

# Qrf hits the Reset Button



## HALF-YEARLY FINANCIAL REPORT 2019

21 August 2019 - 8:40 AM  
Regulated Information

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# Summary of first half of 2019

## 23.80 MEUR

Changes in the **Reference Shareholder Structure**, the Board of Directors and the Executive Management as a result of a contribution in kind of 23.80 MEUR on 30 January 2019.

## 4.6 MEUR

**EPRA earnings** over H1 2019 rose by 7.8% to 4.6 MEUR by comparison with H1 2018. The EPRA earnings per share amounted to 0.67 EUR, a drop of 11.5% by comparison with H1 2018.

## 270.4 MEUR

**The fair value of the portfolio** on 30 June 2019 amounted to 270.4 MEUR, of which 223.7 MEUR (83%) Core Locations; 46.7 MEUR (17%) Non-Core Locations. The IFRS NAV per share amounted to 17.9 EUR (-21.6% by comparison with 31 December 2018), the EPRA NAV amounted to 18.3 EUR (-20.9% by comparison with 31 December 2018).

## 51.72%

**Debt Ratio evolution** from 52.12% at the end of 2018 to 51.72% on 30 June 2019. The initial drop, after the contribution in kind, to 47.97% was impacted by a write-down on the real estate portfolio.

## 5.4%

An **EPRA result** of 1.20 - 1.30 EUR per share and a gross dividend of at least 0.80 EUR per share for financial year 2019 are targeted. The expected gross dividend represents a **gross dividend yield** of 5.4% on the closing rate of 28 June 2019.

## H&M

An important **agreement was reached with H&M** concerning the four retail locations in the portfolio and the termination of all pending legal cases.

## 16.9 MEUR

An **active sales programme** of Non-Core locations, with 12<sup>1</sup> locations sold for a **net income** of 16.9 MEUR (loss of 1.8% on the Fair Value), two of which, sold already before the balance sheet date, were rounded off for a net income of 2.00 MEUR (capital gains of 1.9% on the last Fair Value).

## Century Center

An important step was taken in the **redevelopment** of the Century Center in Antwerp.

<sup>1</sup> In one specific case it concerns a binding bid under conditions that fall within the normal range of technical due diligence investigation of a buyer.

# Summary of first half of 2019

The contribution in kind, and the ensuing alignment between shareholding, the Board of Directors and Executive Management, made a Reset possible. The Reset entails a comprehensive optimization of the existing portfolio as regards investment criteria as well as the realistic and long-term letting expectations for the existing portfolio. In addition, the “Reset” lays the foundations for making the most of the potential in the portfolio (e.g. the redevelopment of the Century Center, for charting the future of Qrf, and for enhancing operational efficiency).

Accordingly, the necessary steps were taken in the first half of the year to shed clarity on the intrinsic value of Qrf today in order to make sustainable value creation possible in the coming years:

## **Changes in Shareholding, control over the Statutory Manager and composition of the Board of Directors and the Executive Management**

On 30 January 2019, the contribution in kind of nine retail properties by the Vanmoerkerke family was finalized. The control over the Statutory Manager changed concurrently with this contribution. Thanks to the contribution, Qrf can count on a reference shareholder with 28.3% of the shares.

The foregoing transaction brought about a change in the composition of the Board of Directors and the Executive Management of Qrf City Retail as well:

- On 30 January, William Vanmoerkerke and Francis Vanderhoydonck were appointed to the Board of Directors replacing Herman Du Bois and Freddy Hoorens;
- On 19 February 2019, the Board of Directors decided to appoint William Vanmoerkerke as co-CEO and Effective Leader. Anneleen Desmyter tendered her resignation as Effective Leader, CEO and Director effective as of 21 May 2019;
- On 21 April, Tom Schockaert took up his duties as CFO and Effective Leader.

## **Critical assessment of the existing portfolio**

With a view to creating future shareholder's value and to shed clarity on the existing portfolio, it was decided to divide the real estate portfolio into a Core portfolio and a Non-Core portfolio.<sup>2</sup>

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<sup>2</sup> An overview table of the Core and Non-Core portfolio is included in Chapter 4 of this half-yearly report.

The Core portfolio was compiled on the basis of different criteria such as: the appeal of the city (demographics, tourism, etc.), the positioning in the shopping area and the quality of the real estate for retailers. In addition, the Core portfolio comprises also properties that are to be renovated (Century Center in Antwerp and Bondgenotenlaan in Leuven). Overall, 82.7% of 223.7 MEUR are considered to constitute the Core portfolio. This Core portfolio has an occupancy rate of 95.95%. Apart from the redevelopment projects, which are left out of consideration, the core portfolio is completely occupied. This part of the portfolio provides a better resistance to changing market circumstances and consequently has a more conservative yield (5.4%).

The Non-Core portfolio comprises properties which score below the criteria set. This naturally entails a higher yield (8.1%) and a lower occupancy rate (94.73%).

Overall, this generates a rental income of 5.9% on the entire portfolio.

#### **“Reset” of the Fair Value of the real estate portfolio by means of a write-down of 23.8 MEUR**

As part of the “Reset,” Qrf aims to gain a better insight into the value and liquidity of the portfolio. By dividing Core from Non-Core real estate, carrying out an active sales programme, and reaching an agreement with H&M, the independent valuer was provided with sufficient elements to be able to establish a conservative Fair Value of the portfolio.

- On 31 December 2018, the Fair Value of the real estate portfolio amounted to 271.8 MEUR. On 30 January 2019, after the contribution in kind, the Fair Value amounted to 295.6 MEUR.
- During the first half of 2019, 2 locations, with a joint Fair value of 1.96 MEUR, were divested, as aforementioned, for a net income of 2.0 MEUR.
- On 30 June 2019, a write-down of 23.8 MEUR was booked (strictly speaking, the write-down was for 23.2 MEUR, with an activated investment amount of 0.6 MEUR), whereby the Fair Value of the portfolio amounted to 270.4 MEUR.

In parallel with the valuation report by Cushman & Wakefield, the Management requested an additional independent assessment of the value of the real estate portfolio. This second opinion was provided by Stadim and came to a similar assessment of the Real Value of the real estate portfolio of Qrf. The assessment of the real estate portfolio by Cushman & Wakefield, as well as the second opinion by Stadim, give Management sufficient confidence that the elements provided to ascertain the Fair Value of the portfolio reflect the current market sentiment correctly.

A write-down of 12.2 MEUR was operated on Non-Core properties, which constitutes a drop of 20.7% by comparison with the fair value of the Non-Core portfolio on 31/12/2018. This 12.2 MEUR comprises a write-down of two properties which are let to H&M, for an amount of 5.9 MEUR. They are the properties on the Luikerstraat in Sint-Truiden and the Chaussée d'Alseberg in Uccle.

A write-down of 10.6 MEUR was operated on the Core properties, which represents a 5.4% drop by comparison with the fair value of the portfolio on 31/12/2018. A write-down of 3.4 MEUR or 8.4% by comparison with the situation on 31/12/2018 was operated on two Core properties where H&M is the current tenant, i.e. 21-25 Demerstraat, Hasselt and 29-31 Nieuwstraat, Aalst.

The IFRS NAV per share comes to 17.9 EUR (-21.6% by comparison with 31 December 2018); the EPRA NAV to 18.3 EUR (-20.9% by comparison with 31 December 2018).

The prospects for 2019 confirm the dividend estimates of at least 0.80 EUR per share and expected EPRA result between 1.20 - 1.30 EUR per share.

#### **Overall agreement with H&M on the locations in Hasselt, Uccle, Sint-Truiden and Aalst**

Qrf and H&M reached an agreement on 16 August 2019. As a result both legal cases<sup>3</sup> are to be terminated through the implementation of this agreement. Significant economic risks are neutralized for Qrf City Retail as a result, whereby maximum sureties are acquired in the long term, and the good relationship with H&M as a tenant is restored.

For the property situated on the Demerstraat in Hasselt, a precarious occupancy agreement has been concluded with H&M, on the basis of which H&M will occupy the building. From the second quarter of 2020, this building will be fully let to The Sting /Costes, which will operate the brands Costes and The Sting in Hasselt.

New terms and conditions were agreed for the property in Uccle in regard of the renewal of the current commercial lease.

Agreements have also been made for the properties in Sint-Truiden and Aalst with regard to a new commercial lease agreement from the end of 2019 (Sint-Truiden) and a third renewal of the commercial lease from early 2021 (Aalst). As a result, Qrf ensures continuous and sustainable rental income at the respective locations.

Thanks to this agreement, the share of H&M in the portfolio will drop significantly as of May 2020, to an estimated 5.48% (13.26% on 30/06/2019). The agreement with H&M offers a substantially better outcome for Qrf than the uncertainty in the absence of an agreement, namely the risk of vacancy and difficult reletting of certain properties occupied by H&M.

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<sup>3</sup> See Chapter 5, Note 14.1.

### Active sales programme of Non-Core properties

As a result of the evaluation of the portfolio, buyers for properties with the greatest risks were actively sought.

Twelve<sup>4</sup> locations were sold<sup>5</sup> in the first half of 2019 within the Non-Core Portfolio for a net income of 16.90 MEUR, which represents a slight loss of 0.30 MEUR (or 1.76%) on the last Fair Value. The share of the Non-Core properties will thus drop further by the end of 2019 to 13.3%.

Two assets were divested before the balance sheet date, namely 15 Schrijnwerkersstraat in Antwerp, and 32 Grand Rue in Mons. The total net income from both sales amounted to 2.00 MEUR, with a capital gain on the last Fair value of 1.8%. Both locations were vacant.

Two sales were finalized after the balance sheet date for a net income of 7.36 MEUR, i.e. 137 Diestsestraat in Leuven and 14-16 Wapper in Antwerp. A significant risk of the downward adjustment of the rental income and possible vacancy in the future was neutralized by the sale. These sales were consequently 9.29% below the Fair Value of 30/06/2019.

Finally, different sales have been agreed where ownership is to be transferred at the end of 2019, so Qrf will collect the full income from rents in 2019. The 8<sup>4</sup> planned sales of properties in the tail-end of the portfolio, were carried out for a net income of 7.54 MEUR, which represents a capital gain of 6.60% on the basis of the Fair Value on 30 June 2019.

### Significant step in the redevelopment of the Century Center in Antwerp

The iconic Century Center complex, located on the Keyserlei in Antwerp, first served as a hotel and was transformed into a shopping mall and office complex in 1979. The part of the Century Center owned by Qrf is valued at 26.8 MEUR, representing 9.9% of Qrf's total real estate portfolio as of 30 June 2019. The Qrf part comprises a shopping mall with about thirty units and a parking garage. The other parts of the complex are owned by investment company Baltisse.

After years of standstill to develop the project, Qrf signed a binding agreement with Baltisse for the joint redevelopment of the Century Center complex. Thanks to this collaboration, the entire complex will be redeveloped as one whole into a project that combines retail with parking garages and offices, which meet today's needs.

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4 In one specific case it concerns a binding bid under conditions that fall within the normal range of technical due diligence investigation of a buyer.

5 Sold means both (i) realized divestments of locations, as well as (ii) locations for which a binding sales agreement has been signed



The collaboration will take the form of a contribution by Baltisse and Qrf of their respective property components in several joint ventures. Qrf will as a consequence of this agreement receive, after contribution, 30% shareholdings in the joint venture companies (valued at 19.2 MEUR) as well as a cash payment of 7.6 MEUR. These transactions are valued at current Fair Value. The parties aim for a contribution in the second half of 2020, depending on obtaining the necessary urban development permits. During the period up to the contribution, Qrf retains the rental income on its property components.

#### **Scheduled Extraordinary General Meeting of Shareholders**

Qrf is planning an Extraordinary General Meeting in the second half of 2019 regarding the proposal of transferring unavailable issue premiums to available, to be able to ensure the intended gross dividend for the 2019 financial year. The proposed distribution of the, according to the the Articles of Association, non-distributable issue premiums is purely an accounting transfer within the own equity. Therefore this transfer has no economic impact on the company and will have no impact on the amount of equity, the number of outstanding shares, the net value per share or the debt ratio. The Shift has as a consequence that the non-distributable equity, according to Art. 617 of the Companies Code, will decrease. This creates extra space to pay out dividends in the future.

# Consolidated key figures

The first half year of 2019 covers the period from 1 January 2019 to 30 June 2019.

