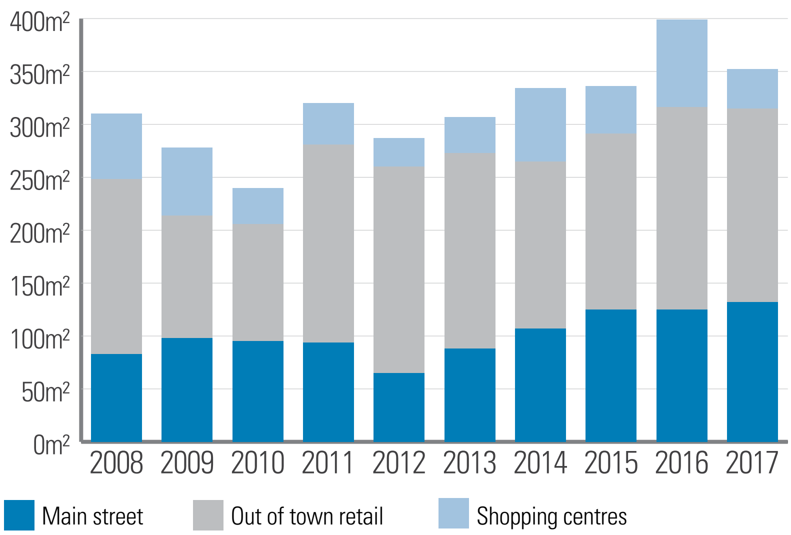
9.2.1 Take-up: another record year for main street retail properties

Take-up is defined as the number of new square metres of rental surface that are taken up per year, i.e. only the square metres taken up through new leases. Consequently, the *take-up* is presented exclusive of square metres that are the subject of lease renewals or acquisitions for own use.

9.2.1.1 Retail Take-Up België

In 2017, the *take-up* in inner-city locations contributed very substantially to the overall take-up level. Moreover, in 2017, a new record was reached with a take-up of inner-city retail properties of 132,000 m² (compared with 125,000 m² in 2016). It comes as no surprise, therefore, that the 3 most active retailers (in terms of number of m²) are inner-city concepts such as Primark, H&M and Zara. In addition, A.S.Adventure, Decathlon, Rituals, Kiabi, Bershka, Kruidvat and VanHaren in particular were very active on the tenant market with the opening of various new stores.

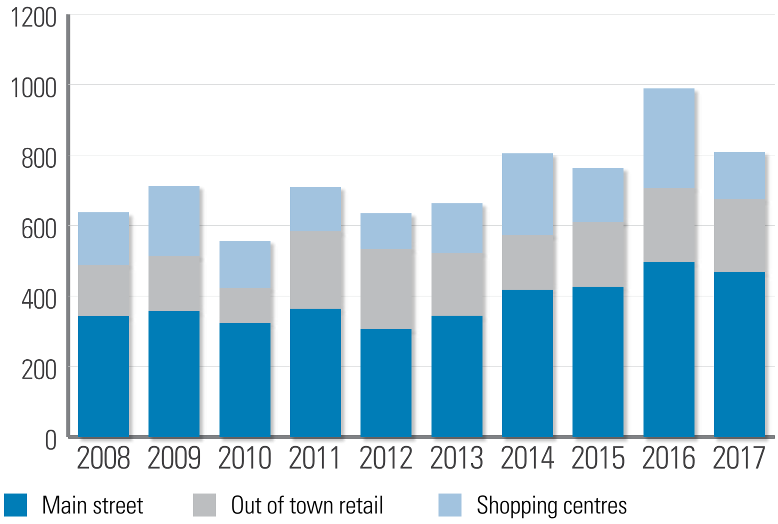
GRAPH 8 RETAIL TAKE-UP IN BELGIUM (IN 1,000 M²)



Source: Cushman & Wakefield

On the basis of the number of letting transactions, the inner-city continues to account for the lion's share in the total retail take-up as in previous years.

GRAPH 9 RETAIL TAKE-UP IN BELGIUM (IN NUMBER OF TRANSACTIONS) IN 2008-2016



Source: Cushman & Wakefield.

9.2.1.2 Retail Take-Up in the Netherlands

In 2017, the total take-up for retail properties in the Netherlands amounted to 639,000 m². This figure is lower than in 2016. We can nonetheless conclude that the retail market in the Netherlands is doing well. The vacancy rate in the Netherlands dropped to just 7% in December, a decrease of 0.2% compared with the same month in 2016. This decline is due to the occupancy of 600 previously empty retail properties which together account for an occupancy of ca. 200,000 m² extra.[5]

Dutch consumer confidence is reflected in a rising consumer spending and strong economic growth. As a result of these positive figures, an increasing take-up is expected in retail in 2018.[6]

The rising take-up is also fuelled by the growing number of retailers who are considering expansion.

The so-called food business services have registered particularly strong growth in recent years. We are referring in particular to Papa John's, Bagels and Beans, La Place and Dunkin' Donuts.

In addition, there is also a sharp rise in the number of international retailers who are or have become active on the Dutch retail market. In 10 years, the share of suchlike international chains grew by 60%. The Dutch retail market continues to exert a strong power of attraction to the present day on retailers who want to get a foothold on the European market. Amsterdam is the most popular city in the Netherlands by far, followed by other Dutch big cities such as Rotterdam, The Hague, Maastricht and Utrecht.

5 Retail Detail, Leegstand in Nederlandse winkelstraat daalt, 11 January 2018.
6 Savills, Netherlands, Market in Minutes, January 2018.

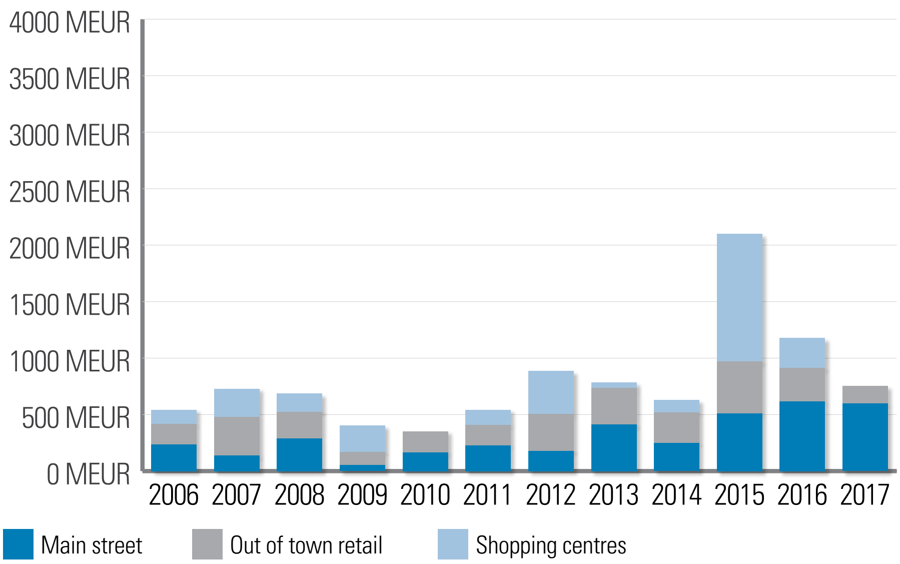
9.2.2 Investment volumes: retail properties as prized destination for capital

9.2.2.1 Retail Investment volumes in Belgium

2017 was once again a strong year for the main street segments in Belgium. The transaction volume in the real estate segment in 2017 repeated the record highs of 2015 and 2016. In 2017, the main street investments accounted for more than 77% of the full retail investment market, in fact.

More and more foreign investors have found their way to the Belgian market in recent years. This trend supports the demand for retail properties and liquidity in the market.

GRAPH 10 RETAIL INVESTMENT VOLUME IN BELGIUM (IN MEUR)



Source: Cushman & Wakefield

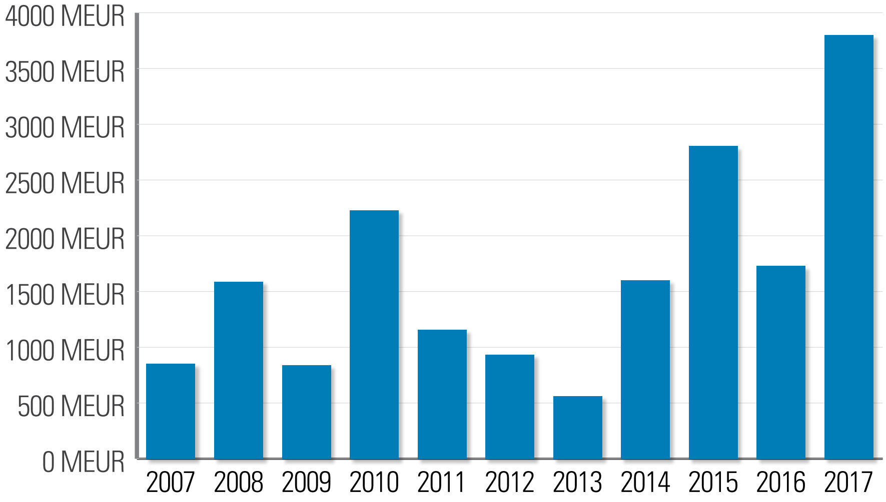
9.2.2.2 Retail Investment Volumes in the Netherlands

The volume invested in Dutch retail properties by foreign investors amounted to 3.8 miljard EUR in 2017 – a new record. It is striking that transactions of large portfolios in particular are driving up this amount.[7]

Such investments are driven primarily by institutional investors who feel an investment pressure by the low interest rates, the recovery in Dutch consumer spending and the very high confidence in the Dutch economy. Consumers are more positive and retail turnover seems to be recovering.

7 Savills, Netherlands, Market in Minutes, January 2018.

GRAPH 11 RETAIL INVESTMENT VOLUME IN THE NETHERLANDS (IN MEUR)



9.2.3 Yields: declining yields from property investment in a prized market

9.2.3.1 Prime Yields in Belgium

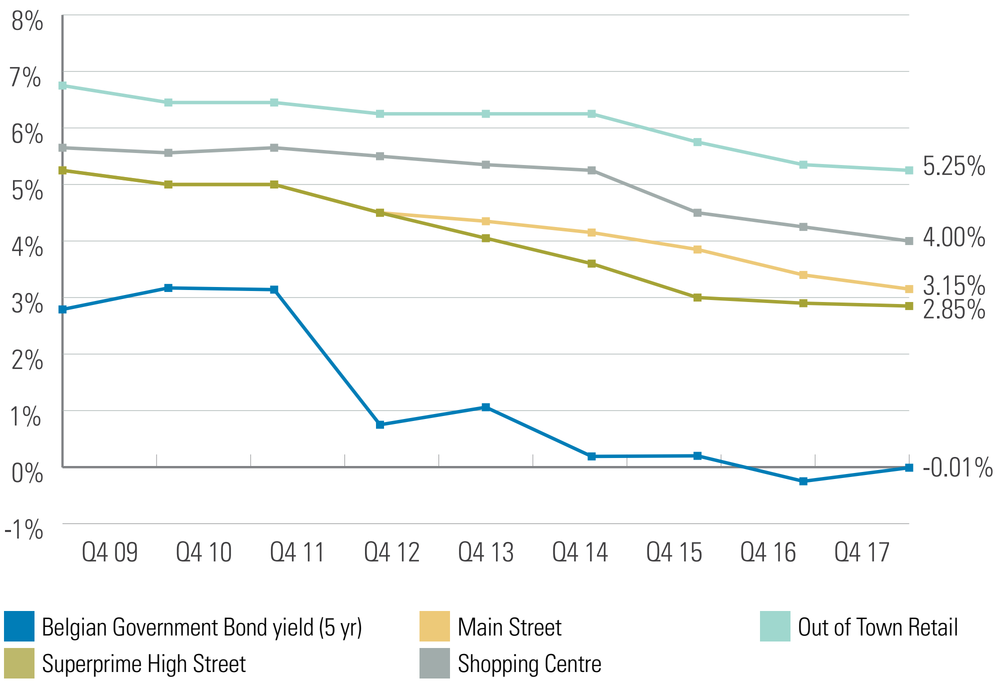
After a brief stabilization in 2013-2014, the trend of declining *yields* resumed in 2016 and 2017. In the *main street* segment we registered *prime yields* of 3.15% (compared with 3.40% at the end of 2016) in the top main streets of the top 6 shopping cities in Belgium (Antwerp, Brussels, Ghent, Hasselt, Bruges, Liège). The main reason for this further decline is the unforeseen liquidity surplus on the financial market this year and the sustained low interest rates.

The combination of the cautious upward trend in rent levels at top locations, tightening yields and stable market expectation, explains the investor drift of recent years.[8]

Yields are expected to stabilize in 2018 and embark on a rising trend as of 2019-2020.[9]

8 Cushman & Wakefield, Marketbeat Belgium Retail, Q4 2016.
9 Cushman & Wakefield, Belgium Retail Market Snapshot, Q3 2017.

GRAPH 12 PRIME YIELDS IN THE TOP MAIN STREETS IN BELGIUM



9.2.3.2 Prime Yields in the Netherlands

The *yields* are also declining in the top main streets of the top shopping cities in the Netherlands such as Amsterdam, The Hague, Utrecht and Maastricht (the so-called "G4"). There is talk of a sharp polarization on the retail market. On the one hand, more is paid for the best retail properties than before, while less is paid for secondary retail properties than before. This increasing polarization is also perceptible on the user side of the market.

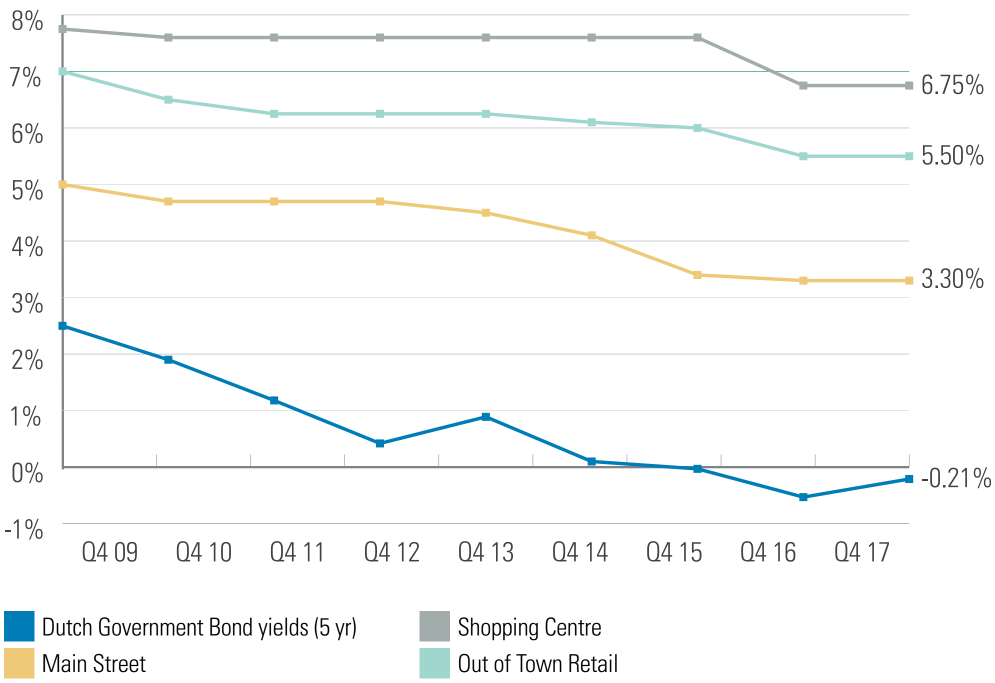
As the catchment areas of the top 20 shopping cities have been enlarged by trends such as the changing product offer and online shopping, the smaller cities have become less interesting for retailers. The vacancy rate has consequently gone up and the rents have gone down.

The *prime yield* declined at most *prime locations* in 2017. For instance, the prime yield in Amsterdam dropped from 3.30% in December 2016 to 3.0% in December 2017.

Amsterdam is expected to remain the hot spot par excellence for investments, but the other large cities will improve considerably. The yield gap between Amsterdam and the other G4 cities is therefore expected to narrow in 2018.[10]

10 Savills, Netherlands, Market in Minutes, January 2018.

GRAPH 13 PRIME YIELDS IN THE TOP MAIN STREETS IN THE NETHERLANDS



9.2.4 Prime rents in Belgium and the Netherlands

9.2.4.1 Prime rents in Belgium – Increase at top locations, pressure on secondary locations

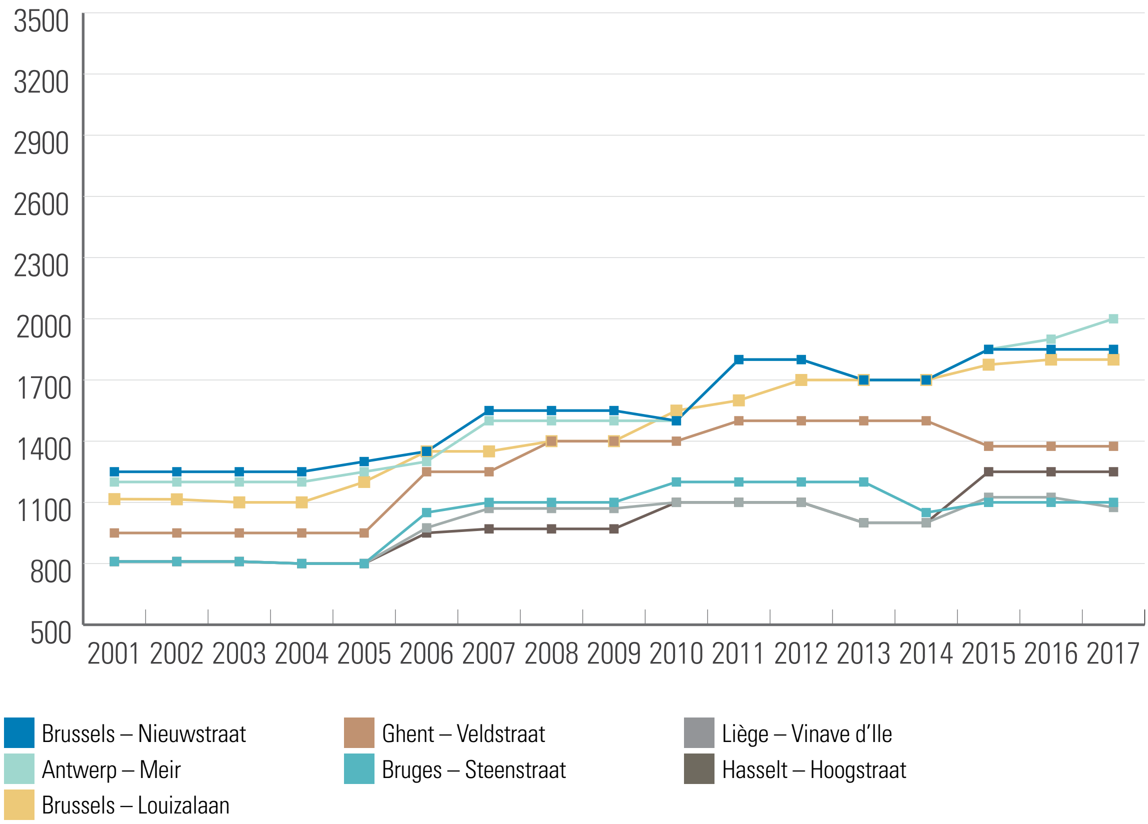
Belgian prime rents stabilized overall in 2017. This stabilization is supported primarily by the desire for flagship stores at top locations. This illustrates the marketing importance of a physical sign in the shopping street. Together with the increasing expansion drift of international retailers who entered the Belgian market in 2017, this trend supports the demand for a relatively scarce product.

The Prime Retail Rent on the Meir in Antwerp rose to a record high of 2,000 EUR/m² in 2017, thereby increasing its lead on the Nieuwstraat in Brussels, where rents of 1,850 EUR/m² are noted.

The secondary locations and cities continue to have difficulties in general with a higher vacancy rate and pressure on the rent levels.

The expectation is that the polarization between the larger and smaller cities will continue in the coming years.

GRAPH 14 PRIME RENTS ON MAIN STREETS IN BELGIUM (IN MEUR PER M² PER YEAR)



Source: Cushman & Wakefield

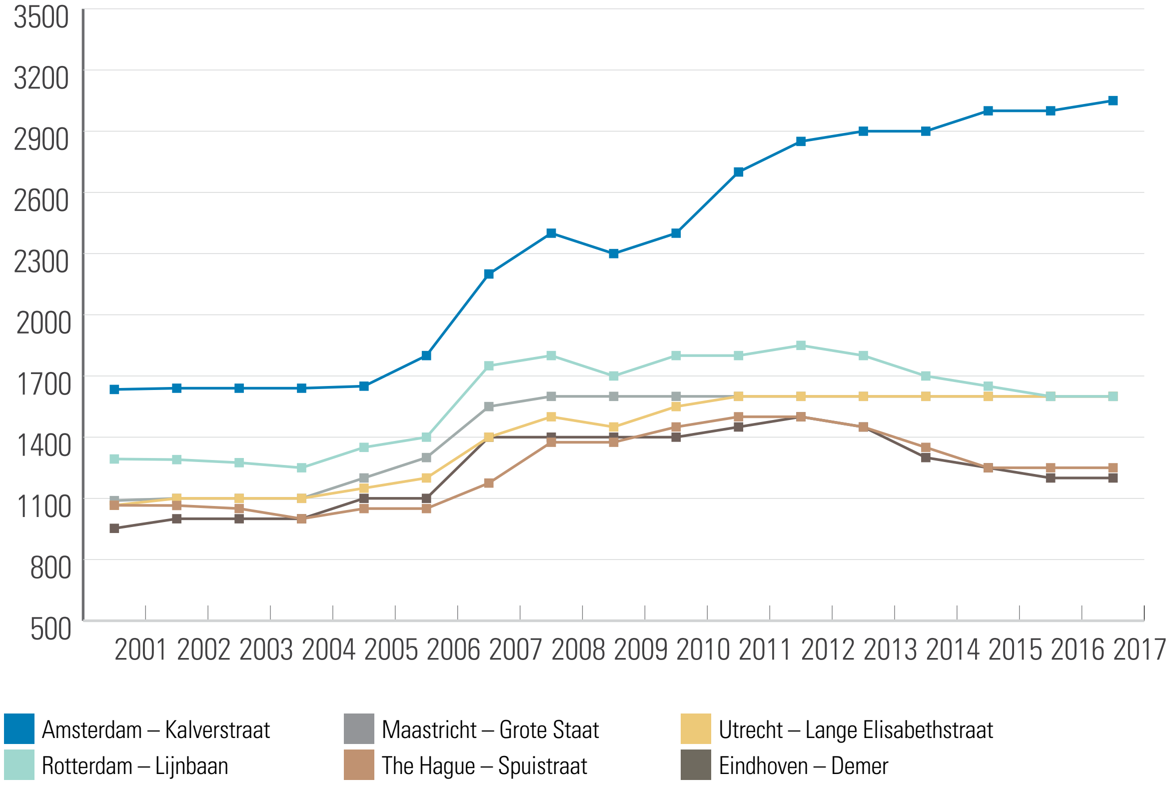
9.2.4.2 Prime rents in the Netherlands – Increase at the top location, pressure on the secondary locations

In spite of the positive signals from the Dutch retail sector, we see that the rent prices are rising again only in a limited number of cities, particularly in Amsterdam, where the Prime high street rent (in EUR/m²/year) rose from 2,925 EUR in 2016 to 3,050 EUR in 2017. In this way, Amsterdam widened even further the gap with the other major Dutch shopping cities, where the prime rents stabilized.

The rents in Amsterdam were fuelled by demand from international retailers.

In 2017, the pace of the retail market was almost entirely determined by international retailers, in fact. There are many international concepts that want to get a foothold on the Dutch market. It is nonetheless telling for the current demand that no retailer is intent on national coverage in his expansion policy at this time.

GRAPH 15 PRIME RENTS ON MAIN STREETS IN THE NETHERLANDS (IN EUR PER M² PER YEAR)



9.3 Conclusions of the real estate expert

The property portfolio of Qrf City Retail is valued by Cushman & Wakefield.

UPDATED VALUATION ON 31 DECEMBER 2017

We have the honour of submitting our estimate of the Fair Value of the property portfolio of Qrf City Retail on 31 December 2017.

Our estimates were drawn up on the basis of information which you provided and which are assumed to be correct. The values were determined taking the current market parameters into account.

In light of all remarks, definitions and reserves contained in the valuation report and its annexes, which constitute an integral part thereof, and based on the current values on 31 December 2017, the values of the existing property portfolio are as follows:

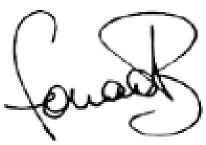
Fair Market Value (rounded off), after deduction of transaction costs:

Total	Belgium	Netherlands
286,570,000 EUR	259,270,000 EUR	27,300,000 EUR

*Exclusive of the minority interest for the Fair Value of 833,571 EUR in Century Center Freehold BVBA. This calculation was obtained from Qrf. Cushman & Wakefield cannot be held responsible for the calculation thereof.

Faithfully yours,

For the part of the property portfolio situated in Belgium



Bastien Van der Auwermeulen
Valuer
Valuation & Advisory

Fouad Ben Tato
Account Manager
Valuation & Advisory

For the part of the property portfolio situated in the Netherlands

Wolbrand van der Vis
Valuer
Valuation & Advisory

Hans Hinfelaar
Partner / Head of retail
Valuation & Advisory

10 EPRA – Key Performance Indicators

Ostend
Kapellestraat 105

10 EPRA – Key Performance Indicators

The European Public Real Estate Association (EPRA) is the voice of the European listed real estate sector. EPRA represents 430 billion EUR in immovable assets. EPRA publishes recommendations for determining the most important key performance indicators for listed real estate companies.

Qrf City Retail won the EPRA Gold Award for Financial Reporting for its Annual Report 2016.

The publication of these data is not mandatory by the legislation governing BE-REITS.

These figures were not audited by the Auditor.

