

Success in city retail

VFB Dag van de Tips
Qrf Update September, 2014



ON SCHEDULE



- 1| Introducing Qrf
- 2| City Retail because...
- 3| Acquisition strategy and activities
- 4| Portfolio management
- 5| Facts and figures first half year of 2014
- 6| The share 'Qrf'
- 7| Conclusion



1| INTRODUCING QRF



QRF IS A BELGIAN
FIXED-CAPITAL REAL
ESTATE INVESTMENT
TRUST AND LISTED ON
EURONEXT BRUSSELS
(QRF:BB) AS OF
DECEMBER 2013

QRF		09:00	
25.46	+0.46 (+1.84%)		
25.4600	Th Open 25.46	%Th Open 1.84	Th Match V 95
25.46	High 25.46	Low 25.46	P Close 25
95	Max Price Lir 28	Min Price Lim 22.92	Turnover 2 419

QRF:BBU [Euronext Brussels Full OrderBook]				
Q100	25.15-25.46	19	1	
529	23.08321 26.44486	2 682	12	
Size	Bid	Ask	Size	Cumui
100	25.15	25.46	19	1
178	25.10	25.49	200	1
188	25.00	25.50	300	1
200	24.50	25.59	120	1
543	22.55	25.60	300	1
1 000	22.51	25.70	200	1
320	22.00	25.90	250	1
		26.8	10	1
		27.0	180	1
		27.1		
		27.50		

NYSE
EURONEXT





QRF WAS FOUNDED IN
2013. IT AROSE FROM A
FORMER SUCCEFULL
RETAIL FUND THAT WAS
MANAGED BY QUARES

QUARES

MAXIMIZE YOUR RETURN ON REAL ESTATE

Quares stands for
Quality Real Estate
Services.

Quares is a real estate
specialist operating in
Belgium, the
Netherlands,
Luxembourg, Germany
and France.

Management team

With years of experience in Retail Real Estate



ANNELEEN
DESMYTER
CEO

- *Founding Partner of Quares*
- *Founded CC Company NV, currently Quares Residential Agency, in 2004*
- *Formerly project developer in corporate real estate for Eurinpro*

Retail fund experience with Quares Retail Fund, Quares Retail Fund 2 and the bond issue for the acquisition of the high street shopping centre Century Center Antwerpen



FRANCIS
HENDRICKX
CFO

- *Former CFO of Uplace and Eurinpro, both international real estate developers*
- *Prior CEO of Sicafi Siref, which was acquired by Intervest Offices & Warehouses*
- *Holds MD-position at Resolve NV, a real estate developer*

Retail experience with Uplace



BERT
WEEMAES
COO

- *Former director at City Mall, a real estate retail developer*
- *Previously held positions as member of the Board, CFO and Development & Real Estate Director at Decathlon Benelux*

Retail experience with k Kortrijk, Les Grands Prés Mons expansion and Shopping Le Côté Verre Namur and the expansion of Decathlon Benelux

(B-)REIT AIMING FOR GVV/SIR status

GVV/SIR license approved on 09/09/2014

- Same advantages, but avoid classification as AIFMD
- **Strategy** instead of policy
- Focus on **operational activity**

Characteristics

- Real estate focus
- FSMA accredited + supervision
- Maximum leverage of 65%
- Distribution of at least 80% of the profit
- Risk diversification over larger portfolio (+20% max)
- Increased liquidity
- No corporate tax