## CONSOLIDATED KEY FIGURES

### REAL ESTATE PORTFOLIO

		30/06/2019	31/12/2018
Fair Value of the real estate portfolio <sup>6</sup>	(KEUR)	270,394	271,794
Total gross surface area	(m <sup>2</sup> )	90,008	87,116
Contractual Rents on an annual basis <sup>7</sup>	(KEUR)	15,953	15,391
Estimated Rental Value of vacant property	(KEUR)	724	842
Gross portfolio yield <sup>8</sup>		5.90%	5.66%
Occupancy rate <sup>9</sup>		95.66%	94.82%

### BALANCE SHEET

		30/06/2019	31/12/2018
Shareholders' equity (excl. minority interests)	(KEUR)	128,006	129,272
Debt ratio (under the RREC Act) <sup>10</sup>		51.72%	52.12%

### CONSOLIDATED PROFIT-AND-LOSS ACCOUNT

		30/06/2019	30/06/2018
Net rental income	(KEUR)	7,771	7,756
Operating result before result on the portfolio	(KEUR)	6,032	6,000
Operating margin <sup>11</sup>		77.63%	77.35%
Portfolio result	(KEUR)	-23,815	-5,229
Financial result	(KEUR)	-2,745	-2,244
Taxes	(KEUR)	-27	-119
Net result (group share)	(KEUR)	-20,549	-1,587
Adjustment for portfolio result	(KEUR)	23,815	5,229
Adjustment for changes in the Fair Value of the financial assets and liabilities (non-effective interest rate hedging)	(KEUR)	1,349	636
EPRA earnings <sup>12</sup>	(KEUR)	4,614	4,279

6 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.

7 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.

8 Gross portfolio yield = (Contractual Rents on an annual basis)/(Fair Value of the real estate portfolio).

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

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

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

12 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 Practices Recommendations* of the EPRA.

## CONSOLIDATED KEY FIGURES

### KEY FIGURES PER SHARE

		30/06/2019	30/06/2018
Total number of shares outstanding at the end of period		7,153,322	5,665,822
Weighted average number of shares <sup>13</sup>		6,906,775	5,665,822
Net result per share	(EUR)	-2.98	-0.28
EPRA earnings per share	(EUR)	0.67	0.76
Closing price of the share at the end of period	(EUR)	14.85	20.00
IFRS NAV per share <sup>14</sup>	(EUR)	17.89	22.38
Premium/discount to IFRS NAV <sup>15</sup> (end of period)		-17.01%	-10.63%
EPRA NAV per share <sup>16</sup>	(EUR)	18.29	22.68
Premium/discount to EPRA NAV <sup>17</sup> (end of period)		-18.80%	-11.80%

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

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

15 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].

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

17 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].

# 1

## Notes to the consolidated results for the first half of 2019

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Ghent  
Lange Munt 61-63  
Belgium

# 1 Notes to the consolidated results for the first half of 2019

## 1.1 RESULTS

The **Net rental income** remained stable at 7.77 MEUR (30 June 2019) compared to 7.76 MEUR (30 June 2018). The increase in the rental income following the contribution in kind by the Vanmoerkerke family (+0.43 MEUR) was compensated by (i) a decrease as a result of divestments (-0.22 MEUR) and (ii) decreased like-for-like rental income (-0.20 MEUR), which is primarily the result of limited rental discounts as well as the vacancy of the property located Stationsstraat 33 in Sint-Niklaas.

The **operating result before the result on the portfolio** amounts to 6.03 MEUR in the first half of 2019, up 0.5% compared to the first half of 2018 (6.00 MEUR). The operating margin increased to 77.6%.

The **portfolio result** for the first half of 2019 amounts to -23.82 MEUR, consisting of:

- a positive **result from the sale of investment properties** for an amount of 0.04 MEUR (sale of buildings situated at Antwerp, Schrijnwerkersstraat 15 and Mons, Grand Rue 32); and
- negative **changes in the Fair Value of the investment properties** for an amount of -23.85 MEUR.

These negative changes in the Fair Value of the investment properties consist primarily of:

- a negative change in the Fair Value of the portfolio in Belgium (-23.21 MEUR);
- a negative change in the Fair Value of the portfolio in the Netherlands (-0.64 MEUR).

The **financial result** amounts to -2.75 MEUR for the first half of 2019. The most significant components of the financial results are:

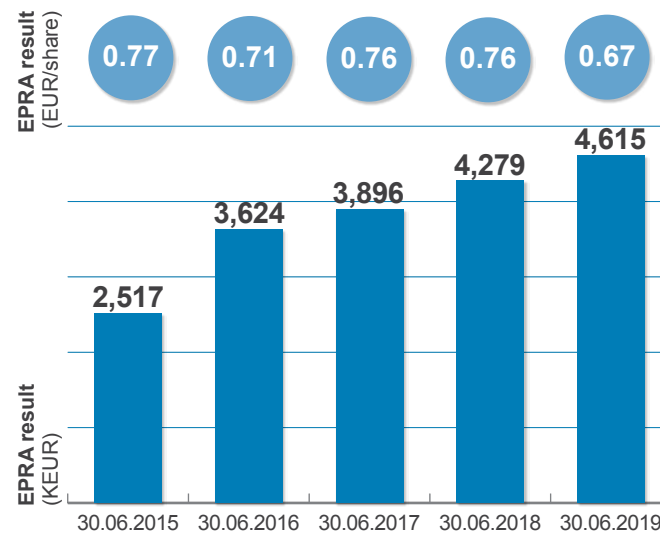
- **net interest costs**, which have decreased from -1.43 MEUR in the first half of 2018 to -1.32 MEUR in the first half of 2019. This decrease is attributable to a decrease in the drawn lines of credit. The **Average Cost of Financing**<sup>1</sup> of Qrf City Retail has dropped to 1.89% in the first half of 2019 (compared to 1.92% in the first half of 2018); and
- a negative **change in the Fair Value of the financial assets and liabilities** of -1.35 MEUR recorded in the profit and loss-account.

<sup>1</sup> Average Cost of Financing = (Net interest costs on an annual basis)/(The average amount of outstanding debt).

The **Net result (group share)** amounts to -20.55 MEUR, or -2.98 EUR per share.

After adjustment for the portfolio result and the variation in the Fair Value of financial assets and liabilities, Qrf City Retail recorded an **EPRA Result** of 4.62 MEUR over the first half of 2019, a 7.8% rise compared to the first half of 2018 (4.28 MEUR). The **EPRA earnings per share** dropped to 0.67 EUR.

**GRAPH 1** EVOLUTION EPRA EARNINGS



## 1.2 BALANCE

On 30 June 2019, the **Fair Value of the real estate portfolio** stood at 270.39 MEUR (compared to 271.79 MEUR on 31 December 2018). This variation in the Fair Value of the real estate portfolio of 1.40 MEUR is the result of both the contribution in kind by the family Vanmoerkerke in January and the decrease in fair value as a result of the “Reset” by the management on the real estate portfolio. By actively testing the liquidity of the Non-Core portfolio and the global agreement with H&M, for the first time, the property valuator was given further insight on the current situation of the real estate portfolio.

The **Gross portfolio yield** amounts to 5.90%, an increase compared to the 5.66% noted at the end of 2018.

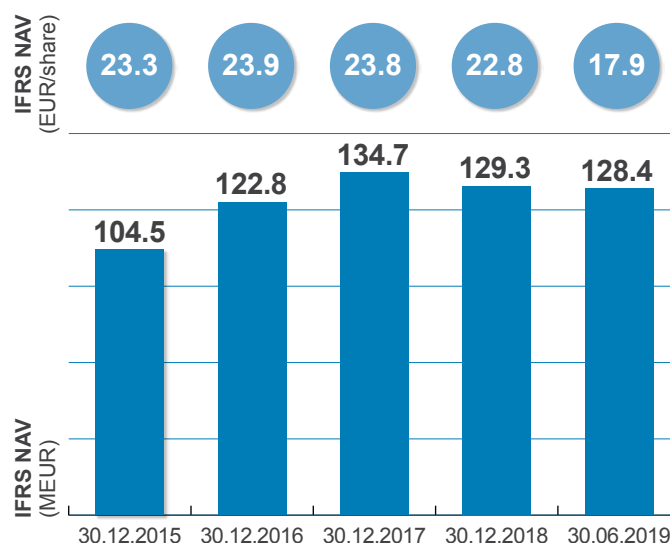
The **shareholder's equity** (IFRS) (excl. minority interests) fell by 1.0% from 129.27 MEUR on 31 December 2018 to 128.01 MEUR on 30 June 2019.

The **IFRS NAV per share** drops by 21.57% from 22.82 EUR on 31 December 2018 to 17.89 EUR on 30 June 2019. The **EPRA NAV per share** drops by 20.86% from 23.11 EUR to 18.29 EUR over the same period.

The **Debt ratio** decreased from 52.12 % on 31 December 2018 to 51.72% on 30 June 2019.



**GRAPH 2** EVOLUTION IFRS NAV



### 1.3 FINANCIAL STRUCTURE

On 30 June 2019 Qrf City Retail has 138 MEUR financial debts consisting of:

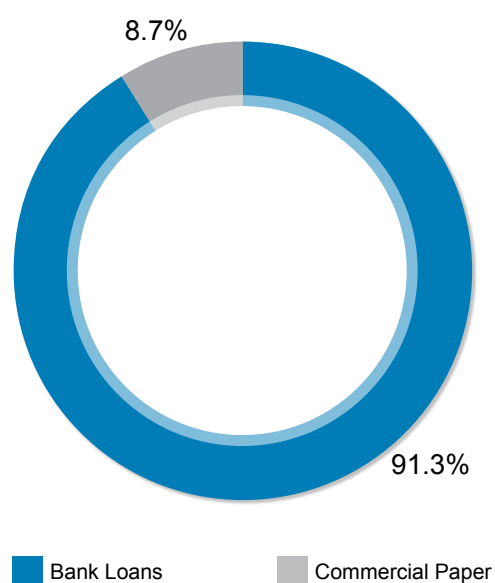
- **Bilateral credit lines** drawn for an amount of 126 MEUR. The drawn bilateral credit lines are contracted with 7 financial institutions with expiry dates that are well spread between 2020 and 2026, and a weighted average residual duration of 3.9 years.
- **Commercial paper** for an amount of 12 MEUR. The total amount of outstanding commercial paper is fully covered by available long term back-up lines.

On 30 June 2019, Qrf City Retail disposes over 169 MEUR credit lines. An amount of 43 MEUR of the credit lines is not drawn and available.

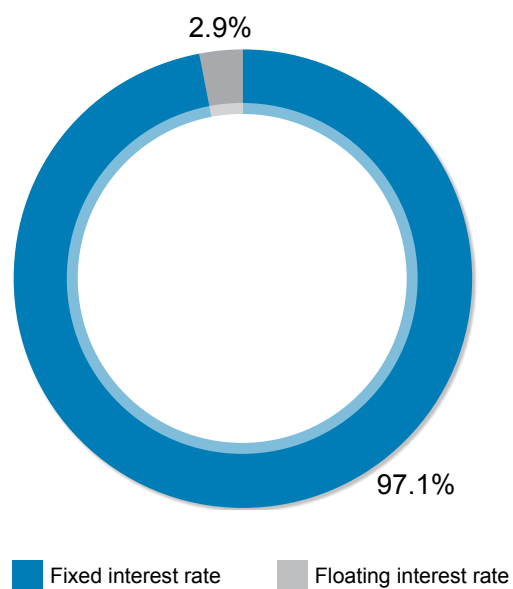
The Average Cost of Financing is 1.89% in the first half of 2019 (opposed to 1.92% in the first half of 2018).