TABLE	EPRA - INDICATORS	EPRA DEFINITIONS		31/12/2017	30/12/2016
1	EPRA earnings	Earnings from operational activities.	(EUR/share)	1.59	1.59
2	EPRA NAV	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.	(EUR/share)	24.12	24.46
3	EPRA NNNAV	EPRA NAV adjusted to include the Fair Values of (i) financial instruments, (ii) debt and (iii) deferred taxes.	(EUR/share)	23.78	23.93
4	EPRA NIY	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs).		5.0%	5.0%
	EPRA "topped-up" NIY	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).		5.1%	5.2%
5	EPRA vacancy rate	Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio.		2.5%	3.1%
6	EPRA cost ratio (inclusive of direct vacancy costs)	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.		19.7%	22.19%
	EPRA cost ratio (exclusive of direct vacancy costs)	Administrative & operating costs (including & excluding costs of direct vacancy) divided by gross rental income.		18.7%	21.33%

10.1 EPRA earnings

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
Earnings per IFRS income statement (shareholders of the real group)	**4,766**	**7,782**
(i) Changes in value of investment properties, development properties held for investment and other interests	4,071	-209
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-466	-164
(vi) Changes in Fair Value of financial instruments and associated close-out costs	-40	0
EPRA earnings	**8,332**	**7,409**
Weighted average number of shares	5,224,997	4,653,684
EPRA earnings per share (in EUR)	**1.59**	**1.59**

10.2 EPRA NAV

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
NAV per the IFRS financial statements	**134,711**	**122,776**
(iv) Fair Value of financial instruments	1,813	2,571
(v.a) Deferred tax	270	270
Minority interests relating to deferred tax	-132	-132
EPRA NAV	**136,662**	**125,484**
Number of shares	5,665,822	5,129,802
EPRA NAV per share (in EUR)	**24.12**	**24.46**

10.3 EPRA NNNAV

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
EPRA NAV	**136,662**	**125,484**
(i) Fair Value of financial instruments	-1,813	-2,571
(ii) Fair Value of debt	0	0
(iii) Deferred tax	-270	-270
Minority interests relating to deferred tax	132	132
EPRA NNNAV	**134,711**	**122,776**
Number of shares	5,665,822	5,129,802
EPRA NNNAV per share (in EUR)	**23.78**	**23.93**

10.4 EPRA NIY and EPRA topped-up NIY

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
Investment property	287,404	250,724
Trading property	0	0
Less: developments	0	0
Allowance for estimated purchasers' costs	9,460	7,390
Gross up completed property portfolio valuation	**296,864**	**258,114**
Annualised cash passing rental income	16,025	13,847
Property outgoings	-1,056	-913
Annualised net rents	**14,969**	**12,934**
Notional rent expiration of rent free periods or other lease incentives	277	373
Topped-up net annualised rent	**15,246**	**13,307**
EPRA NIY	**5.0%**	**5.0%**
EPRA topped-up NIY	**5.1%**	**5.2%**

10.5 EPRA vacancy rate

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
Estimated rental value of vacant space	417	463
Estimated rental value of the whole portfolio	16,382	14,806
EPRA vacancy rate	**2.5%**	**3.1%**

10.6 EPRA cost ratio

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
Inclusive of:		
(i) Administrative/operating expense line per IFRS income statement	3,179	3,099
(iv) Other operating income/recharges intended to cover overhead expenses less any related profits	-1	-8
Exclude (if part of the above):		
(vi) Investment Property depreciation	-22	-19
EPRA costs (inclusive of direct vacancy costs)	**3,156**	**3,072**
(ix) Direct vacancy costs	-164	-119
EPRA costs (exclusive of direct vacancy costs)	**2,992**	**2,953**
(x) Gross Rental Income less ground rent costs - per IFRS	16,025	13,847
Gross rental income	**16,025**	**13,847**
EPRA cost ratio (inclusive of direct vacancy costs)	**19.69%**	**22.19%**
EPRA cost ratio (exclusive of direct vacancy costs)	**18.67%**	**21.33%**

11 Annual financial statements

Enschede
Kalanderstraat 2-4

11 Annual financial statements

11.1 Consolidated financial statements for financial year 2017[1]

11.1.1 Total consolidated income

A. CONSOLIDATED INCOME STATEMENT

	FIGURES IN THOUSANDS EUR	Notes	31/12/2017	30/12/2016
(+)	I. Rental income		14,949	13,614
(+)	II. Writeback of leased payments sold and discounted		0	0
(+/-)	III. Rental charges		-10	-33
	NET RENTAL INCOME		**14,940**	**13,581**
(+)	IV. Recovery of property charges		0	0
(+)	V. Recovery of rental charges and taxes normally payable by tenants on let properties		1,178	880
(-)	VI. Costs payable by the tenants and borne by the owner on the rental damage and refurbishment		0	0
(-)	VII. Rental charges and taxes normally payable by tenants on let properties		-1,213	-835
(+/-)	VIII. Other rental related income and expenses		0	0
PROPERTY RESULT		**5**	**14,905**	**13,626**
(-)	IX. Technical costs		-289	-310
(-)	X. Commercial costs		-155	-95
(-)	XI. Charges and taxes of unlet properties		-164	-119
(-)	XII. Property management costs		-546	-485
(-)	XIII. Other property charges		0	0
	PROPERTY CHARGES	**6**	**-1,155**	**-1,009**
PROPERTY OPERATING RESULT			**13,750**	**12,617**
(-)	XIV. General company expenses	7	-2,026	-2,099
(+/-)	XV. Other operating income and charges		1	8
OPERATING RESULT BEFORE PORTFOLIO RESULT			**11,726**	**10,526**
(+/-)	XVI. Gains and losses on disposals of investment properties		466	164
(+/-)	XVII. Gains and losses on disposals of other non-financial assets		0	0
(+/-)	XVIII. Changes in Fair Value of investment properties		-4,071	209
(+/-)	XIX. Other portfolio result		0	0
	PORTFOLIO RESULT	**8**	**-3,605**	**373**
OPERATING RESULT			**8,120**	**10,899**
(+)	XX. Financial income		10	9
(-)	XXI. Net interest charges		-2,902	-2,604
(-)	XXII. Other financial charges		-100	-127
(+/-)	XXIII. Changes in Fair Value of financial assets and liabilities		40	0

1 According to chart contained in the Royal Decree of 13 July 2014.

		Notes	31/12/2017	30/12/2016
	FINANCIAL RESULT	**9**	**-2,952**	**-2,722**
(+)	XXIV. Share in the profit or loss of associates and joint ventures		0	0
PROFIT BEFORE TAXES			**5,169**	**8,177**
(+/-)	XXV. Corporate tax		-412	-407
(+/-)	XXVI. Exit tax		0	0
	TAXES		**-412**	**-407**
NET PROFIT			**4,756**	**7,769**
	Attributable to:			
	Shareholders of the group		4,766	7,782
	Minority interests		-10	-12
Components of net result – Shareholders of the group:				
NET RESULT (GROUP SHARE)			**4,766**	**7,782**
Correction on portfolio result			3,605	-373
Correction for changes in Fair Value of assets and liabilities			-40	0
EPRA EARNINGS*			**8,332**	**7,409**

*The EPRA earnings consist of the Net result (group share) exclusive of the portfolio result and changes in Fair Value of the non-effective interest hedges

B. STATEMENT OF COMPREHENSIVE INCOME

FIGURES IN THOUSANDS EUR		Notes	31/12/2017	30/12/2016
I. NET PROFIT			**4,756**	**7,769**
II. OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT			**0**	**-508**
(+/-)	B. Changes in the effective part of Fair Value of authorized cash flow hedging instruments as defined under IFRS	22	0	-508
COMPREHENSIVE INCOME			**4,756**	**7,262**
	Attributable to:			
	Shareholders of the group		4,766	7,274
	Minority interests		-10	-12

C. EARNINGS PER SHARE

	Notes	31/12/2017	30/12/2016
Number of ordinary shares in circulation at the end of the financial year	18	5,665,822	5,129,802
Weighted average number of shares during the financial year[2]	18	5,224,997	4,653,684
NET EARNINGS PER ORDINARY SHARE- GROUP SHARE (in EUR)		**0.91**	**1.67**
DILUTED NET EARNINGS PER SHARE - GROUP SHARE (in EUR)		**0.91**	**1.67**

2 Shares are taken into account from the moment they are issued. Said moment differs in this case from the moment of profit-sharing. There are 5,129,802 shares in all entitled to profit participation in financial year 2017.

11.1.2 Consolidated balance sheet

FIGURES IN THOUSANDS EUR		Notes	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	Investment properties	10	287,404	250,724
D	Other tangible fixed assets	11	49	25
E	Non-current financial assets	12	0	0
F	Finance lease receivables		0	0
G	Trade receivables and other non-current assets		0	0
H	Deferred tax assets		0	0
I	Stakes in associates and joint ventures – changes in equity		0	0
II. CURRENT ASSETS			**3,870**	**7,943**
A	Assets classified as held for sale		0	0
B	Current financial assets		0	0
C	Finance lease receivables		0	0
D	Trade receivables	13	629	660
E	Tax receivables and other current assets	14	513	172
F	Cash and cash equivalents	15	2,577	7,005
G	Deferred charges and accrued income	16	152	107
TOTAL ASSETS			**291,322**	**258,692**

FIGURES IN THOUSANDS EUR		Notes	31/12/2017	30/12/2016
LIABILITIES				
EQUITY			**134,978**	**123,053**
I.	**Equity attributable to the shareholders of the parent company**		**134,710**	**122,776**
A	Capital	17	131,572	119,151
	a. Issued capital		*131,724*	*119,261*
	b. Costs for capital increase		*-152*	*-110*
B	Issue premiums		1,496	1,459
C	Reserves		-3,124	-5,616
D	Net profit of the year		4,766	7,782
II.	**Minority interests**	19	**267**	**277**
LIABILITIES			**156,344**	**135,639**
I.	**Non-current liabilities**		**126,456**	**126,607**
A	Provisions		0	0
B	Non-current financial debts	20	124,434	119,907
	a. Borrowings		*124,434*	*119,907*
	b. Finance lease		*0*	*0*
	c. Other		*0*	*0*
C	Other non-current financial liabilities	22	1,639	2,571
D	Trade debts and other non-current debts		0	0
E	Other non-current liabilities	26	113	80
F	Deferred taxes – liabilities	21	270	4,050
	a. Exit tax		*0*	*3,780*
	b. Other		*270*	*270*
II.	**Current liabilities**		**29,888**	**9,032**
A	Provisions		0	0
B	Current financial debts		24,994	0
	a. Borrowings		*24,994*	*0*
	b. Finance lease		*0*	*0*
	c. Other		*0*	*0*
C	Other current financial liabilities		174	0
D	Trade debts and other current debts	23	2,640	7,419
	a. Exit tax		*0*	*4,631*
	b. Other		*2,640*	*2,788*
E	Other current liabilities	24	1 327	1,327
F	Accrued charges and deferred income	25	753	286
TOTAL EQUITY AND LIABILITIES			**291,322**	**258,692**

11.1.3 Consolidated cash flow statement[3]

FIGURES IN THOUSANDS EUR	Notes	31/12/2017	30/12/2016
CASH AND CASH EQUIVALENTS START OF PERIOD		**7,005**	**3,600**
1. Cashflow from operating activities		**1,115**	**5,189**
Net profit	11.1.1	4,756	7,769
Non-paid interest and bank charges		103	-59
Adaptation of the result for non-cash flow transactions		4,504	494
- Depreciation on capitalized financing charges		*34*	*54*
- Depreciation on intangible and other tangible fixed assets	*11*	*23*	*19*
- Result from the sale of investment properties	*8*	*-467*	*-164*
- Increase / decrease of receivable invoices (+/-)		*883*	*795*
- Changes in Fair Value of investment properties and project developments	*8*	*4,071*	*-210*
- Changes in Fair Value of financial assets and liabilities		*-40*	*0*
Changes in working capital requirements:		-8,248	-3,009
Movement of assets:		0	91
- Trade receivables	13	*31*	*32*
- Tax receivables and other current assets	14	*14*	*55*
- Deferred charges and accrued income	16	*-45*	*3*
Movement of liabilities:		-8,248	-3,100
- Other current financial liabilities		*0*	*0*
- Provisions		*0*	*0*
- Other non-current liabilities		*33*	*0*
- Deferred taxes – liabilities		*0*	*0*
- Trade debts and other current debts	23	*-8,280*	*-2,526*
- Other current liabilities (including tax liabilities)	24	*0*	*-446*
- Accrued charges and deferred income	25	*0*	*-128*
2. Cash flow resulting from investment activities		**-28,982**	**6,476**
Purchase of intangible and other tangible fixed assets	11	-46	-13
Purchase of shares of real estate companies	29	0	2,412
Purchase of development project		0	0
Purchase of properties		-32,980	-308
Investments in existing properties		-1,573	-139
Investments in development projects		0	0
Investments in assets classified as held for sale		0	0
Activated financial charges		0	0
Acquisition of assets with deferred payment		0	0
Earnings from the sale of investment properties	8	5,617	4,524
Earnings from the sale of other investments		0	0
Earnings from the sale of other non-financial assets		0	0
Investments in real estate		0	0
Earnings from non-current trade receivables and other vaste assets		0	0
Bank interest received		0	0
3. Cash flow from financing activities		**23,439**	**-8,266**
Repayment of loans		-6,500	-18,663
Take-up of loans	20	36,000	15,000
Income from issue of convertible loans		0	0
Income from the issue of shares		0	0
Costs for capital increase		-41	-28
Interest payments on loans		0	0
Payment on dividends		-6,007	-4,575
Payment on transaction costs		-13	0
CASH AND CASH EQUIVALENTS END OF PERIOD		**2,577**	**7,005**

3 Contributions in kind are considered as non-cash transactions and are not entered in the cash flow statement.

11.1.4 Consolidated statement of changes in equity

FIGURES IN THOUSANDS EUR	Capital	Cost of Capital increase	Issue premiums	Reserves	Net result of the financial year	Minority interests	Equity
BALANCE SHEET ON 30 DECEMBER 2015	**104,225**	**-33**	**883**	**-5,115**	**4,582**	**290**	**104,831**
Appropriation of result 2015	0	0	0	7	-4,582	0	-4,575
Transfer of portfolio result to reserves				*-1,009*	*1,009*		*-*
Transfer of operating result to reserves				*1,016*	*-1,016*		*-*
Dividend financial year 2015					*-4,575*		*-4,575*
Net result for 2016	0	0	0	0	7,782	-12	7,769
Other elements recognized in the comprehensive result	0	0	0	-508	0	0	-508
Impact on the Fair Value of estimated transaction costs resulting from the hypothetical disposal of investment properties							*-*
Changes in Fair Value of properties							*-*
Reserve for the impact on the Fair Value of financial instruments				*-508*			*-508*
Public issue of new shares							-
Capital increase by contribution in kind	15,037	-77	577	0	0	0	15,537
Minority interests							0
BALANCE SHEET ON 30 DECEMBER 2016	**119,262**	**-110**	**1,459**	**-5,616**	**7,782**	**277**	**123,053**

FIGURES IN THOUSANDS EUR	Capital	Cost of Capital increase	Issue premiums	Reserves	Net result of the financial year	Minority interests	Equity
BALANCE ON 30 DECEMBER 2016	**119,262**	**-110**	**1,459**	**-5,616**	**7,782**	**277**	**123,053**
Appropriation of result 2016	0	0	0	1,775	-7,782	0	-6,007
Transfer of portfolio result to reserves				*1,230*	*-1,230*		*-*
Transfer of operating result to reserves				*545*	*-545*		*-*
Dividend for financial year 2015					*-6,007*		*-6,007*
Net result 2017	0	0	0	0	4,766	-10	4,756
Other elements recognized in the comprehensive result	0	0	0	717	0	0	717
Impact on the Fair Value of estimated transaction costs resulting from the hypothetical disposal of investment properties							*-*
Change in Fair Value of properties							*-*
Reserve for the impact on the Fair Value of financial instruments				*717*			*717*
Public issue of new shares							
Capital increase by contribution in kind	12,462	-41	37	0	0	0	12,458
Minority interests							
BALANCE SHEET ON 31 DECEMBER 2017	**131,724**	**-152**	**1,496**	**-3,124**	**4,766**	**267**	**134,978**

11.1.5 Detail of the consolidated reserves

FIGURES IN THOUSANDS EUR	Legal reserve	Reserve for the balance of changes in Fair Value of properties	Reserve for the impact on Fair Value of estimated transaction chargess resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in Fair Value of authorized hedge instruments which are subject to a hedge accounting as defined in IFRS	Available reserve: reserve for foreseeable losses	Other reserves	Results carried forward from previous financial years	Total reserves
BALANCE SHEET ON 30 DECEMBER 2015	**0**	**1,539**	**-4,496**	**-2,063**	**14**	**0**	**-108**	**-5,115**
Processing of net result 2015	0	-139	-870	0	0	0	1,016	7
Transfer of portfolio result to reserves		*-139*	*-870*					*-1,009*
Transfer of operating result to reserves							*1,016*	*1,016*
Result for the period								0
Other elements recognized in the comprehensive result	0	0	0	-508	0	0	0	-508
Changes in Fair Value of properties								0
Changes in Fair Value of financial assets and liabilities				*-508*				*-508*
BALANCE SHEET ON 30 DECEMBER 2016	**0**	**1,400**	**-5,366**	**-2,571**	**14**	**0**	**908**	**-5,616**
Processing of net result 2016	0	2,595	-2,050	0	0	0	1,230	1,775
Transfer of portfolio result to reserves		*2,595*	*-2,050*					*545*
Transfer of operating result to reserves							*1,230*	*1,230*
Result for the period								
Other elements recognized in the comprehensive result	0	0	0	717	0	0	0	717
Changes in Fair Value of properties								
Changes in Fair Value of financial assets and liabilities				*717*				*717*
BALANCE SHEET ON 31 DECEMBER 2017	**0**	**3,995**	**-7,416**	**-1,854**	**14**	**0**	**2,138**	**-3,124**

11.2 Notes

NOTE 1. GENERAL INFORMATION

QRF Comm. VA (**"Qrf City Retail"**) is a regulated real estate company incorporated under Belgian law, having its registered office at Museumstraat 11/211, 2000 Antwerp.

The consolidated financial statement of Qrf City Retail for the financial year closed on 31 December 2017 comprises Qrf City Retail and its Perimeter Companies (hereinafter referred to as the "Group"). The annual financial statements were approved for publication by the Statutory Manager at the meeting of the Board of Directors on 8 February 2018 and will be submitted for approval to the annual General Meeting of Shareholders on 15 May 2018.

Qrf City Retail is geared to retail properties in Belgium and the Netherlands. As a real estate player, it focuses on investing and on (re)developing and letting chiefly inner-city retail outlets on streets that are dominant for their catchment areas. Qrf City Retail strives for value through an active portfolio management.

NOTE 2. PRINCIPLES FOR FINANCIAL REPORTING

T 2.1 GENERAL

The financial reporting of Qrf City Retail is drawn up in accordance with the IFRS as approved in the European Union and the provisions of the RREC Act and the Royal Decree of 13 July 2014.

These standards comprise all new and revised standards and interpretations published by the *International Accounting Standards Board* ("**IASB**") and the *International Financial Reporting Interpretations Committee* ("**IFRIC**") and approved by the European Union ("**EU**"), insofar as applicable to the activities of Qrf City Retail.

T 2.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS APPLIED BY THE GROUP

During the current financial year, the Group applied all new and revised standards and interpretations enacted by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB, which are relevant for its activities and which are in force for the financial year of Qrf City Retail that opened on 31 December in 2016.

The following standards and changes to standards will be obligatorily applicable for the first time for the financial year starting on 1 January 2017, and they have not yet been approved by the EU:

- IFRS 14 "Regulatory deferred accounts" (effective as of 1 January 2016)
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in associates and joint ventures" – amendments concerning the disposal or contribution of assets between an investor and the participation of a joint venture (effective as of 1 January 2016)

T 2.3 STANDARDS AND INTERPRETATION PUBLISHED BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON 31 DECEMBER 2016

The Group opted not to apply early the following new Standards, Interpretations and Amendments, approved by the European Union but not yet obligatorily applicable for the financial year starting on 31 December 2016:

- Amendments to IAS 12 "Income taxes" – amendments in the recognition of deferred taxes for unrealized losses (effective as of 1 January 2017)
- Amendments to IAS 7 "Statement of cash flows" – amendments introducing additional information (effective as of 1 January 2017)

- Annual improvements to the IFRS standards 2014-2016 – concerning the amendments to IFRS 12 (effective as of 1 January 2017)

- IFRS 16 "Leases" – amendments in the accounting processing of leases by the lessee (effective as of 1 January 2019)

  As Qrf City Retail operates almost exclusively as a lessor, IFRS 16 is not expected to have any material impact on the consolidated financial statements. In the limited cases where Qrf City Retail is the lessee in leases classified as operational leases under IAS 17 and these contracts do not belong to the exceptions provided in IFRS 16 (e.g. car rental, real estate used by the group, etc.), a right of use and related obligation have to be recognized in the consolidated financial statements;

- IFRS 9 "Financial instruments" (effective as of 1 January 2018)

  An analysis of the situation on 31 December 2107 shows that IFRS 9 is not expected to have any material impact on the consolidated financial statements. As to the special reductions in the value of financial assets valued at amortized cost price, inclusive of trade receivables, the initial application of the expected credit loss model under IFRS 9 will result in an early recognition of credit losses by comparison with the loss model applied currently under IAS 39. In view of the relatively limited amount of outstanding trade receivables, combined with a low associated credit risk, Qrf City Retail considers the impact on the consolidated annual financial statements to be limited.

- Amendments to IFRS 15 "Revenues from contracts with customers" (effective as of 1 January 2018)

  IFRS 15 is not expected to have a material impact on the consolidated financial statements of Qrf City Retail as leases, which are the primary source of revenue of Qrf City Retail, fall outside the scope of IFRS 15. The principles of IFRS 15 are however applicable to the non-lease components that may be contained in a lease or separate agreements, such as maintenance-related services charged to the tenant. In view of the fact that such non-lease components are relatively limited in terms of amount and usually concern services that are recognized over time under IAS 18 as well as under IFRS 15, Qrf City Retail expects no material impact here either.

- Amendments to IFRS 4: Applying IFRS 9 "Financial instruments" with IFRS 4 "Insurance contracts" (effective as of 1 January 2018)

The following new standards, amendments and interpretations were published, but are not yet obligatorily applicable for the annual period starting on 31 December 2016 and have not yet been approved by the EU:

- IFRS 17 "Insurance contracts" (effective as of 1 January 2021)

- Amendments to IFRS 2 "Clarifications of classification and measurement of share-based payment transactions" (effective as of 1 January 2018)

- Amendments to IAS 40 "Investment properties" (effective as of 1 January 2018)

- IFRIC 22 "Foreign currency transactions and advance consideration" (effective as of 1 January 2018)

- IFRIC 23 "Uncertainty over income tax treatments" – clarification of the accounting for uncertainties in income taxes (effective as of 1 January 2019)

- Amendments to IFRS 9 "Prepayment features with negative compensation" (effective as of 1 January 2019)

- Amendments to IAS 28 "Long-term interests in associates and joint ventures" (effective as of 1 January 2019)

- Annual improvements to IFRS standards 2014-2016 concerning the amendments to IFRS 1 and IAS 28 (effective as of 1 January 2018)

- Annual improvements to IFRS standards concerning the amendments to IFRS 3, IAS 12 and IAS 23 (effective as of 1 January 2019)

The Group is currently determining the impact of the aforementioned standards.

T 2.4 BASIS OF PREPARATION

The financial information is presented in thousands of euros, rounded off to the nearest thousandth.

Qrf City Retail keeps its accounts in euros as well. A summary of the most important principles for financial reporting is given below.

The acquired companies were not processed as business combinations as defined under IFRS 3 but as purchase of assets, since Qrf City Retail acquired only the assets of the lease, and then integrated them fully in the organization.

T 2.5 BASIS OF CONSOLIDATION

Perimeter Companies are entities over which Qrf City Retail exercises control.

A company therefore exercises control over a subsidiary if, and only if, the parent company:

- has power over the shareholding interest;

- is exposed or has rights to changing revenues from its involvement in the shareholding interest; and

- has the possibility to use its power over the shareholding interest in order to influence the scope of the investor's revenues.

The annual financial statements of the Perimeter Companies are entered in the consolidation from the date of acquisition to the end of the control in accordance with the full consolidation method.

The full consolidation method consists of taking over fully the asset and liability data of the consolidated companies, together with the charges and revenues, whereupon the necessary eliminations are carried out.

The minority interests are the interests in Perimeter Companies still held by the Group directly or indirectly.

T 2.6 INVESTMENT PROPERTIES

(i) General

Immoveable assets held with a view to generating retail income or realizing capital gains in the long term, which are not used by Qrf City Retail, are booked as investment properties.

(ii) Valuation after initial recognition

The first entry in the balance sheet is made at the acquisition value, including additional transaction charges such as professional fees, legal services, registration fees and other transfer taxes and non-deductible VAT. The commissions concerning the acquisition of properties are considered additional costs of purchase and are added to the acquisition value.

When the investment properties are obtained through contribution in kind of an immovable asset against the issue of new shares, through merger by acquisition of a real estate company or through partial demerger, audit and assistance charges, reinvestment fees and mortgage releases of the acquired companies and other costs relating to the operation are considered as constituting part of the purchase price and are activated.

If the immovable asset is acquired through a share transaction, the purchase price includes also the exit tax (cf. Note 21) payable by companies over which Qrf City Retail gains direct or indirect control (they are in principle deduced from the value of the underlying property, provided it concerns a tax on the unrealized capital gains which existed for the acquired company before control was gained), unless these companies do not qualify for merger with Qrf City Retail (by decision of the Statutory Manager of Qrf City Retail).

(iii) Valuation after initial recognition

After the initial recognition, the investment properties are valued by the Property expert.

The Property expert values the following components in a precise way at the end of each quarter:

- immovable assets, immovable assets due to intended use and the rights in rem on immovable assets held by Qrf City Retail or, where applicable, by a real estate company it controls;
- the option rights to immovable assets held by Qrf City Retail or, where applicable, by a company which it controls, as well as immovable assets to which these rights pertain; and
- the rights from contracts whereby one or more properties are given to Qrf City Retail or, where applicable, to a real estate company it controls, under a financial lease, as well as the underlying property

The Fair Value is determined in 2 phases.

In a first phase, the experts determine the investment value of each property on the basis of the capitalization of the Estimated Rental Value (ERV) adjusted for corrections that take account of the rent actually paid and/or each other element that has an influence on the value, e.g. vacancy costs.

To determine this market rental value, the experts rely on their knowledge of the property market and recent transactions carried out in that market. They take into account inter alia the location, qualities and accessibility of the property and local market circumstances.

They then determine a *yield* or capitalization rate which an investor or hypothetical buyer would pay to acquire the property so as to enjoy either the rental income or a return on his investment.