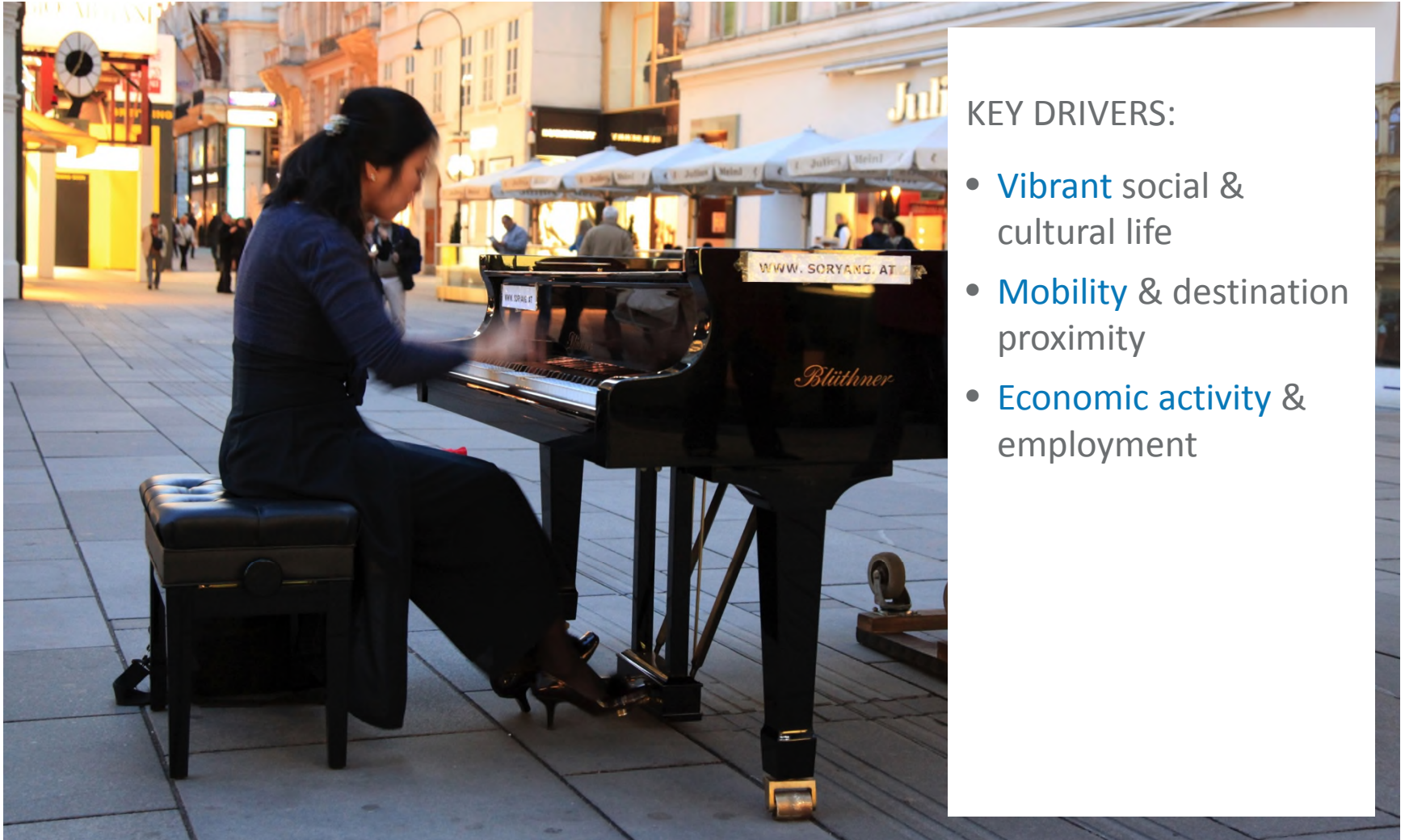
INVESTORS IN RETAIL REAL ESTATE

WE INVEST IN, (RE)DEVELOP AND
RENT OUT PRIME RETAIL REAL
ESTATE IN THE 'GOLDEN MILE'
OF BELGIAN CITIES

21 CITY RETAIL BECAUSE...



... urbanisation



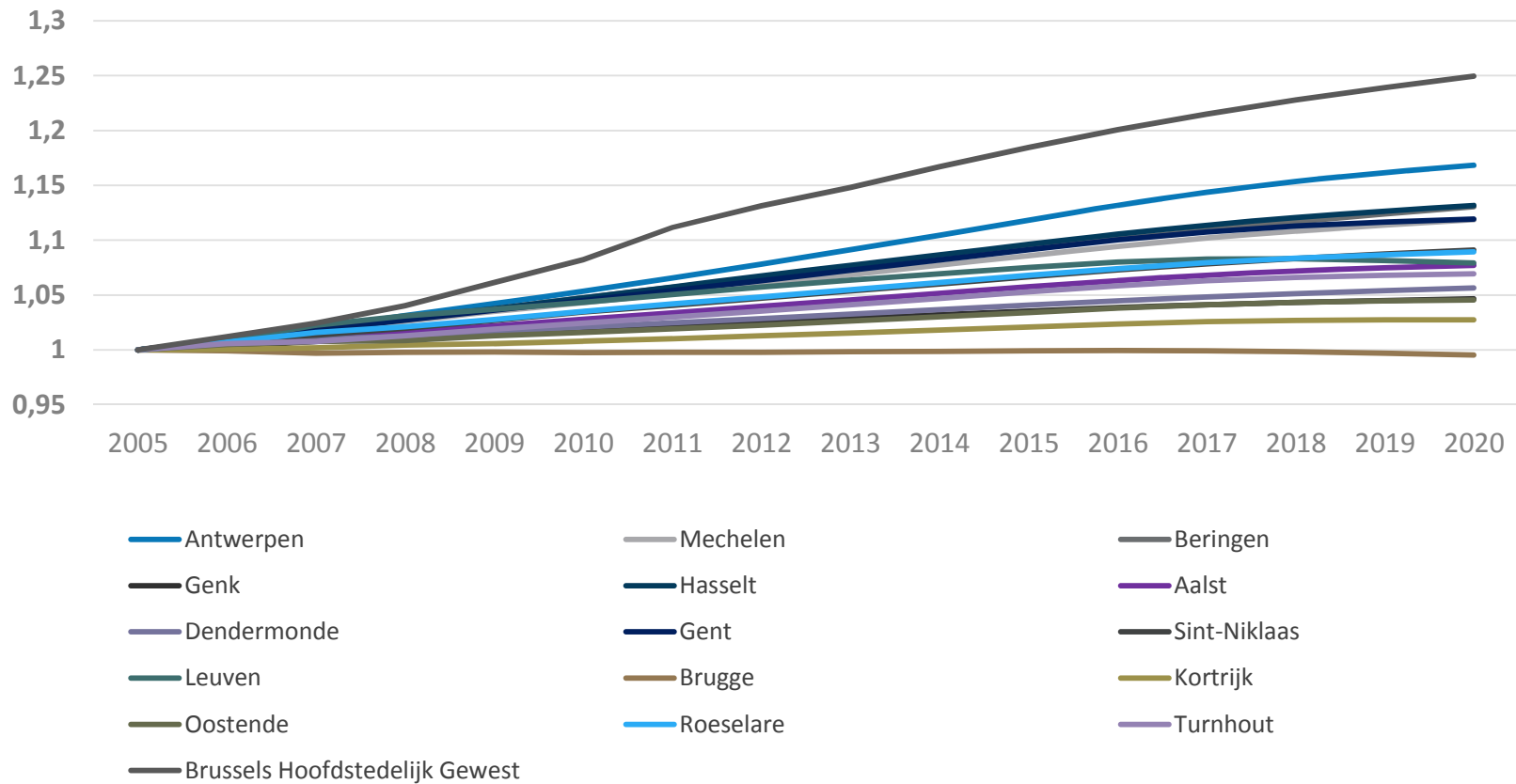
KEY DRIVERS:

- **Vibrant** social & cultural life
- **Mobility** & destination proximity
- **Economic activity** & employment

