



VANMOERKERKE FAMILY WISHES TO INCREASE ITS STRATEGIC STAKE IN QRF CITY RETAIL

- Qrf City Retail reaches agreement in principle with Vanmoerkerke family to expand the real estate portfolio by means of a contribution in kind of 9 commercial properties in Antwerp and Ostend
 - Qrf City Retail gets a strong reference shareholder
 - Expansion of the real estate portfolio with focus on solid cities and diversification of the tenant base
- Increase of the shareholders' equity of Qrf City Retail by 23.8 MEUR
- Significant improvement of the Debt ratio which drops from 53.8% (on 30 September 2018) to 48.4%
- Change in control over Statutory Manager
- This transaction can be realized after the approval by the shareholders of Qrf City Retail of the lowering of the par value of the share (agenda item 5 of the Extraordinary General Meeting of Shareholders)¹

¹ See explanation below in this press release.

Qrf City Retail gets strong reference shareholder

Qrf City Retail has reached an agreement in principle, under conditions precedent, with one of its reference shareholders, the Vanmoerkerke family, to expand the real estate portfolio by the contribution in kind of 9 commercial premises in Antwerp and Ostend. The contribution will be allocated entirely to the shareholders' equity. The contributor, the Vanmoerkerke family², will be reimbursed with 1,487,500 new shares to be issued in Qrf City Retail. Once the proposed transaction has gone through, the Vanmoerkerke family will have a 28.3% stake in Qrf City Retail, which for its part, will gain a strong reference shareholder. The Vanmoerkerke family had already taken a 9.5% stake in the capital of Qrf City Retail in November 2017. By increasing its stake, the Vanmoerkerke family confirms its confidence in the strategy of Qrf City Retail, as well as in the future of the inner city. The Vanmoerkerke family has extensive experience, expertise and a network in inner city real estate, but also in hotel and catering and leisure.

The summary below shows the impact of the transaction on the shareholding structure of Qrf City Retail³:

Shareholders	Before transaction	After transaction
AXA Belgium NV	633 680	633 680
Vanmoerkerke family	536 020	2 025 978
Free float	4 496 122	4 493 664
TOTAL	5 665 822	7 153 322

Shareholders	Before transaction	After transaction
AXA Belgium NV	11.2%	8.9%
Vanmoerkerke family	9.5%	28.3%
Free float	79.4%	62.8%
TOTAL	100.0%	100.0%

Expansion of the real estate portfolio with a focus on solid cities and a diversification of the tenant base

The contribution of the Vanmoerkerke family concerns 9 retail premises at top locations in Antwerp and Ostend. The total investment value amounts to 23.8 MEUR.

Properties in Antwerp

Four retail premises will be contributed, situated in Meirbrug-Schoenmarkt (2000 Antwerp) at the end of the Meir, in the direction of the Groenplaats. This project of four retail premises is under development and is expected to be delivered in May 2019. The marketing of this project is in a final phase. Casa, TUI and Bijorca Juweliers have already committed as lessees in the project. For the last unit, the contributor will provide a rental income guarantee to Qrf City Retail for a period of 6 months.

² The properties are contributed by the companies "Horizon Retail Investeringen WP BVBA" and "Horizon Retail Investeringen DMB NV". The two contributing companies are controlled by the Vanmoerkerke family, which on the date of this press release holds 9.5% of the shares of Qrf City Retail.

³ The number of shares controlled by the Vanmoerkerke family will increase by (i) 1,487,500 new shares to be issued, and (ii) 2,458 shares which belong to the assets of Qrf Management NV, which will be taken over by the Vanmoerkerke family.

Properties in Ostend

Five retail premises will be contributed, situated in the Kapellestraat and Adolf Buylstraat (8400 Ostend). These properties are let to Boulangerie Paul, America Today, Foot Locker and LensOnline. The contributor will provide a rental income guarantee for 6 months for the property at 33 Adolf Buylstraat, until recently let to Massimo Dutti.

The nine retail properties are expected to generate a total of 1,178 KEUR in Contractual Rents on an annual basis.⁴

Through this operation, Qrf City Retail gets new tenants such as TUI, Footlocker, LensOnline and Boulangerie Paul outside the fashion segment. The location of the properties is fully in line with the strategic vision of Qrf City Retail.

Anneleen Desmyter, CEO QRF:

“Qrf is geared to cities that pursue a sustainable policy on the combination of education, working, living, tourism, hotel and catering and shopping. Antwerp and Ostend fit the bill to a tee. Moreover, we obtain a diversification of our tenants which have a strong focus on experience and are a perfect example of the omni-channel story. After this transaction, the Antwerp inner city will be the most important city in the real estate portfolio with more than 22% of the Fair Value.”

23% premium to the share price

The acquisition, under conditions precedent, shall be carried out entirely by means of an increase of capital through the contribution in kind within the authorized capital. The contribution value has been set at 23.8 MEUR.⁵

In exchange for its contribution, the contributor will be remunerated as already indicated by new Qrf City Retail shares to be issued. The new shares will be ordinary shares that have the same rights as the existing shares except that they do not entitle the shareholder to the dividend for the financial year ending on 31 December 2018. The shares will share in the profit as of 1 January 2019.