In a second phase, the experts withhold an estimated amount of the investment value of the portfolio for transfer charges (registration charges and/or capital gains taxes) which the buyer or seller has to pay to carry out a transfer of ownership. The investment value, minus the estimated transfer charges, constitutes the Fair Value, within the meaning of IFRS 13.

In Belgium, the transfer is subject to transfer taxes. The amount of these taxes depends on the transfer method, the capacity of the buyer and the geographic location of the property. The first two elements, and thus the total amount of charges payable, are consequently known only once the transfer of ownership has been completed. The range of property transfer possibilities, and their corresponding charges are as follows:

- contract of sale for immoveable properties: 12.5% for properties situated in the Brussels-Capital Region and the Walloon Region; 10% for properties in the Flemish Region;
- long leases for immoveable properties (up to 50 years for the surface right, and 99 years for the long-lease right): 2%;
- contracts of sale for properties where the buyer is a public authority: exemption of duties;
- contribution in kind of properties against the issue of new shares for the benefit of the contributor: exemption of duties;
- contract of sale for shares of a real estate company: no duties;
- merger, demerger and other reorganizations of companies; no fees; etc.

As such, the effective percentage of the registration fees varies from 0 to 12.5% where it is impossible to foresee which percentage applies for the transfer of a given property in Belgium before the transfer actually takes place. In January 2006, all experts involved in the valuation of Belgian property portfolios were asked to determine a weighted average percentage of the effective duties for property portfolios of SICAFIs. A weighted average transaction tax of 2.5% was determined for transactions involving properties worth more than 2.5 MEUR. For properties worth less than 2.5 MEUR, transfer duties of of 10% to 12.5% were taken into account, depending on the region where the building is situated. In 2016, an update was conducted in cooperation between the experts and the BE-REIT Association, which supported the findings of 2006.[4]

For properties situated outside Belgium, the independent Property experts take account of the theoretical local transfer taxes.

In the Netherlands, the transfer taxes amount to 6% on commercial properties and 2.0% on residential properties.

The difference between the Fair Value and the investment value of the property is entered in the income statement and allocated in the appropriation of the result under "Reserve for impact on the Fair Value of estimated transaction costs resulting from the hypothetical disposal of investment properties" in equity.

All profits or losses that arise out of the value fluctuations in the Fair Value of an investment property are entered in the income statement in the period in which they occur under *"Changes in the Fair Value of investment properties"* and are allocated for profit sharing to the Reserve for the balance of changes in Fair Value of properties.

(iv) Expenditures for works on investment properties

The expenditures for works on investment properties are charted to the operating property results if the expenditures have no positive effect on the expected future economic benefits. They are activated if the expected economic benefits for the entity are thereby increased. There are four sorts of expenditures:

- costs for maintenance and repairs to roofs and parking facilities: these are charged to the operating result and are entered under "technical costs;" and
- refurbishment costs: these costs concern expenditures incurred when a tenant leaves. These costs are charged to the operating property result under "Costs payable by the tenants and borne by the owner on the rental damage and refurbishment;" and
- costs for major renovation and improvement works: renovations are occasional works which are carried out on the property in order to improve the comfort level considerably so as to drive up the rent and/or rental value. These costs are activated and thus added to the Fair Value of the investment properties. The costs pertain to the materials, fees, contracting works and the like. Internal management or follow-up costs are not activated. Works pending are deducted by the Property expert from the valuation; after execution, these costs are activated and thus added to the Fair Value of the investment properties; and
- lease incentives: these are concessions granted to the tenant for fitting works. They are staggered over the period from the start of the lease to the first break date and are deduced from the rental income booked.

(v) Disposal of a property investment

The profits or losses on the sale of an investment property are entered in the income statement for the reporting period under *"Profit or loss from the sale of investment properties". As the property is sold, both the "Reserve for the balance of changes in Fair Value of properties" and the* "Reserve for the impact on the Fair Value of estimated transactions resulting from the hypothetical disposal of investment properties" relating to the sold property are transferred to the available reserves.

Commissions paid for the sale of properties, transaction costs and liabilities undertaken as a result of transactions are deducted from the selling prize to determine the profit or loss made.

4 Cf. the press release of the BE-REIT Association of 10 November 2016 *"Confirmation of the rate used for the Fair Value calculation of properties of BE-REITs"*.

T 2.7 DEVELOPMENT PROJECTS

Development projects comprise land and buildings under development whereby they require only investments and generate no rental income during a certain period.

Immovable assets that are built or developed for future use as investment properties are entered under *"Project developments"* and are valued at their Fair Value until the development is completed, in accordance with IAS 40. At that time, the asset is transferred to *"Properties available for rental,"* always at Fair Value.

After initial recognition, the projects are valued at Fair Value if all the following criteria are met: (i) the project costs to be incurred must be estimated reliably; (ii) all necessary permits for the development of the project must be obtained; and (iii) a substantial part of the development project is pre-rented (lease definitively signed). This Fair Value is based on the valuation by the Property expert (according to the usual methods and assumptions) and takes account of costs yet to be incurred for the entire completion of the project.

All costs related directly to the purchase or development and all subsequent investments that are recognized as transaction costs (costs of new and/or renovation works, inclusive of the acquisition value and the preparation of the land for construction) are entered in the balance sheet.

If the duration of the project exceeds one year, interest charges directly attributable to the project development are activated as part of the cost of project development.

The financing costs as a component of the cost price of qualifying assets are cited only if:

- expenditures are incurred;
- financing costs are incurred; and
- activities are in progress to prepare the asset for its intended use.

The activation of financing costs is suspended during long periods in which the active development is interrupted.

"Project developments" is a subheading of *"Investment properties"* and is taken into account in the calculation of the Fair Value of the property portfolio in operation.

T 2.8 OTHER TANGIBLE FIXED ASSETS

Tangible fixed assets other than investment properties are classified as *"other tangible fixed assets"* and are valued at the acquisition value, minimum the accumulated depreciations and impairments. The straight line depreciation method is applied on the basis of the expected duration of use.

In the financial year in which the investment takes place, depreciations are booked in proportion to the number of months during which the asset was used.

The following depreciation percentages on an annual basis apply:

- Plant, machinery and equipment: 20%
- Furniture: 10%
- Rolling stock: 20%
- Computer hardware: 33%

T 2.9 NON-CURRENT TRADE RECEIVABLES AND OTHER TANGIBLE FIXED ASSETS

(i) Non-current loans and receivables

Non-current loans and receivables are valued at amortized cost on the basis of the effective interest method. An impairment is booked if there is uncertainty as to the collectability of the claim on the due date.

(ii) Extraordinary impairment of financial assets

Financial assets are tested for extraordinary impairment when there are objective indications thereto. An extraordinary impairment is charged directly to the result. For trade receivables, bad debts are written down on the balance sheet data against the provision account concerned.

T 2.10 TANGIBLE FIXED ASSETS OR GROUPS OF ASSETS CLASSIFIED AS HELD FOR SALE

Fixed assets the book value of which will in the main be realized by the sale of the properties, not the further rental, are classified as held for sale. These assets are valued at Fair Value, in accordance with IAS 40.

T 2.11 FINANCIAL INSTRUMENTS

Qrf City Retail may use derivatives or financial interest derivatives (such as *Interest Rate Swaps*) to hedge against interest risks of operational, financial and investment activities. Derivative financial instruments are initially recognized at their cost and are revalued at their Fair Value on the next reporting date.

After the initial processing, the financial interest derivates are valued at Fair Value in the annual financial statements. Profits or losses that arise out of changes in Fair Value of financial interest derivatives are processed immediately in the income statement, unless a derivative meets the conditions for *hedge accounting*.

The Fair Value of the financial interest derivatives is the amount that Qrf City Retail expects to receive or pay if the financial interest derivative is ended on the balance sheet date, whereby the interest rate in force and the credit risk of the counterparty concerned are taken into consideration.

If a financial interest derivative can be documented as an effective hedge of the possible variability of cash flows attributable to a certain risk linked to an asset or liability or a very likely future transaction, the part of the result arising out of the transaction value of the financial interest derivative, which is ascertained to be an effective hedge, is justified under *"Change in the effective part of Fair Value of authorized hedging instruments in a cash flow hedge as defined in IFRS"*. The ineffective part of the financial interest derivative is entered in the income statement.

When a hedge instrument expires or is sold, or when a hedge no longer meets the criteria of hedge accounting, the accumulated profits and losses are in the first instance maintained in equity. They are entered in the income statement when the commitment or hedged cash flows are entered in the income statement.

If the hedged cash flows are no longer expected, the accumulated profits or losses are transferred immediately from equity to the income statement.

T 2.12 CURRENT ASSETS

Receivables within one year are valued at their nominal value, less any impairment for bad or doubtful debts.

Cash and cash equivalents (bank accounts, cash and short-term investments) are valued at amortized costs. Additional costs are processed immediately in the income statement.

T 2.13 EQUITY

The capital comprises cash obtained upon incorporation, merger or capital increase. External costs that are immediately attributable to the issue of new shares are deducted from equity.

Dividends are part of the transferred results until the General Meeting of Shareholders grants the dividends. These dividends are then booked as a debt.

T 2.14 PROVISIONS

A provision is recognized when:

- Qrf City Retail has an existing – legal or constructive – obligation arising from an event that occurred in the past;
- it is probable that resources will be required to extinguish an obligation; and
- the amount of the obligation can be estimated reliably.

The amount entered as a provision is the best estimate of expenditures required to extinguish the obligation on the balance sheet date, taking into account the risks and uncertainties relating to the obligation.

T 2.15 LIABILITIES

Trade debts are expressed at their nominal value on the balance sheet date.

Interest-bearing borrowings are initially recognized at cost, less the directly attributable expenses. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost, with any difference between cost and redemption value being recognized in the income statement over the period of the borrowing on the basis of the effective interest method.

T 2.16 PROPERTY RESULT

The net rental income comprises the rents, operational rentals and other income related therewith, less the rental-related costs such as the payment of rent on leased assets, rental benefits and impairments on trade receivables.

The rental benefits comprise temporary rent reductions or rent free periods for the benefit of the tenant, as well as the possible contribution of Qrf City Retail in the fitting out works of the tenant.

The recovery of property charges comprises income obtained from recharge of costs and compensation for rental damage.

The rental charges and taxes on let properties and the recovery of these charges concern costs which are contractually or customarily incumbent upon the tenant or lessee. The owner will or will not recharge such costs to the tenant depending on contractual arrangements made with the latter.

Revenues are valued at Fair Value of the compensation received and are entered in the income statement according to the straight line method for the period to which they pertain.

Severance payments by tenants for early termination of a lease are entered entirely as income for the year in which the compensation was received.

T 2.17 PROPERTY CHARGES

The property charges are valued at Fair Value of the compensation paid or payable.

The technical costs comprise in particular structural and occasional management and losses from damage covered by the insurance companies. The commercial costs include brokerage commissions in particular. The management costs of properties comprise chiefly: (i) the costs for staff responsible for the activity; (ii) the Operating charges of the head office of Qrf City Retail; and (iii) the fees paid to third parties. The management fees received from tenants or third parties which cover part of the management costs are deduced.

T 2.18 GENERAL COMPANY EXPENSES OF QRF CITY RETAIL AND OTHER OPERATING INCOME AND CHARGES

The general company expenses of Qrf City Retail cover the fixed operating charges of Qrf City Retail which is active as a legal listed company and enjoys RREC status. These expenses are incurred to provide transparent financial information, to be economically comparable with other types of investment, and giving investors an opportunity to participate indirectly in a diversified property investment. Part of the expenses incurred in line with the strategic growth of Qrf City Retail also fall under this category.

T 2.19 FINANCIAL RESULT

The financial result consists of interest charges on loans, bank charges and additional financial charges such as the changes in hedging instruments insofar as they are not effective within the meaning of IAS 39, less the investment income.

T 2.20 CORPORATE TAX

This heading comprises the current tax charge on the profit for the financial year and deferred taxes. The corporate tax is booked directly in the result, except when the text pertains to elements which are entered directly under equity. In that case, the tax is also entered under equity. The current tax charge consists of the expected tax on the taxable income of the year and the corrections for the previous financial year.

Deferred tax assets and liabilities are booked on the basis of the balance sheet method for all temporary differences between the taxable basis and the book value, for both assets and liabilities. Deferred tax liabilities are entered to the degree that it is probable that sufficient taxable profit will be realized against which tax differences can be utilized.

T 2.21 EXIT TAX

(i) General

The exit tax is the corporate tax on the exempted reserves and the capital gains arising from the recognition as (I)RREC or GVBF and corporate restructuring operations (i.e. mergers, demergers or suchlike operations) whereby an (I)RREC or GVBF acquires a Belgian company which is not an (I)RREC or GVBF.

The Act of 3 August 2016 provides, effective as of 1 July 2016, that (i) the contribution, by a company, of a line of business or totality of assets within the meaning of Article 46, §1, section 2 of the Income Tax Code, in an RREC, and (ii) the contributions of a property, exclusively by means of new shares, by a company in an RREC, are subject to the exit tax.

When a company that will apply for the status of (I)RREC or GVBF, or which will be acquired via corporate restructuring, is included in the group's consolidation scope for the first time, the exit tax is deducted from the equity of that company. If the company is not merged immediately with the RREC, adaptations to the exit tax liabilities, which would seem necessary with regard to the provisioned amount at the time of the merger, are booked via the income statement.

(ii) Exit tax percentage

The percentage of the exit tax amounted to 16.5% in 2016 and 2017. This percentage was increased with an additional crisis tax of 0.495% (i.e. 3% on the applied percentage of 16.5%). The exit tax payable was therefore calculated at 16.995%.

The exit tax rate was therefore lowered in line with the lowered standard corporate tax rate. As of tax year 2019, relating to a taxable period that commences on 1 January 2018 at the earliest, the exit tax rate will amount to 12.50%. This percentage must be increased by the additional crisis tax of 0.25% (i.e. 2% on the applied percentage of 12.5%). The exit tax payable is therefore calculated at 12.75%.

As of tax year 2021, relating to a taxable period that commences on 1 January 2020 at the earliest, the exit tax rate will be increased to 15% again, and the additional crisis tax will be abolished. The exit tax payable is therefore calculated at 15%.

(iii) Basis for calculation of the exit tax

The exit tax applies to mergers, demergers and operations considered equivalent to mergers or demergers in which Qrf City Retail takes part as an RREC. Such operations are expressly excluded from fiscal neutrality. Both the recognition as an (I)RREC or GVBF or a real estate subsidiary of Qrf City Retail, as well as the aforementioned operations in which Qrf City Retail participates as an RREC are, from the fiscal point of view, considered equivalent to a dissolution and liquidation of the property company or companies involved.

For the calculation of the exit tax, on the date of the recognition of the operation concerned, the Fair Value of the equity of Qrf City Retail or the property company or companies involved is considered equivalent to a *"sum paid out upon the distribution of the equity"*. The positive difference between the sum paid out under the legal fiction on the one hand, and the enhanced value of the paid up capital is classified as dividend. In the event of an operation considered equivalent to a demerger in which Qrf City Retail take part as an RREC, the rules on dissolution and liquidation apply only on the demerged capital of the real estate company or companies involved.

If Qrf City Retail participates in a merger, demerger or an operation considered equivalent to a merger or demerger, the exit tax is calculated on the unrealized capital gains and the exempt reserves of the real estate company which makes a contribution through merger, demerger or an operation considered equivalent thereto. In case of recognition as an (I)RREC or GVBF, the exit tax is applied on the unrealized capital gains and the exempted reserves of the real estate company on the date of recognition. The unrealized capital gains are calculated as the positive difference between the fiscal Fair Value of the (demerged) properties of the real estate company involved on the one hand, and the acquisition value of said properties, minus the previous tax depreciations and impairments on the other.

The exit tax is calculated taking into account the Circular Ci.RH.423/567.729 of the Belgian inland revenue of 23 December 2004, the interpretation and practical application of which can always change. The "fiscal Fair Value" within the meaning of this circular is calculated by Qrf City Retail, minus the registration duties or VAT (which would be applicable to a sale of assets) (the "value costs to buyer") and can be different from (and even be lower than) the Fair Value of the property as entered in the balance sheet of the RREC pursuant to IAS 40.

(iv) Payment of the exit tax

In a merger, demerger or an operation considered equivalent to a merger or demerger in which Qrf City Retail participates as an RREC, a contribution of a line or business or totality of assets within the meaning of Article 46, §1, section 2 of the Income Tax Code of 1992 in Qrf City Retail or a contribution of property in Qrf City Retail remunerated exclusively by means of new shares, the exit tax is payable by the real estate company which makes the contribution in Qrf City Retail. In case of a contribution in Qrf City Retail by means of a merger, the exit tax will be payable by Qrf City Retail as the acquiring company.

In the case of recognition as (I)RREC or GVBF, the exit tax is payable by the recognized company.

T 2.22 FINANCIAL TANGIBLE FIXED ASSETS (SHAREHOLDING INTERESTS)

Financial tangible fixed assets (shareholding interests) are booked at Fair Value. Changes in their Fair Value are booked via the income statement.

NOTE 3. ESTIMATES, ASSUMPTIONS AND MOST IMPORTANT SOURCES OF UNCERTAINTY

T 3.1 VALUATION OF INVESTMENT PROPERTIES

Investment properties are valued at Fair Value. This is the amount for which a property can be traded between independent parties that are well informed and ready for a transaction. From the seller's perspective, it must be understood subject to deduction of the transfer taxes registration duties.

The estimated amount of the transfer taxes for properties in Belgium is fixed on a flat-rate basis at 2.5% for investment properties with a value exceeding 2.5 MEUR. For transactions with a global value of less than 2.5 MEUR, transfer taxes of 10% to 12.5% must be taken into account, depending on the region where the properties are located.

For properties situated outside Belgium, the independent Property experts take account of the theoretical local transfer taxes.

In the Netherlands, the transfer taxes amount to 6% on commercial properties and 2.0% on residential properties.

Although properties are valued according to standard norms, a certain subjectivity comes into play in the estimate of real estate by the Property expert when he draws up his property appraisal report. Each valuation therefore entails a certain uncertainty.

It is possible that the reports of the Property expert, the most important findings and conclusions of which are contained in this annual report, are based on assumptions that might turn out to be wrong or unsuitable afterwards. As a result, the Fair Value could differ from the value that Qrf City Retail can realize from the sale of the property. Possible differences between independent valuations and the Fair Value of properties in the Qrf City Retail portfolio can thus have an essentially unfavourable impact on the activities, financial position and/or results of Qrf City Retail, as well as on the effective return.

When a new Property expert is appointed, there is also the risk that he will value the property portfolio of Qrf City Retail on another basis, which can result in significant deviations from the valuation of the property portfolio by the current Property expert. Such differences in valuation can therefore have an essentially unfavourable impact on the activities, financial position and/or results of Qrf City Retail, and therefore on the effective yield.

T 3.2 VALUATION OF THE HEDGING INSTRUMENTS

The Fair Value of the hedging instruments is the estimated amount of remuneration that Qrf City Retail has to pay or receive in order to settle its positions on the balance sheet date, taking into account the interest curve, creditworthiness of the counterparties and any option value at the time.

The Fair Value of the hedging instruments is estimated quarterly by the issuing financial institution. A summary is provided under "Note 22. Other non-current financial liabilities" in the Financial report.

NOTE 4. INFORMATION BY SEGMENT

FIGURES IN THOUSANDS EUR	31/12/2017 BELGIUM Inner-city	Out of town areas	NETHERLANDS Inner-city	Out of town areas	Non-attributed amounts	Total
NET RENTAL INCOME	11 552	2 450	938	0	0	14 940
PROPERTY RESULT	11,555	2,450	900	0	0	14,905
PROPERTY CHARGES	-906	-210	-39	0	0	-1 155
OPERATING PROPERTY RESULT	10,650	2,239	861	0	0	13,750
(-) General company expenses	-28	-12	-67	0	-1,919	-2,026
(+/-) Other operating income and charges	0	0	0	0	1	1
OPERATING RESULT BEFORE THE RESULT ON THE PORTFOLIO	10,622	2,228	794	0	-1,917	11,726
(+/-) Result on disposals of investment properties	128	338	0	0	0	466
(+/-) Changes in Fair Value of investment properties	-3,260	840	-1,651	0	0	-4,071
(+/-) Other portfolio result	0	0	0	0	0	0
OPERATING RESULT	7,490	3,406	-858	0	-1,918	8,120
FINANCIAL RESULT	0	0	0	0	-2,951	-2,951
RESULT BEFORE TAXES	7,490	3,406	-858	0	-4,869	5,169
TAXES	0	0	0	0	-413	-413
NET RESULT	7,490	3,406	-858	0	-5,283	4,756
MINORITY INTERESTS	-10	0	0	0	0	-10
NET RESULT - GROUP SHARE	7,500	3,406	-858	0	-5,283	4,766

FIGURES IN THOUSANDS EUR	31/12/2017 BELGIUM Inner-city	Out of town areas	NETHERLANDS Inner-city	Out of town areas	Non-attributed amounts	Total
ASSETS						
Investment properties	226,934	33,170	27,300	0	0	287,404
Other assets	0	0	0	0	3,918	3,918
TOTAL ASSETS	226,934	33,170	27,300	0	3,918	291,322
LIABILITIES						
EQUITY	0	0	0	0	134,979	134,979
Group equity	0	0	0	0	134,711	134,711
Minority interests	0	0	0	0	267	267
LIABILITIES	0	0	0	0	156,344	156,344
TOTAL EQUITY AND LIABILITIES	0	0	0	0	291,322	291,322

30/12/2016

BELGIUM Inner-city	BELGIUM Out of town areas	NETHERLANDS Inner-city	NETHERLANDS Out of town areas	Non-attributed amounts	Total
11 089	2 492	0	0	0	13 581
11,139	2,486	0	0	0	13,626
-896	-113	0	0	0	-1 009
10,243	2,373	0	0	0	12,617
-24	-49	0	0	-2,026	-2,099
8	0	0	0	1	8
10,227	2,325	0	0	-2,025	10,526
59	104	0	0	0	164
-232	441	0	0	0	209
0	0	0	0	0	0
10,054	2,870	0	0	-2,025	10,899
0	0	0	0	-2 723	-2 722
10,054	2,870	0	0	-4,748	8,177
0	0	0	0	-407	-407
10,054	2,870	0	0	-5,155	7,769
0	0	0	0	-12	-12
10,054	2,870	0	0	-5,143	7,782

30/12/2016

BELGIUM Inner-city	BELGIUM Out of town areas	NETHERLANDS Inner-city	NETHERLANDS Out of town areas	Non-attributed amounts	Total
214,244	36,480	0	0	0	250,724
0	0	0	0	7,969	7,969
214,244	36,480	0	0	7,969	258,692
0	0	0	0	123 053	123,053
0	0	0	0	122,776	122,776
0	0	0	0	277	277
0	0	0	0	135,639	135,639
0	0	0	0	258,692	258,692

The Board of Directors of the Statutory Manager is the body that takes decisions and measures the performance of the different segments. The Board of Directors examines the results in terms of type of real estate (inner-city and out of town areas) and geographic spread. As a result of the entry of Qrf City Retail in the Dutch market, the Board of Directors of the Statutory Manager decided to change from segmentation by region to segmentation by country.

Qrf City Retail has two important tenants who accounts for more than 10% of the Contractual Rent. H&M (spread over 5 locations) represents 16.2% of the Contractual Rent; Hudson Bay's Company / Galeria Inno represents 10.3%.

NOTE 5. PROPERTY RESULT

FIGURES IN THOUSANDS EUR		31/12/2017	30/12/2016
(+)	**I. Rental income**	**14,949**	**13,614**
	- Rent	*14,867*	*13,319*
	- Guaranteed income	*82*	*294*
(+)	**II. Writeback of leased payments sold and discounted**	**0**	**0**
(+/-)	**III. Rental related expenses**	**-10**	**-33**
	- Write-downs on trade receivables	*-102*	*-88*
	- Reversals of write-downs on trade receivables	*93*	*54*
	NET RENTAL INCOME	**14,940**	**13,581**
(+)	**IV. Recovery of property charges**	**0**	**0**
(+)	**V. Recovery of rental charges and taxes normally payable by tenants on let properties**	**1,178**	**880**
	- Rebilling of rental charges borne by the owner	*0*	*16*
	- Rebilling of advance levies and taxies on let properties	*1,178*	*864*
(-)	**VI. Costs payable by the tenants and borne by the owner on the rental damage and refurbishment**	**0**	**0**
(-)	**VII. Rental charges and taxes normally payable by tenants on let properties**	**-1,213**	**-835**
	- Rental charges borne by the owner	*0*	*67*
	- Advance levies and charges on let properties	*-1,213*	*-902*
(+/-)	**VIII. Other rental related income and expenses**	**0**	**0**
PROPERTY RESULT		**14,905**	**13,626**

The cash value of the future rental income until the first due date of the rental income has the following collection terms:

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
STATEMENT OF THE CONTRACTUAL RENTAL INCOME RECEIVABLE ON THE FIRST DUE DATE		
Within one year	13,890	9,687
Between one and five years	14,981	8,428
More than five years	3,635	0
TOTAL	**32,506**	**18,115**

In Belgium, most Qrf City Retail leases are commercial leases for a period of 9 years which can in principle be terminated after the expiry of the third and sixth year, subject to service of 6 months' prior notice.

In the Netherlands, most Qrf City Retail leases are commercial leases for a period of 5 years, which can grant a contractual option for extension by the tenant for a period of 5 or 10 years, with a termination option for the tenant at the end of the first period, as well as at the end of each subsequent period, provided it is followed by a subsequent option for the tenant to extend it.

To ensure compliance with the obligations incumbent on the tenant by virtue of the lease, tenants in Belgium and the Netherlands alike must in principle provide a rent guarantee, usually in the form of a bank guarantee of three to six months' rent.

The rent, in both Belgium and the Netherlands, is payable monthly (sometimes quarterly) in advance and usually indexed annually on the anniversary date. Taxes and charges, inclusive of the advance levy on income derived from real estate, and municipal charges are borne mainly by the tenant.

An incoming inventory of fixtures is usually drawn up by an independent expert at the start of the lease. Upon the expiry of the lease, the tenant must return the premises in the state as described in the incoming inventory of fixtures, subject to normal wear. The tenant may not transfer the lease nor sublet the premises in full or in part, without the prior, written consent of the lessor. The tenant is required to register the lease at his expense.