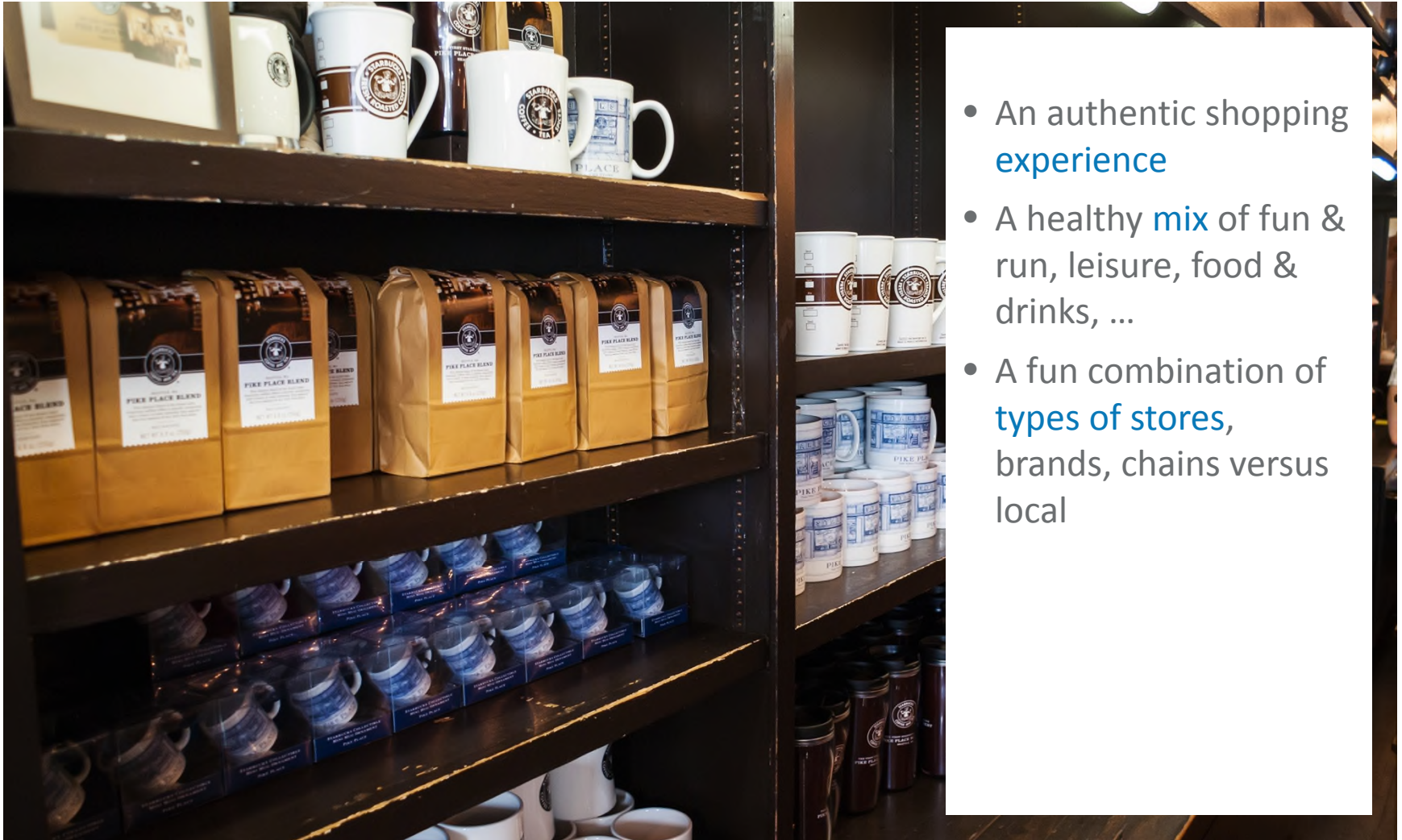
... population growth

Population growth in the 15 largest flemish cities and brussels

Source: Belgian FOD Economie & Studiedienst Vlaamse Regering



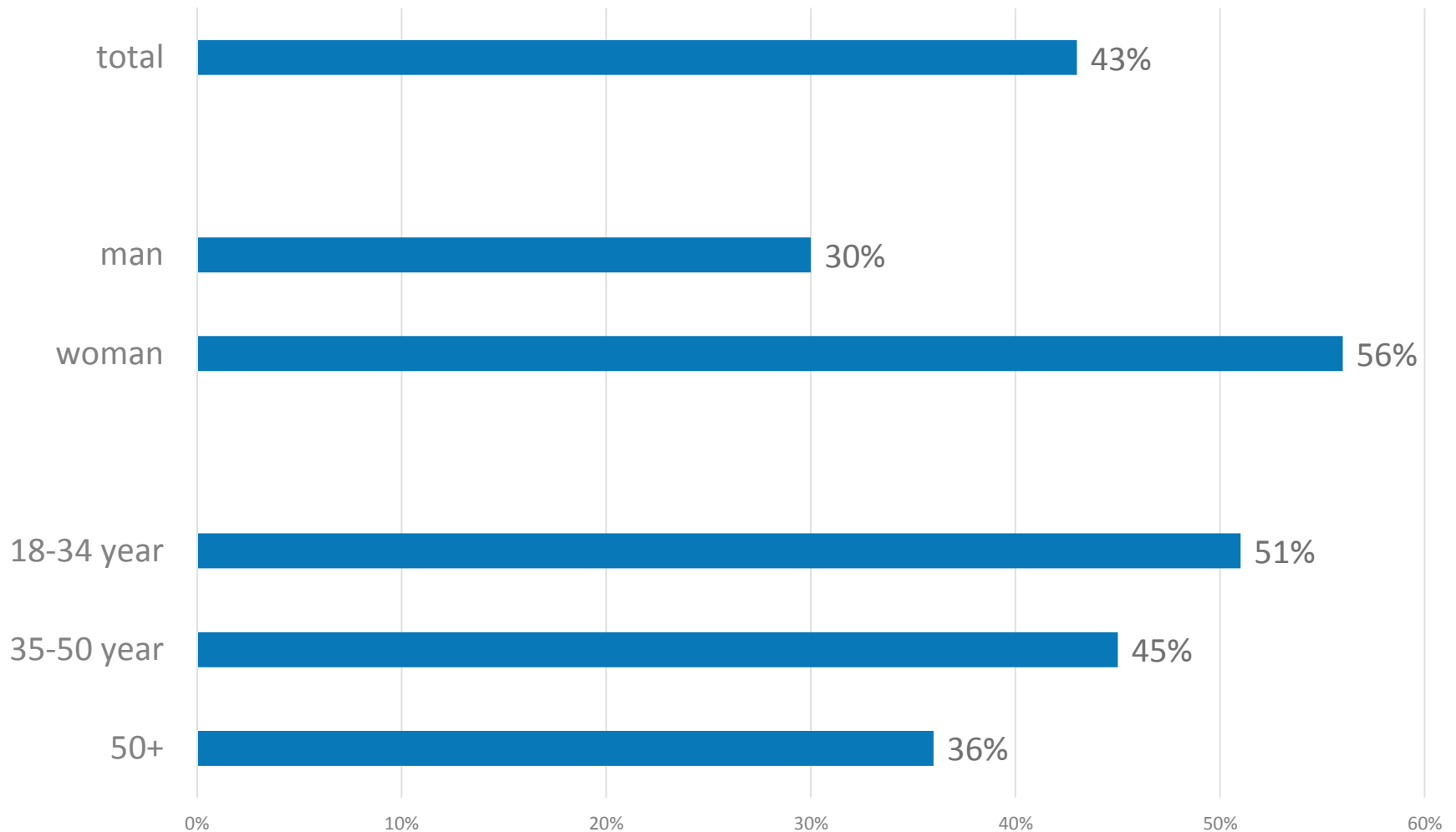
... the city shopping experience



- An authentic shopping experience
- A healthy mix of fun & run, leisure, food & drinks, ...
- A fun combination of types of stores, brands, chains versus local

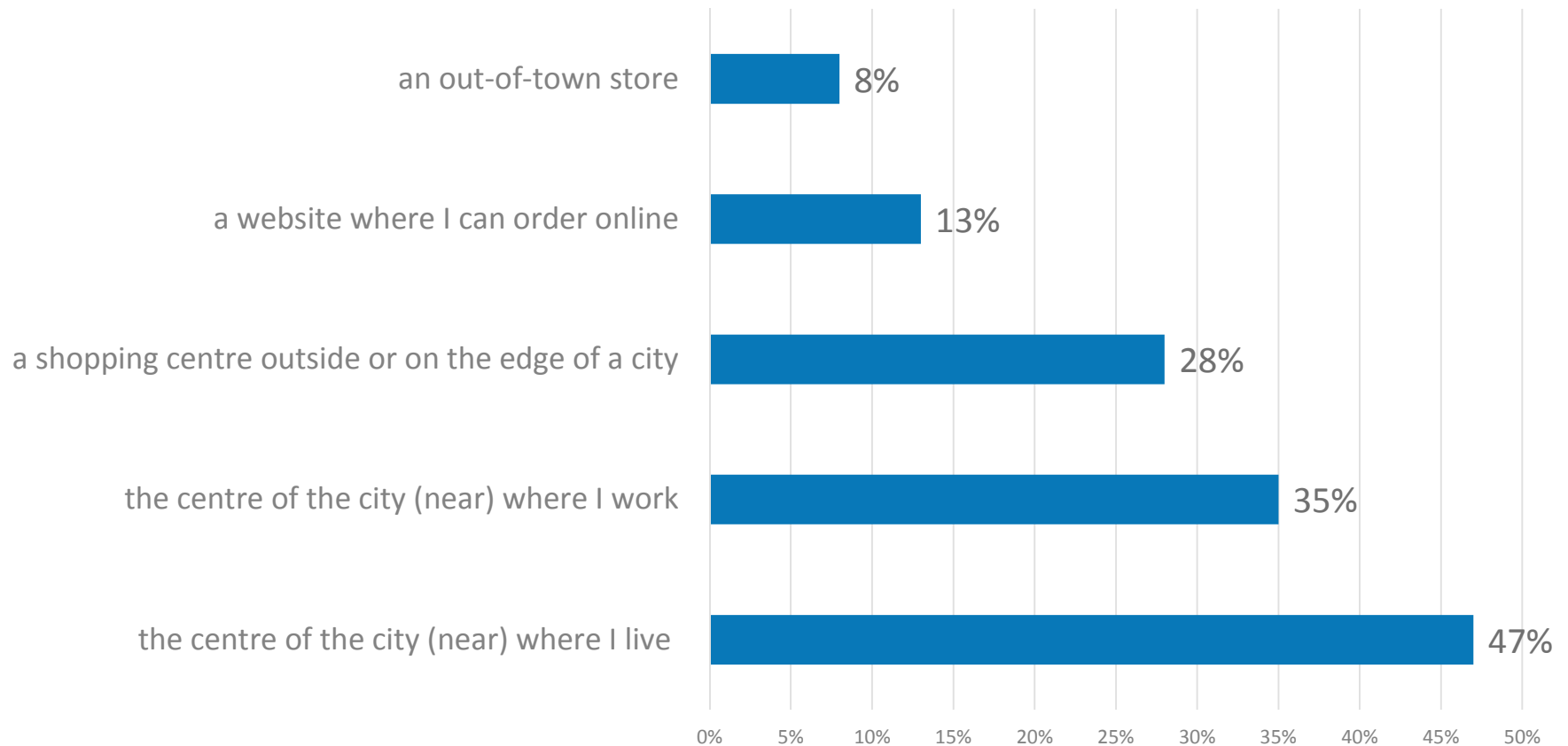
... city shopping is fun shopping

I like to go shopping for fun - % (totally) agrees



... we choose to shop in the city

How many times do you shop with a clear purpose in any of these locations? A clear purpose means that you go shopping because you have planned to buy something sustainable (shoes, jacket, dvd, ...) - % (very) often