The issue price of the new shares has been fixed at 16.00 EUR per share. This implies a premium of 23% compared to the closing price of 13.00 EUR on 11 December 2018 and a premium of 15% with regard to the average closing price during the 30 calendar days prior to the date of this press release. We consider this premium as a significant motion of confidence on the part of the Vanmoerkerke family in the long-term strategy of Qrf City Retail as well as in the future of inner city real estate.

⁴ Seven of the nine properties are let on the date of this press release and will generate 908 KEUR in Contractual Rents on an annual basis. Two of the nine properties are not let on the date of this press release. The contributor will provide a rental income guarantee to Qrf City Retail for these two properties for a period of 6 months for an amount of 270 KEUR on an annual basis.

⁵ Pursuant to Article 48 of the RREC Act, a valuation report has been drawn up by an independent real estate appraiser which shows that the value of the real estate taken into consideration for the calculation of the contribution value is not higher than the estimated Fair Value.

Inge Boets, Chairwoman of the Board of Directors of Qrf City Retail:

“This transaction enhances the financial position and portfolio of Qrf City Retail for the benefit of the company and of each and every shareholder.”

Drop in the Debt ratio

The Debt ratio of Qrf City Retail is expected to drop after the realisation of the contribution to 48.4% (from 53.8% on 30 September 2018).⁶ The improvement of the Debt ratio is fully in line with the strategy of “rebalancing for future growth” that Qrf City Retail announced earlier.

Change in control over the Statutory Manager and adaptation of Property Management agreement

The Vanmoerkerke family and the Quares group have agreed that the Vanmoerkerke family, together with the realization of the contribution, will acquire 100% of the shares in Qrf Management NV, the Statutory Manager of Qrf City Retail, from the Quares group⁷.

The technical and administrative management of the portfolio of Qrf City Retail is outsourced to Quares Property Management NV (for the real estate portfolio in Belgium) and Quares Property & Facility Management BV (for the real estate portfolio in the Netherlands) on the basis of a property management agreement. Quares Property Management NV and Quares Property & Facility Management BV will in future no longer be affiliated companies of Qrf City Retail, but will continue to provide technical assistance to ensure the continuity of the activities of Qrf City Retail. Certain contractual conditions of this property management agreement will be adapted accordingly, which will mean, among other, cost savings for Qrf City Retail of approximately 15% on the services that are delivered.

Conditions precedent

Customary conditions precedent

The proposed transaction is subject to the customary conditions precedent such as, among others, a favourable result of the due diligence carried out on the properties to be contributed and obtaining the approval of the FSMA for the proposed adaptation of the articles of association of Qrf City Retail as regards the contribution in kind.

Specific conditions precedent

In addition to the customary conditions precedent, the proposed transaction is subject some specific conditions precedent such as:

A. Approval of agenda item 5 of the Extraordinary General Meeting of Shareholders

The proposed transaction can go through only once the shareholders of Qrf City Retail approve agenda item 5 of the Extraordinary General Meeting of Shareholders scheduled for

⁶ In the calculation of the drop of the Debt ratio, due account is taken of the sale of different retail premises in the fourth quarter of 2018, as announced earlier in the press release of 9 October 2018 entitled: “Further optimization of the real estate portfolio: agreement to sell four real estate premises for 7.3 MEUR.”

⁷ Via its subsidiaries “Quares REIM Retail NV” and “Quares Holding CVBA” which jointly own 100% of the shares of “Qrf Management NV”.

18 December 2018, or if a second meeting has to be convened because the first meeting did not attain the attendance quorum, on 9 January 2019. This agenda item concerns the proposal to decide on a formal reduction of the share capital in order to lower in a technical way the par value of the share (currently 23.25 EUR) to a par value of 1.00 EUR per share by means of a transfer within the shareholders' equity, from the balance of the *capital* heading to *unavailable share premiums* heading, so that the total shareholders' equity remains the same.

Shareholders who wish to make the transaction possible are called upon to cast their vote at this Extraordinary General Meeting of Shareholders.

B. Development of 30-day average share price

If the average closing price during the thirty calendar days prior to the signing of the contribution agreement by and between Qrf City Retail and the Vanmoerkerke family were to rise above the issue price of 16.00 EUR, the parties would have the option of foregoing the transaction as a whole.

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About Qrf City Retail

Qrf City Retail is a listed Belgian REIT (GVV/SIR) specializing in the niche market of inner-city retail properties in Belgium and the Netherlands. More specifically, the company focuses on the acquisition, development and leasing of centrally located city premises, within areas known as the "Golden Mile" - inner-city streets with major catchment areas. On 30 September 2018 the real estate portfolio consists of 51 retail properties with a total Fair Value of 280 MEUR.

Qrf City Retail has been listed on Euronext Brussels (QRF:BB) since December 2013. On 30 September 2018, the company's market capitalization was 90 MEUR.



Qrf City Retail won the European Public Real Estate (EPRA) Gold Award for Financial Reporting for its Annual Report 2017. EPRA is the voice of the European sector of real estate listed on the stock exchange, and represents 430 billion EUR in property assets (www.epra.com)



In 2018, Qrf City Retail is for the third year in a row the main sponsor of Retailer of the Year Belgium, an award conferred annually by consumers to the best retail chain of Belgium. On 29 November 2018, Colruyt won the title of Best Retail Chain of Belgium 2018. Qrf City Retail believes in the strength of the physical shop. Retailers are making concrete efforts to improve and renew their offer and service. By supporting this initiative, Qrf City Retail wants to give its customers, the retailers, a unique opportunity to understand the customer even better.