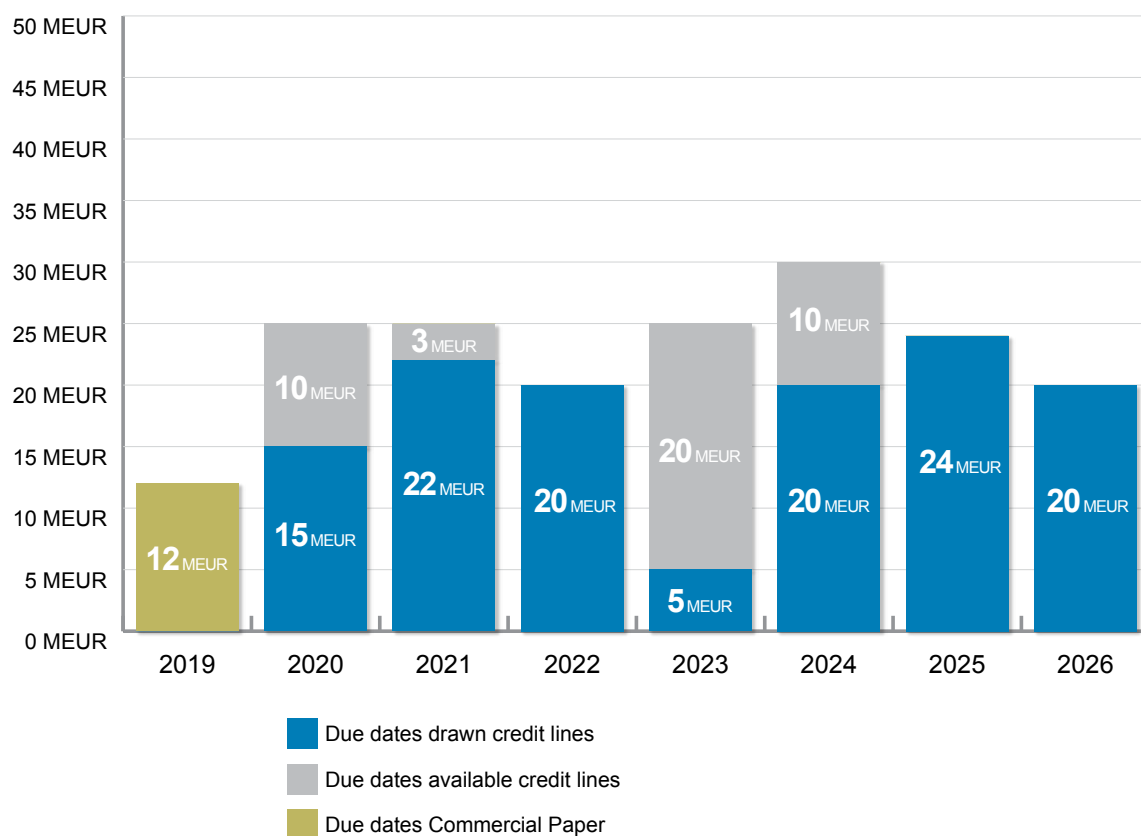
**GRAPH 3** COMPOSITION OF THE FINANCIAL DEBTS ON 30 JUNE 2019



**GRAPH 4** PROPORTION OF FIXED AND FLOATING INTEREST RATES ON 30 JUNE 2019



**GRAPH 5** DUE DATES OF THE DRAWN AND AVAILABLE LINES OF CREDIT ON 30 JUNE 2019 (IN MEUR)



## 2 Transactions and achievements

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# 2 Transactions and achievements

## 2.1 ACQUISITIONS, DIVESTMENTS AND OTHER ACTIVITIES

### 2.1.1 Acquisitions

On 30 January 2019 acquisitions in Antwerp and Ostend, two important Belgian shopping cities, were finalized through a contribution in kind. As a result, Qrf City Retail, added retailers who operate outside of the fashion segments, such as Footlocker, Lensonline and Boulangerie Paul, amongst others, to its portfolio. Together, the nine retail premises are expected to generate 1,178 KEUR Contractual Rents on Annual Basis. The total investment value of the premises amounts to 23.8 MEUR.

Together with the realization of the contribution in kind, the Vanmoerkerke Family, took over 100% of the shares of Qrf Management NV, the Statutory Manager of Qrf City Retail.

### 2.1.2 Divestments

Qrf City Retail divested two Non-Core properties in the first half of the year. A building located in Antwerp (Schrijnwerkersstraat 15) and Mons (Grand Rue 32). The realized net sales price for both properties (after deduction of transfer costs) amounts to 2.0 MEUR, which was 1.8% above the last Fair Value.

### 2.1.3 Redevelopments

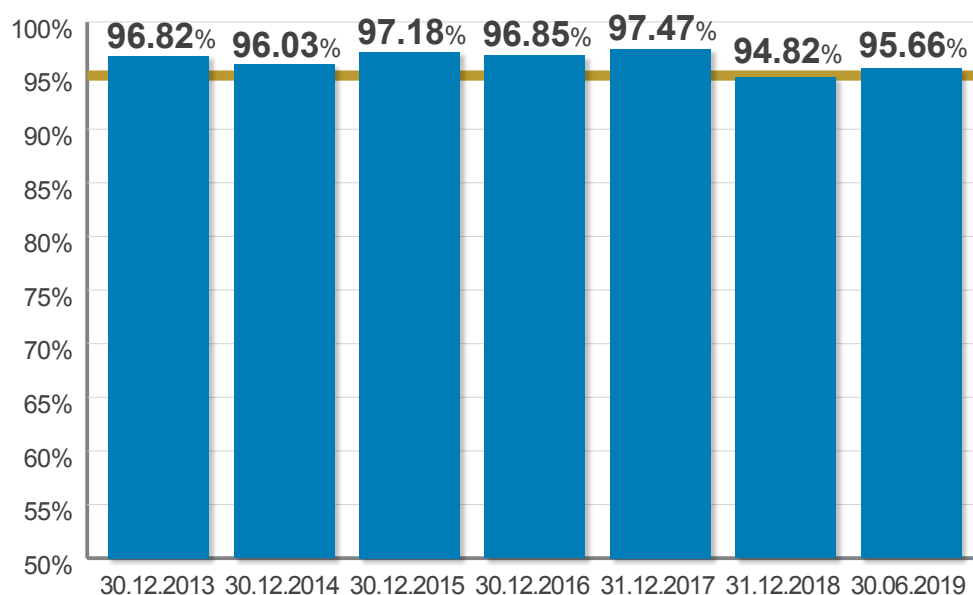
As part of the optimization of its real estate portfolio, Qrf City Retail has entered into a binding agreement with Baltisse for the joint redevelopment of the Century Center complex. Through this collaboration, the entire complex will be redeveloped as a whole into a project that combines retail with car parks and offices that comply with modern standards.

### 2.1.4 Rental activities

Within its portfolio of 52 sites, let out to more than 100 tenants, Qrf City Retail was able to globally maintain the high level of Occupancy in the first half of 2019. The Occupancy Rate<sup>1</sup> of the portfolio stood at 95.66% on 30 June 2019 (compared to 94.82% on 31 December 2018).

<sup>1</sup> Occupancy rate = (Contractual Rents on an annual basis)/(Contractual Rents on an annual basis including the Estimated Rental Value of vacant property)

**GRAPH 1** EVOLUTION OCCUPANCY RATE



## 2.2 OUTLOOK FOR 2019

### 2.2.1 EPRA result and dividend financial year 2019

On the basis of the current portfolio and information available at this time, the company expects EPRA earnings per share of 1.20 - 1.30 EUR, and a dividend of at least 0.80 EUR for 2019.

The expected dividend for financial year 2019 was determined by the Board of Directors, subject to the implementation of an overbooking of unavailable into available issue premiums for which Qrf requests approval at an Extraordinary General Meeting of Shareholders.

The proposed reclassification of the non-distributable issue premiums according to the articles of association concerns a purely accounting overbooking in the shareholders' equity. This overbooking has no economic impact on the company and will have no impact on the amount of the shareholders' equity, the number of outstanding shares, the net value per share or the debt ratio. As a result, the non-distributable equity pursuant to Article 617 of the Companies Code will be reduced. This will afford greater leeway to be able to pay out dividend in future.

### 2.2.2 Outlook Qrf City Retail for 2019

The company obviously carried out a necessary "Reset" in the first half of 2019 and neutralized significant risks from the portfolio. The aim is to build on these achievements so as to be able to foster value creation again through quality acquisitions and opportune divestments.

# 3 Qrf City Retail on the stock exchange

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# America Today 43rd



Den Bosch

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# 3 Qrf City Retail on the stock exchange

## 3.1 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 Brussels: QRF, ISIN code BE0974272040) has been listed on the continuous market of Euronext Brussels since 18 December 2013. Qrf City Retail is part of the Bel Small-index.

On 30 June 2019, the capital of Qrf City Retail is represented by 7,153,322 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 hold Qrf City Retail shares.

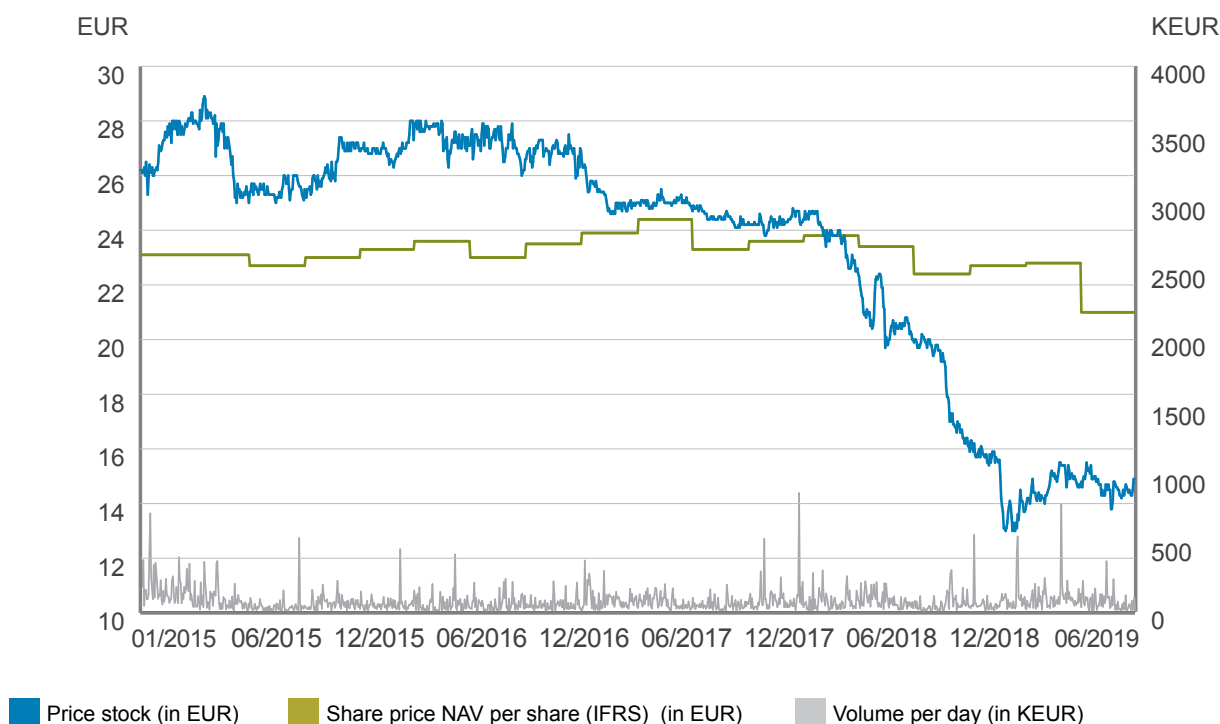


### 3.2 PRICE DEVELOPMENT OF THE SHARE AND TRADED VOLUME

**TABLE 1** DEVELOPMENT OF THE QRF CITY RETAIL SHARE

	30/06/2019	30/06/2018
Number of shares in circulation at the end of the financial year	7,153,322	5,665,822
Registered shares	2,862,963	1,224,836
Dematerialized shares	4,290,359	4,440,986
Market capitalization at the end of the financial year (in EUR)	106,226,832	113,316,440
Free float <sup>1</sup>	62.8%	79.4%
Share price (in EUR)		
Highest	15.50	24.70
Lowest	13.80	19.70
At the end of the financial year	14.85	20.00
Average	14.66	22.33
Volume (in number of shares)		
Average daily volume	5,973	3,547

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



<sup>1</sup> 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].

### 3.3 SHARE OWNERSHIP

On 30 June 2019, Qrf City Retail had 7,153,322 paid up shares. Based on the transparency notices that Qrf City Retail received, the shareholding structure of Qrf City Retail was as follows:

**TABLE 2** SHAREHOLDERS STRUCTURE QRF CITY RETAIL ON 30 JUNE 2019

SHARE HOLDERS	SHARES	PERCENTAGE
AXA SA	633,680	8.9%
Vanmoerkerke family	2,025,978	28.3%
Free float	4,493,664	62.8%
<b>TOTAL</b>	<b>7,153,322</b>	<b>100.0%</b>

### 3.4 FINANCIAL CALENDAR 2019 AND 2020

**TABLE 3** FINANCIAL CALENDAR QRF CITY RETAIL

	DATE
Publication of the Q3 2019 update	13/11/2019
Press release on the 2019 annual results	19/02/2020
Publication of the Q1 2020 update	07/05/2020
Annual General Meeting of Shareholders	19/05/2020
Dividend 2019 - Ex date	20/05/2020
Dividend 2019 - Record date	21/05/2020
Dividend 2019 - Payment date	22/05/2020
Publication of H1 2020 results	03/08/2020
Publication of the Q3 2020 update	04/11/2020

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



# 4 Property Report

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Hasselt

Demerstraat 21-25

Belgium



# 4 Property Report

## 4.1 DISCUSSION OF THE CONSOLIDATED REAL ESTATE PORTFOLIO ON 30 JUNE 2019

On 30 June 2019, the consolidated real estate portfolio consisted of 52 sites with a total gross surface area of 90,008 m<sup>2</sup> and a Fair Value of 270.39 MEUR. The portfolio generates 15.95 MEUR Contractual Rents on an annual basis, of which 14.52 MEUR in Belgium and 1.43 MEUR in the Netherlands.