NOTE 6. PROPERTY CHARGES

	FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
(-)	**IX. Technical costs**	**-289**	**-310**
	- Recurrent technical costs	*-289*	*-310*
	- Repairs	*-233*	*-261*
	- Compensation for total guarantees	*0*	*0*
	- Insurance premiums	*-56*	*-49*
	- Non-recurrent technical costs	*0*	*0*
	- Major repairs (contractors, architects, engineering office, etc.)	*0*	*0*
	- Claims	*0*	*0*
(-)	**X. Commercial costs**	**-155**	**-95**
	- Brokerage commissions	*-133*	*-51*
	- Publicity	*0*	*0*
	- Lawyers' fees and legal costs	*-22*	*-44*
(-)	**XI. Charges and taxes on unlet properties**	**-164**	**-119**
(-)	**XII. Property management costs**	**-546**	**-485**
	- External property management fees	*-546*	*-485*
(-)	**XIII. Other property charges**	**0**	**0**
	PROPERTY CHARGES	**-1,155**	**-1,009**

NOTE 7. GENERAL COMPANY EXPENSES

	FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
(-)	**XIV. General company expenses**	**-2,026**	**-2,099**
	- Lawyers' and notaries' fees	-93	-115
	- Audit	-28	-46
	- Consultancy fees (accounting, tax, etc.)	-65	-62
	- Cost of Statutory Manager, Executive Management and Board of Directors	-997	-1,084
	- Insurance	-21	-21
	- Other general company expenses	-821	-770
	GENERAL COMPANY EXPENSES	**-2,026**	**-2,099**

NOTE 8. PORTFOLIO RESULT

	FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
(+/-)	**XVI. Result on disposals of investment properties**	**466**	**164**
	- Net sales of properties (selling price – transaction costs)	*5,616*	*4,524*
	- Asset value of the sold properties	*-5,150*	*-4,360*
(+/-)	**XVII. Result on disposals of other non-financial assets**	**0**	**0**
(+/-)	**XVIII. Changes in Fair Value of investment properties**	**-4,071**	**209**
	- Positive changes in Fair Value of investment properties	*3,267*	*3,181*
	- Negative changes in Fair Value of investment properties	*-7,339*	*-2,972*
(+/-)	**XIX. Other portfolio result**	**0**	**0**
	PORTFOLIO RESULT	**-3,605**	**373**

NOTE 9. FINANCIAL RESULT

	FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
(+)	**XX. Financial income**	**10**	**9**
	- Collected interest and dividends	*10*	*9*
(-)	**XXI. Net interest charges**	**-2,902**	**-2,604**
	- Nominal interest charges on loans	*-1,985*	*-1,752*
	- Costs of authorized hedging instruments	*-916*	*-851*
	- Other interest charges	*-1*	*-1*
(-)	**XXII. Other financial charges**	**-100**	**-127**
	- Bank charges and other commissions	*-100*	*-127*
(+/-)	**XXIII. Changes in Fair Value of financial assets and liabilities**	**40**	**0**
	- Authorized hedging instruments subject to hedge accounting as defined in IFRS	*0*	*0*
	- Authorized hedging instruments not subject to hedge accounting as defined in IFRS	*40*	*0*
FINANCIAL RESULT		**-2,952**	**-2,722**

Qrf City Retail is exposed to increases in financial costs that can be caused by a rise in interest rates. To limit this risk, Qrf City Retail has partly converted floating interests into fixed interest rates by means of *Interest Rate Swaps* with various financial institutions. The term of these financial instruments is in line with the term of the loans of Qrf City Retail. If the long-term interest rates decline sharply, the market value of these *Interest Rate Swaps* have become highly negative, and the cost of dissolving these contracts would rise.

The Average Cost of Financing in 2017 amounts to 2.07%, including the *credit margin* and the interest charges that arise out of the *Interest Rate Swaps*.

On 31 December 2017, 93.0% of the lines of credit (for 139 MEUR) had a fixed interest rate, in particular through using interest rate swaps as hedging instruments.

NOTE 10. INVESTMENT PROPERTIES

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
INVESTMENT TABLE		
Balance at the beginning of the financial year	**250,724**	**218,843**
Acquisition by purchase or contribution of investment companies	0	27,906
Acquisition by purchase or contribution of investment properties	45,480	7,943
Other elements recognized in the result	-1,152	0
Sale of investment properties	-5,150	-4,360
Capitalized expenditures (Capex)	1,573	183
Change in Fair Value of investment properties	-4,071	209
Balance at the end of the financial year	**287,404**	**250,724**

The acquisition by purchase or contribution of investment properties for 45.48 MEUR consists of:

- the contribution in kind of the properties situated in Antwerp (Schrijnwerkersstraat 15; Wiegstraat 4-6) and Ostend (Adolf Buylstraat 1A; Adolf Buylstraat 36; Kapellestraat 105);
- the acquisition of the properties situated in the Netherlands (Den Bosch, Hinthamerstraat 41-45; Nijmegen, Broerstraat 49; Zwolle, Diezerstraat 60; Enschede, Kalanderstraat 2-4; Maastricht, Grote Staat 58);
- the acquisition of the property situated in Leuven (Jan Stasstraat 12).

The sale of investment properties consists of the Fair Value of the sold investment properties in Merksem (Bredabaan 448-452) and Temse (Orlaylaan 4-8).

Investment properties are booked at Fair Value pursuant to IFRS 13.

The Fair Value hierarchy consists of three levels:

Level 1: the Fair Value is determined on the basis of published prices in an active market

Level 2: valuation methods with observable parameters in the market

Level 3: valuation methods involving input which is non-observable in the market and which has an insignificant impact on the Fair Value of the instrument

The investment properties fall under level 3 in the Fair Value hierarchy. The valuation methods and most significant parameters are explained in Note 2.8 of this report.

	31/12/2017		30/12/2016	
Non-observable parameters (Input on 31/12/2017)	**Bandwidth**	**Weighted average**	**Bandwidth**	**Weighted average**
ERV (in EUR / m²)[5]	73-1,226 EUR / m²	179 EUR / m²	37-1,226 EUR / m²	166 EUR / m²
Yield	3.7%-8.0%	5.6%	3.8%-8.0%	5.7%

The average yield applied by the Property expert amounts to 5.6% on 31/12/2017. An increase in the yield of 0.25% would result in a negative change in Fair Value of the property of 12.4 MEUR. A decline of the ERV by 2% would result in a negative change in Fair Value of the property of ca. 4.7 MEUR. On 31/12/2017 the ERV of the total portfolio was 2.23% higher than the Contractual Rent.

NOTE 11. OTHER TANGIBLE FIXED ASSETS

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
D. OTHER TANGIBLE FIXED ASSETS		
Tangible fixed assets for own use at the beginning of the financial year	25	31
- *Investments*	*46*	*13*
- *Depreciation*	*-22*	*-19*
Tangible fixed assets for own use at the end of the financial year	48	26

NOTE 12. FINANCIAL FIXED ASSETS

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
E. FINANCIAL FIXED ASSETS	**0**	**0**
Held-to-maturity assets	0	0
Available-for-sale assets	0	0
Assets at Fair Value via result	0	0
Loans and receivables	0	0
Other	0	0
TOTAL	**0**	**0**

The market value of the *Interest Rate Swaps* (IRS) is negative on 31/12/2017. These can be found on the liabilities side of the balance sheet.

5 The broad bandwidth of the ERV can be explained primarily by great differences in the location of the retail properties and in the surface area and layout of the buildings.

NOTE 13. TRADE RECEIVABLES

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
D. TRADE RECEIVABLES		
Trade receivables	681	573
Invoices to be issued	0	0
Receivables	135	300
Credit notes to be received	-12	0
Recorded impairments	-175	-213
TOTAL	**629**	**660**

FIGURES IN THOUSANDS EUR	31/12/2017		30/12/2016	
Ageing analysis of trade receivables	**Total**	**Foreseen as doubtful debtors**	**Total**	**Foreseen as doubtful debtors**
Not due and receivables < 60 days	92	4	168	3
Receivables 60 - 90 days	360	1	222	11
Receivables 90 - 120 days	51	2	7	6
Receivables > 120 days	178	169	176	193
TOTAL	**681**	**175**	**573**	**213**

The heading "Trade receivables" consists of 39 KEUR trade receivables not due.

The writedowns on trade receivables are carried out on an individual basis.

There is a risk that loss will be suffered on a claim. The scope of the risk depends on three factors: (1) the amount of the claim; (2) the chance of non-payment; and (3) the part of the claim that is recovered in case of non-payment. This risk is reduced sharply because the rent is generally required to be paid in advance, usually at the beginning of the rental period (the rent is in general paid monthly or quarterly in advance) as well as by monitoring the creditworthiness of the debtors. Furthermore, a rent guarantee is usually provided by the tenant.

NOTE 14. TAX RECEIVABLES AND OTHER CURRENT ASSETS

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
E. TAX RECEIVABLES AND OTHER CURRENT ASSETS		
Taxes	0	0
Payroll accruals	0	0
Other	513	172
TOTAL	**513**	**172**

NOTE 15. CASH AND CASH EQUIVALENTS

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
F. CASH AND CASH EQUIVALENTS		
Banks	2,577	7,005
Cash	0	0
TOTAL	**2,577**	**7,005**

There are no limitations to the use or deployment of cash and cash equivalents.

NOTE 16. DEFERRED CHARGES AND ACCRUED INCOME

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
G. DEFERRED CHARGES AND ACCRUED INCOME		
Rental income accrued and not due	0	0
Prepaid property charges	0	0
Other	152	107
TOTAL	**152**	**107**

NOTE 17. CAPITAL

FIGURES IN THOUSANDS EUR		Capital movement	Total outstanding capital	Issue premiums	Costs of capital increase	Number of shares issued	Total number of shares
CAPITAL							
Date	**Transaction**						
03/09/2013	Formation	62	62			1,230	1,230
27/11/2013	Share split (1 against 2)	0	62			1,230	2,460
27/11/2013	Contribution in cash	1,139	1,200			45,540	48,000
18/12/2013	Contribution of Laagland	5,243	6,443			209,711	257,711
18/12/2013	IPO and first listing on Euronext Brussels	75,380	81,823			3,015,200	3,272,911
18/12/2013	Capital reduction to hedge future losses	-5,734	76,089			0	3,272,911
BALANCE SHEET ON 30 DECEMBER 2013			**76,089**				**3,272,911**
BALANCE SHEET ON 30 DECEMBER 2014			**76,089**				**3,272,911**
Date	**Transaction**						
24/06/2015	Capital increase by contribution in kind	4,490	80,579	238	-20	193,097	3,466,008
08/12/2015	Capital increase by contribution in kind	14,733	95,312	608	-8	633,680	4,099,688
09/12/2015	Capital increase by contribution in kind	8,913	104,225	37	-5	383,363	4,483,051
BALANCE SHEET ON 30 DECEMBER 2015			**104,225**	**883**	**-32**		**4,483,051**
Date	**Transaction**						
01/01/2016	Capital increase by contribution in kind (relating to financial year 2015)		104,225		-23		4,483,051
30/06/2016	Capital increase by contribution in kind	7,567	111,792	371	-27	325,466	4,808,517
21/12/2016	Capital increase by contribution in kind	7,470	119,262	206	-28	321,285	5,129,802
BALANCE SHEET ON 30 DECEMBER 2016			**119,262**	**1,459**	**-111**		**5,129,802**
1/01/2017	Capital increase by contribution in kind (relating to financial year 2016)		119,262		-14		5,129,802
25/09/2017	Capital increase by contribution in kind	12,462	131,724	38	-27	536,020	5,665,822
BALANCE SHEET ON 31 DECEMBER 2017			**131,724**	**1,496**	**-152**		**5,665,822**

No capital operations were carried out in financial year 2014.

T 17.1 BACKGROUND HISTORY OF QRF CITY RETAIL

Qrf City Retail was incorporated on 3 September 2013 as a limited equity partnership under the name "Qrf", by deed drawn up by Vincent Vroninks, associated notary of Ixelles, published in the Annexes to the Belgisch Staatsblad [Belgian Official Gazette] of 17 September 2013 under number 13141597.

Qrf City Retail was founded with a share capital of 61,500 EUR represented by 1,230 shares, attributed as follows to the founders:

- Qrf Management NV (i.e. the Statutory Manager): 1,229 shares (99.92%); and
- Quares Holding CVBA: 1 share (0,08%).

A summary of the most important changes that have taken place in Qrf City Retail since it was incorporated is provided below:

(i) share split, where the existing 1,230 shares were split into 2,460 new shares in proportion of 1 existing share against 2 new shares;

(ii) increase of the share capital of Qrf City Retail with 1,138,500 EUR by issue of 45,540 new shares and the alteration of the articles of association;

(iii) increase of the share capital of Qrf City Retail, with 5,242,775 EUR following a contribution in kind of all shares of Laagland NV by issue of 209,711 new shares;

(iv) increase of share capital of Qrf City Retail, on the basis of the statement of received and attributed subscriptions, with 75,380,000 EUR by issue of 3,015,200 new shares;

(v) reduction of the share capital Qrf City Retail, to create an available reserve as a hedge against foreseeable losses, with an amount of 5,734,000 EUR;

(vi) authorization of the Statutory Manager, to increase the share capital of Qrf City Retail in one or more occasions to an amount of 76,088,775 EUR;

(vii) conversion of the SICAFI to a Regulated Real Estate company by alteration of the articles of association on 7 November 2014;

(viii) increase of the share capital of Qrf City Retail, with 4,489,505 EUR by issue of 193,097 EUR new shares following an contribution in kind of the retail properties situated in Antwerp (Kammenstraat) and Namur (Rue de Fer);

(ix) increase of the share capital of Qrf City Retail, with 14,733,060 EUR by issue of 633,680 new shares following the contribution in kind of the retail property situated in Leuven (Bondgenotenlaan);

(x) increase of share capital of Qrf City Retail, with 8,913,189 EUR by issue of 383,363 new shares following a contribution in kind of a part of the shares of TT Center Plus NV;

(xi) increase of share capital of Qrf City Retail, with 7,567,085 EUR by issue of 325,466 new shares following the contribution in kind of the shares of RIGS NV;

(xii) increase of the share capital of Qrf City Retail, with 7,469,876 EUR by issue of 321,285 EUR new shares following the contribution in kind of the retail properties situated in Antwerp (Wapper and Schuttershofstraat);

(xiii) increase of the share capital of Qrf City Retail, with 12,462,465 EUR by issue of 536,020 EUR new shares following the contribution in kind of 6 retail properties situated in Antwerp and Ostend.

T 17.2 ACQUISITION AND DISPOSAL OF OWN SHARES

(i) General

Articles 620 ff. of the Companies Code stipulate that the Statutory manager can be authorized in two ways to decide on the acquisition or disposal of Qrf City Retail's own shares, namely (i) by prior decision of the General Meeting of Shareholders; and (ii) in case of impending serious prejudice to Qrf City Retail, subject to an expressly statutory clause provided to that end. These two situations are explained further below.

(ii) Prior decision of the General Meeting of Shareholders

Article 620 of the Companies Code and Article 13 of the articles of association of Qrf City Retail expressly stipulate that the General Meeting of Shareholders, taking due account of the quorum (half the share capital is represented) and majority (four fifths of the votes) required for a change of purpose, may decide at all times to authorize the Statutory Manager to acquire or dispose of the company's own shares, on condition that (i) the nominal value or, in the absence thereof, the fractional value of the acquired shares is not higher than 20% of the issued capital; (ii) the transaction pertains only to fully paid up shares; (iii) the amount allocated for the acquisition, plus the amount that was allocated for earlier acquisitions of shares in Qrf City Retail on the one hand, and the number of shares obtained by a person acting in his own name but for the account of Qrf City Retail on the other, must be available for distribution; and (iv) the offer for acquisition is made with regard to all shareholders and under the same conditions (subject to what is stipulated below), except as regards acquisitions decided unanimously by the General Meeting of Shareholders where all shareholders were present or represented.

Qrf City Retail must also take the following principles into consideration:

- Qrf City Retail will be able to acquire its own shares without an offer for acquisition having to be made to all shareholders, on condition that it guarantees equal treatment of shareholders who are in the same circumstances by means of equivalence of the offered price pursuant to Article 620, §1, 5°, of the Companies Code; and

- Qrf City Retail must inform the FSMA of its intention to acquire its own shares, whereupon FSMA shall verify whether the buy-back transactions are in accordance with the decision of the General Meeting of Shareholders or, where appropriate, of the Statutory Manager. If the FSMA decides that the transactions are not in accordance therewith, it can go public with its opinion.

In the decision to authorize the Statutory manager, the General Meeting of Shareholders must fix expressly the maximum number of shares to be acquired as well as the minimum and maximum value of the compensation. Furthermore, this authorization must be granted for five years maximum, renewable subject to the quorum and majority required for a change of purpose.

(iii) Impending serious disadvantage

Article 620 of the Companies Code further stipulates that no express prior authorization by the General Meeting of Shareholders is required when the articles of association expressly stipulate that the Statutory manager can decided that the acquisition or disposal of the company's own shares is necessary to prevent an impending serious disadvantage. The Statutory Manager must in such a situation take into account the afore-summarized conditions also. Such a statutory clause is valid only for a period of three years as of the publication of the alteration of the articles of association in the Annexes to the Belgisch Staatsblad [Belgian Official Gazette]. This statutory authorization is renewable subject to due consideration of the quorum and majority required for a change of purpose. More specifically, half of the share capital must be represented at the extraordinary General Meeting of Shareholders, and the decision to renew the statutory authorization must be approved by a four fifths majority of the votes.

Article 13 of the articles of association of Qrf City Retail stipulates that the Statutory Manager may proceed to acquire the company's own shares when such acquisition is necessary to prevent an impending serious disadvantage for Qrf City Retail, subject to the conditions laid down in Article 260 ff. of the Companies Code. This authorization was granted by the General Meeting of Shareholders of Qrf City Retail for a period of three years as of the publication thereof in the Annexes to the Belgisch Staatsblad [Belgian Official Gazette] on 27 June 2017.

On the date of this Annual Report, the Statutory Manager had not yet availed itself of the authorization in said statutory clause. Qrf City Retail consequently holds none of its own shares on the date of this Annual Report.

(iv) Role of the FSMA

Pursuant to Article 620, §2 of the Companies Code, Qrf City Retail is required to inform the FSMA of transactions to buy back its own shares that it is considering. The FSMA verifies whether these buy-back transactions are in accordance with the decision of the General Meeting of Shareholders or, where appropriate, of the Statutory Manager. If the FSMA decides that the transactions are not in accordance therewith, it can go public with its opinion.

T 17.3 AUTHORIZED CAPITAL

(i) General authorization

Pursuant to Article 603 of the Companies Code, the articles of association may authorize the Statutory Manager to increase the issued share capital to a certain amount which may not exceed the amount of that share capital. Under the same conditions, the articles of association may authorize the Statutory Manager to issue convertible bonds or warrants.

The power may be exercised only during five years as of the publication of the memorandum of association or the alteration of the articles of association. It may however be renewed one or more times for a period not longer than five years by the General Meeting of Shareholders by decision taken in accordance with the rules for the alteration of the articles of association or, where appropriate, pursuant to Article 560 of the Companies Code. When the founders or the General Meeting of Shareholders decide to grant or to renew this authorization, the special conditions in which the authorized capital can be used and the aims pursued are explained in a special report. Where appropriate, this report is mentioned in the agenda. A copy thereof can be obtained pursuant to Article 535 of the Companies Code. Failure to produce this report shall lead to the quashing of the decision of the General Meeting of Shareholders.

On 6 June 2017, the General Meeting of Shareholders of Qrf City Retail authorized the Statutory manager to increase the issued share capital on one or more occasions with an amount of 119,261,490.75 EUR.

By deed drawn up on 27 October 2017 by Benoit Ricker, notary in Elsene, the capital was increased, within the authorized capital, with 12,462,465 EUR (twelve million four hundred sixty-two thousand four hundred sixty-five euros) so that the balance of the authorized capital amounts to 106,799,025.75 EUR (one hundred six million, seven hundred ninety-nine thousand twenty-five euros and 75 eurocents).

(ii) Arrangements of the authorized capital

Pursuant to the aforementioned authorization granted to the Statutory Manager by the General Meeting of Shareholders of Qrf City Retail on 26 November 2017, the Statutory manager shall fix the possible issue premium and issue conditions of the new securities. The capital increases may be subscribed in cash, in kind, by a mixed contribution or by incorporation of reserves or issue premiums, depending on the case, with or without new securities or with or without issue of subordinated convertible bonds, where necessarily lifting or limiting the pre-emptive right of the existing shareholders (subject to attribution of an irreducible allocation right).

When such a capital increase includes an issue premium, the amount of this issue premium will be allocated to an unavailable "Issue premiums" account, which shall constitute a guarantee for third parties, in the same way as the share capital, which, barring the possibility of conversation into capital, may only be used by decision of the General Meeting of Shareholders pursuant to the conditions stipulated by the Companies Code for an alteration of the articles of association. The issue premium which is requested by the Statutory Manager in addition to the capital increase is not taken into account when calculating the remaining usable amount of the authorized capital.

Under the same conditions as explained above and subject to the applicable legal provisions, Qrf City Retail may, with the exception of profit participation certificates and suchlike securities and in consideration of the applicable RREC legislation, issue the securities referred to in Article 460 of the Companies Code and possibly authorized by companies law, in accordance with the rules stipulated therein.

(iii) Restrictions

a) General restrictions

Unless expressly stipulated in the articles of association, the power concerning the authorized capital may not be used for (i) capital increases or issues of convertible bonds (or warrants) where the pre-emptive right of the shareholders is restricted or excluded (subject to compliance with the irreducible allocation right); (ii) capital increases or issues of convertible bonds where the pre-emptive right of the shareholders is restricted or excluded for the benefit of one or more specific persons, other than staff of Qrf City Retail or of its Perimeter Companies (subject to compliance with the irreducible allocation right); and (iii) capital increases which are carried out by converting reserves.

The power concerning the authorized capital may at no time be used for the following transactions:

(i) Capital increases which are carried out primarily by a contribution in kind exclusively reserved for a shareholder of Qrf City Retail who owns Qrf City Retail securities with more than 10% of the voting rights. To the securities owned by this shareholder are added the securities which are held by:

- a third party acting in its own name but for the account of the shareholder concerned;
- a natural or legal person affiliated with the shareholder concerned;
- a third party acting in its own name but for the account of a natural or legal person affiliated with the shareholder concerned;
- persons engaged in concerted action , i.e. (a) natural or legal persons engaged in concerted action within the meaning of Article 3, § 1, 5°, a), of the Act of 1 April 2007, (b) natural or legal persons who have concluded an agreement on the concerted exercise of their voting rights to implement a sustainable common policy with regard to Qrf City Retail; and (c) natural or legal persons who have concluded an agreement concerning the ownership, acquisition or transfer of voting securities.

(ii) the issue of shares without nominal value, below the factional value of the old shares of the same type;

(iii) the issue of warrants intended primarily for one or more specific persons, other than staff of Qrf City Retail or one or more of its Perimeter Companies.

b) Restrictions in connection with a public takeover bid

From the time that Qrf City Retail receives notification from the FSMA that it has been informed of a public takeover bid on the securities of Qrf City Retail, until the end of the bid, the Statutory Manager of the latter may no longer: (i) increase the capital of Qrf City Retail by contribution in cash or in kind, with restriction or lifting of the pre-emptive right of the shareholders; and (ii) issue voting securities that represent or do not represent the capital, nor securities that entitle holders to subscribe to or to acquire similar securities, if said securities or rights are not offered by preference to shareholders in proportion to the capital represented by their shares. This prohibition shall not however apply to:

(i) the obligations that are validly undertaken for receipt of the notification referred to in this Article; and

(ii) capital increases for which the Statutory Manager was expressly authorized beforehand by a General Meeting of Shareholders deliberating on amendments to the articles of association which took place at most three years prior to receipt of said notification, insofar as (a) the shares issued on the basis of the capital increase are fully paid up as of the time of issue; (b) the issue price of the shares issued on the basis of the capital increase does not exceed one tenth of the shares issued for the capital increase which represents the capital.

The bidder and the FSMA are informed at once and in detail about the aforementioned decisions, which are also made public.

T 17.4 SHAREHOLDING STRUCTURE

On the basis of the transparency declarations received up to 31 December 2017 and the information available to Qrf City Retail, the most important shareholders are:

SHAREHOLDER	%
AXA SA	11.2%
The Vanmoerkerke family	9.5%
Free float[6]	79.4%

The transparency declarations received are available on the Company's website (www.qrf.be) under Investor Relations – Shareholding structure.

6 Free float = [(Number of shares at the closing of the financial year) – total number of shares held by the parties that have been reported by a transparency declaration in accordance with the Act of 2 May 2007)] / [number of shares at the closing of the financial year].

NOTE 18. NUMBER OF SHARES USED TO CALCULATE THE NET EARNINGS PER SHARE

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
NUMBER OF SHARES		
Number of shares at the beginning of the financial year	5,129,802	4,483,051
Number of shares at the end of the financial year	5,665,822	5,129,802
Weighted average number of shares for the calculation of the earnings per share	5,224,997	4,653,684
NET EARNINGS PER SHARE - GROUP SHARE (in EUR)	**0.91**	**1.67**
DILUTED NET EARNINGS PER SHARE	**0.91**	**1.67**

Cf. Note 17 for the number of shares since the incorporation of Qrf City Retail.

The weighted average number of shares for the calculation of the earnings per share is based on the issue date of the shares. The issue date does not always correspond with the profit sharing date.

Only 5,129,802 shares are entitled to the dividend that pertains to financial year 2017. As the Board of Directors of the Statutory Manager will propose at the General Meeting of Shareholders on 15 May 2018 to pay out a gross financial dividend of 1.35 EUR per share for financial year 2017, a total amount of 6,925 KEUR will be paid out in dividends.

NOTE 19. MINORITY INTERESTS

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
MINORITY INTERESTS		
BALANCE AT THE BEGINNING OF THE FINANCIAL YEAR	**277**	**290**
New minority interests	0	0
Changes in the income statement	-10	-12
Dividends	0	0
Other	0	0
TOTAL	**267**	**277**

The minority interests arose in 2013 by the acquisition of 51% of the shares of Century Center Freehold BVBA where the control was acquired on 18 December 2013. On the acquisition date, the most important component of this company consisted of investment properties with a Fair Value of 1,939 KEUR.

This Perimeter Company is consolidated in full and the minority interests are determined upon acquisition as amounting to 49% of the Fair Value of Century Center Freehold BVBA.

The heading "Changes in the income statement" concerns 49% of the result realized by Century Center Freehold BVBA in 2017.