... supporting government policies



- Investment budgets for city retail locations
- City managers
- Government policies **promote** city retail

... the future and value of omni-channel



Multi-channel

- Webshop, mobile site, store are individual channels
- E-commerce is threat
- No data interaction between channels



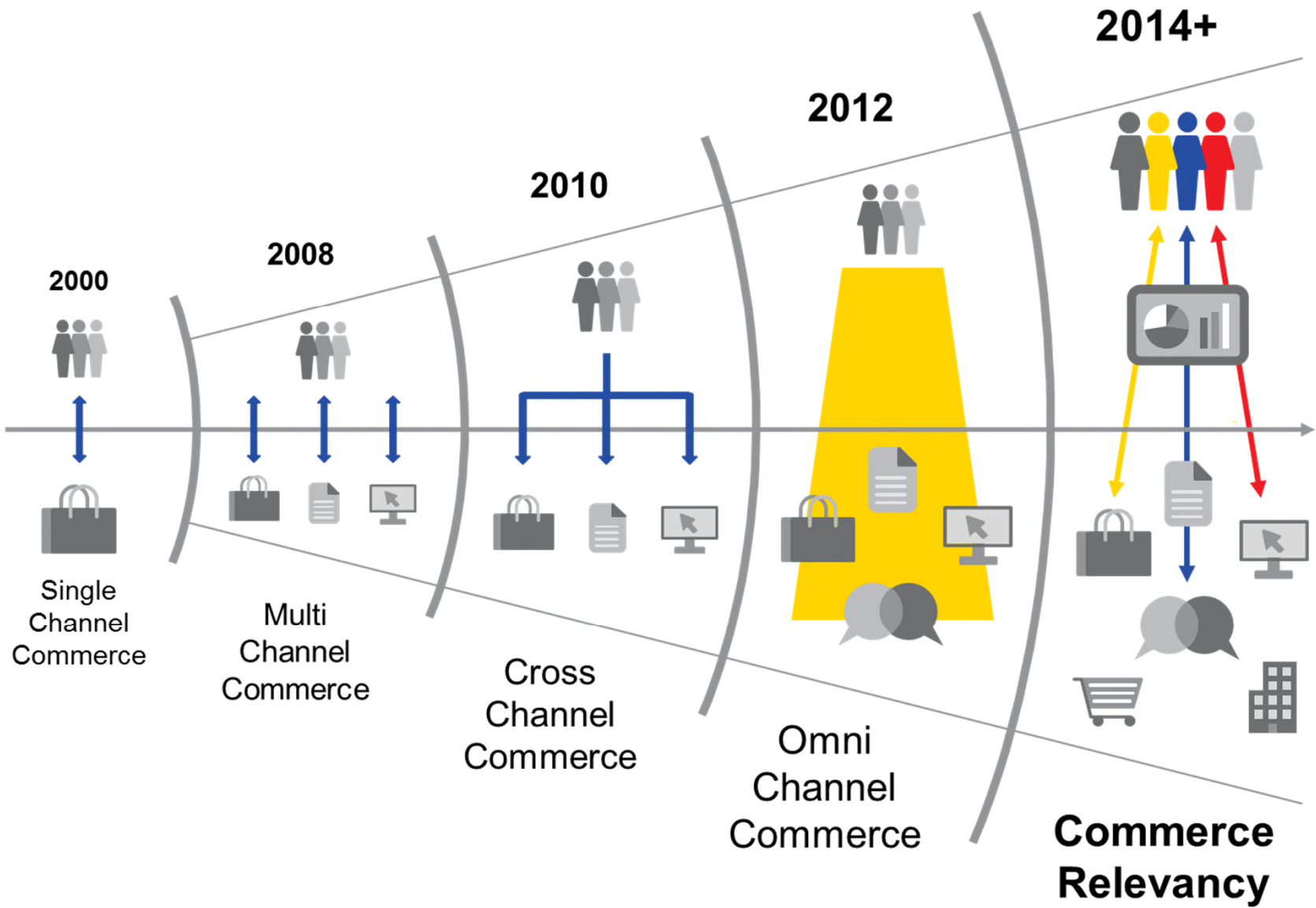
Cross-channel

- Channels cross, but...
- Generating traffic to store remains first priority
- Few data interaction



Omni-channel

- Not store-, but customer-centric view
- Path-to-purchase interchangeable
- Possibilities to perform data-analysis



31 ACQUISITION STRATEGY & ACTIVITIES



Acquisition strategy: real estate criteria

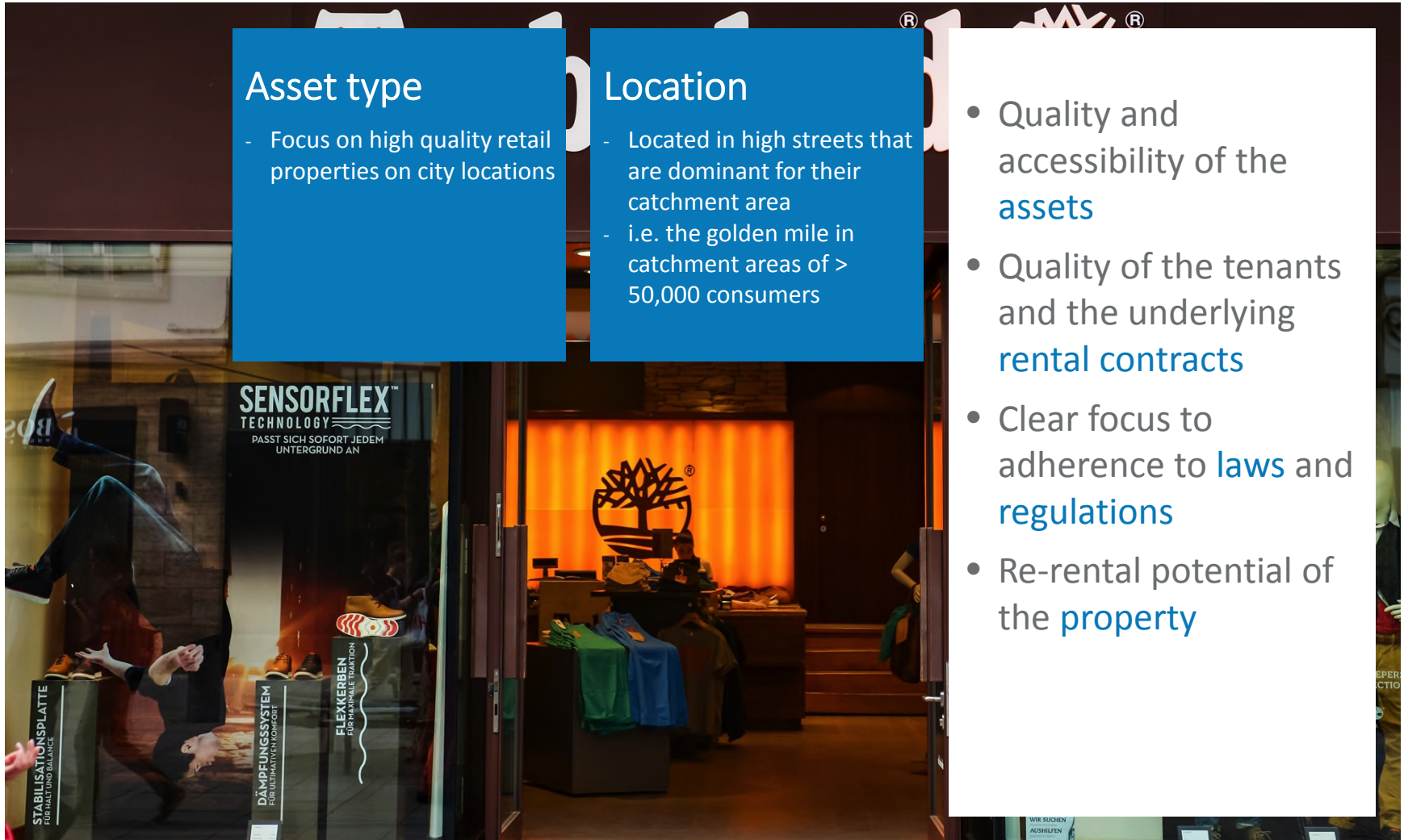
Asset type

- Focus on high quality retail properties on city locations

Location

- Located in high streets that are dominant for their catchment area
- i.e. the golden mile in catchment areas of > 50,000 consumers