In terms of Fair Value, the portfolio was situated for 90% in Belgium and 10% in the Netherlands on 30 June 2019.

The Gross rental yield based on the Contractual Rents on an annual basis amounts to 5.90 % on 30 June 2019.

The portfolio was divided into a Core and Non-core portfolio in the first part of 2019 based on the attractiveness of the city (demography, tourism, etc.), the positioning within the shopping area and the quality of the real estate for retailers:

**TABLE 1** SUMMARY CORE AND NON-CORE PORTFOLIO

PORTFOLIO	NUMBER OF SITES	FAIR VALUE 30/06/2019	ERV 30/06/2019	CONTRACTUAL RENTS	GROSS RENTAL YIELD BASED ON CONTRACTUAL RENTS
Core	28	223,713,571	12,204,737	12,172,381	5.44%
Non-Core	24	46,680,000	2,979,155	3,780,153	8.10%
<b>Total</b>	<b>52</b>	<b>270,393,571</b>	<b>15,183,893</b>	<b>15,952,534</b>	<b>5.90%</b>

**TABLE 2** OVERVIEW CORE AND NON-CORE PORTFOLIO PER LOCATION

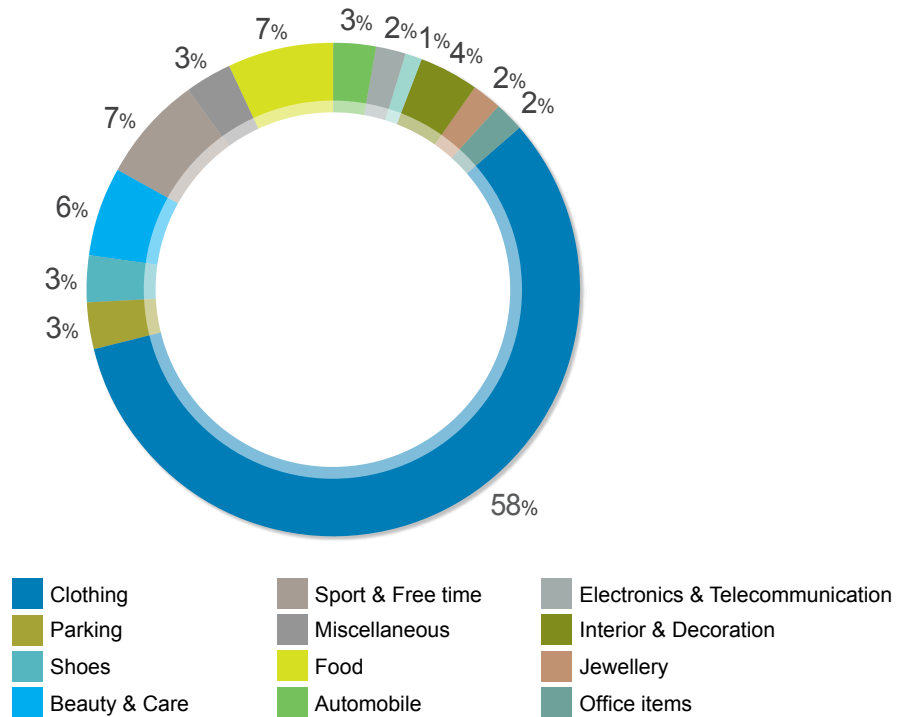
CORE PORTFOLIO	NON-CORE PORTFOLIO
Aalst - Nieuwstraat 29 - 31 – 33	Antwerpen - Wapper 14-16 (1)
Antwerpen - Century Center	Charleroi - rue de la montagne 39 (2)
Antwerpen - Kammenstraat 34	Charleroi - rue de la montagne 41 (2)
Antwerpen - Meir 107	Dendermonde - Oude Vest 19-37
Antwerpen - Meirbrug 2 / Schoenmarkt 22	Geraardsbergen - Oudenaardsestraat 43 (2)
Antwerpen - Schuttershofstraat 53	Hasselt - Koning Albertstraat 60
Antwerpen - Wiegstraat 4	Heist-Op-Den-Berg - Bergstraat 108
Antwerpen - Wiegstraat 6	Heist-Op-Den-Berg - Bergstraat 61 (2)
Bonnelles - Route du Condroz 42-44	Leuven - Diestsestraat 137 (1)
Gent - Langemunt 61-63	Liège - Rue de la Cathédrale 79-83
Hasselt - Demerstraat 21-25	Liège - Rue de la Cathédrale 87-93
Hasselt - Koning Albertstraat 48-50	Lier - Antwerpsestraat 44 (2)
Huy - Shopping Mosan	Mechelen - Geitestraat 27-29 (2)
Leuven - Bondgenotenlaan 58	Mechelen - Graaf van Egmontstraat 10
Leuven - Jan Stasstraat 12	Merksem - Bredabaan 465 (2)
Mechelen - Bruul 15	Namen - Rue de Fer 10
Oostende - Adolf Buylstraat 1A	Oostende - Kapellestraat 105
Oostende - Adolf Buylstraat 33	Oudenaarde - Nederstraat 43/45
Oostende - Adolf Buylstraat 35	Sint Niklaas - Stationsstraat 33
Oostende - Adolf Buylstraat 42	Sint-Truiden - Luikerstraat 49-51
Oostende - Adolf Buylstraat 44	Tongeren - Maastrichterstraat 20a-20b
Oostende - Kapellestraat 65	Tongeren - Maastrichterstraat 48-50
Wilrijk - Boomsesteenweg 894-898	Ukkel - Alsebergsesteenweg 767
Den Bosch - Hinthamerstraat 41-45 (NL)	Wilrijk - Boomsesteenweg 925-935-937 (2)
Enschede - Kalandersstraat 2-4 9 (NL)	
Maastricht - Grote Staat 58 (NL)	
Nijmegen - Broerstraat 49 (NL)	
Zwolle - Diezerstraat 60 (NL)	

(1) Premises divested after balance sheet date 30 June 2019

(2) Properties sold, with divestment planned for December 31, 2019

As illustrated in the figure below, the clothing sector accounts for 58% of the Contractual Rents on an annual basis. This sector is followed by Food (7%) and Sports and Leisure (7%).

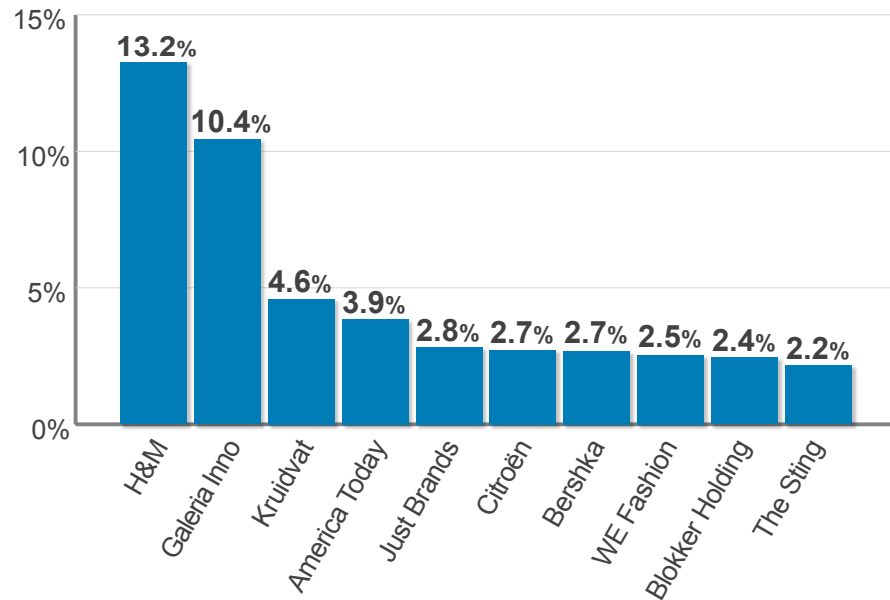
**GRAPH 1** SECTORAL SPREAD OF THE PROPERTY PORTFOLIO ON 30 JUNE 2019  
(AS A PERCENTAGE OF THE CONTRACTUAL RENTS ON AN ANNUAL BASIS)





In the graph below, the Contractual Rents on an annual basis are further broken down according to the main customers of Qrf City Retail.

**GRAPH 2** SPREAD OF THE PROPERTY PORTFOLIO TO TENANTS ON 30 JUNE 2019  
(AS A PERCENTAGE OF THE CONTRACTUAL RENTS ON AN ANNUAL BASIS)



The most important tenant of Qrf City Retail is Hennes & Mauritz (H&M)<sup>1</sup> with a position of 13%, which share is reduced compared to 31 December 2018 (16%). In view of recent developments and the agreement with H&M on the rental conditions of all locations in the Qrf portfolio, and in particular the departure of H&M from the location in Hasselt, the share of H&M in the portfolio of Qrf will, in 2020, decrease to 5.83%. Second is Galeria Inno, which represents 10% of the contractual rents.

The 10 most important tenants of Qrf City Retail together represent 47% of the total Contractual Rents on an annual basis.

<sup>1</sup> We refer to Note 14.1 of Chapter 5 "Consolidated condensed financial statements for the first half of 2019" of this half-yearly report on the dispute between Qrf City Retail and H&M.

## 4.2 CONCLUSION OF THE REAL ESTATE EXPERT



### I. ACTUALISATIE WAARDERING PORTEFEUILLE BELGIË OP 30 JUNI 2019

Wij hebben de eer u onze schatting van de reële waarde van de vastgoedportefeuille van Qrf City Retail op 30 Juni 2019 over te maken.

Onze schattingen werden opgesteld op basis van de door u verstrekte inlichtingen die verondersteld werden juist te zijn. De waarden werden bepaald, rekening houdend met de huidige marktparameters.

Op basis van de prioriteit van het nieuwe management om de portefeuille te optimaliseren door middel van arbitrage en door duurzame huurniveaus af te spreken met de huurders om zodoende de waarde op lange termijn te kunnen bestendigen, zijn er door het management de voorbije 6 maanden een aantal concrete stappen ondernomen.

De gestructureerde aanpak om de markt te toetsen op een aantal dossiers (Mechelen, Lier, Heist-op-den-Berg, Merksem, Geraardsbergen, Leuven, Antwerpen, Namen, Charleroi en Luik) heeft geleid tot transparante info van een anders redelijk ambigue en illiquide markt (door gebrek aan transacties).

We hebben op basis van dit nieuwe "bewijs" de portefeuille op een aantal panden verder neerwaarts aangepast.

Er is tevens een principeakkoord bij de lopende onderhandelingen voor de panden bezet door H&M. C&W ontving van QRF de informatie dat een globale deal met H&M in de maak is waarbij de contracten te Aalst, Ukkel en Sint-Truiden zullen worden verlengd. Voor een aantal panden wordt tevens een bijkomende investering voorzien door QRF. Voor het pand in Hasselt wordt een huurverlenging tot 2020 voorzien. Ook hier is na een lange periode van onduidelijkheid en onzekerheid een doorbraak over het nieuwe en duurzame huurniveau. De betrokken panden zijn hier verder op gealigneerd.

### II. TOTALE WAARDERING

Rekening houdend met alle bemerkingen, definities en reserves, die in het schattingsverslag en in zijn bijlagen opgenomen zijn en die er volledig deel van uitmaken, en gebaseerd op de huidige waarden op 30 juni 2019, geven wij aan de bestaande vastgoedportefeuille de volgende waardes:

- Reële Waarde van de portefeuille in België*	<b>242.720.000 EUR</b>
- Reële Waarde van de portefeuille in Nederland	<b>26.840.000 EUR</b>
- Totale Reële Waarde*	<b>269.560.000 EUR</b>

\*dit is exclusief het minderheidsbelang voor de reële waarde van 833.571 EUR in Century Center Freehold BVBA. Deze berekening werd gekregen van Qrf. Cushman & Wakefield kan niet verantwoordelijk gesteld worden voor het berekenen hiervan.