NOTE 20. FINANCIAL DEBTS

FIGURES IN THOUSANDS EUR		31/12/2017	30/12/2016
FINANCIAL DEBTS			
I. B.	Non-current financial debts	124,434	119,907
	-Credit institutions	*124,500*	*120,000*
	-Cost of borrowings	*-66*	*-93*
II. B.	Current financial debts	24,994	0
	-Credit institutions	*25,000*	*0*
	-Cost of borrowings	*-6*	*0*
TOTAL		**149,428**	**119,907**

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
BREAKDOWN BY MATURITY OF NON-CURRENT FINANCIAL DEBTS		
Between one and two years	15,000	25,000
Between two and five years	65,500	65,000
More than five years	44,000	30,000
TOTAL	**124,500**	**120,000**

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
UNDRAWN CREDIT FACILITIES		
Payable within one year	0	10,000
Payable after one year	14,500	0
TOTAL	**14,500**	**10,000**

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
ESTIMATED FUTURE INTEREST CHARGES ON BORROWINGS		
Within one year	3,040	2,819
Between one and five years	7,210	8,061
More than five years	2,151	1,620
TOTAL	**12,401**	**12,500**

No mortgages were registered nor powers to mortgage granted by Qrf city Retail for its financing on 31 December 2017.

On the closing date of the financial year, Qrf City Retail had drawn 149.5 MEUR in credit lines with maturity dates spread between 2018 and 2026 and a weighted average residual term of 4.2 years. On 31 December 2017, 93% of the drawn amounts of the credit lines (i.e. 139.0 MEUR) had a fixed interest rate, in particular by using *Interest Rate Swaps* as hedging instruments.

In estimating the future interest charges, due account is taken of the interest and margins for financial debts incurred as at 31 December 2017 and the interest rate hedges concluded on the basis of the Debt ratio as at 31 December 2017.

In 2017 the Average Cost of Financing amounted to 2.07% (compared with 2.29% in 2016). If the cost of financing would be increased by 0.25%, the annual interest rate charges would rise by 374 KEUR if the amount of outstanding financial debts remained the same.

Qrf City Retail has lines of credit for 164.0 MEUR from seven financial institutions. The undrawn amount of the lines of credit therefore stands at 14.5 MEUR

Cf. Note 28 for the Debt ratio of Qrf City Retail.

NOTE 21. DEFERRED TAXES – LIABILITIES

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
F. DEFERRED TAXES		
a. Exit tax	0	3.780
b. Other	270	270
TOTAL	**270**	**4.050**

The heading "Other" consists of deferred taxes for Century Center Freehold BVBA.

NOTE 22. OTHER NON-CURRENT FINANCIAL LIABILITIES

The total market value of the authorized hedging instruments amounted to -1,813 KEUR on 31 December 2017, entered under Non-Current Financial Liabilities and Current Financial Liabilities.

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
C. OTHER NON-CURRENT FINANCIAL LIABILITIES		
Authorized hedging instruments	1,639	2,571
TOTAL	**1,639**	**2,571**

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
C. OTHER CURRENT FINANCIAL LIABILITIES		
Authorized hedging instruments	174	0
TOTAL	**174**	**0**

A summary of the hedging instruments on 31 December 2017 is provided below:

HEDGING INSTRUMENTS

Counterparty	Type	Notional amount	Start date	End date	Interest rate	Fair Value 31/12/2017	Fair Value 31/12/2016
BELFIUS	IRS + FLOOR	10,000	07/12/2015	30/04/2021	0.54%	0	-149
BELFIUS	IRS	10,000	07/12/2015	30/04/2021	0.54%	-185	0
BELFIUS	FLOOR	10,000	07/12/2015	30/04/2021	0.54%	65	0
BELFIUS	IRS	10,000	16/12/2016	31/12/2020	0.46%	-160	-250
BELFIUS	IRS	5,000	16/12/2016	31/12/2021	0.47%	-77	-134
ING	IRS	15,000	30/06/2015	31/12/2018	0.80%	-170	-326
ING	IRS	15,000	30/06/2015	31/12/2019	1.13%	-410	-620
ING	IRS	10,000	21/12/2015	31/12/2018	0.51%	-84	-159
ING	FLOOR	15,000	30/06/2015	31/12/2018	0.00%	48	93
ING	FLOOR	15,000	30/06/2015	31/12/2019	0.00%	77	140
ING	FLOOR	10,000	21/12/2015	31/12/2018	0.00%	32	65
KBC	IRS	10,000	17/06/2015	13/12/2021	1.16%	-435	-623
KBC	IRS	5,000	17/06/2015	14/12/2020	1.12%	-180	-259
KBC	IRS	5,000	04/09/2015	14/12/2020	0.36%	-66	-107
KBC	IRS	10,000	09/12/2015	30/06/2022	0.42%	-57	-238
KBC	IRS + FLOOR	10,000	30/06/2017	30/06/2022	0.49%	-116	0
KBC	IRS + FLOOR	10,000	30/06/2017	28/06/2024	0.76%	-95	0
TOTAL FAIR VALUE OF HEDGING INSTRUMENTS						**-1,813**	**-2,571**

NOTE 23. TRADE DEBTS AND OTHER CURRENT DEBTS

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
D. TRADE DEBTS AND OTHER CURRENT DEBTS		
a. Exit tax	0	4,631
- Exit tax	0	4,631
b. Other	2,640	2,788
- Suppliers	1,652	1,669
- Tenants	602	669
- Taxes, remuneration and social security contributions	387	450
TOTAL	**2,640**	**7,419**

NOTE 24. OTHER CURRENT LIABILITIES

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
E. OTHER CURRENT LIABILITIES		
Other debts	1,327	1,327
TOTAL	**1,327**	**1,327**

The heading "Other current liabilities" consists in particular of the current account position of 624 EUR with regard to the minority shareholder of Century Center Freehold BVBA.

NOTE 25. ACCRUED CHARGES AND DEFERRED INCOME

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
F. ACCRUED CHARGES AND DEFERRED INCOME		
Property income received in advance	96	92
Other	657	194
TOTAL	**753**	**286**

NOTE 26. OTHER NON-CURRENT LIABILITIES

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
E. OTHER NON-CURRENT LIABILITIES		
Rental guarantees	113	80
Other	0	0
TOTAL	**113**	**80**

NOTE 27. FINANCIAL ASSETS AND LIABILITIES

FIGURES IN THOUSANDS EUR	Category	30/12/2016 Asset value	30/12/2016 Fair Value	Level
STATEMENT OF FINANCIAL ASSETS AND LIABILITIES				
ASSETS				
Current financial assets				
Trade receivables	B	660	660	Level 2
Tax receivables and other current assets	B	172	172	Level 2
Cash and cash equivalents	C	7,005	7,005	Level 1
TOTAL FINANCIAL ASSETS		**7,837**	**7,837**	
LIABILITIES				
Non-current financial liabilities				
Non-current financial debts	B	119,907	119,907	Level 2
Other non-current financial liabilities				
Other non-current financial liabilities	A	2,571	2,571	Level 2
Current financial liabilities				
Trade debts and other current debts	B	7,419	7,419	Level 2
Other current liabilities	B	1,327	1,327	Level 2
TOTAL FINANCIAL LIABILITIES		**131,224**	**131,224**	

FIGURES IN THOUSANDS EUR	Category	31/12/2017 Asset value	31/12/2017 Fair Value	Level
STATEMENT OF FINANCIAL ASSETS AND LIABILITIES				
ASSETS				
Current financial assets				
Trade receivables	B	629	629	Level 2
Tax receivables and other current assets	B	513	513	Level 2
Cash and cash equivalents	C	2,577	2,577	Level 1
TOTAL FINANCIAL ASSETS		**3,718**	**3,718**	
LIABILITIES				
Non-current financial liabilities				
Non-current financial debts	B	124,434	124,434	Level 2
Other non-current financial liabilities				
Other non-current financial liabilities	A	1,639	1,639	Level 2
Current financial liabilities				
Trade debts and other current debts	B	2,640	2,640	Level 2
Other current liabilities	B	1,327	1,327	Level 2
Current financial debts	B	24,994	24,994	Level 2
Other current financial liabilities	A	174	174	Level 2
TOTAL FINANCIAL LIABILITIES		**155,208**	**155,208**	

The categories correspond to the following financial instruments:

A. Assets or liabilities held at Fair Value (hedging instruments).

B. Financial assets or liabilities (including receivables and loans) at the amortized cost.

C. Cash investments at amortized cost.

All the Group's financial instruments correspond to levels 1 and 2 in the Fair Value hierarchy. The valuation at Fair Value is carried out on a regular basis.

Level 1 in the Fair Value hierarchy retains the cash and cash equivalents.

Level 2 in the Fair Value hierarchy concerns the other financial assets and liabilities, the Fair Value of which is based on other data which can be fixed directly or indirectly for the assets and liabilities concerned. The valuation techniques concerning the Fair Value of the level 2 financial instruments are as follows:

- the heading "financial fixed assets" concerns *Interest Rate Swaps*; (IRS) the Fair Value of which is fixed using interest rates applicable on active markets and generally delivered by financial institutions;
- the Fair Value of the other level 2 financial assets and liabilities is almost the same as their nominal value: either because they have a maturity date in the short term (such as trade receivables and debts) or because they bear a floating interest rate.

NOTE 28. DEBT RATIO

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
Liabilities	156,344	135,639
- Adjustments	-2,835	-6,906
Debt burden pursuant to Article 13 of the RREC Royal Decree	153,508	128,733
Total assets	291,322	258,692
Debt ratio	**52.69%**	**49.76%**

The debt burden as referred to in Article 13 of the RREC Royal Decree amounts to 153,508 KEUR on 31 December 2017. The Debt ratio amounts 52.69% on 31 December 2017.

The Debt ratio is calculated as the ratio of the debt burden (i.e. the liabilities exclusive of provisions, accrued charges and deferred income and other non-current/current financial liabilities, such as primarily the negative changes in Fair Value of the hedging instruments) with regard to the total assets.

Qrf City Retail must continue to meet the financial ratios as stipulated by the RREC Act. Unless this is the result of a change in the Fair Value of the assets, the Debt ratio of an RREC may not amount to more than 65% of the assets, less the authorized hedging instruments, pursuant to Article 45 of the RREC Act. If the Debt ratio of Qrf City retail were to exceed 50%, it must take a number of steps, in particular draw up a financial plan with a description of measures that will be taken to prevent the Debt ratio from rising above 65%. The annual financial costs relating to the debt burden of an RREC and its subsidiaries may at no time amount to more than 80% of the consolidated net operating result of Qrf City Retail. Furthermore, a covenant is agreed in certain financing agreements with financial institutions that the Debt ratio of Qrf City Retail may not amount to more than 60%.

The Debt ratio amounts to 52.69% on 31 December 2017. Qrf City Retail is endeavouring to maintain a Debt ratio of 55% maximum in the long term.

Pursuant to Article 24 of the RREC RD, the public RREC must draw up a financial plan with an implementation schedule when its consolidated Debt ratio amounts to more than 50% of the consolidated assets. The financial plan provides a description of the measures that will be taken to prevent the consolidated Debt ratio from exceeding 65% of the consolidated assets. A special report on the financial plan is drawn up by the auditor, in which it is confirmed that the latter has verified the plan, namely as regards the economic principles thereof, and that the figures contained therein correspond to those in the accounts of the public RREC. The general guidelines of the financial plan are entered in the annual and semi-annual financial reports, where a description and justification are also provided as to how the financial plan was carried out in the course of the relevant period and how the public RREC will implement the plan in the future.

Historical development of the Debt ratio

The Debt ratio of Qrf Comm. VA rose above 50% in 2017. At the end of financial years 2015 and 2016 it amounted to 49.27% and 49.76% respectively.

Evolution of the Debt ratio in the short term

The following assumptions are taken into account when drawing up the projection of the Debt ratio on 31 December 2018:

- Divestments 2018:

  There are no planned divestments for 2018;

- Planned investments 2018:

  There are no planned investments for 2018;

- EPRA earnings 2018

  In accordance with the budgeted EPRA earnings for 2018.

Taking into account these assumptions, the Debt ratio on 31 December 2018 would be 52.32%.

Development of Debt ratio in the long term

The Board of Directors is targeting a Debt ratio of 55% maximum in the long term, considering this to be optional for the shareholders of the RREC in terms of yield and EPRA earnings per share. The impact of each investment on the Debt ratio is examined and turned down if it would turn out to be negative for the debt ratio. Based on the current Debt ratio of 52.69%, Qrf City Retail has an investment potential of 104.71 MEUR, without exceeding a Debt ratio of 65% and an investment potential of 55.98 MEUR without exceeding a Debt ratio of 60%.

Conclusion

Qrf City Retail therefore believes that the Debt ratio will not rise above 65% and that, given the prevailing economic and real estate trends, the planned investments and expected development of the RREC's equity, no additional measures have to be taken. If certain events should require an adjustment of the RREC's policy, this will be done at once and the shareholders will be informed accordingly in the RREC's periodic reporting.

NOTE 29. CREATED COMPANIES

Qrf City Retail created Qrf Nederland BV on 25 April 2017. This company was incorporated and financed through bank financing. Qrf Nederland BV was thus given the opportunity to acquire various retail properties in the Netherlands. Qrf City Retail holds 100% of the shares of Qrf Nederland BV.

NOTE 30. CONSOLIDATION SCOPE

On 31 December 2017, the consolidation scope consists of Qrf City Retail and its Perimeter Companies:

- 51% Century Center Freehold BVBA;
- 100% RIGS NV;
- 100% Qrf Netherlands BV.

Qrf City Retail acquired 51% of the shares in Century Center Freehold BVBA on 18 December 2013. The other 49% of the shares of Century Center Freehold BVBA are held by Jufra BVBA.

The foregoing stakes are fully consolidated. On 31 December 2017, Qrf City Retail has no shareholding interest that has to be processed according to the equity method.

Century Center Freehold BVBA holds the full bare ownership of the Century Center. Qrf City Retail and Jufra BVBA have concluded a shareholders' agreement to ensure that Qrf City Retail, as a public RREC, retains exclusive control over Century Center Freehold BVBA at all times pursuant to Article 31 of the RREC Act.

This shareholders' agreement provides in particular that:

- a transfer of shares of Century Center Freehold BVBA is always subject to a pre-emptive right for the benefit of the other, non-selling shareholders;

- the board of managers shall consist of three members, whereby (i) two managers shall be appointed from candidates nominated by the majority shareholder of Century Center Freehold BVBA; and (ii) one manager shall be appointed from candidates nominated by the other shareholders of Century Center Freehold BVBA;

- the board of managers may deliberate and decide validly only if all managers are present or represented;

- decisions in the board of managers shall be taken by an ordinary majority of the votes cast; and that

- the Parties shall take all the necessary measures at all times and, if necessary, shall concur to ensure that Qrf City Retail retains exclusive control over Century Center Freehold BVBA at all times, pursuant to the legal obligation imposed on Qrf City contained in Article 31 of the RREC Act.

The table below provides a summary of the portfolio of Qrf City Retail and its Perimeter Companies on an individual basis:

NUMBER OF PROPERTY SITES	TOTAL	BELGIUM	NETHERLANDS
Qrf City Retail	46	46	0
Qrf Netherlands BV	5	0	5
RIGS NV	1	1	0
TOTAL	**52**	**47**	**5**

NOTE 31. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

T 31.1 COURT AND ARBITRATION PROCEEDINGS

Qrf City Retail has various collection proceedings in progress, which can have a limited impact on the figures. In addition, Qrf City Retail is involved in a number of court cases. These disputes concern disagreements with certain tenants on applications for lease renewals to which tenants are entitled pursuant to Article 13 of the Commercial Lease Act. In this connection, particular attention is paid to a dispute with H&M concerning the application to renew the lease concerning the property at Demerstraat 21-25, 3500 Hasselt.

There is a risk that the conditions decided by the court would lead to a lowering of the rent level, which could in turn lead to a considerable reduction in the value of the property in question, the largest part of which is rented by H&M. Qrf City Retail can, currently, not estimate the potential impact on the valuation of the property. On 31 December 2017, the rent paid by H&M for the property on Demerstraat 21-25, 3500 Hasselt accounted for 6% of the total Contractual rents on an annual basis. Furthermore there is a dispute pending concerning the acquisition of Centre Commercial Hutois NV in Huy with the former owners concerning the regularization of the building permit.

T 31.2 RENTAL GUARANTEES

The following rental guarantees were provided to Qrf City Retail:

- A rental income guarantee was provided for the property situated at Maastrichterstraat 20, Tongeren, whereby the former owner guarantees that the annual rental income will not be less than 103 KEUR, subject to yearly indexation. The rental income guarantee entered into force on 7 September 2014, to expire after a 3-year period on 27 February 2017. This rental guarantee was called in 2017. An amount of 44 KEUR was recognized in the income statement.

- A rental income guarantee was provided for the property situated at Diestsestraat 137, Leuven, amounting to 400 KEUR on an annual basis, subject to yearly indexation. The rental income guarantee entered into force on 8 September 2014 and is to expire after a 5-year year period on 8 September 2019. This rental income guarantee was called in 2017. An amount of 25 KEUR was recognized in the income statement;

- A rental income guarantee was provided for the properties at Wiegstraat 4 and 6, Antwerp, for 126 KEUR on an annual basis. The rental guarantee entered into force on 29 October 2017 and is to expire after a 2-year period on 29 October 2019. This guarantee was not called in 2017.
- A rental income guarantee was provided for the property at Schrijnwerkerstraat 15, Antwerp for 75 KEUR on an annual basis. The rental income guarantee entered into force on 29 October 2017 and is to expire after a 2-year period on 29 October 2019. This guarantee was called in 2017. An amount of 13 KEUR was recognized in the income statement.

NOTE 32. RELATED PARTY TRANSACTION WITH RESPECT TO THE INCOME STATEMENT

FIGURES IN THOUSANDS EUR		31/12/2017	30/12/2016
RELATED PARTY TRANSACTIONS			
XIV.	**General company expenses**	**967**	**1,100**
	- Remuneration for the Executive Management	*514*	*680*
	- Remuneration for the Statutory Manager	*364*	*324*
	- Operating charges for the Statutory Manager	*13*	*15*
	- Remuneration for the Board of Directors and committees	*76*	*81*
X.	**Commercial costs**	**35**	**43**
	- Remuneration for Quares Property Management NV	*35*	*43*
XII.	**Property management costs**	**546**	**485**
	- Remuneration for Quares Property Management NV	*546*	*485*
Trade receivables		275	185
Trade debts and other current debts		92	81

At the end of the financial year, Qrf City Retail had outstanding claims on related parties amounting to 275 KEUR. No provisions were made for doubtful debts relating to claims on related parties.

In 2017, an amount of 1,548 KEUR was entered in the income statement for transactions with related parties. This amount consisted of the following 4 items:

T 32.1 REMUNERATION FOR THE EXECUTIVE MANAGEMENT

The remuneration for the Executive Committee for 2017 amounts to 514 KEUR exclusive of VAT. This remuneration is booked under "XIV. General company expenses". The itemised remuneration is indicated in Chapter 7.4.3. of the annual report. The remuneration or the Executive Committee consists exclusively of short-term staff remuneration.

T 32.2 REMUNERATION FOR THE STATUTORY MANAGER

The remuneration for the Statutory Manager amounts to 364 KEUR exclusive of VAT. This remuneration is booked under "XIV. General company expenses". The itemized remuneration is indicated in Chapter 7.4.1 of the annual report.

T 32.3 REMUNERATION FOR THE BOARD OF DIRECTORS AND COMMITTEES

The remuneration for the Board of Directors and committees amounts to 76 KEUR exclusive of VAT. This remuneration is booked under "XIV. General company expenses". The itemized remuneration is indicated in Chapter 7.4.3 of the annual report.

T 32.4 REMUNERATION FOR QUARES PROPERTY MANAGEMENT NV

The remuneration for the Property Manager amounts to 3.0% of the gross rental income and 1.5% of the estimated rental value in case of vacant premises on which no rental guarantee applies. The total remuneration for 2017 amounts to 546 KEUR (inclusive of non-deductible VAT). This remuneration is booked under "XII. Property management costs".

Furthermore a remuneration of 2.5% is provided for the property when signing a new or renewing an existing lease, charged to the annual contracted nominal rent, without taking rent reductions into account. The total remuneration for this item for 2017 amounted to 35 KEUR (inclusive of non-deductible VAT). This remuneration is booked under "X. Commercial costs".

NOTE 33. POST-CONSOLIDATED STATEMENT OF FINANCIAL POSITION EVENTS

No events worth mentioning occurred after the closing of the balance sheet on 31 December 2017.

NOTE 34. AUDITOR'S FEE

	Fee in EUR
Audit mandate	24,590
Legal assignments	5,800
Tax advice assignments	0
TOTAL	**30,390**
70% ratio	**0**

As the one-to-one ratio is less than one, the limit provided in Article 133 §5 of the Companies Code is not reached.

The amounts in the above table are exclusive of VAT.

NOTE 35. AVERAGE WORKFORCE

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
AVERAGE WORKFORCE		
Employees	3.2	2.1
Executive Management	2.3	3.0
FULL-TIME EQUIVALENTS	**5.5**	**5.1**

11.3 Auditor's Report

11.3.1 Report on financial year 2017

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF QRF COMM. VA ON THE FINANCIAL YEAR CLOSED ON 31 DECEMBER 2017

Pursuant to the audit of consolidated financial statements of Qrf Comm. VA (hereinafter referred to as the "Company") and its subsidiaries (hereinafter referred to as "the Group") as required by law, we hereby submit our audit report, which includes the report on the consolidated financial statements and the report on other requirements stipulated by law. These reports constitute one indivisible whole.

We were appointed in our capacity of Auditor by the General Meeting of Shareholders of 17 May 2016, on the proposal of the Board of Directors of the Statutory Manager. Our mandate is to expire on the date of the General Meeting of Shareholders that deliberates on the consolidated financial statements for the financial year closed on 31 December 2018. We have conducted the audit of the consolidated annual financial accounts of the Company required by law for 5 consecutive financial years.

Report on the audit of the consolidated annual financial statements

Unqualified opinion

We have audited the consolidated financial statements of Qrf Comm. VA and its subsidiaries. The consolidated statements comprise the consolidated statement on the financial position on 31 December 2017, the consolidated income statement, the statement on the total result, the consolidated statement of changes in equity and the consolidated cash flow statement as well as the notes that contain in particular the most important accounting principles for financial reporting. The total of the consolidated statement of the financial position amounts to 291,322,000 EUR and the consolidated statement of realized and unrealized gains and losses shows a profit of 4,766,000 EUR for the financial year.

In our opinion the consolidated financial statements give a true and fair view of the Group's assets and financial position on 31 December 2017 and of its consolidated results and consolidated cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and implemented by the Royal Decree of 13 July 2014 and the application of the legal and regulatory provisions applicable in Belgium.

Basis for our unqualified opinion

We have carried out our audit in accordance with the International Standards on Auditing ("ISA"). Our responsibilities pursuant to those standards are described further in the section entitled "Responsibilities of the Auditor for the auditing of the consolidated annual financial statements" of our report. We have complied with all ethical requirements that are relevant for the auditing of the consolidated financial statements in Belgium, including those relating to independence.

We obtained the required clarifications and information from the management body or the agents of the Company.

We believe that the audit information we obtained is sufficient and suitable as a basis for our opinion.

Key elements of the audit

Key elements of our audit concern those aspects which, in our professional opinion, were the most significant for the audit of the consolidated annual financial statements of this report. These aspects are treated in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we provide no separate opinion in that respect.

Valuation of the investment properties

Key elements of the audit

The company has booked investment properties under assets of the balance sheets for a total amount of 287,404,000 EUR on 31 December 2017. The IFRS standards require that investment properties be booked at Fair Value. The determination of that Fair Value depends highly on a number of chosen parameters. The most important are the rental value of the properties, the Occupancy rate, the discount rate and the estimated costs for maintenance and repairs.

In accordance with the legislation applicable to regulated real estate companies, the investment properties are valued by an external expert valuer.

Furthermore, during the financial year, the Company made significant investments in the Netherlands for the first time, for an asset value of 27,300,000 EUR on 31 December 2017.

The valuation of the investment properties constitutes a key element for our audit of the consolidated financial statements owing to the material importance in the annual financial statements and the subjective character of the valuation process. For the investments in the Netherlands, the Board of Directors of the Statutory Manager can rely on a less extensive experience on valuation and valuation parameters.

For more information concerning the valuation of the investment properties, see Note 10 of these consolidated financial statements.

How was this key element treated in our audit?

We assessed the reliability of the external valuation and the reasonableness of the parameters used on the basis of the activities described below:

- We assessed the objectivity, independence and competence of the external expert valuers.
- For a selection of buildings, we tested the reasonableness of the parameters used by comparing the parameters of the external expert valuers with those used by our internal expert valuers. If these parameters differed substantially from those used by the external expert valuer, the impact of this difference on the Fair Value was determined for the individual property investment and for the entire property portfolio.
- Furthermore, we analysed the reasonableness of the underlying parameters for changes in Fair Value with regard to 30 June 2017.
- We asked our internal Dutch experts to assist us in carrying out the foregoing procedures for the Dutch valuation.
- We also compared the realization values of the investment properties that were sold during the financial year with their Fair Value in the last financial statements before the transfer.
- Finally, we tested whether the information contained in the notes of the consolidated financial statements is in line with the IFRS standards.

- **Valuation of the financial derivatives**

Key element of the audit	Qrf Comm. VA concluded financial derivatives with a total nominal value of 115,000,000 EUR to hedge the interest risk on the loans. The IFRS standards require that financial derivatives be entered at their Fair Value. As the Fair Value of the financial derivatives is determined on the basis of a complex financial model and financial parameters (cf. Note 22 of the consolidated financial statements), we consider the valuation of the financial derivatives to be a key element of the audit.
How was this key element treated in our audit?	We received confirmation letters from the banks to validate the existence and completeness of the contracts and the valuation thereof on 31 December 2017. We then determined the Fair Value of those contracts independently with the help of our experts and compared it with the value entered in the consolidated financial statements. We moreover verified that the information entered in the notes of the consolidated financial statements is in line with the IFRS standards.

Responsibilities of the management body for the consolidated financial statements

The management body is responsible for the preparation of the consolidated statements that give a fair and true view in line with the International Financial Reporting Standards (IFRS) as adopted by the European Union and implemented by the Royal Decree of 13 July 2014 and the legal and regulatory provisions applicable in Belgium, as well as for implementing such internal control as it deems relevant for the preparation and presentation of consolidated financial statements that are free from material misstatements as a result of fraud or error.