- Quality and accessibility of the **assets**
- Quality of the tenants and the underlying **rental contracts**
- Clear focus to adherence to **laws** and **regulations**
- Re-rental potential of the **property**



Attractive locations

- Streets with **high footfall** in Belgian cities with catchment area of min. 50,000
- Cities with an **active** city development and marketing policy
- Support of **expansion plans & introduction** in Belgian market
- **Strong** portfolio growth



Golden mile as a preferred location



- **Must-have** location
- Growing rents
- Scarcity
- Solid liquidity

Acquisition strategy: financial criteria

Investment size

- Additional investments for EUR 35m in investment value in 1H 2014

Leverage ratio

- Overall leverage ratio of maximum 55%

- Sustainable contribution to the earnings per share and dividend policy

Straight-forward



Portfolio with potential



Dendermonde, Oude Vest

- The Phone House, Twice as Nice, Panos, Hunkemöller, Neckerman, WE, Hans Anders
- 93,3% of budget spent in own city
- Coverage area of +- 80.000 consumers



Heist-op-den-Berg, Bergstraat



- Esprit, Hunkemöller
- Performant location for international retail brands
- Purchase binding of 80%
- Main shopping street

Antwerpen, Century Center

- Shopping Center: McDonalds, Bart Smit, Blokker, Media Markt, ...
- Footfall around 90.000 on Saturday's
- Catchment area of +- 713.000 consumers
- International top location



Leuven, Diestsestraat

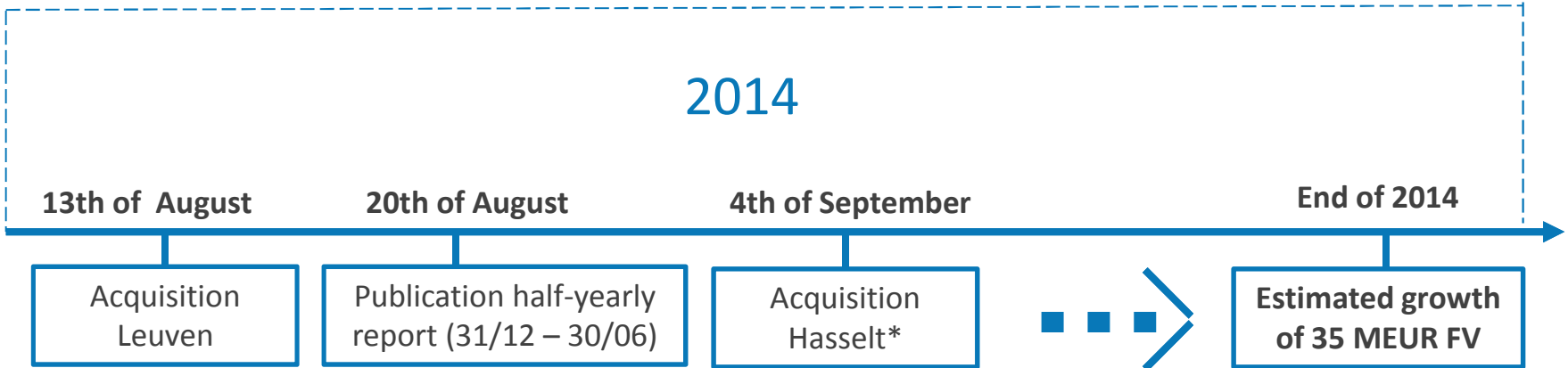
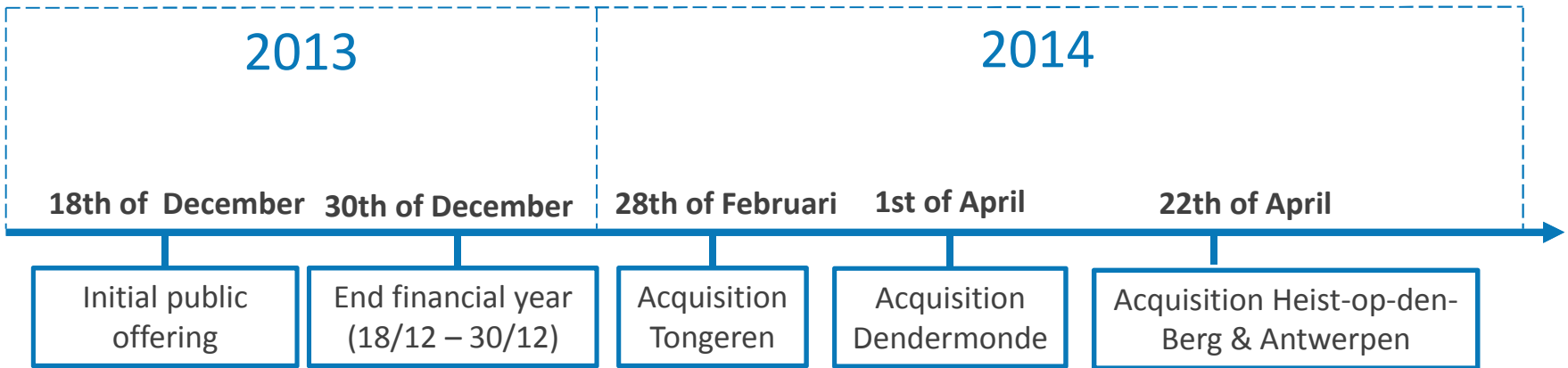
- Bershka (Inditex group)
- Frontage of 9m – great visibility
- Footfall of 150.000 each week and presence of almost 56.000 students
- Purchasing power exceeds national average



Hasselt, Koning Albertstraat

- G-Star
- Coverage area of +- 270.000 consumers
- Footfall of 94.000 each week
- Purchasing power exceeds national average