Hoogachtend,

Voor het gedeelte van de vastgoedportefeuille gelegen in België

**Bastien Van der Auwermeulen**  
Senior Valuer  
Valuation & Advisory

**Ardalan Azari**  
Associate  
Valuation & Advisory

Voor het gedeelte van de vastgoedportefeuille gelegen in Nederland:

**Hugo V.C. Roosjen MSc RT**  
Valuer  
Valuation & Advisory

**Ronald H.J. van der Zalm MRICS RT**  
Associate  
Valuation & Advisory

# 5

## Condensed consolidated financial statements for the first half of 2019

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Ostend  
Adolf Buylstraat  
Belgium



# 5

## Condensed consolidated financial statements for the first half of 2019

### 5.1 CONDENSED CONSOLIDATED HALF-YEAR RESULTS

#### A. CONDENSED CONSOLIDATED INCOME

FIGURES IN THOUSANDS EUR

	Note	30/06/2019	30/06/2018
(+) I. Rental income		7,854	7,845
(+) II. Writeback of leased payments sold and discounted		0	0
(+/-) III. Rental charges		-83	-89
<b>NET RENTAL INCOME</b>		<b>7,771</b>	<b>7,756</b>
(+) IV. Recovery of property charges		0	0
V. Recovery of rental charges and taxes normally payable by tenants on let properties		306	177
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		-407	-262
(+/-) VIII. Other rental related income and expenses		0	0
<b>PROPERTY RESULT</b>	<b>3</b>	<b>7,669</b>	<b>7,672</b>
(-) IX. Technical costs		-160	-162
(-) X. Commercial costs		-79	-39
(-) XI. Charges and taxes of unlet properties		-130	-130
(-) XII. Property management costs		-208	-294
(-) XIII. Other property charges		0	0
<b>PROPERTY CHARGES</b>		<b>-576</b>	<b>-626</b>
<b>PROPERTY OPERATING RESULT</b>		<b>7,093</b>	<b>7,046</b>
(-) XIV. General company expenses		-1,061	-1,056
(+/-) XV. Other operating income and charges		0	10
<b>OPERATING RESULT BEFORE PORTFOLIO RESULT</b>		<b>6,032</b>	<b>6,000</b>
(+/-) XVI. Gains and losses on disposals of investment properties		36	145
(+/-) XVII. Gains and losses on disposals of other non-financial assets		0	0
(+/-) XVIII. Changes in Fair Value of investment properties		-23,851	-5,374
(+/-) XIX. Other portfolio result		0	0
<b>PORTFOLIO RESULT</b>	<b>4</b>	<b>-23,815</b>	<b>-5,229</b>
<b>OPERATING RESULT</b>		<b>-17,782</b>	<b>770</b>
(+) XX. Financial income		0	0
(-) XXI. Net interest charges		-1,320	-1,430
(-) XXII. Other financial charges		-77	-177
(+/-) XXIII. Changes in Fair Value of financial assets and liabilities		-1,349	-636
<b>FINANCIAL RESULT</b>	<b>5</b>	<b>-2,745</b>	<b>-2,244</b>
(+/-) XXIV. Share in the result of associated companies and joint ventures		0	0

<b>PROFIT BEFORE TAXES</b>		<b>-20,527</b>	<b>-1,473</b>
(+/-) XXV. Corporate tax		-27	-119
(+/-) XXVI. Exit tax		0	0
<b>TAXES</b>		<b>-27</b>	<b>-119</b>
<b>NET PROFIT</b>		<b>-20,555</b>	<b>-1,592</b>
Attributable to:			
Shareholders of the group		-20,549	-1,587
Minority interests		-6	-6
Explanation:			
<b>Net result (group share)</b>		<b>-20,549</b>	<b>-1,587</b>
Adjustment for portfolio result		23,815	5,229
Adjustment for changes in Fair Value of assets and liabilities (non-effective interest hedges)		1,349	636
<b>EPRA EARNINGS*</b>		<b>4,615</b>	<b>4,279</b>

\*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. STAAT VAN HET GLOBAAL RESULTAAT (STATEMENT OF COMPREHENSIVE INCOME)

FIGURES IN THOUSANDS EUR

	Note	30/06/2019	30/06/2018
<b>I. NET PROFIT</b>		<b>-20,555</b>	<b>-1,592</b>
<b>II. OTHER COMPREHENSIVE INCOME RECYCLABLE UNDER THE INCOME STATEMENT</b>		<b>0</b>	<b>0</b>
(+/-) B. Variations in the effective part of the Fair Value of permitted hedging instruments in a cash flow coverage as defined in IFRS		0	0
<b>COMPREHENSIVE INCOME</b>		<b>-20,555</b>	<b>-1,592</b>
Attributable to:			
Shareholders of the group		-20,549	-1,586
Minority interests		-6	-6

## 5.2 EARNINGS PER SHARE – GROUP SHARE

	Note	30/06/2019	30/06/2018
Number of ordinary shares in circulation at the end of the financial year		7,153,322	5,665,822
Weighted average number of shares during the financial year		6,906,775	5,665,822
<b>EARNINGS PER ORDINARY SHARE - GROUP SHARE (in EUR)</b>		<b>-2.98</b>	<b>-0.28</b>
<b>DILUTED NET EARNINGS PER SHARE - GROUP SHARE (in EUR)</b>		<b>-2.98</b>	<b>-0.28</b>

### 5.3 CONDENSED CONSOLIDATED BALANCE SHEET

FIGURES IN THOUSANDS EUR

	Note	30/06/2019	31/12/2018
<b>ASSETS</b>			
<b>I. FIXED ASSETS</b>		<b>235,010</b>	<b>271,825</b>
A Goodwill		0	0
B Intangible fixed assets		0	0
C Investment properties	6	234,989	271,794
D Other tangible fixed assets		22	32
E Non-current financial assets		-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
<b>II. CURRENT ASSETS</b>		<b>38,167</b>	<b>3,870</b>
A Assets classified as held for sale	7	35,405	0
B Current financial assets		0	0
C Finance lease receivables		0	0
D Trade receivables		191	372
E Tax receivables and other current assets		557	1,126
F Cash and cash equivalents		1,873	2,180
G Deferred charges and accrued income		141	192
<b>TOTAL ASSETS</b>		<b>273,177</b>	<b>275,696</b>

FIGURES IN THOUSANDS EUR

	Note	30/06/2019	31/12/2018
<b>LIABILITIES</b>			
<b>EQUITY</b>		<b>128,300</b>	<b>129,572</b>
<b>I. Equity attributable to the shareholders of the parent company</b>		<b>128,006</b>	<b>129,272</b>
A Capital	8	6,822	131,572
a. Issued Capital		7,153	131,724
b. Costs related to capital increases		-331	-152
B Issue premiums		149,867	1,496
C Reserves		-8,135	-4,405
D Net profit of the year		-20,549	608
<b>II. Minority interests</b>		<b>294</b>	<b>300</b>
<b>LIABILITIES</b>		<b>144,877</b>	<b>146,124</b>
<b>I. Non-current liabilities</b>		<b>123,938</b>	<b>130,781</b>
A Provisions		0	0
B Non-current financial debts	9	120,938	128,928
a. Borrowings		120,938	128,928
b. Financial lease		0	0
c. Other		0	0
C Other non-current financial liabilities		2,720	1,567
D Trade debts and other non-current debts		0	0
E Other non-current liabilities		99	105
F Deferred taxes – liabilities		181	181
a. Exit tax		0	0
b. Others		181	181
<b>II. Current liabilities</b>		<b>20,940</b>	<b>15,343</b>
A Provisions		0	0
B Current financial debts		16,999	12,000
a. Borrowings		0	0
b. Financial lease		0	0
c. Other		0	0
C Other current financial liabilities		0	0
D Trade debts and other current debts		1,866	1,325
a. Exit tax		0	0
b. Others		1,866	1,325
E Other current liabilities		1,394	1,324
F Accrued charges and deferred income		681	694
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>273,177</b>	<b>275,696</b>

## 5.4 CONSOLIDATED CASH FLOW STATEMENT

FIGURES IN THOUSANDS EUR

	Note	30/06/2019	30/06/2018
<b>CASH AND CASH EQUIVALENTS START OF PERIOD</b>		<b>2,180</b>	<b>2,577</b>
<b>1. Cashflow from operating activities</b>		<b>5,941</b>	<b>3,753</b>
Net profit		-20,555	-1,592
Non-paid interest and bank charges		321	97
Adaptation of the result for non-cash flow transactions		25,991	6,024
- Depreciation on capitalized financing charges		9	19
- Depreciation on intangible and other tangible fixed assets		10	11
- Result from the sale of investment properties	4	-115	-145
- Increase / decrease of receivable invoices (+/-)		887	432
- Changes in Fair Value of investment properties and project developments	4	23,851	5,374
- Changes in Fair Value of financial assets and liabilities		1,349	333
Changes in working capital requirements:		183	-777
Movement of assets:		801	747
- Trade receivables		181	454
- Tax receivables and other current assets		569	288
- Deferred charges and accrued income		51	5
Movement of liabilities:		-617	-1,524
- Other current financial liabilities		-7	-9
- Other non-current liabilities		-194	-1,161
- Deferred taxes - liabilities		70	22
- Trade debts and other current debts		-486	-376
<b>2. Cash flow resulting from investment activities</b>		<b>1,464</b>	<b>561</b>
Purchase of intangible and other tangible fixed assets		0	-5
Investments in existing properties		-611	-109
Earnings from the sale of investment properties	4	2,075	675
<b>3. Cash flow from financing activities</b>		<b>-7,712</b>	<b>-5,438</b>
Repayment of loans		-3,000	-42,000
Take-up of loans	8	0	43,500
Costs for capital increase		-179	
Payment on dividends		-4,533	-6,925
Payment on transaction costs		0	-13
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>		<b>1,874</b>	<b>1,453</b>



## 5.5 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
<b>BALANCE SHEET ON 30 DECEMBER 2017</b>	<b>131,724</b>	<b>-152</b>	<b>1,496</b>	<b>-3,124</b>	<b>4,766</b>	<b>268</b>	<b>134,979</b>
Appropriation of result 2017				-2,159	-4,767		-6,926
Transfer of portfolio result to reserves				-4,056	4,056		-
Transfer of operating result to reserves				1,857	-1,857		-
Transfer variations in the fair value of the financial instruments				40	-40		-
Dividend for financial year 2017					-6,925		-6,925
Net result 2018					608	33	641
Other elements recognized in the comprehensive result	-	-	-	878	-	-	878
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				878			878
Capital increase by contribution in kind							-
<b>BALANCE SHEET ON 31 DECEMBER 2018</b>	<b>131,724</b>	<b>-152</b>	<b>1,496</b>	<b>-4,405</b>	<b>608</b>	<b>301</b>	<b>129,573</b>

FIGURES IN THOUSANDS EUR	Capital	Cost of Capital increase	Issue premiums	Reserves	Net result of the financial year	Minority interests	Equity
<b>BALANCE SHEET ON 31 DECEMBER 2018</b>	<b>131,724</b>	<b>-152</b>	<b>1,496</b>	<b>-4,405</b>	<b>608</b>	<b>301</b>	<b>129,572</b>
Appropriation of result 2018				-3,926	-608		-4,533
Transfer of portfolio result to reserves				-7,193	7,193		-
Transfer of operating result to reserves				3,913	-3,913		-
Transfer variations in the fair value of the financial instruments				-646	646		-
Dividend for financial year 2018					-4,533		-4,533
Net result 2019					-20,549	-6	-20,555
Other elements recognized in the comprehensive result	-	-	-	196	-	-	196
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				196			196
Public issue of new shares	-126,058		126,058				
Capital increase by contribution in kind	1,488	-179	22,313				23,621
<b>BALANCE SHEET ON 30 JUNE 2019</b>	<b>7,154</b>	<b>-331</b>	<b>149,868</b>	<b>-8,135</b>	<b>-20,549</b>	<b>295</b>	<b>128,300</b>

## 5.6 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 charges resulting from the hypothetical disposal of investment properties	Reserve for the balance of changes in Fair Value of authorized hedge in instruments which are subject to a hedge accounting as defined in IFRS	Reserve for the balance of changes in Fair Value of authorized hedge in instruments which are not 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
<b>BALANCE SHEET ON 31 DECEMBER 2018</b>	<b>-</b>	<b>2,009</b>	<b>-9,486</b>	<b>-976</b>	<b>53</b>	<b>14</b>	<b>-</b>	<b>3,982</b>	<b>-4,404</b>
Processing of net result 2018	0	-7,604	410	0	-646	0	0	3,913	-3,927
Transfer of portfolio result to reserves		-7,604	410						-7,194
Transfer of operating result to reserves								3,913	3,913
Transfer of variations in the Fair Value of financial instruments					-646				-646
Other elements recognized in the comprehensive result	0	0	0	197	0	0	0	0	197
Changes in Fair Value of properties									0
Changes in Fair Value of financial assets and liabilities				197					197
Issu of new shares									0
Capital increase through contribution in kind									0
Cost of issuing new shares and of capital increase									0
Capital reduction to forming available reserve to cover									0
Dividends									0
Others									0
<b>BALANCE SHEET ON 30 JUNE 2019</b>	<b>-</b>	<b>-5,595</b>	<b>-9,076</b>	<b>-779</b>	<b>-593</b>	<b>14</b>	<b>-</b>	<b>7,894</b>	<b>-8,135</b>

## 5.7 NOTES

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## NOTE 1. PRINCIPLES FOR FINANCIAL REPORTING

### N 1.1 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.

This interim financial information concerning the period ending on 30 June 2019 is drawn up in accordance with IAS 34, "Interim financial reporting". This interim financial report should be read in conjunction with the annual financial statements of the financial year ending on 31 December 2018.