In preparing the consolidated financial statements, the management body is responsible for assessing the Group's capacity to maintain its continuity, explain, where applicable, aspects relating to continuity and the use of the continuity assumption, unless the management body intends to liquidate the Group or to discontinue the business activities or has no realistic alternative than to do so.

Responsibilities of the Auditor for the audit of the consolidated financial statements

Our objectives are to obtain a reasonable assurance that the consolidated financial statement as a whole are free from material misstatements as a result of fraud or error and to produce an audit report in which our opinion is expressed. A reasonable assurance is a high level of certainty but no guarantee that an audit that has been conducted in accordance with the ISA would always discover a material misstatement if it should exist. Misstatements may occur as a result of fraud or error and are considered of material importance if it can be expected that they will, individually or jointly, influence economic decisions taken by users on the basis of these consolidated financial statements.

As part of an audit conducted pursuant to the ISA, we apply professional judgement and maintain a professional critical stance during the audit. We also carry out the following activities:

- Identifying and assessing the risks that the consolidated financial statements contain a material misstatement as a result of fraud or error, defining and conducting audit activities geared to those risks and obtaining audit information that is sufficient and suitable as a basis for our judgement. The risk of not detecting a material misstatement is greater if such misstatement is the result of fraud than of error, because fraud involves collusion, falsification of documents, intentional omission to record transactions, intentional misrepresentation or violation of the internal control;

- Obtaining insight in the internal control that is relevant for the audit so as to arrange audit activities that are suitable in view of the circumstances but not in order to express an opinion on the internal control of the Group;

- Assessing the suitability of the principles used for financial reporting and assessing the reasonableness of estimates made by the management body or explanatory notes relating thereto;

- Concluding whether the continuity assumption used by the management body is acceptable or concluding, on the basis of audit information obtained, whether there is material uncertainty relating to events or circumstances that can give rise to significant doubt about the Group's capacity to maintain its continuity. If we conclude that there is material uncertainty, we are required to focus attention in our audit on the relevant notes in the consolidated financial statements or, if said notes are inadequate, to adjust our opinion. Our conclusions are based on the audit information we obtained up to the date of our audit report. Future events or circumstances may nonetheless entail that the Group can no longer maintain its continuity;

- Assessing the general presentation, structure and contents of the consolidated financial statements and whether the consolidated financial statements give a fair and true view of the underlying transactions and events;

- Assessing sufficient and suitable audit information relating to the financial information of entities or business activities in the Group geared to expressing an opinion on the consolidated financial statements. We remain undividedly responsible for our opinion.

We communicate with the audit committee in particular on the planned scope and schedule of the audit and on significant audit findings, including any significant shortcomings in the internal control which we identified during our audit.

We also provide the audit committee with a statement on our compliance with the relevant ethical requirements for independence and communicate with it on all relations and other aspects that can reasonably have an impact on our independence and, where applicable, on the related measures to guarantee our independence.

We rely on aspects discussed with the audit committee to determine the elements that were the most significant in the audit of the consolidated annual financial statements of the current reporting period, and which consequently constitute key elements of our audit.

***

Report on other legal and regulatory requirements

Responsibilities of the management body

The management body is responsible for the preparation and content of the annual report on the consolidated financial statements and the other information contained in the annual report.

Responsibilities of the Auditor

Pursuant to our assignment and the draft Belgian additional standard (revised) to the International Standards on Auditing (ISA) applicable in Belgium, our responsibility is to verify the annual report on the consolidated financial statements and the other information contained in said report, in all material respects, as well as to report on these aspects.

Aspects concerning the annual report on the consolidated financial statements and the other information contained in the annual report

In our opinion, following the performance of specific activities for the annual report on the consolidated financial statements, this annual report corresponds to the consolidated financial statements for the same financial year, and is drawn up in accordance with Article 119 of the Companies Code.

In the context of our audit of the consolidated financial statements, we are also responsible for assessing, particularly on the basis of knowledge acquired in the audit, whether the annual report on the consolidated financial statements and the other information included in said annual report contains a material misstatement, i.e. information that is wrongly reported or otherwise misleading. Our activities did not detect any material misstatement.

Comments concerning independence

- We have not carried out any assignments that are incompatible with the legal audit of the consolidated financial statements and remained independent from the Company in the course of our mandate.

- The fees for the additional assignments which are compatible with the legal audit of the consolidated financial statements pursuant to Article 134 of the Companies Code were currently indicated and broken down in the notes to the consolidated financial statements.

Other comments

- This report is consistent with our additional statement to the audit committee referred to in Article 11 of Regulation (EU) no. 537/2014.

Sint-Stevens-Woluwe, 13 February 2018

The Auditor
PwC Bedrijfsrevisoren bcvba
vertegenwoordigd door

Damien Walgrave
Bedrijfsrevisor

11.3.2 Report on financial year 2016

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS ON THE CONSOLIDATED FINANCIAL ACCOUNTS FOR THE FINANCIAL YEAR CLOSED ON 30 DECEMBER 2016

As required by the relevant legal provisions, we hereby report to you on our audit assignment. This report includes our opinion on the consolidated financial statements for the financial year closed on 30 December 2016, as defined below, and includes our report on other requirements set by the relevant legislation and regulations. The consolidated financial statements comprise the consolidated balance sheet on 30 December 2016, the consolidated income statement, the statement of the comprehensive result, the consolidated statement of movements in equity and the consolidated cash flow statement for the financial year closed on that date, as well as notes that comprise a summary of the main principles for financial reporting and other information.

Report on the consolidated financial statements – unqualified audit opinion

We have audited the consolidated financial statements of Qrf Comm. VA (hereinafter referred to as "the Company") and its subsidiaries (hereinafter referred jointly to as "the Group") for the financial year closed on 30 December 2016, prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Unionand implemented by the Royal Decree of 13 July 2014 and the application of the legal and regulatory provisions applicable in Belgium. The consolidated statements of the balance sheet amount to 258,692,000 EUR and the consolidated income statement shows a net profit for the financial year (group shares) of 7,782,000 EUR.

Responsibility of the Statutory Manager for the preparation of the consolidated financial statements

The Statutory Manager is responsible for the preparation of the consolidated financial statements that give a fair and true view in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and implemented by the Royal Decree of 13 July 2014 and the application of the legal and regulatory provisions applicable in Belgium as well as for implementing such internal control as the Statutory Manager deems relevant for the preparation and presentation of consolidated financial statements that are free from material misstatements as a result of fraud or error.

Responsibility of the auditor

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (IAS) as adopted in Belgium. Those standards require that we meet the ethnical requirements and that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit comprises activities to obtain audit information on the amounts and disclosures contained in the consolidated financial statements. The selected activities depend on the auditor's judgement, including his assessment of the risks of material misstatements in the consolidated financial statements as a result of fraud or error.

In conducting said risk assessment, the auditor takes into consideration the Group's internal control that is relevant for the preparation, by the Company, of consolidated financial statements that give a fair and true picture, so as to arrange audit activities that are suitable under the circumstances, but are not geared to expressing an opinion on the effectiveness of the Group's internal control. An audit also includes an assessment of the suitability of the principles for financial reporting and the reasonableness of the estimates made by the Statutory Manager, as well as an assessment of the presentation of the consolidated financial statements as a whole.

We obtained the required clarifications and information from the Statutory Manager or the agents of the Company.

We believe that the audit information we obtained is sufficient and suitable as a basis for our opinion.

Unqualified opinion

In our opinion the consolidated financial statements give a true and fair view of the Group's assets and financial position on 30 December 2016 and of its consolidated results and consolidated cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and implemented by the Royal Decree of 13 July 2014 and the application of the legal and regulatory provisions applicable in Belgium.

Report on other legal and regulatory requirements

The Statutory Manager is responsible for the preparation and contents of the annual report on the consolidated financial statements.

Pursuant to our assignment and the draft Belgian additional standard (revised) to the International Standards on Auditing (ISA) applicable in Belgium, our responsibility is to verify the annual report on the consolidated financial statements and the other information contained in said report, in all material respects. Accordingly, we have provided the following additional statement, which is not of such nature as to alter the scope of our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements, prepared pursuant to Article 119 of the Companies Code and submitted pursuant to Article 100 of the Companies Code, deals, in form and content, with the disclosures required by law, corresponds with the consolidated financial statement, and contains no material inconsistencies with regard to the information at our disposal for our assignment;

- Pursuant to Article 37 §2 of the Regulated Real Estate Companies Act of 12 May 2014 and in accordance with Article 8 of the Royal Decree of 13 July 2014 on regulated real estate companies, the transactions of the Company with the parties described in Article 37 §1 of the aforementioned Act are explained in the section of the financial report on "Prevention of conflicts of interest".

Sint-Stevens-Woluwe, 3 April 2017

The auditor
PwC Bedrijfsrevisoren bcvba
represented by

Damien Walgrave
Auditor

11.4 Condensed statutory financial statements of Qrf City Retail[7]

11.4.1 Income statement

	FIGURES IN THOUSANDS EUR	Notes	31/12/2017	30/12/2016
(+)	I. Rental income		12,610	10,111
(+)	II. Writeback of leased payments sold and discounted		0	0
(+/-)	III. Rental charges		-3	-33
	NET RENTAL INCOME		**12,606**	**10,078**
(+)	IV. Recovery of property charges		0	0
(+)	V. Recovery of rental charges and taxes normally payable by tenants on let properties		1,105	699
(-)	VI. Costs payable by the tenant and borne by the landlord on rental damage and repairs at end of lease		0	0
(-)	VII. Rental charges and taxes normally payable by tenants on let properties		-1,101	-654
(+/-)	VIII. Other rental-related income and charges		0	0
PROPERTY RESULT			**12,611**	**10,123**
(-)	IX. Technical costs		-276	-297
(-)	X. Commercial costs		-152	-95
(-)	XI. Charges and taxes on unlet properties		-164	-114
(-)	XII. Property management costs		-472	-363
(-)	XIII. Other property charges		0	0
	PROPERTY CHARGES		**-1,063**	**-869**
PROPERTY OPERATING RESULT			**11,547**	**9,254**
(-)	XIV. General company expenses		-1,928	-2,012
(+/-)	XV. Other operating income and charges		183	210
OPERATING RESULT BEFORE THE RESULT ON THE PORTFOLIO			**9,802**	**7,452**
(+/-)	XVI. Result on disposals of investment properties		466	164
(+/-)	XVII. Result on disposals of other non-financial assets		0	0
(+/-)	XVIII. Changes in Fair Value of investment properties		-1,875	709
(+/-)	XIX. Other portfolio result		0	0
	PORTFOLIO RESULT		**-1,409**	**873**
OPERATING RESULT			**8,393**	**8,325**
(+)	XX. Financial income		448	556
(-)	XXI. Net interest charges		-2,883	-2,586
(-)	XXII. Other financial costs		-98	-126
(+/-)	XXIII. Changes in Fair Value of financial assets and liabilities		-1,041	2,248
	FINANCIAL RESULT		**-3,575**	**93**
RESULT BEFORE TAXES			**4,818**	**8,418**
(+/-)	XXV. Corporate tax		-7	-7
(+/-)	XXV. Exit tax		0	0
	TAXES		**-7**	**-7**
NET RESULT			**4,811**	**8,410**

7 Condensed statutory financial statements. The Auditor was given an "unqualified opinion" on the statutory financial statements. The statutory financial statement is not filed with the National Bank on the date of publication of this annual financial report.

11.4.2 Earnings per share

	Notes	31/12/2017	30/12/2016
Number of ordinary shares in circulation at the end of the financial year		5,665,822	5,129,802
Weighted average of number of shares during the financial year		5,224,997	4,653,684
NET EARNINGS PER ORDINARY SHARE - GROUP SHARE (in EUR)		**0.92**	**1.81**
DILUTED NET EARNINGS PER SHARE - GROUP SHARE (in EUR)		0.92	1.81

11.4.3 Statement of comprehensive income

FIGURES IN THOUSANDS EUR	Notes	31/12/2017	30/12/2016
I. NET RESULT		**4,811**	**8,410**
II. OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT		**0**	**-508**
(+/-) B. Changes in the effective part of the Fair Value of authorized cash flow hedge instruments defined under IFRS		0	-508
COMPREHENSIVE INCOME		**4,811**	**7,903**

11.4.4 Balance sheet

FIGURES IN THOUSANDS EUR		Notes	31/12/2017	30/12/2016
ASSETS				
I. FIXED ASSETS			283,136	244,505
A	Goodwill		0	0
B	Intangible fixed assets		0	0
C	Investment properties		232,365	221,305
D	Other tangible fixed assets		49	25
E	Financial assets		50,722	23,175
F	Finance lease receivables		0	0
G	Trade receivables and other fixed assets		0	0
H	Deferred tax assets		0	0
II. CURRENT ASSETS			6,465	8,798
A	Assets classified as held for sale		0	0
B	Current financial assets		0	0
C	Finance lease receivables		0	0
D	Trade receivables		686	687
E	Tax receivables and other current assets		3,695	1,893
F	Cash and cash equivalents		1,725	6,111
G	Deferred charges and accrued income		359	107
TOTAL ASSETS			289,601	253,304

FIGURES IN THOUSANDS EUR		Notes	31/12/2017	30/12/2016
LIABILITIES				
EQUITY			134,836	122,856
A	Capital	11.4.6	131,572	119,151
	Issued capital		*131,724*	*119,261*
	Cost of capital increase		*-152*	*-110*
B	Issue premiums	11.4.6	1,496	1,459
C	Reserves	11.4.7	-3,044	-6,164
D	Net result of the financial year		4,811	8,410
LIABILITIES			154,764	130,447
I.	**Non-current liabilities**		126,173	122,556
A	Provisions		0	0
B	Non-current financial debts		124,434	119,907
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		102	80
F	Deferred taxes – liabilities		0	0
	a. Exit tax		*0*	*0*
	b. Other		*0*	*0*
II.	**Current liabilities**		28,591	7,891
A	Provisions		0	0
B	Current financial debts		24,994	0
C	Other current financial liabilities		174	0
D	Trade debts and other current debts		2,050	6,966
	a. Exit tax		*0*	*4,631*
	b. Other		*2,050*	*2,335*
E	Other current liabilities		639	639
F	Accrued charges and deferred income		734	286
TOTAL EQUITY AND LIABILITIES			289,601	253,304

11.4.5 Statement of changes in equity

FIGURES IN THOUSANDS EUR	Capital	Cost of Capital increase	Issue premiums	Reserves	Net result of the financial year	Equity
BALANCE SHEET ON 30 DECEMBER 2015	**104,225**	**-33**	**883**	**-4,714**	**3,632**	**103,994**
Appropriation of result 2015	0	0	0	-943	-3,632	-4,575
Transfer of portfolio result to reserves				*-1,009*	*1,009*	*0*
Transfer of operating result to reserves				*66*	*-66*	*0*
Dividend for financial year 2015					*-4,575*	*-4,575*
Result for 2016	0	0	0	0	8,410	8,410
Other elements recognized in the comprehensive result				*-508*		*-508*
Impact on Fair Value of estimated transaction costs resulting from the hypothetical disposal of investment properties						*0*
Changes in Fair Value of properties						*0*
Reserve for the impact on Fair Value of financial instruments				*-508*		*-508*
Issue of new shares						0
Capital increase by contribution in kind	15,037	-77	577	0	0	15,537
Minority interests						0
BALANCE SHEET ON 30 DECEMBER 2016	**119,262**	**-110**	**1,459**	**-6,164**	**8,410**	**122,855**
Appropriation of result 2016	0	0	0	2,403	-8,410	-6,007
Transfer of portfolio result to reserves				*544*	*-544*	*0*
Transfer of operating result to reserves				*1,858*	*-1,858*	*0*
Dividend for financial year 2016					*-6,007*	*-6,007*
Result of 2017	0	0	0	0	4,811	4,811
Other elements recognized in the comprehensive result				*717*		*717*
Impact on Fair Value of estimated transaction costs resulting from the hypothetical disposal of investment properties						*0*
Changes in Fair Value van vastgoed						*0*
Reserve voor the impact on Fair Value of financial instruments				*717*		*717*
Issue of new shares						0
Capital increase by contribution in kind	12,462	-41	39	0	0	12,460
Minority interests						0
BALANCE SHEET ON 31 DECEMBER 2017	**131,724**	**-151**	**1,497**	**-3,044**	**4,811**	**134,836**

11.4.6 Detail of the reserves

FIGURES IN THOUSANDS EUR	Legal reserve	Reserve for the balance of changes in Fair Value of properties	Reserve for the impact on Fair Value of estimated transaction charges resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in Fair Value of authorized hedge instruments which are subject to a hedge accounting as defined in IFRS	Available reserve: reserve for foreseeable losses	Other reserves	Results carried forward from previous financial years	Total reserves
BALANCE SHEET ON 30 DECEMBER 2015	**0**	**1.513**	**-4.470**	**-2.063**	**14**	**0**	**293**	**-4.713**
Appropriation of result 2015	0	-139	-870	0	0	0	66	-943
Transfer of portfolio result to reserves		*-139*	*-870*					*-1,009*
Transfer of operating result to reserves							*66*	*66*
Result for the period								*0*
Other elements recognized in the comprehensive result	0	0	0	-508	0	0	0	-508
Changes in Fair Value of properties								*0*
Changes in Fair Value of financial assets and liabilities				*-508*				*-508*
BALANCE SHEET ON 30 DECEMBER 2016	**0**	**1,374**	**-5,340**	**-2,571**	**14**	**0**	**359**	**-6,164**
Appropriation of result 2016	0	2,595	-2,050	0	0	0	1,858	2,403
Transfer of portfolio result to reserves		*2,595*	*-2,050*					*545*
Transfer of operating result to reserves							*1,858*	*1,858*
Result of the period								*0*
Other elements recognized in the comprehensive result	0	0	0	718	0	0	0	718
Changes in Fair Value of properties								*0*
Changes in Fair Value of financial assets and liabilities				*718*				*718*
BALANCE SHEET ON 31 DECEMBER 2017	**0**	**3,969**	**-7,390**	**-1,853**	**14**	**0**	**2,217**	**-3,043**

11.4.7 Payout obligation

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
Net result	**4,811**	**8,410**
Depreciation (+)	22	19
Impairments (+)	96	88
Reversal of impairments (-)	-93	-54
Reversal of transferred and discounted rental income (-)	0	0
Other non-monetary times (+/-)	1,041	-2,248
Result from the disposal of properties (+/-)	-466	-164
Changes in Fair Value of properties (+/-)	-1,875	-709
Adjusted result (A)	**7,286**	**5,340**
Capital gains and losses realized on property assets during the financial year (+/-)	466	164
Capital gains realized on property assets during the financial year exonerated from compulsory distribution subject to their reinvestment within a period of four years (-)	-466	-164
Capital gains realized on property assets previously exempted from the compulsory payout not re-invested within a period of four years (+)	0	0
Net capital gains from realization of property assets not exempted from the compulsory payout (B)	**0**	**0**
Total (A+B) x 80%	**5,829**	**4,272**
Debt reduction (-)	0	0
Payout obligation	**5,829**	**4,272**

11.4.8 Non-distributable equity according to Article 617 of the Companies Code

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
Paid-up -- of if it is higher – called up capital	131,724	119,261
Non-available issue premiums according to the articles of association	1,496	1,459
Reserve for the positive balance of the change in Fair Value of properties	1,983	3,969
Reserve for impact on Fair Value of estimated transaction costs resulting from the hypothetical disposal of investment properties	-9,460	-7,390
Reserve for balance of changes in Fair Values of authorized hedging instruments subject to hedge accounting as defined in IFRS	-1,853	-2,571
Reserve for balance of changes in Fair Value of authorized hedging instruments not subject to hedge accounting as defined in IFRS	40	0
Other reserved declared unavailable by the General Meeting of Shareholders	0	0
Non-distributable equity according Article 617 of the Companies Code	**123,931**	**114,618**
Net assets	134,836	122,856
Proposed dividend payout	6,925	6,007
Net assets after payout	**127,911**	**116,848**
Remaining margin after payout	**3,980**	**2,120**

Qrf City Retail applies a look-through method on Perimeter Companies where it owns 100% of the shares. The shareholding interests are entered in the statutory accounts at Fair Value. Changes in their Fair Value are booked via the income statement under "XXIII. Changes in Fair Value of financial assets and liabilities". Only the part of item "XXII. Changes in Fair Value of financial fixed assets and liabilities – Other" which arises out of Changes in Fair Value of the underling property assets allocated to the reserve account "Reserve for the positive balance of changes in Fair Value of properties" is used to calculate the non-distributable equity (Annex C - Chapter 4 of the RREC Royal Decree).

The amount that corresponds to transaction costs for property assets held through shareholding interests is appropriated in the reserve account "Reserve for impact on the Fair Value of estimated transaction costs resulting from the hypothetical disposal of investment properties".

As a result of the predetermined dividend payout, the net assets of the company have fallen below the paid up capital. The remaining margin after the dividend payment with regard to the distributable equity within the meaning of Chapter 4 of Annex C of the Royal Decree of 13 July 2014 has risen to 3,980,000 EUR on 31 December 2017.

11.4.9 Appropriation of result

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016	30/12/2015
A. Net result	**4,811**	**8,410**	**3,633**
B. Transfer to or from reserves	**4,016**	**-544**	**1,301**
1. Transfer to or from reserve for the (positive or negative) balance of changes in Fair Value of properties (-/+)	1,986	-2,594	139
Financial year	1,786	-2,682	139
Realization of property assets	200	88	0
2. Transfer to or from the reserve for estimated transactions costs resulting from the hypothetical disposal of investment properties (-/+)	2,070	2,050	870
3. Transfer to the reserve for the balance of changes in Fair Value of authorized hedging instruments that are subject to hedge accounting as defined in IFRS(-)			
Financial year			
4. Transfer from the reserve for the balance of changes in Fair Value of authorized hedging instruments that are subject to hedge accounting as defined in IFRS(+)			
Financial year			
5. Transfer to the reserve for the balance of changes in Fair Value of authorized hedging instruments that are not subject to hedge accounting as defined in IFRS (-)	-40		
Financial year	-40		
6. Transfer from the reserve for the balance of changes in Fair Value of authorized hedging instruments that are not subject to hedge accounting as defined in IFRS (+)			
Financial year			
7. Transfer to or from the reserve for the balance of the exchange rate differences on monetary assets and liabilities (-/+)			
8. Transfer to or from the reserve for deferred taxes relating to properties situated abroad (-/+)			
9. Transfer to or from the reserve for received dividends intended for the repayment of(-/+)			
10. Transfer to or from other reserves (-/+)			
11. Transfer to or from results carried forward in previous financial years (-/+)	1,902	1,858	292
C. Return on capital pursuant to Article 13, § 1, first paragraph	**-5,829**	**-4,272**	**-3,837**
D. Return on capital – other than C	**-1,096**	**-1,735**	**-738**
E. Result to be carried forward	**4,119**	**2,217**	**359**

11.5 Other statements of the Statutory Manager

The Statutory Manager of Qrf City Retail declares that there are no government interventions, judicial or arbitration cases, other than those described under Chapter 12.7, which can have a significant impact – or have had in the recent past – on the financial position or the profitability of Qrf City Retail. It stated that, to the best of its knowledge, there are no facts or circumstances that could lead to such government interventions, judicial or arbitration cases. The manager further stated that, to the best of its knowledge:

- The financial statements, which have been drawn up according to the applicable standards, give a true and fair view of the assets, financial situation and results of the issuer and the companies included in the consolidation.

- The annual financial report gives a true and fair view of the development and results of the company and of the situation of the issuer and the companies included in the consolidation, as well as a description of the main risks and uncertainties confronting them.

Qrf City Retail declares that the information provided by the experts and the auditor have been taken over faithfully.

This annual financial report contains future-oriented statements. Such statements contain unknown risks and other factors which could entail that the current results, financial situation, performance and achievements differ from any future results, financial situation, performance and achievements, expressed or implied by such future-oriented statements. Given these uncertain factors, future-oriented statements contain no guarantees.

The Statutory Manager of Qrf City Retail states that no significant change has occurred in the financial and commercial situation of the group since 31 December 2017.

12 Permanent document

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12 Permanent document

12.1 General information

12.1.1 Identification

Qrf Comm. VA, a public Regulated Real Estate Company (or public RREC) incorporated under Belgian law. VAT number: BE 0537.979.024. Qrf Comm. VA trades under the name Qrf City Retail.

12.1.1.1 Registered office

Museumstraat 11/211, 2000 Antwerp
Telephone: +32 3 233 52 46
e-mail: info@qrf.be

12.1.1.2 Company number (Antwerp Legal Persons' Register, Antwerp section)

The company is registered with the Kruispuntbank voor Ondernemingen [General Business Register] under company number 0537.979.024.

12.1.1.3 Legal form, incorporation, publication

The Company was incorporated for an unspecified period by deed drawn up by Vincent Vroninks, notary of Ixelles, on 3 September 2013, an excerpt whereof was published in the annexes to the Belgisch Staatsblad [Belgian Official Gazette] of 17 September, under number 13141597 (index 2013/1048).

The articles of association have been altered on several occasions and restated for the last time on 27 October 2017.