4I PORTFOLIO MANAGEMENT

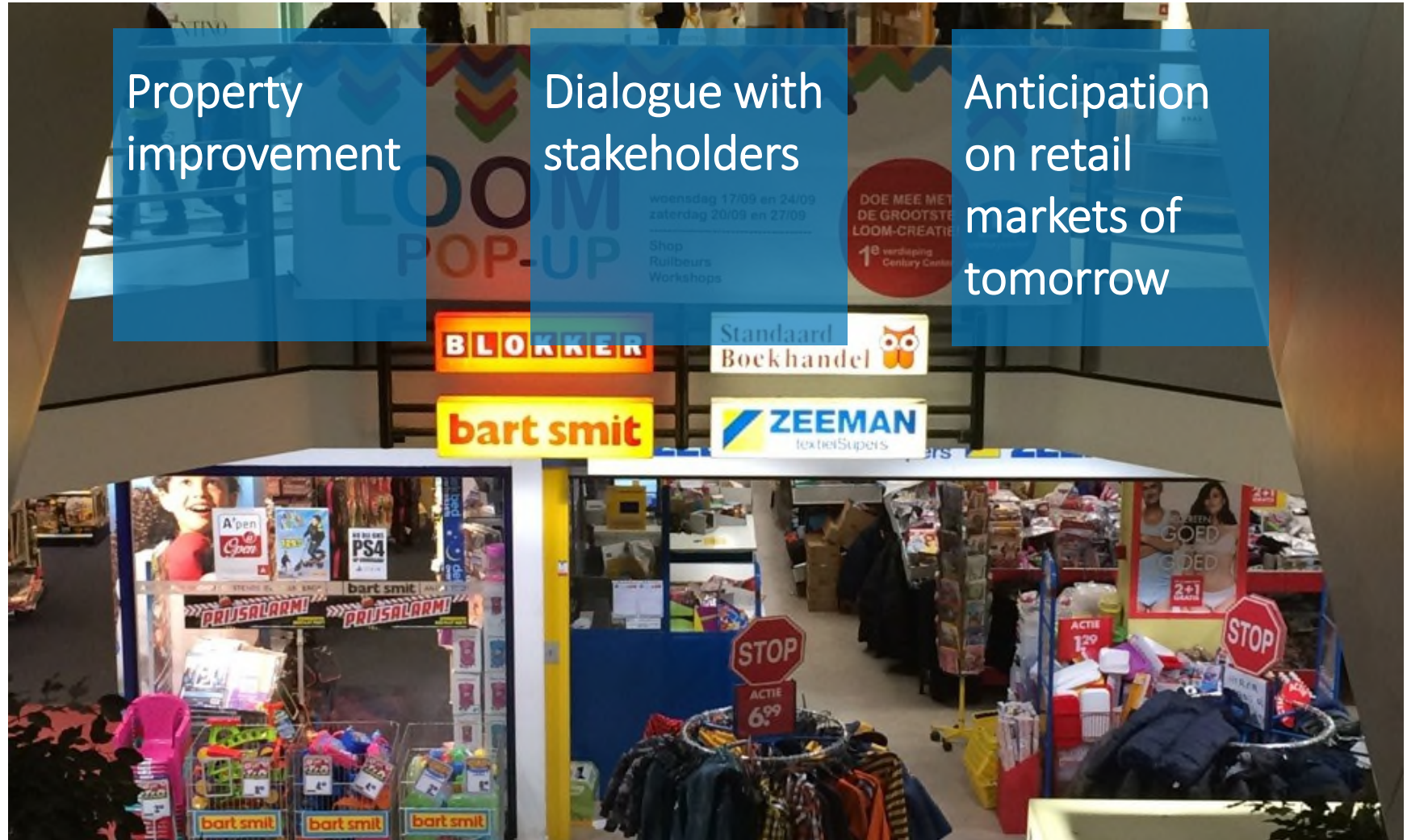


Active portfolio management

Property
improvement

Dialogue with
stakeholders

Anticipation
on retail
markets of
tomorrow



Creativity team

Advisory group on the marketing and positioning of Qrf in regards to current and future retail, e-commerce and city shopping trends



HERMAN
KONINGS

- *Manager of trend and future research bureau Pocket Marketing / nXt.*



TINA
DEBO

- *VP Product and Design for Kipling*



SASKIA
SCHATTEMAN

- *Member of the board with NMBS*
- *Former CMO Lead for Microsoft and former Vice President with Telenet.*

Qrf - An interesting investment opportunity

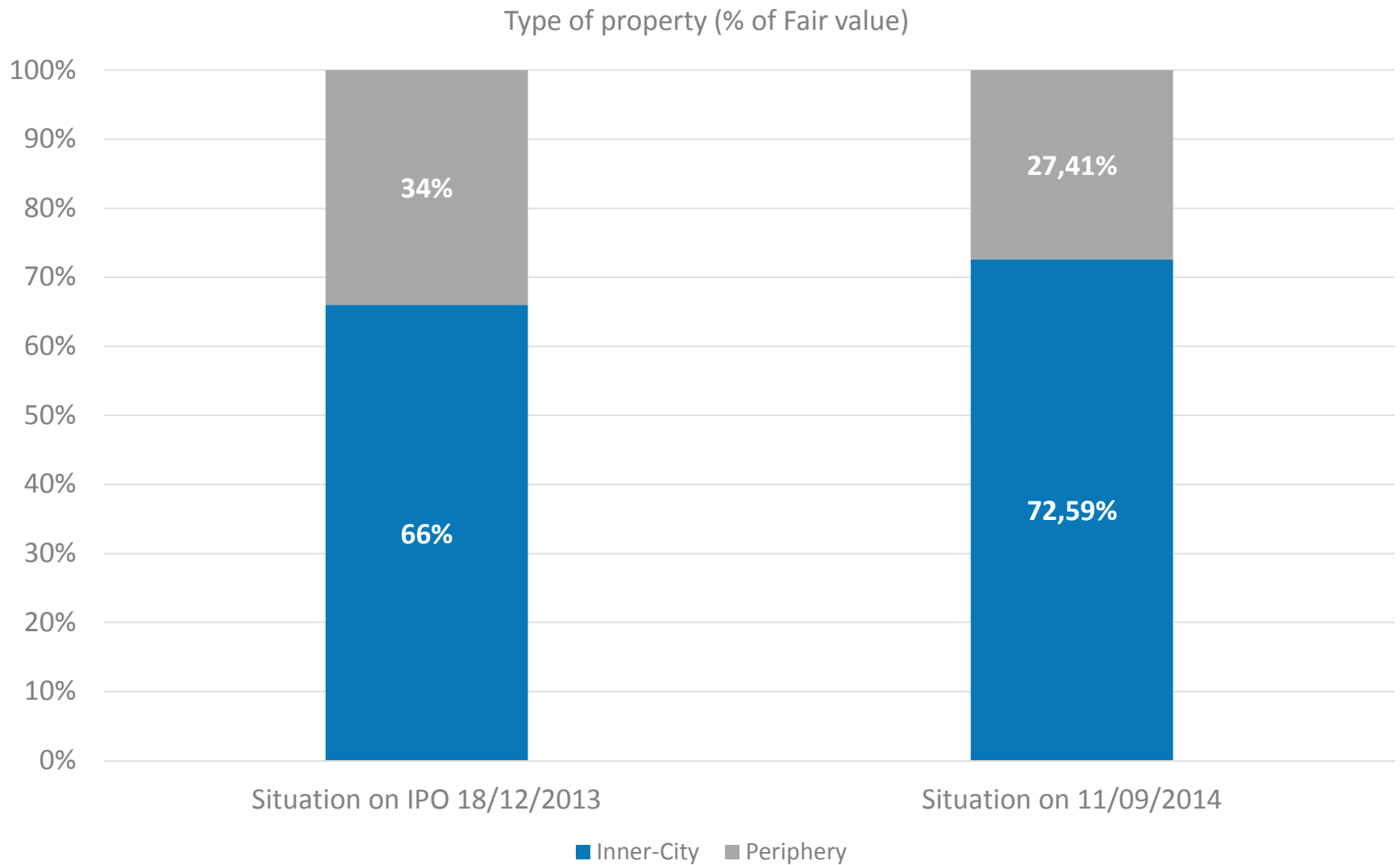
Goal: 1,3 EUR Gross Dividend per share (= 0,975 Net per share)