Qrf City Retail has not applied new IFRS standards or interpretations during the first half of 2019 in her principles and the valuation methods applied for the composition of these interim financial overviews are identical to those applied in the financial year ending on 31 December 2018.

No statutory half-year financial report is drawn up per 30 June. The statutory financial report is only drawn up per year end.

## NOTE 2. INFORMATION BY SEGMENT

30/06/2019				
FIGURES IN THOUSANDS EUR	BELGIUM	NETHERLANDS	Non-attributed amounts	TOTAL
NET RENTAL INCOME	7,060	712	0	7,771
PROPERTY RESULT	7,050	619	0	7,669
PROPERTY CHARGES	-548	-29	0	-576
OPERATING PROPERTY RESULT	6,502	590	0	7,093
(-) General company expenses	-102	11	-969	-1,061
(+/-) Other operating income and charges	0	0	0	0
OPERATING RESULT BEFORE THE RESULT ON THE PORTFOLIO	6,400	601	-969	6,032
(+/-) Result on disposals of investment properties	36	0	0	36
(+/-) Changes in Fair Value of investment properties	-23,211	-640	0	-23,851
(+/-) Other portfolio result	0	0	0	0
OPERATING RESULT	-16,775	-39	-969	-17,782
FINANCIAL RESULT	0	0	-2,745	-2,745
RESULT BEFORE TAXES	-16,775	-39	-3,714	-20,527
TAXES	0	0	-27	-27
NET RESULT	-16,775	-39	-3,741	-20,554
MINORITY INTERESTS	-6	0	0	-6
NET RESULT - GROUP SHARE	-16,769	-39	-3,741	-20,548

30/06/2019

FIGURES IN THOUSANDS EUR	BELGIUM	NETHERLANDS	Non-attributed amounts	TOTAL
<b>ASSETS</b>				
Investment properties	208,149	26,840	0	234,989
Other assets	35,405	0	2,784	38,189
<b>TOTAL ASSETS</b>	<b>243,554</b>	<b>26,840</b>	<b>2,784</b>	<b>273,177</b>
<b>LIABILITIES</b>				
<b>EQUITY</b>	<b>0</b>	<b>0</b>	<b>128,300</b>	<b>128,300</b>
Group equity	0	0	128,006	128,006
Minority interests	0	0	294	294
<b>LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>144,877</b>	<b>144,877</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>273,177</b>	<b>273,177</b>

30/06/2018

FIGURES IN THOUSANDS EUR	BELGIUM	NETHERLANDS	Non-attributed amounts	TOTAL
<b>NET RENTAL INCOME</b>	<b>7,055</b>	<b>702</b>	<b>0</b>	<b>7,756</b>
<b>PROPERTY RESULT</b>	<b>7,048</b>	<b>623</b>	<b>0</b>	<b>7,672</b>
<b>PROPERTY CHARGES</b>	<b>-601</b>	<b>-26</b>	<b>0</b>	<b>-626</b>
<b>OPERATING PROPERTY RESULT</b>	<b>6,448</b>	<b>598</b>	<b>0</b>	<b>7,046</b>
(-) General company expenses	-139	-20	-897	-1,056
(+/-) Other operating income and charges	0	0	10	10
<b>OPERATING RESULT BEFORE THE RESULT ON THE PORTFOLIO</b>	<b>6,308</b>	<b>578</b>	<b>-887</b>	<b>6,000</b>
(+/-) Result on disposals of investment properties	145	0	0	145
(+/-) Changes in Fair Value of investment properties	-5,544	170	0	-5,374
(+/-) Other portfolio result	0	0	0	0
<b>OPERATING RESULT</b>	<b>909</b>	<b>748</b>	<b>-887</b>	<b>770</b>
<b>FINANCIAL RESULT</b>	<b>0</b>	<b>0</b>	<b>-2,243</b>	<b>-2,243</b>
<b>RESULT BEFORE TAXES</b>	<b>909</b>	<b>748</b>	<b>-3,130</b>	<b>-1,473</b>
<b>TAXES</b>	<b>0</b>	<b>0</b>	<b>-120</b>	<b>-120</b>
<b>NET RESULT</b>	<b>909</b>	<b>748</b>	<b>-887</b>	<b>771</b>
<b>MINORITY INTERESTS</b>	<b>-6</b>	<b>0</b>	<b>0</b>	<b>-6</b>
<b>NET RESULT - GROUP SHARE</b>	<b>915</b>	<b>748</b>	<b>-3,250</b>	<b>-1,587</b>

30/06/2018

FIGURES IN THOUSANDS EUR	BELGIUM	NETHERLANDS	Non-attributed amounts	TOTAL
<b>ASSETS</b>				
Investment properties	253,623	27,470	0	281,093
Other assets	0	0	2,558	2,558
<b>TOTAL ASSETS</b>	<b>253,623</b>	<b>27,470</b>	<b>2,558</b>	<b>283,651</b>
<b>LIABILITIES</b>				
<b>EQUITY</b>	<b>0</b>	<b>0</b>	<b>127,060</b>	<b>127,060</b>
Group equity	0	0	126,798	126,798
Minority interests	0	0	262	262
<b>LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>156,591</b>	<b>156,591</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>283,651</b>	<b>283,651</b>

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 periphery) and geographic spread.

### NOTE 3. PROPERTY RESULT

FIGURES IN THOUSANDS EUR	30/06/2019	30/06/2018
<b>(+) I. Rental income</b>	<b>7,854</b>	<b>7,845</b>
- Rent	7,854	7,845
- Guaranteed income	0	0
<b>(+) II. Writeback of leased payments sold and discounted</b>	<b>0</b>	<b>0</b>
<b>(+/-) III. Rental related expenses</b>	<b>-83</b>	<b>-89</b>
- Write-downs on trade receivables	-83	-91
- Reversals of write-downs on trade receivables	0	2
<b>NET RENTAL INCOME</b>	<b>7,771</b>	<b>7,756</b>
<b>(+) IV. Recovery of property charges</b>	<b>0</b>	<b>0</b>
<b>(+) V. Recovery of rental charges and taxes normally payable by tenants on let properties</b>	<b>306</b>	<b>177</b>
- Rebilling of rental charges borne by the owner	14	27
- Rebilling of advance levies and taxes on let properties	292	151
<b>(-) VI. Costs payable by the tenants and borne by the owner on the rental damage and refurbishment</b>	<b>0</b>	<b>0</b>
<b>(-) VII. Rental charges and taxes normally payable by tenants on let properties</b>	<b>-407</b>	<b>-264</b>
- Rental charges borne by the owner	-303	-27
- Advance levies and charges on let properties	-104	-236
<b>(+/-) VIII. Other rental related income and expenses</b>	<b>0</b>	<b>0</b>
<b>PROPERTY RESULT</b>	<b>7,669</b>	<b>7,672</b>

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	30/06/2019	30/06/2018
<b>STATEMENT OF THE CONTRACTUAL RENTAL INCOME RECEIVABLE ON THE FIRST DUE DATE</b>		
Within one year	13,083	13,546
Between one and five years	11,767	9,883
More than five years	2,706	2,890
<b>TOTAL</b>	<b>27,556</b>	<b>26,319</b>

In Belgium, most Qrf City Retail leases are commercial leases for a period of 9 years which can in principle be terminated by the tenant 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.

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 expiry date. Taxes and charges (inclusive of the advance levy on income derived from real estate and municipal charges) are borne in principle 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 4. PORTFOLIO RESULT

FIGURES IN THOUSANDS EUR	30/06/2019	30/06/2018
<b>(+/-) XVI. Result on disposals of investment properties</b>	<b>36</b>	<b>145</b>
- Net sales of properties (selling price – transaction costs)	1,996	675
- Asset value of the sold properties	-1,960	-530
<b>(+/-) XVII. Result on disposals of other non-financial assets</b>	<b>0</b>	<b>0</b>
<b>(+/-) XVIII. Changes in Fair Value of investment properties</b>	<b>-23,851</b>	<b>-5,374</b>
- Positive changes in Fair Value of investment properties	1,003	2,475
- Negative changes in Fair Value of investment properties	-24,854	-7,849
<b>(+/-) XIX. Other portfolio result</b>	<b>0</b>	<b>0</b>
<b>PORTFOLIO RESULT</b>	<b>-23,815</b>	<b>-5,229</b>



## NOTE 5. FINANCIAL RESULT

FIGURES IN THOUSANDS EUR	30/06/2019	30/06/2018
(+) <b>XX. Financial Income</b>	<b>0</b>	<b>0</b>
- Collected interest and dividends	0	0
(-) <b>XXI. Net interest charges</b>	<b>-1,320</b>	<b>-1,430</b>
- Nominal interest charges on loans	-885	-999
- Costs of authorized hedging instruments	-435	-430
- Other interest charges	0	0
(-) <b>XXII. Other financial charges</b>	<b>-77</b>	<b>-177</b>
- Bank charges and other commissions	-77	-177
(+/-) <b>XXIII. Changes in Fair Value of financial assets and liabilities</b>	<b>-1,349</b>	<b>-636</b>
IFRS	0	0
- Authorized hedging instruments subject to hedge accounting as defined in IFRS	-1,349	-636
- Others		
<b>FINANCIAL RESULT</b>	<b>-2,745</b>	<b>-2,244</b>

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. The duration of these financial instruments is aligned with the duration of the credits of Qrf City Retail. If the long-term interest rates decline sharply, the market value of these interest rate swaps can become highly negative.

The derivatives currently used by Qrf City Retail no longer qualify as cash flow hedge transactions. The changes in the Fair Value of the derivatives that do not qualify as cash flow hedges are immediately recognized in the result.

The Cost of Financing for the first half of 2019 amounted to 1.89% including credit margins and the cost of hedging instruments. On 30 June 2019, 97.1% of the lines of credit (for 134 MEUR) had a fixed interest rate, in particular through using interest rate swaps as hedging instruments.

## NOTE 6. INVESTMENT PROPERTIES

FIGURES IN THOUSANDS EUR	30/06/2019	31/12/2018
<b>INVESTMENT TABLE</b>		
<b>Balance at the beginning of the financial year</b>	<b>271,793</b>	<b>287,404</b>
Acquisition by purchase or contribution of investment companies	0	0
Acquisition by purchase or contribution of investment properties	23,800	0
Other elements recognized in the result	0	-604
Sale of investment properties	-1,960	-7,740
Transfer to assets available for sale	-35,405	0
Capitalized expenditures (Capex)	611	82
Change in Fair Value of investment properties	-23,851	-7,349
<b>Balance at the end of the financial year</b>	<b>234,989</b>	<b>271,793</b>

## NOTE 7. ASSETS AVAILABLE FOR SALE

FIGURES IN THOUSANDS EUR

	30/06/2019	31/12/2018
<b>Assets available for sale</b>		
<b>Balance at the start of the financial year</b>	<b>0</b>	<b>0</b>
Transferred from / to investment property	35,405	0
Variation in the fair value of investment properties	0	0
Book value of assets sold available for sale	0	0
<b>Balance at the end of the financial year</b>	<b>35,405</b>	<b>0</b>

## NOTE 8. CAPITAL

FIGURES IN THOUSANDS EUR

	Capital movement	Total outstanding capital	Issue premiums	Costs of capital increase	Number of shares issued	Total number of shares
<b>EVOLUTION CAPITAL</b>						
<b>Date</b>	<b>Transaction</b>					
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
<b>BALANCE SHEET ON 30 DECEMBER 2013</b>		<b>76,089</b>				<b>3,272,911</b>
<b>BALANCE SHEET ON 30 DECEMBER 2014</b>		<b>76,089</b>				<b>3,272,911</b>
<b>Date</b>	<b>Transaction</b>					
24/06/2015	Capital increase by contribution in kind	4,490	80,579	238	193,097	3,466,008
08/12/2015	Capital increase by contribution in kind	14,733	95,312	608	633,680	4,099,688
09/12/2015	Contribution of company TT Center plus	8,913	104,225	37	383,363	4,483,051
<b>BALANCE SHEET ON 30 DECEMBER 2015</b>		<b>104,225</b>	<b>883</b>	<b>-32</b>		<b>4,483,051</b>
<b>Date</b>	<b>Transaction</b>					
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	325,466	4,808,517
21/12/2016	Capital increase by contribution in kind	7,470	119,262	206	321,285	5,129,802
<b>BALANCE SHEET ON 30 DECEMBER 2016</b>		<b>119,262</b>	<b>1,459</b>	<b>-111</b>		<b>5,129,802</b>
<b>Date</b>	<b>Transaction</b>					
01/01/2017	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	536,020	5,665,822
<b>BALANCE SHEET ON 31 DECEMBER 2017</b>		<b>131,724</b>	<b>1,496</b>	<b>-152</b>		<b>5,665,822</b>
<b>BALANCE SHEET ON 31 DECEMBER 2018</b>		<b>131,724</b>	<b>1,496</b>	<b>-152</b>		<b>5,665,822</b>
<b>Date</b>	<b>Transaction</b>					
09/01/2019	Capital reduction as a result of the change in the fractional value per share	-126,058	5,666	126,058		5,665,822
29/01/2019	Capital increase by contribution in kind	1,488	7,153	22,313	1,487,500	7,153,322
<b>BALANCE SHEET ON 31 DECEMBER 2019</b>		<b>7,153</b>	<b>149,867</b>	<b>-331</b>		<b>7,153,322</b>

No capital operations were carried out in financial years 2014 en 2018.