Amending deeds:

- Minutes drawn up by Vincent Vroninks, associate notary of Ixelles, on 26 November 2013, amending the articles of association - adopting of a new text of the articles of association - appointment of auditor - conditional increase and reduction of capital - conditional amendment of the articles of association and authorization with regard to the authorized capital;
- Minutes drawn up by Vincent Vroninks, associate notary of Ixelles, on 18 December 2013, concerning increase of capital by contribution in kind - amendment of the articles of association;
- Deed drawn up by Vincent Vroninks, associated notary of Ixelles, on 18 December 2013, recording the capital increase, capital reduction and amendment of the articles of association decided by the extraordinary General Meeting of Shareholders of 26 November 2013;
- Minutes drawn up by Vincent Vroninks, associate notary of Ixelles, on 7 November 2014, amending the articles of association, an excerpt whereof was published in the annexes to the Belgisch Staatsblad [Belgian Official Gazette] of 29 January 2015, under number 15015962;
- Deed drawn up by Vincent Vroninks, associated notary of Ixelles, on 24 June 2015, concerning capital increase by contribution in kind in the context of the authorized capital - amendment of the articles of association, an excerpt whereof was published in the annexes to the Belgisch Staatsblad [Belgian Official Gazette] of 4 September 2015, under number 15126483;
- Deed drawn up by Vincent Vroninks, associated notary of Ixelles, on 8 December 2015, concerning capital increase by contribution in kind in the context of the authorized capital - amendment of the articles of association, an excerpt whereof was published in the annexes to the Belgisch Staatsblad [Belgian Official Gazette] of 10 February 2016, under number 16021534;

- Deed drawn up by Vincent Vroninks, associated notary of Ixelles, on 9 December 2015, concerning capital increase by contribution in kind in the context of the authorized capital - amendment of the articles of association, an excerpt whereof was published in the annexes to the Belgisch Staatsblad [Belgian Official Gazette] of 10 February 2016, under number 16021535;

- Deed drawn up by Vincent Vroninks, associated notary of Ixelles, on 30 June 2016, concerning capital increase by contribution in kind in the context of the authorized capital - amendment of the articles of association, an excerpt whereof was published in the annexes to the Belgisch Staatsblad [Belgian Official Gazette] of 23 August 2016, under number 16118138;

- Deed drawn up by Vincent Vroninks, associated notary of Ixelles, on 21 December 2016, concerning capital increase by contribution in kind in the context of the authorized capital - amendment of the articles of association, published in the annexes to the Belgisch Staatsblad [Belgian Official Gazette] of 1 February 2017, under number 17017727;

- Deed drawn up by Vincent Vroninks, associated notary of Ixelles, on 6 June 2017, concerning authorizations to repurchase own shares - authorizations regarding the authorized capitals - representation of the company - change of the financial year - amendment of the articles of association, an excerpt whereof was published in the annexes to the Belgisch Staatsblad [Belgian Official Gazette] on 27 June 2017, under number 17091062;

- Deed drawn up by Vincent Vroninks, associated notary of Ixelles, on 27 October 2017, concerning an increase of capital by contribution in kind in the context of the authorized capital - amendment of the articles of association.

12.1.2 Perusal of documents

During the period of validity of the registration document, the following documents (or copies thereof) may be perused, if applicable, except for documents which cannot be released for confidentiality reasons.

(a) Memorandum of association and articles of association of the issuing institutions;

(b) All reports, correspondence and other documents, historical financial information, as well as statements drawn up by experts at the request of the issuing institution when the registration documents contains or refers to parts thereof;

(c) The historical financial information of the issuing institution for each of two financial years prior to the publication of the registration document.

The statutory and consolidated financial statements, articles of association, annual reports and other information which is made public for the shareholders, can be obtained free of charge at the Company's registered office.

The statutory and consolidated financial statements and additional reports are filed with the National Bank. The articles of association are also posted on www.qrf.be.

All press releases and other financial information that Qrf Comm. VA publishes or will publish, can also be consulted on the aforementioned website.

The annual reports of the Company are sent to owners of registered shares, to other securities holders who have fulfilled the formalities required by the Companies Code, and to persons who ask for them. They can also be obtained at the Company's registered office.

12.1.3 Historical financial information included by reference

This annual financial report provides information on financial years 2017 and 2016. For historical information on financial year 2015, cf. the annual reports on financial years 2016 and 2015 that can be consulted on http://investor.qrf.be. They contain the statutory and consolidated financial statements, the Auditor's report and the annual report within the meaning of Article 96 and Article 119 of the Companies Code.

12.2 Registered capital

The number of Qrf shares amounts to 5,665,822, representing a registered capital of 131,723,955.75 EUR. The capital has been fully paid up.

12.3 Supervisory authority of the RREC

The RREC is under the supervision of the Financial Services and Markets Authority or FSMA.

12.4 Service providers of the RREC

12.4.1 Property expert: Cushman & Wakefield

Article 24 of the RREC Act stipulates that the RREC must have its properties valued by one or more Property experts. The expert acts with full independence and has the professional reliability and appropriate experience required for property valuation as well as a suitable organization for his assignments. The expert is appointed for a renewable term of three years. He may be entrusted with the valuation of a certain property for three years maximum.

The Property experts are:

- For assets in Belgium: Cushman & Wakefield, a company incorporated under Dutch law, with a branch in Belgium at Koningsstraat 97 (4th flour), registered in the in Kruispuntbank voor Ondernemingen [Central Business Register] under number BE 0418.915.383, represented by Mr Bastien Van der Auwermeulen.

- For assets in the Netherlands: Cushman & Wakefield, a company incorporated under Dutch law, having its registered office at Gustav Mahlerlaan 362, 1082ME Amsterdam, registered with the Chamber of Commerce under number KvK 33154480, represented by Hans Hinfelaar.

The mandates of Cushman & Wakefield as Property expert have a renewable terms of 3 years. The mandate for the valuation of the Belgian assets entered into effect on 31 December 2016 and will expire on 31 December 2019. The mandate for the valuation of the Dutch assets entered into effect on 31 March 2017 and will expire on 31 March 2020.

The remuneration of Cushman & Wakefield is market compliant and was determined on the basis of a matrix with rates that vary depending on the size of a site.

Pursuant to Article 24, §1 of the RREC Act, the remuneration of the Experts is not linked, directly or indirectly, to the value of the property assessed by him.

The remuneration of the Property expert in the capacity of property valuer amounted to 66,635 EUR (inclusive of non-deductible VAT) for financial year 2017.

12.4.2 Auditor: PwC

At the extraordinary General Meeting of Shareholders of 17 May 2016, Qrf City Retail appointed as auditor PriceWaterhouseCoopers Bedrijfsrevisoren BV o.v.v.e. CVBA (hereinafter referred to as PwC), having its registered office at 18 Woluwedal, 1932 Diegem, registered with the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT 0429.501.944 (Brussels Legal Persons Register) and registered in the public register of the Institute of Auditors, with Damien Walgraeve, until the General Meeting of Shareholders which shall decide on the financial statements prepared for the financial year closed on 31 December 2018.

Pursuant to Article 134, §6 of the Companies Code the Auditor's remuneration may not be determined or influenced by the provision of additional services to the company, the financial statements of which it audits, pursuant to Article 142 of the Companies Act, and checks whether a Belgian company which is subject to the legal audit of its consolidated financial statements, pursuant to Article 146 of the Companies Act.

The auditor may not receive any benefit, in any form whatsoever from the Company, other than said remuneration. The company may not grant the auditor any loans or advances, nor give or stand guarantee for it.

The total remuneration for the auditor's mandate for 2017 amounts to 29,495 EUR (inclusive of non-deductible VAT). For other legal and tax advice assignments, the remuneration amounts to 6,957 EUR and 0 EUR (inclusive of non-deductible VAT) respectively.

12.4.3 Internal Auditor: EY

In 2014, EY was appointed by the Board of Directors to attend to all internal audit matters.

The audit committee determines how many internal audit projects are carried out annually.

In 2017, remuneration of 14,394 EUR (inclusive of non-deductible VAT) was allocated for internal audit projects.

12.4.4 Property Management: Quares Property Management

Pursuant to Article 19 of the RREC Act, Qrf has entrusted the management of its property portfolio to Quares Property Management NV (hereinafter referred to as the Property Manager), which is one of its affiliated companies specialized in property management. This mandate will expire on 26 November 2028.

The remuneration of the Property Manager is fixed at market compliant conditions and amounts to 3.0% of the Rental Income and 1.5% of the ERV in case of vacant premises. For 2017, the total remuneration amounted to 546 KEUR (inclusive of non-deductible VAT).

Furthermore, upon the signing of a new lease or renewal of an existing lease, remuneration amounting to 2.5% is to be provided for the Property Manager, charged to the annually contracted nominal rent, without taking rent reductions into account. The total such remuneration for 2017 amounted to 58 KEUR(inclusive of non-deductible VAT).

12.4.5 Financial service provider: ING

ING Belgium NV has been entrusted with the financial services of Qrf City Retail. These services comprise in particular:

- The financial service of Qrf City Retail;
- The payment of the dividend and the surplus after liquidation;
- The processing of securities issued by Qrf City Retail;
- Disclosing information that Qrf City Retail must make public pursuant to the relevant laws and regulations.

The remuneration for this service amounted to 5,997 EUR (inclusive of non-deductible VAT) in 2017.

12.4.6 Liquidity provider: KBC Securities

A liquidity agreement was concluded with KBC Securities NV (hereinafter referred to as the Liquidity Provider) to promote the tradeability of the shares. This entails in particular that the Liquidity Provider will be present on the market with buy and sell orders, whereby a certain order volume and spread will be respected.

The remuneration for this service is fixed at a flat rate of 14,994 EUR (inclusive of non-deductible VAT) per year.

12.5 Restated articles of association

TITLE I - NATURE OF THE COMPANY

Article 1 - Form and name

1.1. The Company shall have the form of a limited equity partnership with the name of "Qrf".

1.2. The Company is a public Regulated Real Estate Company (or public RREC for short) within the meaning of Article 2, 2°, of the Regulated Real Estate Companies Act (hereinafter referred to as the RREC Act), the shares of which are admitted for trading on a regulated market, and which attracts its financial resources in Belgium or abroad through a public offering of shares.

The name of the Company shall be preceded or followed by the wording of "Openbare Gereglementeerde Vastgoedvennootschap naar Belgisch recht" [Public Regulated Real Estate Company incorporated under

Belgian law] or "Public RREC naar Belgisch recht" [Public RREC under Belgian law] and all documents stemming from the Company shall contain the same wording.

The Company shall be subject to the RREC Act and to the Royal Decree of 13 July 2014 on Regulated Real Estate Companies (hereinafter referred to as the RREC royal Decree) (this act and this Royal Decree are hereinafter referred jointly to as the RREC legislation).

1.3. The Company solicits public funds as referred to in Article 438 of the Companies Code.

Article 2 - Managing partners - shareholders

The Company is composed of two categories of partners:

- The public limited company Qrf Management, managing partner which bears unlimited liability for the Company's commitments. The managing partner assumes the management tasks of the company pursuant to Article 11 of the articles of association;

- The shareholders, who are liable only for the amount of their contribution, without joint liability. They may under no circumstances interfere with the management of the Company. They may, however, act in the capacity of proxy.

Article 3 - Registered office

The registered office of the company is established at Museumstraat 11/211, 2000 Antwerp. It may be relocated to any other place in Belgium by simple decision of the manager, subject to compliance with the language laws; the manager shall be vested with full powers to have the amendment in the articles of association arising out of such relocation recorded by notarial instrument.

The Company can create administrative offices, subsidiaries or agencies in Belgium and abroad, by simple decision of the manager.

Article 4 - Object

4.1. The Company's exclusive corporate object shall be to:

(a) Place properties at the disposal of users, directly or through a company in which it holds a stake in accordance with the provision of this act and the implementing decrees and regulations thereof; and to

(b) Own real estate within the limits of the RREC legislation, as stipulated in Article 2, 5°, vi to x of the RREC Act.

The term "real estate" shall refer to properties within the meaning of the RREC legislation.

Within the framework of making properties available, the Company may in particular carry out all activities that pertain to the erection, refurbishment, renovation, development, acquisition, disposal, management or operation of properties.

4.2. The Company may invest additionally or temporarily in securities that are not property assets within the meaning of the RREC legislation. Such investments shall be carried out exclusively in accordance with the risk management policy adopted by the Company and shall be diversified, so that they can ensure an appropriate risk diversification. The Company may also hold non-allocated liquid resources in all currencies in the form of sight or term deposits or in the form of any other easily tradable monetary instrument.

The Company may moreover carry out transactions concerning hedging instruments, provided they are intended exclusively to hedge interest rate and exchange rate risks under the financing and management of the property assets of the Company, excluding any transaction of speculative nature.

4.3. The Company may let or rent one or more properties. The activity of letting properties with option to purchase may be carried out only as a supplementary activity, unless the properties are intended for the general interest, including social housing and education (in such a case, the activity shall be exercised as the core activity).

4.4. The Company may acquire interests, through merger or in another way, in all businesses, companies or companies, with a similar or complimentary object and those of such nature as to promote the development of its business, and in general, carry out all transactions which pertain directly or indirectly to its corporate object as well as all relevant or necessary actions for the attainment of said object.

4.5. The Company or the Perimeter Company may provide credits, sureties or guarantees for the benefit of a subsidiary or the Company, without prejudice to the rules defined by the King concerning leasing and the prohibition of providing credits, sureties or guarantees for the account of third parties.

Article 5 - Prohibitions

The company may not:

- Act as a property developer within the meaning of the RREC legislation, with the exclusion of occasional transactions;
- Participate in a consortium for a fixed acquisition or a guarantee;
- Lend financial instruments, with the exception of loans under the conditions and in accordance with the provisions of the Royal Decree of 7 March 2006;
- Acquire financial instruments that are issued by the company or a private organization that was declared bankrupt, that has concluded a private agreement with its creditors, which is the subject of a judicial reorganization procedure, which has obtained the suspension of payment or has been the subject of a similar measure abroad.

Article 6 - Term

6.1. The Company is incorporated for an unspecified period.

6.2. The Company shall not end upon the dissolution, exclusion, withdrawal, bankruptcy, judicial reorganization or any other reason for the discontinuance of the manager's duties.

TITLE II - CAPITAL - SHARES

Article 7 - Capital

7.1. Subscription and payment of the capital

The company's capital shall amount to 131,723,955.75 EUR (one hundred thirty-one million seven hundred twenty-three thousand, nine hundred fifty-five euros and seventy-five eurocents) represented by 5,665,822 (five million six hundred sixty-five thousand eight hundred twenty-two) shares without nominal value, each of which represents 1/5665882 (one five millionth six hundred sixty-fifth thousandth eight hundred twenty second) part of the capital.

7.2. Authorized capital

The manager shall be authorized to increase the issued share capital on one or more occasions, with a maximum amount of 119,261,490.75 EUR (one hundred nineteen million two hundred sixty-one thousand four hundred ninety euros and seventy-five euro cents) on the date and in accordance with such procedures as it shall define, pursuant to Article 603 of the Companies Code. In the event of a capital increase accompanied by a payment of an issue premium, only the amount assigned to the capital shall be deducted from the remaining available amount of the authorized capital.

This authorisation is granted for a period of five years as of the publication of the minutes of the Extraordinary General Meeting of shareholders which granted it.

Capital increases thus decided by the manager may be carried out by subscription in cash or in kind provided that the legal provisions are complied with, or by incorporation of reserves or the share premiums, with or without the creation of new shares. Capital increases may also be carried out by the issue of convertible bonds or subscription rights - whether or not attached to another security - which can give rise to the creation of shares, with or without voting rights.

The manager shall be entitled to abolish or limit the preferential subscription right of the shareholders, including in favour of specific persons other than staff members of the Company or its subsidiaries, provided that an irreducible allocation right is granted to the existing shareholders at the time of allocation of the new shares. This irreducible allocation right must meet the conditions laid down in the RREC legislation and Article 7.4 of the Articles of Association. It does not need to be granted in the case of a cash contribution for the distribution of an optional dividend, under the conditions provided for in Article 7.4 of the Articles of Association.

Capital increases n by contribution in kind are carried out in accordance with the conditions laid down by the RREC legislation and the conditions provided for in Article 7.4 of the Articles of Association. Such contributions may also relate to the dividend right in the context of the distribution of an optional dividend.

Where capital increases decided in accordance with these authorizations involve a share premium, the amount thereof, after charging any expenses, shall be allocated to an account unavailable for distribution known as a 'share premium account' which shall constitute, like the capital, the guarantee of third parties and may not be reduced or annulled except by decision of the General Meeting of Shareholders deliberating under the conditions of quorum and majority required for reducing the capital, subject to its incorporation in the capital.

Pursuant to a deed drawn up on 27 November 2017 by Benoit Ricker, notary of Ixelles, with the intervention of Xavier De Maesschalck, notary of Ostend, the capital was increased, within the authorized capital, with 12,462,465.00 EUR (twelve million four hundred sixty-two thousand four hundred sixty-five euros), so that the balance of the authorized capital amounts to 106,799,025.75 EUR (one hundred six million, seven hundred ninety-nine thousand twenty-five euros and seventy-five euro cents).

7.3. Acquisition, pledge and transfer of own shares.

The manager shall be authorized, for a period of three years as of the publication of the decision of the extraordinary General Meeting of Shareholders which grants said authorization in the Belgisch Staatsblad [Belgian Official Gazette], to acquire, pledge or transfer the Company's own shares without prior decision by the General Meeting of Shareholders, when such acquisition or disposal is rendered necessary to avoid serious or impending harm for the Company. This authorization shall extend to the acquisition and disposal of Company shares by one or more direct subsidiaries of the Company, within the meaning of the legal provisions concerning the acquisition of shares of their parent company by subsidiaries.

7.4. Capital increases

All capital increases shall be carried out in accordance with Articles 581 and 609 of the Companies Code and the RREC legislation.

The Company is forbidden from subscribing to its own capital increase directly or indirectly.

For any capital increase, the manager shall set the price, the share premium, where appropriate, and the issue conditions of the new shares, unless a decision on these elements is taken by the General Meeting of Shareholders.

In the event of a share issue without mention of a nominal value below the par value, the invitation convening the General meeting of Shareholders must mention it explicitly.

If the General Meeting of Shareholders decides to ask for the payment of an issue premium, it must be entered in an unavailable reserve account which may only be reduced or abolished by decision of the General Meeting of Shareholders deliberating in accordance with the provisions laid down for the amendment of the Articles of Association. Like the capital, the issue premium will be in the nature of a common pledge in favour of third parties.

Contributions in kind may also relate to the right to a dividend in the context of the distribution of an optional dividend, with or without an additional cash contribution.

In the event of a capital increase by contribution in cash by decision of the General Meeting of Shareholders or in the context of the authorized capital, the preferential subscription right of shareholders may only be limited or abolished on condition that an irreducible right of allocation is granted to the existing shareholders on the allocation of new shares. This irreducible right of allocation must meet the following conditions in accordance with RREC legislation.

Capital increases by way of contribution in kind shall be subject to the provisions of Articles 601 and 602 of the Companies Code and must be carried out in accordance with the conditions stipulated in the RREC legislation.

7.5. Capital decreases

The Company may proceed to capital decreases in compliance with the relevant legal provisions.

7.6. Mergers, demergers and similar transactions

Mergers, demergers and similar transactions as referred to in Articles 671 to 677, 681 to 758 and 772/1 of the Companies Code, shall be carried out in accordance with the conditions stipulated in the RREC legislation.

7.7. Capital increase of a subsidiary with the status of institutional RREC

Capital increases of a subsidiary with the status of an institutional RREC through contribution in cash for a price that is 10% or more lower than the last value of: (a) a net value per share which dates at most four months prior to the commencement of the issue; or (b) the average closing price during thirty calendar days prior to the commencement date of the issue, shall be carried out in accordance with the legal conditions stipulated in the RREC legislation.

Article 8 - Nature of the shares

The shares shall be without par value.

The shares shall be registered or dematerialized, according to the choice of their owner or holder (hereinafter referred to as the Shareholder) and in accordance with the restrictions imposed by law. The Shareholder may, at any time and at no cost, request that his registered shares be converted to dematerialized shares at no expense. All dematerialized shares shall be represented by an entry in the Shareholder's account held by an accredited accountant or clearing house.

A register of registered shares shall be held at the registered office of the Company, in electronic form where appropriate. Shareholders of registered shares may consult the register with respect to their registered shares.

Article 9 - Other securities

The Company shall be entitled to issue such securities as referred to in Article 460 of the Companies Code, with the exception of profit share or similar securities and subject to compliance with the specific provisions of the RREC legislation and the Articles of Association. The securities may take the forms provided for by the Companies Code.

Article 10 - Admission to trading and disclosure of major holdings

The Company's shares must be admitted for trading on a regulated Belgian market in accordance with the RREC legislation.

The thresholds which, when exceeded, give rise to a notification obligation pursuant to the legislation on the disclosure of major holdings are set at 5% and multiples of 5% of the total number of existing voting rights.

Apart from the exceptions provided for by the Companies Code, no one may take part in the voting at the Company's General Meeting of Shareholders with more voting rights than those attached to the securities which he, pursuant to Article 514 of the Companies Code, declared at least 20 (twenty) days prior to the General Meeting of Shareholders.

TITLE III - MANAGEMENT AND SUPERVISION

Article 11 - Management

11.1. The Company shall be managed by a manager, who must be a managing partner, designated in these Articles of Association.

11.2. The public limited company Qrf Management, having its registered office at Leopold de Waelplaats 8/1, entered in the Antwerp legal persons' register under number 0537.925.079 was appointed as the sole Statutory Manager for a term of 15 (fifteen) years starting on 3 September 2013.

11.3. The manager of the Company is a nameloze vennootschap [public limited company] which, depending on the nature of the actions to be carried out in the Company, acts via its Board of Directors, its permanent representative and, where applicable, the person(s) tasked with the day-to-day management. The directors and persons tasked with the day-to-day management of the public limited company which is the manager of the Company, may not, in a personal capacity, be a manager or person tasked with the day-to-day management or managing partner of the Company.

11.4. The manager's Board of Directors must include at least three independent directors within the meaning of Article 526ter of the Companies Code.

Without prejudice to the transition provisions stipulated in the RREC legislation, the members of the manager's Board of Directors must be natural persons who meet the integrity and expertise requirements provided in the RREC legislation, and may not fall within the scope of the prohibitions stipulated in the RREC legislation.

11.5. The appointment of the manager shall be subject to the prior approval of the Financial Services and markets Authority (FSMA).

Article 12 - End of the manager's mandate

12.1. The appointment of the statutory manager shall be fixed and irrevocable, except by a court, for legal reasons.

12.2. The duties of manager shall come to an end in the following cases:

- The expiry of its term of office;
- Resignation: the manager may resign only if such resignation is possible within the context of its obligations to the Company and insofar as it does not entail difficulties for the Company; its resignation must be disclosed by convening a General Meeting of Shareholders, with as agenda the resignation and the measures to be taken. Said General Meeting of Shareholders must be convened at least one month before the resignation becomes effective;
- The dissolution, bankruptcy declaration or another such procedure relating to the manager;
- The loss of the integrity, experience and expertise required by the RREC legislation on the part of all members of the manager's administrative or day-to-day-management bodies. In such a case, the manager or the auditor must convene a General Meeting of Shareholders, with the loss of said requirements and the measures to be taken on the agenda. Said meeting must be convened within six weeks. If one or more members of the manager's board or day-to-day management no longer meets the aforementioned requirements, they must be replaced by the manager within a month. After this period, the Company's General Meeting of Shareholders shall be convened as described above, in one case or the other, subject to the measures that the FSMA would take in accordance with the powers provided by the RREC legislation;
- The prohibition within the meaning of Article 15 of the RREC Act which would affect all members of the manager's board or day-to-day management. In such a case, the manager or the auditor must convene the General Meeting of Shareholders with the loss of said requirements and the measures to be taken on the agenda. This meeting must be held within a month. If only one or more members of the manager's board or day-to-day management no longer meet the aforementioned requirements, they must be replaced by the manager within one month. After this period, the Company's General

Meeting of Shareholders shall be convened as described above, in one case or the other, subject to the measures that the FSMA would take in accordance with the powers provided by the RREC legislation.

12.3. The Company shall not be dissolved if the manager's duties are ended. The manager shall be replaced by the General Meeting of Shareholders, deliberating as for the amendment of the articles of association, having been convened by the auditor or, if no auditor is appointed, at the request of any stakeholder, by the administrator appointed by the president of the commercial court who may, but need not be a partner. Within fifteen days of his appointment, the administrator shall convene the General Meeting of Shareholders in the way stipulated by the Articles of Association. He shall then no longer be liable for the performance of his assignment.

The administrator shall perform urgent tasks of a purely managerial nature until the next General Meeting of Shareholders.

Article 13 - Minutes

The deliberations of the manager shall be recorded in minutes signed by the manager.

These minutes shall be entered in a special register. The delegations, as well as opinions and votes cast in writing or other documents shall be appended thereto.

Copies or excerpts to be submitted to the courts or for other purposes shall be signed by the manager.

Article 14 -Remuneration of the manager

14.1. The manager shall receive remuneration fixed in accordance with the terms defined below pursuant to the RREC legislation.

It shall moreover be entitled to reimbursement of all costs relating directly to the day-to-day running of the Company, so that the part defined below is a net percentage.

14.2. The Statutory Manager's remuneration shall be calculated every year on the basis of the net current result before the Statutory manager's expenses, before taxes, and exclusive of the portfolio result.

The remuneration shall be equal to 4% of the net current result before the Statutory manager's expenses, before taxes, and exclusive of the portfolio result. The remuneration thus calculated shall be payable on the last day of the financial year at issue, but only with the prior approval of the Company's General Meeting of Shareholders.

14.3. The calculation of the remuneration shall be subject to verification by the auditor.

Article 15 - Powers vested in the manager

15.1. The manager shall be vested with the most extensive powers to carry out all operations that are useful or necessary for the attainment of the corporate object with the exception of those reserved for the General Meeting of Shareholders by law or by the Articles of Association.

15.2. The manager shall draw up semi-annual reports, the draft consolidated and individual financial statements, and annual reports.

The manager shall appoint the expert(s) in accordance with the RREC legislation and shall, as and when required, propose changes to the list of experts contained in the file which is submitted with the application or accreditation as an RREC.

The manager may transfer its powers relating to particular and specific objectives fully or partially to authorized agents.

The manager may, pursuant to the RREC legislation, fix the remuneration of each authorized agent who is vested with special powers. The manager can revoke the mandate of such authorized agent(s) at all times.

Article 16 - Advisory and specialized committees

The manager's Board of Directors shall set up an audit committee as well as a remuneration and nomination committee within its ranks, and describe their composition, tasks and powers. Said board may also set up one or more advisory committees within its ranks and under its responsibility and define the composition and task thereof.

Article 17 - Effective management

Without prejudice to the transitional provisions stipulated in the RREC legislation, the effective management of the Company shall be entrusted to at least two natural persons.

The persons entrusted with the effective management shall meet the integrity and expertise requirements stipulated in the RREC legislation and may not fall within the scope of the prohibitions of the RREC legislation.

The appointment of the effective leaders shall be subject to the prior approval of the FSMA.

Article 18 - Company representation and signing of documents

Except where the manager has delegated special powers of representation, the Company shall be validly represented in all acts, including those involving a public official or ministerial officer and in legal proceedings, both as plaintiff and defendant, by the manager, in turn represented by its permanent representative.

The Company shall therefore be validly represented by special authorized representatives within the limits of the mandate granted to them for that purpose by the manager.

Article 19 - Audits

The Company shall appoint one or more auditors who shall carry out the duties incumbent upon them under the Companies Code and the RREC legislation.

The auditor must be approved by the FSMA.

TITLE IV - GENERAL MEETING OF SHAREHOLDERS

Article 20 - Meeting

The annual General Meeting of Shareholders shall be held on the third Tuesday of May at 2:00 PM.