51 FACTS AND FIGURES H1 2014



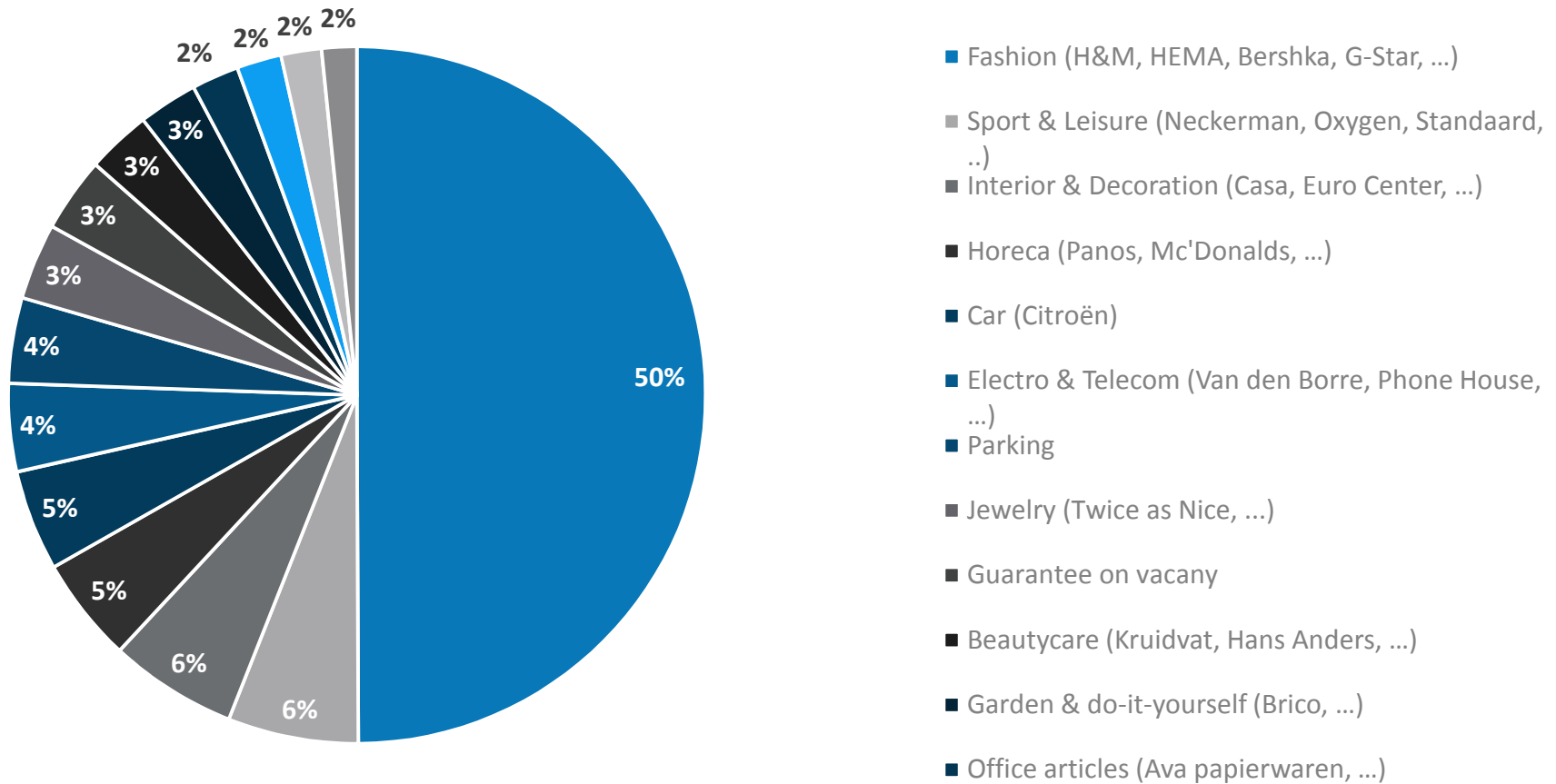
Focus on inner-city



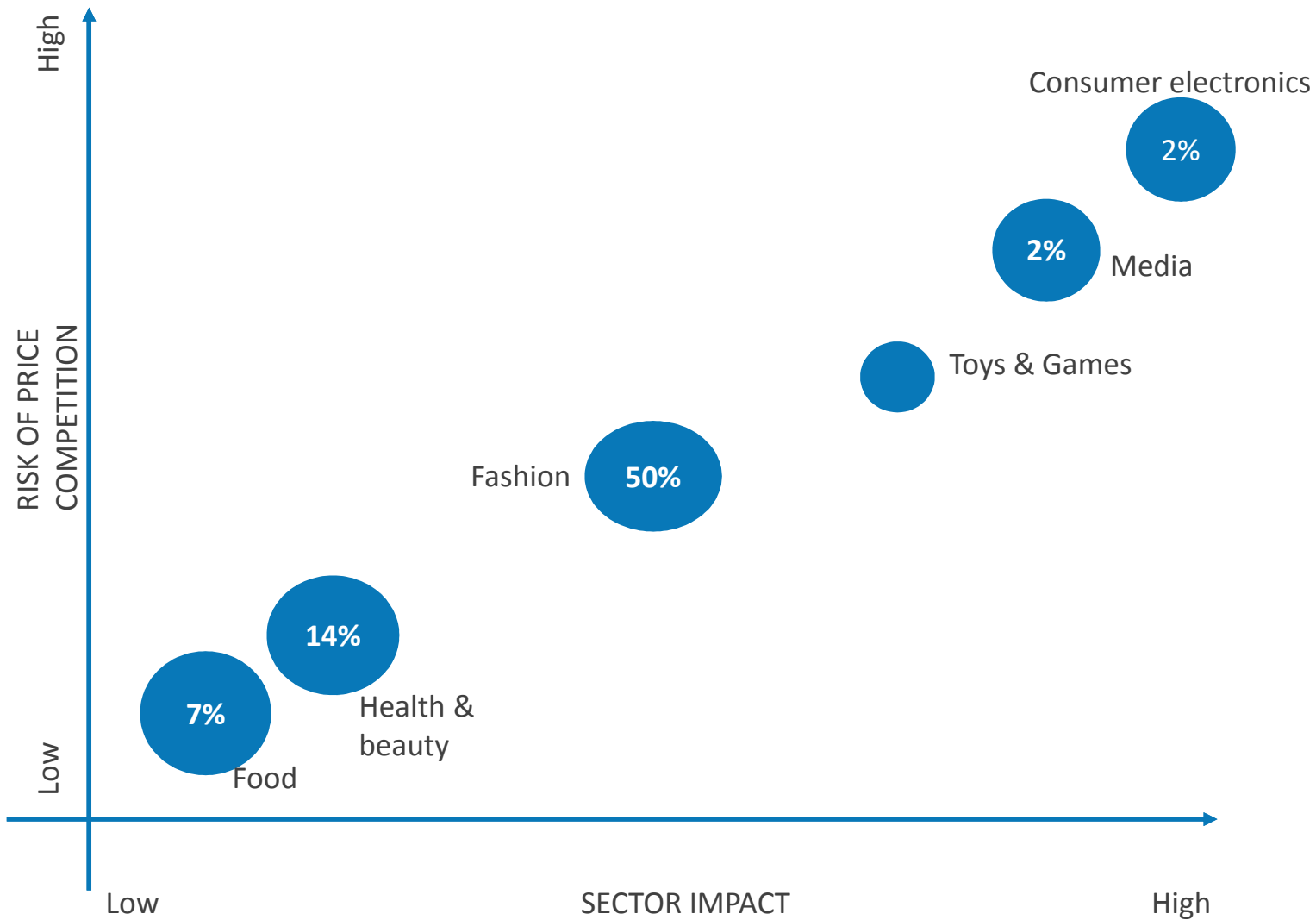
- Rental levels remain stable in prime locations
- Vacancy in high streets remain relatively low compared to secondary locations

Well-spread tenant profile

Sectoral spread (% Rental income)