## NOTE 9. FINANCIAL DEBTS

FIGURES IN THOUSANDS EUR	30/06/2019	31/12/2018
<b>FINANCIAL DEBTS</b>		
<b>I. B. Non-current financial debts</b>	<b>120,938</b>	<b>128,928</b>
-Credit institutions	121,000	129,000
-Cost of borrowings	-62	-72
<b>II. B. Current financial debts</b>	<b>16,999</b>	<b>12,000</b>
-Credit institutions	17,000	12,000
-Cost of borrowings	-1	0
<b>TOTAL</b>	<b>137,937</b>	<b>140,928</b>
FIGURES IN THOUSANDS EUR	30/06/2019	31/12/2018
Between one and two years		
Between two and five years	20,000	15,000
More than five years	47,000	45,000
Meer dan vijf jaar	54,000	69,000
<b>TOTAL</b>	<b>121,000</b>	<b>129,000</b>
FIGURES IN THOUSANDS EUR	30/06/2019	31/12/2018
<b>BREAKDOWN BY MATURITY OF UNDRAWN CREDIT FACILITIES</b>		
Payable within one year	0	0
Payable after one year	43,000	40,000
<b>TOTAL</b>	<b>43,000</b>	<b>40,000</b>
FIGURES IN THOUSANDS EUR	30/06/2019	31/12/2018
<b>ESTIMATED FUTURE INTEREST CHARGES ON BORROWINGS</b>		
Within one year	2,565	2,299
Between one and five years	6,803	6,583
More than five years	1,479	1,588
<b>TOTAL</b>	<b>10,846</b>	<b>10,470</b>

In estimating the future interest charges, due account is taken of the financial debts on 30 June 2019, interest hedges corresponding to the current contracts and applicable margin on top to the current fixed interest rate.

## NOTE 10. FINANCIAL ASSETS AND LIABILITIES

FIGURES IN THOUSANDS EUR	Category	31/12/2018 Asset value	31/12/2018 Fair Value	Level
<b>STATEMENT OF FINANCIAL ASSETS AND LIABILITIES</b>				
<b>ASSETS</b>				
<b>Current financial assets</b>				
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
<b>TOTAL FINANCIAL ASSETS</b>		<b>3,719</b>	<b>3,719</b>	
<b>LIABILITIES</b>				
<b>Non-current financial liabilities</b>				
Non-current financial debts	B	124,434	124,434	Level 2
<b>Other non-current liabilities</b>				
Rental guarantees received	B	105	105	Level 2
<b>Other non-current financial liabilities</b>				
Other non-current financial liabilities	A	1,639	1,639	Level 2
<b>Current financial liabilities</b>				
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 liabilities	B	24,994	24,994	Level 2
Other current financial liabilities	A	174	174	Level 2
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>155,313</b>	<b>155,313</b>	

FIGURES IN THOUSANDS EUR	Category	30/06/2019 Asset value	30/06/2019 Fair Value	Level
<b>STATEMENT OF FINANCIAL ASSETS AND LIABILITIES</b>				
<b>ASSETS</b>				
<b>Current financial assets</b>				
Trade receivables	B	191	191	Level 2
Tax receivables and other current assets	B	557	557	Level 2
Cash and cash equivalents	C	1,873	1,873	Level 1
<b>TOTAL FINANCIAL ASSETS</b>		<b>2,621</b>	<b>2,621</b>	
<b>LIABILITIES</b>				
<b>Non-current financial liabilities</b>				
Non-current financial debts	B	120,938	120,938	Level 2
<b>Other non-current liabilities</b>				
Rental guarantees received	B	99	99	Level 2
<b>Other non-current financial liabilities</b>				
Other non-current financial liabilities	A	2,720	2,720	Level 2
<b>Current financial liabilities</b>				
Trade debts and other current debts	B	1,866	1,866	Level 2
Other current liabilities	B	1,394	1,394	Level 2
Current financial debts	B	16,999	16,999	Level 2
Other current financial liabilities	A	0	0	Level 2
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>144,015</b>	<b>144,015</b>	

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 11. DEBT RATIO

FIGURES IN THOUSANDS EUR	30/06/2019	31/12/2018
<b>DEBT RATIO</b>		
Liabilities	144,877	146,124
- Adjustments	-3,582	-2,443
Debt burden pursuant to Article 13 of the RREC Royal Decree	141,296	143,682
Total assets	273,177	275,696
<b>DEBT RATIO</b>	<b>51.72%</b>	<b>52.12%</b>

The debt burden as referred to in Article 13 of the RREC Royal Decree amounts to 141,296 KEUR on 30 June 2019. The Debt ratio amounts to 51.72% on 30 June 2019.

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 51.72% on 30 June 2019. Qrf City Retail is endeavoring 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.

#### **N 11.1 HISTORICAL DEVELOPMENT OF THE DEBT RATIO**

The Debt ratio of Qrf Comm. VA rose above 50% in the first half of 2019. At the end of financial years 2015, 2016, 2017 and 2018 it amounted to 49.27%, 49.76%, 52.69% and 52.12% respectively.

#### **N 11.2 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 as on 30 June 2020.

- In the calculation of the Debt ratio in the short term, the planned divestments have been taken into account for the changes in the portfolio. For more information about these sales, we refer to Note 16.2 of this chapter.
- The profit reservation takes into account the expected profit forecast for 2019 and 2020 and the dividend payment for the 2019 financial year.

Taking into account these assumptions, the Debt ratio as at 30 June 2020 would be 49.05%.



### **N 11.3 EVOLUTION OF THE 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 optimal 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 potentially turned down if it would turn out to be negative for the debt ratio. Based on the current Debt ratio of 51.72%, Qrf City Retail has an investment potential of 103.60 MEUR without exceeding a Debt ratio of 65% and an investment potential of 56.50 MEUR without exceeding a Debt ratio of 60%.

### **N 11.4 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 12. CREATED REAL ESTATE COMPANIES**

Qrf City Retail has not created or taken over real estate companies in the first half of 2019.

### **NOTE 13. CONSOLIDATION SCOPE**

On 30 June 2019, the consolidation scope consists of Qrf City Retail and its Perimeter Companies:

- Century Center Freehold BVBA, of which 51% of the shares are held by Qrf City Retail;
- Rigs NV, of which 100% of the shares are held by Qrf City Retail;
- Qrf Nederland BV, of which 100% of the shares are held by Qrf City Retail.

## NOTE 14. OFF-BALANCE SHEET RIGHTS AND COMMITMENTS

### N 14.1 COURT AND ARBITRATION PROCEEDINGS

Qrf City Retail has various collection procedures in progress, which may have a limited impact on the figures. In addition, Qrf City Retail is involved in some legal cases that are pending or threatening. These disputes mainly concern disputes with certain tenants in the context of a lease renewal application to which the tenant is entitled in accordance with Article 13 of the Trade Leasing Act.

In this context, two disputes were held with H&M in the past, concerning the request for lease renewal concerning the building in Demerstraat 21-25, 3500 Hasselt on the one hand and the building in Alsebergsesteenweg 767, 1180 Uccle on the other hand. A global agreement was reached on August 16, 2019, and both lawsuits will be terminated by implementation of this agreement.

There is a dispute pending in the aftermath of the takeover of the Center Commercial Hutois NV company in Huy, where there is a dispute with the former owners regarding the regularization of the building permit. The urbanization regularization was meanwhile granted by decision of the mayor and aldermen of the city of Huy taken on February 1, 2019 but the dispute is still formally pending.

In addition, Qrf City Retail is involved in a dispute following a delay in the provisional delivery of a part of the (re) development project consisting of four retail properties located in Meirbrug Antwerp. One tenant is requesting the dissolution of its commercial lease agreement due to late provisional delivery. Qrf City Retail is of the opinion that this claim is unfounded. There is a risk that the court will rule out the dissolution of the relevant commercial lease agreement. In that case, Qrf City Retail must re-let the unit concerned with the risk of a vacancy period.

However, the project in question is part of the contribution transaction that Qrf City Retail realized on January 30, 2019. In the context of this contribution in kind, the contributor has undertaken to compensate Qrf City Retail for all damages associated with the possible impact on the rental income as a result of any late provisional delivery.

### N 14.2 RENTAL GUARANTEES

The following rental guarantees were provided to Qrf City Retail:

- A rental income guarantee was provided for the property at Diestsestraat 137, Leuven for 400 KEUR on an annual basis. The rental income guarantee entered into force on 8 September 2014 and is to expire after a 5-year period on 8 September 2019. This guarantee was not called in the first half of 2019.

- 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 the first half of 2019.
- A rental income guarantee was provided for the property at Schrijnwerkersstraat 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 2018. This guarantee was not called in the first half of 2019.
- A rental income guarantee was provided for the property at Adolf Buylstraat 33, Ostend for 180 KEUR on an annual basis. The rental income guarantee entered into force on 30 January 2019 and is to expire after a 6-month period on 30 July 2019. An amount of 75 KEUR was recognized in the income statement.
- A rental income guarantee was provided for the property at Meirbrug 2, Antwerp for 90 KEUR on an annual basis. The rental income guarantee entered into force on 30 January 2019 and is to expire after a 6-month period on 30 July 2019. An amount of 37.5 KEUR was recognized in the income statement.

#### NOTE 15. RELATED PARTY TRANSACTIONS WITH RESPECT TO THE INCOME STATEMENT

FIGURES IN THOUSANDS EUR	30/06/2019	30/06/2018
<b>RELATED PARTY TRANSACTIONS</b>		
<b>XIV. General company expenses</b>	<b>457</b>	<b>532</b>
- Remuneration for the Executive Management	243	317
- Remuneration for the Statutory Manager	152	156
- Operating charges for the Statutory Manager	4	1
- Remuneration for the Board of Directors and committees	58	58
<b>X. Commercial costs</b>	<b>-</b>	<b>39</b>
- Remuneration for Quares Property Management NV / Quares Property Management BV	-	39
<b>XII. Property management costs</b>	<b>-</b>	<b>294</b>
- Remuneration for Quares Property Management NV / Quares Property Management BV	-	294
Trade receivables	-	-
Trade debts and other current debts	-	40

In the first half of 2019, an amount of 457 KEUR was entered in the income statement for transactions with related parties.

## NOTE 16. EVENTS AFTER CLOSING OF THE BALANCE

### N 16.1 OVERALL AGREEMENT WITH H&M ON THE LOCATIONS IN HASSELT, UCCLE, SINT-TRUIDEN AND AALST

Qrf and H&M reached an agreement on 16 August 2019. As a result both legal cases<sup>1</sup> are to be terminated through the implementation of this agreement. Significant economic risks were neutralized for Qrf City Retail as a result, whereby maximum sureties were acquired in the long term, and the good relationship with H&M as a tenant was restored.

For the property situated on the Demerstraat in Hasselt, a precarious occupancy agreement has been concluded with H&M, on the basis of which H&M will occupy the building. From the second quarter of 2020, this building will be fully let to The Sting/Costes, which will operate the brands Costes and The Sting in Hasselt.

New terms and conditions were agreed for the property in Uccle in regard of the renewal of the current commercial lease.

Agreements have also been made for the properties in Sint-Truiden and Aalst with regard to a new commercial lease agreement from the end of 2019 (Sint-Truiden) and a third renewal of the commercial lease from early 2021 (Aalst). As a result, Qrf ensures continuous and sustainable rental income at the respective locations.

Thanks to this agreement, the share of H&M in the portfolio will drop significantly as of May 2020, to an estimated 5.48% (13.26% on 30/06/2019). The agreement with H&M offers a substantially better outcome for Qrf than the uncertainty in the absence of an agreement, namely the risk of vacancy and difficult reletting of certain properties occupied by H&M.

### N 16.2 DIVESTMENTS

Two sales were finalized after closing of the balance sheet date and this for a net revenue of 7.36 MEUR. It concerns Diestsestraat 137 in Leuven and Wapper 14-16 in Antwerp. With the sales, an important risk of downward adjustment of rental income and possible vacancy in the future was removed. These sales were therefore realized 9.29% below the Fair Value on 30/06/2019.