If this day is a public holiday, the meeting shall be held on the next bank business day at the same time (not including Saturday or Sunday).

The ordinary or extraordinary general meetings of shareholders shall be held at the location indicated in the notice convening the meeting.

The threshold above which one or more shareholders may, in accordance with Article 532 of the Companies Code, require that a General meeting be held in order to submit one or more proposals, is set at 20% of all voting shares.

One or more shareholders who together hold at least 3% (three percent) of the Company's share capital may, pursuant to the Companies Code, require the items for discussion be put on the agenda of any General Meeting of Shareholders and submit proposals for decisions concerning items included or to be included on the agenda.

Article 21 - Attendance

The right to attend a General Meeting of Shareholders and to exercise voting rights shall be subject to the registration in the accounts of shares in the name of the shareholders on the fourteenth day prior to the General Meeting of Shareholders at midnight (Belgian time) (hereinafter referred to as the **registration date**), either by their registration in the register of shareholders of their company, or their registration in the accounts of an approved account holder or clearing house, irrespective of the number of shares held by the shareholder on the day of the General Meeting of Shareholders.

The owners of dematerialised shares wishing to attend the Meeting must produce an attestation issued by their financial intermediary or approved account holder certifying, as the case may be, the number of dematerialised shares registered in the name of the shareholder in its accounts on the registration date and for which the shareholder has declared that they wish to attend the General Meeting. The deposit must be made at the registered office or with the establishments designated in the notices convening the meeting, no later than the sixth day prior to the date of the Meeting.

Registered shareholders wishing to attend the Meeting must notify the Company of their intention by ordinary letter, fax or email, sent no later than the sixth day before the date of the Meeting.

Article 22 - Voting by proxy

All owners with shares entitling them to attend the meeting may arrange to be represented by an authorized representative who may but need not be a shareholder.

The shareholder may appoint only one person as authorized representative for any given General Meeting of Shareholders, unless provided otherwise by the Companies Code.

The power of attorney must be signed by the shareholder and reach the Company or the place indicated in the notice convening the meeting no later than the sixth day prior the date of the Meeting.

The manager may draw up a power-of-attorney form.

Joint owners, other persons in indivision, usufructuaries', creditors and pledgers must arrange to be represented by one and the same person respectively.

Article 23 - Officers

All General Meetings of Shareholders shall be chaired by the manager.

The chairman shall appoint a secretary.

The meeting shall choose two scrutineers.

Article 24 - Number of votes

Each share shall entitle the holder to one vote, except in cases in which the voting rights are suspended by the Companies Code.

Article 25 - Deliberation

The General Meeting of Shareholders can deliberate and decide validly, irrespective of the part of the share capital present or represented, except in cases where an attendance quorum is required by the Companies Code.

The General Meeting of Shareholders may deliberate validly on amendments to the articles of association only if at least half of the share capital is present or represented. If this condition is not met, the General Meeting of Shareholders must be convened again. The second meeting shall decide validly irrespective of the part of the capital represented by the shareholders present or represented.

The decisions of the General Meeting of Shareholders, including the amendment of the articles of association, may be taken only with the manager's consent.

The General Meeting of Shareholders may not deliberate on items which are not on the agenda.

Unless stipulated otherwise by law, each decision shall be taken by the General Meeting of Shareholders by ordinary majority of the votes cast, irrespective of the number of shares represented. Blank or invalid votes may not be added to the number of votes cast.

An amendment to the articles of association shall be authorized only if approved by at least three fourths of the votes or, in the case of change of the corporate object or to allow the Company to proceed to purchase its own shares pursuant to the Companies Act, by four fifths of the votes.

Voting shall be by show of hands or by roll call, unless the General Meeting of Shareholders decides otherwise by ordinary majority of the votes cast. All draft amendments of the articles of association shall be submitted to the FMSA in advance.

An attendance list with the names of the shareholders and the number of shares shall be signed by each of them or by a representative before the meeting starts.

Article 26 - Voting by correspondence

By authorization given by the manager in its notice convening the meeting, shareholders will be authorized to vote by correspondence using a form prepared by the Company. This form must include without fail the date and venue of the meeting, the name or company name of the shareholder and address or registered office, the number of votes that the shareholder wishes to cast at the General Meeting of Shareholders, the form of the shares held, the items on the agenda for the meeting (including proposals for decisions), a space allowing a vote to be cast for or against each motion or to abstain, and the deadline by which the voting form must reach the meeting. It must be expressly stipulated that the from must be signed, the signature certified and the entire document sent by registered letter no later than the sixth day prior to the date of the meeting.

Article 27 - Minutes

The minutes of the General Meeting of Shareholders shall be signed by the officers and by those shareholders who so request. Copies or excerpts for the meetings to be submitted in courts or for other purposes shall be signed by two directors of the manager.

Article 28 - General meeting of bondholders

The manager and the auditor(s) of the company can convene the bondholders in a General Meeting of Bondholders. They must also convene the General Meeting when asked by bondholders representing one fifth of the total bonds outstanding. The notice convening the meeting shall be drawn up in accordance with the applicable provisions of the Companies Code. To be admitted to the General Meeting, bondholders must fulfil the formalities of Article 571 of the Companies Code and any formalities provided by the conditions relating to the issue of bonds or in the notice convening the meeting.

TITLE V - FINANCIAL YEAR - FINANCIAL STATEMENTS - DIVIDENDS - ANNUAL REPORT

Article 29 - Financial year - Financial statements

The financial year shall start on 1 January and end on 31 December of each year. At the end of each financial year, the books and accounting operations shall be closed and the manager shall draw up an inventory and the financial statements.

The manager shall draw up the annual report to render account for its management. The auditor shall draw up a written and detailed report (the "auditor's report") for the general meeting of shareholders.

Article 30 - Dividends

The company has an obligation to distribute to its shareholders, within the limits stipulated by the Companies Code and the RRE legislation, a dividend, the minimum amount of which is fixed by the RREC legislation.

Article 31 - Interim dividends

The manager may, under its responsibility and insofar as possible by the results, decide to pay out interim dividends in the cases and within the terms authorized by law.

Article 32 - Annual and semi-annual reports

The annual and semi-annual reports of the company, which shall contain the statutory and consolidated annual and semi-annual financial statements of the company as well as the auditor's report, shall be placed at the disposal of the shareholders in accordance with the provisions applicable to issuers of financial instruments admitted for trading on a regulated market and with the RREC legislation.

The annual and semi-annual reports of the Company shall be published on the Company's website.

The shareholders may obtain a copy of the annual and semi-annual reports free of charge at the registered office of the Company.

TITLE VI - DISSOLUTION - LIQUIDATION

Article 33 - Loss of capital

In the event that half or three quarters of the capital is lost, the manager must submit the issue of the Company's liquidation to the General meeting of Shareholders, in accordance with the formal requirements set out in Article 633 of the Companies Code.

Article 34 - Appointment and powers of the liquidators

If the Company is dissolved, for any reason and at any time whatsoever, it shall be liquidated by the manager who shall receive remuneration pursuant Article 14 of the Articles of Association.

If the manager does not accept this assignment, the Company shall be liquidated by one or more liquidators, natural or legal persons, appointed by the General Meeting of Shareholders, subject to the consent of the management partner(s).

The General Meeting of shareholders shall define his (their) powers and remuneration.

The liquidator(s) shall assume their duties only once duly appointed by the commercial court.

The liquidation of the Company shall be closed according to the provisions of the Companies Code.

Article 35 - Distribution

The distribution to the shareholders shall take place only after the liquidation is closed.

Except in the case of merger, the net assets of the Company, after settlement of all debts or a consignment of the necessary sums to that end, shall be used first to reimburse the paid up capital and any balance shall be distributed equally among all shareholders of the Company, in proportion to the number of shares they own.

TITLE VII - GENERAL AND TRANSITIONAL PROVISIONS

Article 36 - Election of official address for service

For the performance of the articles of association, shareholders domiciled abroad, managing partners, shareholders, managers, auditors, directors, and liquidators shall be deemed to elect official address of service in Belgium. Otherwise, they shall be deemed to elect such official address for service at the registered office of the company where all notices, reminders, summons and announcements can be validly served to them.

Owners of registered shares must report every change of residence to the Company. Otherwise, all announcements, notices or official notifications shall be served to the last known place of residence.

Article 37 - Competent courts

All disputes between the Company, its managing partner(s), shareholders, bondholders, manager, auditors and liquidators relating to Company business and to the performance of these articles of association shall be referred exclusively to the courts of the registered office, unless the Company should expressly decide otherwise.

Article 38 - Ordinary law

Any provisions of these articles of association which should run counter to the mandatory provisions of the Companies Code and the RREC legislation shall be deemed as not having been written. The voidance of one article or part of an article of these articles of association shall have no effect on the validity of the other clauses.

Article 39 - Transitional provisions

Legal persons who, on effective date of the RREC Act, held a seat on the manager's Board of Directors may continue to exercise their mandate until it expires. Until then, the parament representative of the legal person concerned must have the professional integrity and appropriate expertise required for the position.

One-person limited companies which were entrusted with the effective management of the Company on the date on which the RREC entered into force, may continue to exercise their mandate until it expires. Until then, the permanent representative of the legal person concerned must have the professional integrity and appropriate expertise required for the position.

12.6 The RREC and its tax system

Qrf City Retail has had the status of a public Regulated Real Estate Company (public RREC) since 7 November 2014.

This system was regulated by the Law of 12 May 2014 and the Royal Decree of 13 July 2014 on Regulated Real Estate Companies and was amended by the law of 22 October 2017.

The RREC status is open to operational real estate companies specialized in providing properties to users and meet the legal requirements for RRECs.

This system was regulated by the Law of 12 May 2014 and the Royal Decree of 13 July 2014 concerning the Regulated Computer Scientists and was amended by the Act of 22 October 2017.

The RREC may, within the legal limits, own other types of properties (shares in public SICAFIs, rights or stakes in certain foreign UCIs, shares issued by other RRECs and property certificates), and exercise all activities relating to the erection, refurbishment, renovation, development (for own portfolio), acquisition, disposal, management and operation of properties. An RREC pursues general corporate objectives in the long term and acts just like other operational and commercial undertakings, in the interest of the company and by extension to all its shareholders.

The public RREC status is characterized by:

- Compulsory trading of shares on a Belgian regulated market (Euronext Brussels);
- Legally fixed maximum Debt ratio of 65% of its assets;
- Obligation to pay out at least 80% of the corrected result;
- Strict rules concerning conflicts of interest;
- Occasional and periodic valuation of the Fair Value of the real estate by an independent Property expert;
- Diversification of its property so that the risks are spread appropriately, per type of real estate, geographic region and per category of user or tenant;
- A transaction may not entail that more than 20% of its consolidated assets form one property whole;
- Specific rules concerning internal controls structures.

An RREC is liable for corporate tax at the normal rate, i.e. only on a limited taxable assessment (i.e. the non-deductible professional expenses, abnormal or gratuitous benefits and the special assessment on secret commissions). When an RREC participates in a merger, a demerger or similar transaction, such a transaction shall not benefit from the fiscal neutrality regime, but shall be liable to the exit tax. Dividends paid by an RREC to a shareholder are in general subject to the advance levy on income derived from securities at a rate of 30%.

12.7 Judicial and arbitration procedures

Qrf City Retail has various collection proceedings in progress, which can have a limited impact on the figures. In addition, Qrf City Retail is involved in a number of court cases. These disputes concern disagreements with certain tenants on applications for lease renewals to which tenants are entitled pursuant to Article 13 of the Commercial Lease Act. In this connection, particular attention is paid to a dispute with H&M concerning the application to renew the lease concerning the property at Demerstraat 21-25, 3500 Hasselt.

There is a risk that the conditions decided by the court would lead to a lowering of the rent level, which could in turn lead to a considerable reduction in the value of the property in question, the largest part of which is rented by H&M. On 31 December 2017, the rent paid by H&M for the property on Demerstraat 21-25, 3500 Hasselt accounted for 9% of the total Contractual Rents on an annual basis. Furthermore there is a dispute pending concerning the acquisition of Centre Commercial Hutois NV in Huy with the former owners concerning the regularization of the building permit.

12.8 Statements of the Statutory Manager

12.8.1 Responsible persons for the content of the registration document

The Statutory Manager of Qrf City Retail, Qrf Management NV, having its registered office at Leopold de Waelplaats 8/1, with company number BE 0537.925.079 is responsible for the information provided in this annual financial report. The Statutory Manager has made every reasonable effort to verify this information. It hereby declares that, to the best of its knowledge, the data in this annual financial report represent reality, and that no information has been omitted, the mention of which would change the tenor of this annual financial report.

12.8.2 Information from third parties

The Statutory Manager of Qrf City Retail declares that the Auditor and the Property Expert have given their consent to have contents of their report and conclusions included in the annual financial report, as well as their approval for the content and form of - and the context in which - the relevant part included therein. The entire report of the Property experts is not included for confidentiality reasons.

Information from third parties contained in this document is always correctly reflected, and, insofar as Qrf City Retail is aware or can surmise from information published by the third parties concerned, no facts have been omitted as a result of which the information provided would be incorrect or misleading.

13 APM – Alternative Performance Measures

Maastricht
Grote Staat 58

13 APM – Alternative Performance Measures

The European Securities and Markets Authority (ESMA) has adopted guidelines applicable as of 3 July 2016 for the use and explanation of the alternative performance measures.

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

A summary of the alternative performance measures used in this annual financial report, with definition, objective and reconciliation, is given below.

13.1 EPRA NAV

Net Asset Value according to the EPRA *Best Practices Recommendations*.

Definition: *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.

Objective: This APM shows the *Net Asset Value* for a long-term investment strategy.

Reconciliation: For the reconciliation of this APM reference is made to 13.2 EPRA NAV per share.

13.2 EPRA NAV per share

Net Asset Value per share according to the EPRA *Best Practices Recommendations*.

Definition: *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.

Objective: This APM shows the Net *Asset Value* per share for a long-term investment strategy.

Reconciliation:

FIGURES IN THOUSANDS EUR		31/12/2017	30/12/2016
NAV per the IFRS financial statements		**134,710**	**122,776**
(iv)	Fair Value of financial instruments	1,813	2,571
(v.a)	Deferred tax	270	270
	Minority interests relating 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**

13.3 EPRA earnings

Definition: Net result (group share) with the exclusion of the portfolio result and changes in Fair Value of non-effective interest rate hedges This term is used in accordance with the EPRA *Best Practices Recommendations*.

Objective: This APM measures the underling operational results of the company, with the exclusion of the result arising out of fluctuations in the value of assets and liabilities and capital gains and losses from the sale of investment properties.

Reconciliation:

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
Earnings per IFRS income statement (shareholders of the real group)	**4,766**	**7,782**
(i) Changes in value of investment properties, development properties held for investment and other interests	4,071	-209
(ii) Profits or losses on disposal of investment properties, development properties held for investment and other interests	-466	-164
(vi) Changes in Fair Value of financial instruments and associated close-out costs	-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**

13.4 Average Cost of Financing

Definition: This is the Average Cost of Financing of the financial debts, calculated by dividing the "net interest charges" on an annual basis by the average amount of outstanding financial debts during the period.

Objective: The Company's activities are partially financed by incurring debt. This APM measures the Average Cost of Financing of such debts.

Reconciliation:

FIGURES IN THOUSANDS EUR	31/12/2017	30/12/2016
XXI. Net interest charges	**2,902**	**2,604**
Average weighted amount of outstanding financial debts during the period	140,464	113,822
Average Cost of Financing	**2.07%**	**2.29%**

13.5 Operating margin

Definition: This alternative performance measure measures the operating profitability of the company as a percentage of the rental income and is calculated by dividing "Operating result before the result on the portfolio" by the "Net rental income".

Objective: This APM measures the operating profitability of the company.

Reconciliation:

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 marge	**78.49%**	**77.51%**

14 Glossary

Hasselt
Demerstraat 21-25

14 Glossary

Acquisition value
The acquisition value is the value of the property when purchased, inclusive of the transfer fees, if any.

Act of 16 June 2006 (Prospectus Act)
The Act of 16 June 2006 on the public offering of investment instruments and the admission of investment instruments for training on a regulated market, Belgisch Staatsblad [Belgian Official Gazette] of 21 June 2006, 31.341, as amended.

AIFMD
Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) no 1060/2009 and (EU) No 1095/2010 Text with EEA relevance.

Anneleen Desmyter EBVBA
The one-person limited company incorporated under Belgian law Anneleen Desmyter EBVBA, having its registered office at Acaciadreef 7, 2243 Pulle (Zandhoven), registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0537.881.133 (Antwerp Legal Persons' Register, Antwerp section).

Auditor
The auditor of Qrf City Retail, i.e. PWC represented by Mr Damien Walgrave.

Bank business day
A day (other than Saturday, Sunday or official holidays) in Belgium when banks are open for business.

BIV
The Beroepsinstituut van Vastgoedmakelaars [Professional Institute of Real Estate Brokers].

B.M.C.C. BVBA
The private limited liability company incorporated under Belgian law Business Management & Consultancy Center BVBA, having its registered office at Lisbloemstraat 6, 8501 Bissegem, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0880.293.608 (Ghent Legal Persons' Register, Kortrijk section).

Board of Directors
The Board of Directors of the Statutory Manager.

Century Center Freehold BVBA
The private limited liability company incorporated under Belgian law Century Center Freehold BVBA, having its registered office at Museumstraat 11/211, 2000 Antwerp, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0879.602.829 (Antwerp Legal Persons' Register, Antwerp section).

CEO
Chief Executive Officer.

CFO
Chief Financial Officer.

Companies Code (W. Venn)
Companies Code of 7 May 1999, Belgisch Staatsblad [Belgian Official Gazette] of 6 August 1999, as amended.

Compliance Officer
Mr Preben Bruggeman, also the CFO of Qrf City Retail.

Contractual Rent
The indexed basic rent as contractually fixed in leases before the deduction of gratuities and other benefits granted to the tenants.

Cushman & Wakefield
The partnership firm under Dutch law Cushman & Wakefield VOF, having its registered office at Gustav Mahlerlaan 362, 1082ME Amsterdam, registered in the Chamber of Commerce under number KvK 33154480, operating in Belgium through its Belgian branch at Koningsstraat 97 (4th floor), 1000 Brussels, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0418.915.383.

Dealing Code
The document included as Annex 2 of the Corporate Governance Charter.

Debt ratio
This is the legal ratio of the obligations (exclusive of provisions, transitory accounts and non-current/current financial liabilities, i.e. negative changes in Fair Value of the hedging instruments) with regard to the total assets calculated according to the method in Article 13, §1, 2°, of the RREC RD.

EBVBA
An éénpersons besloten vennootschap met beperkte aansprakelijkheid [one-person limited company].

EMIR
Regulation (EU) no. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories

Estimated Rental Value ('ERV')
This is the estimated rental value on an annual basis used by the Property Expert in valuation reports.

Euronext Brussels
The regulated market of Euronext Brussels NV.

Euronext Brussels NV
The public limited company incorporated under Belgian law Euronext Brussels NV, having its registered office at Markiesstraat 1, box 1, 1000 Brussels, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0242.100.122 (Brussels Legal Persons' Register, Registry of the Brussels Dutch-speaking Commercial Court), The Belgian market company that runs Euronext Brussels.

EY
Ernst & Young Advisory Services. The limited cooperative partnership having its registered office at De Kleetlaan 2, 1831 Diegem, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0467.239.793 (Brussels Legal Persons' Register, Registry of the Brussels Dutch-speaking Commercial Court).

Fair Value
The amount for which a property can be exchanged between well informed, independent parties who are prepared for a transaction, with deduction of transfer taxes or registration fees from the seller's perspective.

Finance Manager
The internal staff member of the company who keeps the accounts.

Fontenelle BVBA
The private limited liability company incorporated under Belgian law Fontenelle BVBA, having its registered office at Diamantlaan 24, 1030 Brussel, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0462.347.332 (Brussels Legal Persons' Register, Registry of the Brussels Dutch-speaking Commercial Court).

FSMA
The Belgian Financial Services and Markets Authority.

Governance Code 2009
The Belgian Corporate Governance Code for listed companies of 2009, drawn up by the Corporate Governance Commission and posted on: http://www.corporategovernancecommittee.be/library/documents/final%20code/CorporateGovNLCode2009.pdf.

Group
Qrf City Retail and its Perimeter Companies.

IASB
International Accounting Standards Board.

IFRIC
International Financial Reporting Interpretations Committee.

IFRS
International Financial Reporting Standards, the accounting standard according to which RRECs are required to report pursuant to Article 28 of the RREC Act.

IFRS NAV per share

Net Asset Value per share according to IFRS. This value corresponds to the net value per share within the meaning of Article 2, 23° of the RREC Act.

ING Belgium NV

The public limited company incorporated under Belgian law ING Belgium, having its registered office at Marnixlaan 24, 1000 Brussels, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0403.200.393 (Brussels Legal Persons' Register, Registry of the Brussels French-speaking Commercial Court).

Investment value or Gross Market value or Value Deed-in-Hand

This value is equal to the amount at which a property could change hands between well informed parties, agreeing and acting under normal competition circumstances. The market value is inclusive of any registration fees (10% in the Flemish Region and 12.5% in the Walloon Region and the Brussels-capital Region) and notary's fees or VAT (in case of a purchase subject to VAT).

Jufra BVBA

The private limited company Jufra BVBA, having its registered office at Klei 172, 1745 Opwijk, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0885.824.190 (Brussels Legal Persons' Register, Registry of the Brussels Dutch-speaking Commercial Court).

Liquidity Provider

KBC Securities NV, having its registered office at Havenlaan 2, 1080 Brussel, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0437.060.521 (Brussels Legal Persons' Register, Registry of the Brussels Dutch-speaking Commercial Court).

Market value

The market value is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.

Net Market Value or Value Cost-to-Buyer.

The investment value minus the registration fees and notary's fees or VAT.

Occupancy rate

The proportion of Contractual Rent on an annual basis, with regard to the Contractual Rentals on an annual basis plus the Estimated Rent of vacant premises on an annual basis.

Pay-out ratio

The proportion of the gross dividend per share divided by the EPRA earnings per share.

Perimeter Company

The company in which the RREC directly or indirectly holds more than 25% of the shares (including its subsidiaries as defined in Article 6, 2°, of the Companies Code).

Promoter

The person or persons who exclusively or jointly control an RREC within the meaning of Article 2, 13° of the RREC Act; de Promoter van Qrf City Retail is Quares REIM Retail NV.

Property expert

Cushman & Wakefield.

Property Manager

Quares Property Management NV.

PwC

The partnership which has adopted the form of a cooperative company PriceWaterhouseCoopers Bedrijfsrevisoren BV o.v.v.e. CVBA, having its registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0429.501.944 (Brussels Legal Persons' Register, Registry of the Brussels Dutch-speaking Commercial Court).

Qrf or Qrf City Retail or the Company

The limited equity partnership incorporated under Belgian law Qrf, a public Regulated Real Estate Company under Belgian law, having its registered office at Museumstraat 11/211, 2000 Antwerp, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0537.979.024 (Antwerp Legal Persons' Register, Antwerp section).

Qrf Management NV
The public limited company incorporated under Belgian Qrf Management NV, having its registered office at Leopold de Waelplaats 8/1, 2000 Antwerp, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0537.925.079 (Antwerp Legal Persons' Register, Antwerp section).

Qrf Nederland BV
The private limited company incorporated under Dutch law Qrf Nederland BV, having its registered office at Emmalaan 25, 1075 AT Amsterdam, registered in the Chamber of Commerce with number 68633181.

Quares Holding CVBA
The limited cooperative partnership Quares Holding CVBA, having its registered office at Leopold de Waelplaats 8, 2000 Antwerp, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0881.077.526 (Antwerp Legal Persons' Register, Antwerp section).

Quares Property Management NV
The public limited company incorporated under Belgian law Quares Property Management NV, having its registered office at Schaliënhoevedreef 20 J, 2800 Mechelen, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0466.781.717 (Antwerp Legal Persons' Register, Mechelen section).

Quares REIM NV
Quares Real Estate Investment Management NV, having its registered office at Leopold De Waelplaats 8, 2000 Antwerp, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0872.236.569 (Antwerp Legal Persons' Register, Antwerp section).

Quares REIM Retail NV
The public limited company incorporated under Belgian law Quares Real Estate Investment Management Retail NV, abbreviated as Quares REIM Retail, having its registered office at Leopold de Waelplaats 8, 2000 Antwerp, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0880.915.101 (Antwerp Legal Persons' Register, Antwerp section).

Quares Residential Agency NV
The public limited company incorporated under Belgian law Quares Residential Agency NV, having its registered office at Leopold de Waelplaats 8, 2000 Antwerp, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0864.379.371 (Antwerp Legal Persons' Register, Antwerp section).

Rental income
The arithmetic sum of the rental income, after rent reductions, effectively or contractually invoiced by Qrf City Retail, over the period of (a part of) a financial year.

Risk Manager
Mr Preben Bruggeman, also the CFO of City Retail.

RREC
Regulated Real Estate Company, a company set up for a specificed period, which carries out exclusively an activity consisting of providing properties to users, directly or through a company in which it has a shareholding interest, or where appropriate, owns property, licensed as such by the FSMA and regulated by the RREC Act and the RREC RD.

RREC Act
The Regulated Real Estate Company Act of 12 May 2014.

RREC RD
The Royal Decree of 13 July 2014 on regulated real estate companies.

Shares
The shares, dematerialized or registered, without par value, with voting rights, which represent the capital, issued by Qrf City Retail.

Statutory Manager
Qrf Management NV.

Transfer charges
The transfer of ownership of a property is in theory subject to the collection, by the State, of transfer charges, which constitute the largest part of the transaction costs. The amount of these fees depends on the method of transfer, the capacity of the buyer and the geographic location of the property.

Jasper Léonard's art project

The cover of this year's Financial Report features a photo by Jasper Léonard, a young artist who, like Qrf City Retail, draws inspiration from the public space.
He uses a special technique, tilt shift lenses, to show the world from a completely different perspective. Buildings turn into models, people into little dolls. The whole world becomes a scale model. Seeking the highest bird's eye view, Jasper maps different urban sites. Although some images give the impression of staged fiction, not a single image is staged; the city went about its business.
"Antwerp Resized" shows urban life in a way that surprizes anew, which is a way we should always look at our inspiring cities: with pride and wonder. The real city is actually just as inviting and lively as its artistic scale model. Qrf City Retail has been helping to discover this beauty for four years now. Because who needs fiction in an exciting vibrant urban life?

Intrigued? Take a look at www.jasperleonard.be.

www.qrf.be

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