Finally, various sales were agreed for which the transfer of ownership is foreseen at the end of 2019, whereby Qrf still benefits from the full rental income for 2019. The 8<sup>2</sup> planned sales, of properties in the 'tail' of the portfolio, are realized at a net yield of 7.54 MEUR, which is 6.60% above the Fair Value at 30 June 2019.

<sup>1</sup> See Note 14.1.

<sup>2</sup> In one specific case it concerns a binding bid under conditions that fall within the normal range of technical due diligence investigation of a buyer.

## 5.8 AUDITOR'S REPORT

QRF COMM. VA

### **VERSLAG VAN DE COMMISSARIS OMTRENT DE BEOORDELING VAN DE GECONSOLIDEERDE VERKORTE FINANCIËLE STATEN VOOR DE PERIODE AFGESLOTEN OP 30 JUNI 2019**

#### **Inleiding**

Wij hebben de beoordeling uitgevoerd van de in bijlage opgenomen Geconsolideerde Verkorte Financiële Staten van Qrf Comm. VA en haar dochtervennootschappen op 30 juni 2019 bestaande uit de verkorte geconsolideerde balans, de verkorte geconsolideerde winst- en verliesrekening, het overzicht van het globaal resultaat, de geconsolideerde staat van de bewegingen in het eigen vermogen, het geconsolideerd kasstroomoverzicht, de staat van het resultaat per aandeel – aandeel groep en het detail van de geconsolideerde reserves over de periode van 6 maanden afgesloten op die datum, evenals de Noteen. De Raad van Bestuur van de Statutaire Zaakvoerder is verantwoordelijk voor het opstellen en presenteren van deze Geconsolideerde Verkorte Financiële Staten in overeenstemming met IAS 34 zoals goedgekeurd door de Europese Unie zoals goedgekeurd door de Europese Unie. Het is onze verantwoordelijkheid om een besluit te formuleren over deze Geconsolideerde Verkorte Financiële Staten op basis van onze beoordeling.

#### **Omvang van het beperkt nazicht**

Wij hebben onze beoordeling uitgevoerd overeenkomstig de “International Standard on Review Engagements 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. Een beoordeling van tussentijdse financiële informatie bestaat uit het verzoeken om inlichtingen aan hoofdzakelijk financiële en boekhoudkundige verantwoordelijken, en het toepassen van analytische en andere procedures van beoordeling. De reikwijdte van een beoordeling is substantieel kleiner dan een controle uitgevoerd volgens “International Standards on Auditing” en laat ons bijgevolg niet toe om met zekerheid te stellen dat we kennis hebben van alle belangrijke gegevens die zouden geïdentificeerd zijn indien we een volkomen controle zouden hebben uitgevoerd. Wij brengen dan ook geen controleoordeel tot uitdrukking.

#### **Besluit**

Op basis van onze beoordeling is niets onder onze aandacht gekomen dat ons er toe aanzet van mening te zijn dat de bijgaande Geconsolideerde Verkorte Financiële Staten, per 30 juni 2019 niet, in alle van materieel belang zijnde opzichten opgesteld zou zijn in overeenstemming met IAS 34 zoals goedgekeurd door de Europese Unie zoals goedgekeurd door de Europese Unie.

Antwerpen, 16 augustus 2019

#### **De commissaris**

PwC Bedrijfsrevisoren cvba  
Vertegenwoordigd door

Peter Ringoot  
Bedrijfsrevisor

## **ASSURANCE VERSLAG VAN DE COMMISSARIS OVER DE ANALYSE VAN DE TOEKOMSTGERICHTE FINANCIËLE INFORMATIE VOOR OPNAME IN DE GECONSOLIDEERDE VERKORTE FINANCIËLE STATEN 2019**

Op uw verzoek en in toepassing van artikel 13.2 van Bijlage I bij de EG Verordening nr. 809/2004 hebben wij onderhavig verslag opgesteld over de toekomstgerichte financiële informatie van de vennootschap Qrf Comm VA ("de Vennootschap"), opgenomen in, hoofdstuk 2, paragraaf 2.2.1 van halfjaarlijks financieel verslag 2019 (Geconsolideerde verkorte financiële staten over het eerste halfjaar van 2019).

### **Verantwoordelijkheden van de Statutaire Zaakvoerder**

In toepassing van de beschikkingen van EG Verordening nr. 809/2004 is de Statutaire Zaakvoerder van de Vennootschap verantwoordelijk voor het opstellen van de toekomstgerichte financiële informatie en voor het bepalen van de ramingen en onderliggende relevante veronderstellingen waarop deze toekomstgerichte financiële informatie gebaseerd is (de 'Criteria'). Voornoemde toekomstgerichte financiële informatie werd opgenomen in hoofdstuk 2, paragraaf 2.2.1 van het halfjaarlijks financieel verslag 2019.

### **Verantwoordelijkheden van de Commissaris**

De Commissaris is verantwoordelijk voor het uitdrukken van een oordeel of de toekomstgerichte financiële informatie in alle van materieel belang zijnde opzichten, op basis van geschikte Criteria door de Statutaire Zaakvoerder is samengesteld.

Voor de projectie mbt het boekjaar eindigend per 31 december 2019 hebben wij daartoe de toekomstgerichte financiële informatie van de Vennootschap, evenals de ramingen en onderliggende relevante veronderstellingen waarop deze toekomstgerichte financiële informatie gebaseerd is, zoals opgenomen in de het halfjaarlijks financieel verslag 2019, onderzocht.

Wij hebben onze opdracht uitgevoerd in overeenstemming met de "Internationale Standaard voor Assurance Opdrachten zoals van toepassing bij de analyse van toekomstgerichte financiële informatie" (ISAE 3400). De bedoeling van dergelijke opdracht is het verkrijgen van een beperkte mate van zekerheid dat het assurance-risico tot een in de omstandigheden aanvaardbaar niveau wordt verlaagd om als basis te dienen voor een conclusie, uitgedrukt in de negatieve vorm, over de toekomstgerichte informatie, en meer bepaald of er iets onder onze aandacht is gekomen dat ons ertoe brengt van mening te zijn dat de toekomstgerichte financiële informatie in alle van materieel belang zijnde opzichten niet is samengesteld op basis van Criteria, die geschikt zijn.

Voor wat betreft de toekomstgerichte informatie hebben we werkzaamheden uitgevoerd met als doel voldoende geschikte informatie te verkrijgen om te bepalen of de Criteria niet onredelijk zijn.



## Conclusie

Op basis van ons onderzoek is er niets onder onze aandacht gekomen dat ons ertoe zou brengen van mening te zijn dat de ramingen en onderliggende Criteria geen redelijke basis vormen voor de opstelling van de toekomstgerichte financiële informatie.

Verder zijn we van mening dat de toekomstgerichte financiële informatie op adequate wijze opgesteld is op basis van de ramingen en onderliggende criteria, in overeenstemming met de beschikkingen van EG Verordening nr. 809/2004 en gebruik makend van geschikte boekhoudprincipes.

De werkelijkheid zal hoogstwaarschijnlijk afwijken van de voorspellingen, aangezien geanticipeerde feiten gewoonlijk niet plaatsvinden zoals verwacht en de afwijking van materieel belang zou kunnen zijn.

Omwille van het feit dat de hierboven beschreven werkzaamheden noch een controle, noch een beoordeling uitmaken overeenkomstig de Internationale Controlestandaarden dan wel de Internationale Standaarden voor Beoordelingsopdrachten, brengen wij geen enkele mate van zekerheid tot uitdrukking over de toekomstgerichte financiële informatie. Mochten we bijkomende werkzaamheden hebben uitgevoerd dan waren mogelijks andere aangelegenheden onder onze aandacht gekomen waarop wij uw aandacht zouden hebben gevestigd.

Sint-Stevens-Woluwe, 16 augustus 2019

**PwC Bedrijfsrevisoren cvba**  
Commissaris van Qrf Comm VA  
Vertegenwoordigd door

Peter Ringoot  
Bedrijfsrevisor

# 6 APM – Alternative Performance Measures

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Maastricht  
Grote Staat 58  
The Netherlands

# 6 APM – Alternative Performance Measures

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

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

Below, there is an overview of the alternative performance measures that are used in this financial report, with their definition, goal and reconciliation.

## 6.1 EPRA NAV

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

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

**Objective:** This APM shows the Net Asset Value for a long-term investment strategy.

For the reconciliation of this APM reference is made to the reconciliation table EPRA NAV per share.

## 6.2 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	30/06/2019	31/12/2018
<b>IFRS NAV (group shareholders)</b>	<b>128,006</b>	<b>129,272</b>
(iv) Fair Value of financial instruments	2,720	1,567
(v.a) Deferred tax	181	181
Minority interests with regards to deferred tax	-89	-89
<b>EPRA NAV</b>	<b>130,818</b>	<b>130,931</b>
Number of shares	7,153,322	5,665,822
<b>EPRA NAV per share (in EUR)</b>	<b>18.29</b>	<b>23.11</b>

## 6.3 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 underlying 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	30/06/2019	30/06/2018
<b>IFRS result (group share)</b>	<b>-20,549</b>	<b>-1,587</b>
(i) Changes in the Fair Value of real estate investments	23,851	5,374
(ii) Profit or loss on the sale of real estate investments	-36	-145
(vi) Changes in the Fair Value of financial instruments	1,349	636
<b>EPRA earnings</b>	<b>4,615</b>	<b>4,279</b>
Weighted average number of shares	6,906,775	5,665,822
<b>EPRA earnings per share (in EUR)</b>	<b>0.67</b>	<b>0.76</b>

## 6.4 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	30/06/2019	30/06/2018
<b>XXI. Net interest costs</b>	<b>1,320</b>	<b>1,430</b>
Weighted average amount of financial debt during the period	69,958	74,852
<b>Average Cost of Financing</b>	<b>1.89%</b>	<b>1.92%</b>

## 6.5 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	30/06/2019	30/06/2018
Operating result before the result on the portfolio	6,032	6,000
Net rental income	7,771	7,756
<b>Operating margin</b>	<b>77.6%</b>	<b>77.4%</b>



# 7 Lexicon



Mechelen

Bruul 15 - Botermarkt 1

Belgium

# 7 Lexicon

## Acquisition value

The acquisition value is the value of the property when purchased, inclusive of the transfer fees, if any.

## 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.

## Auditor

The auditor of Qrf City Retail, i.e. PwC represented by Mr Peter Ringoot.

## 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 11/211 Museumstraat, 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 (C. Code)

Companies Code of 7 May 1999, Belgisch Staatsblad [Belgian Official Gazette] of 6 August 1999, as amended.

## Contractual rents

The indexed basic rent as contractually fixed in leases before the deduction of gratuities and other benefits granted to the tenants.

### Core Portfolio

The Core Portfolio contains the locations within the real estate portfolio of Qrf City Retail that meet various criteria, such as: the attractiveness of the city (demographic, tourist, etc.), the positioning within the shopping area and the quality of real estate for retailers. In addition, the Core portfolio also contains the properties that are intended for redevelopment.

### 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 Kunstlaan 56, 1000 Brussels, Belgium, registered in the Kruispuntbank van Ondernemingen [Central Business Register] under company number VAT BE 0422.118.165.

### 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.

### 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.

### 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.

### FSMA

The Belgian Financial Services and Markets Authority.

### Group

Qrf City Retail and its Perimeter Companies.

### GVV - RREC

Regulated Real Estate Company, a company set up for a specified 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.

### 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.

### 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 and notary's fees or VAT (in case of a purchase subject to VAT).

### 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.

### Market Value or Value Cost-to-Buyer

The investment value minus the registration fees and notary's fees or VAT.

### Non-Core Portfolio

The Non-Core Portfolio contains the locations within the real estate portfolio of Qrf City Retail that does not meet the criteria of the Core Portfolio.

### 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).

#### Property expert

Cushman & Wakefield.

#### Property Manager

Quares Property Management NV and Quares Property Management & Facility Management BV.

#### 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 Management NV

The public limited company incorporated under Belgian Qrf Management NV, having its registered office at Oud Vliegveld 12, 8400 Ostend, 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.

#### 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).

#### Quares Property & Facility Management BV

The private company with limited liability under Dutch law Quares Property Management Management BV, with registered office in Emmalaan 25, 1075 AT, Amsterdam, the Netherlands, registered in the Chamber Of Commerce (Kamer Van Koophandel) with KvK number 34351584.



### 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).

### 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.

### RREC - RD

The Royal Decree of 13 July 2014 on regulated real estate companies.

### RREC Act

The Regulated Real Estate Company Act of 12 May 2014.

### 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.





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