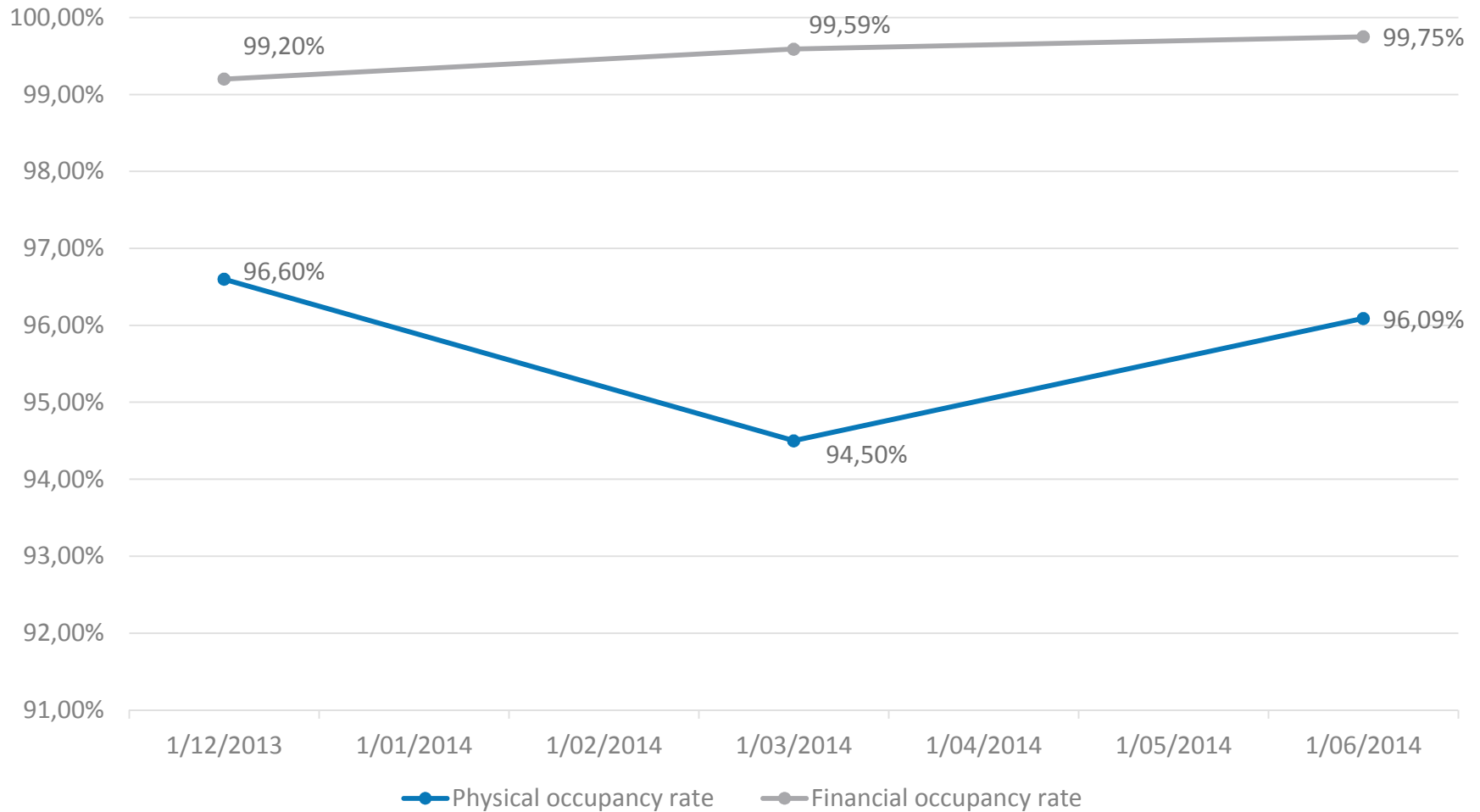


Low tenant and sector risk



High and stable occupancy rate

Physical and financial occupancy rate



First half year of 2014 consolidated balance sheet & income statement

DESCRIPTION (30/06/2014) (x EUR 1.000)

EQUITY 74.395	FINANCIAL DEBTS 59.848	FIXED ASSETS 129.491	TOTAL ASSETS 143.500
RENTAL INCOME 3.832	OPERATIONAL RESULT EX PTF 3.030	DISTRIBUTABLE RESULT 2.129	NET RESULT 1.170

Debt & Interest rate hedging



Debt ratio

At 30/06/2014 the debt ratio of Qrf was 46,65% (compared to 40,89% on 30/12/013)

Aim

Qrf aims to hedge at least 75% of her credits

Current hedging

100%

First half year of 2014 key figures

DESCRIPTION (30/06/2014) (in EUR)

YEARLY ERV	YEARLY PASSING RENT	PORTFOLIO VALUE 30/06*	ACQUISITIONS 1H 2014
8.375.734	8.213.057	129.448.000	16.500.000
DEBT RATIO	RENTAL GROWTH 1H 2014	DEGREE OF FINANCIAL OCCUPANCY	DEGREE OF PHYSICAL OCCUPANCY
46,65%	1.093.634	99,75%	96,09%

* Today: 139,1 M EUR

2014 goals on schedule

FLASHBACK

+35 M EUR

FV 30/12/2013

114.201.27 EUR



2014 goals on schedule

FLASHBACK

A person in a white shirt is holding a small green plant growing out of a pile of coins. The plant has several green leaves and a thin stem. The coins are of various denominations and are piled up in the person's hands. The background is a blurred white shirt.

1,3 EUR gross dividend per share

0,975 EUR net dividend per share

After 2014

LOOKING FORWARD



Growth by

- Capital injection
- Capital increase

61 THE SHARE 'QRF'



First half year of 2014 per Share key figures

DESCRIPTION (30/06/2014)

OPERATIONAL
DISTRIBUTABLE
RESULT PER SHARE

0,65

NAV
(IFRS)

22,73

NAV
(EPRA)

23,57

PROPOSED
DIVIDEND

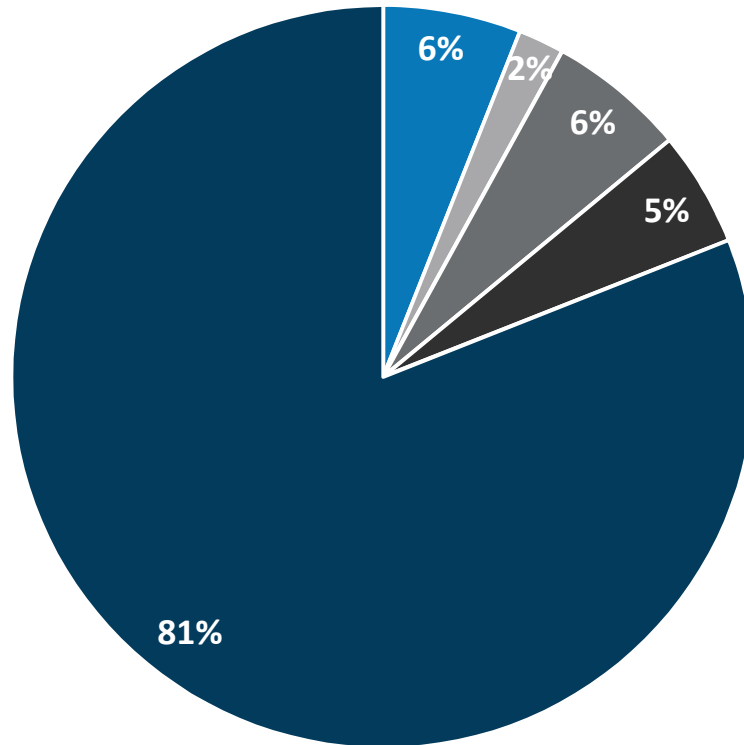
1,3 EUR*

NUMBER OF SHARES ISSUED

3.272.911

Shareholder structure

Shareholder structure Qrf

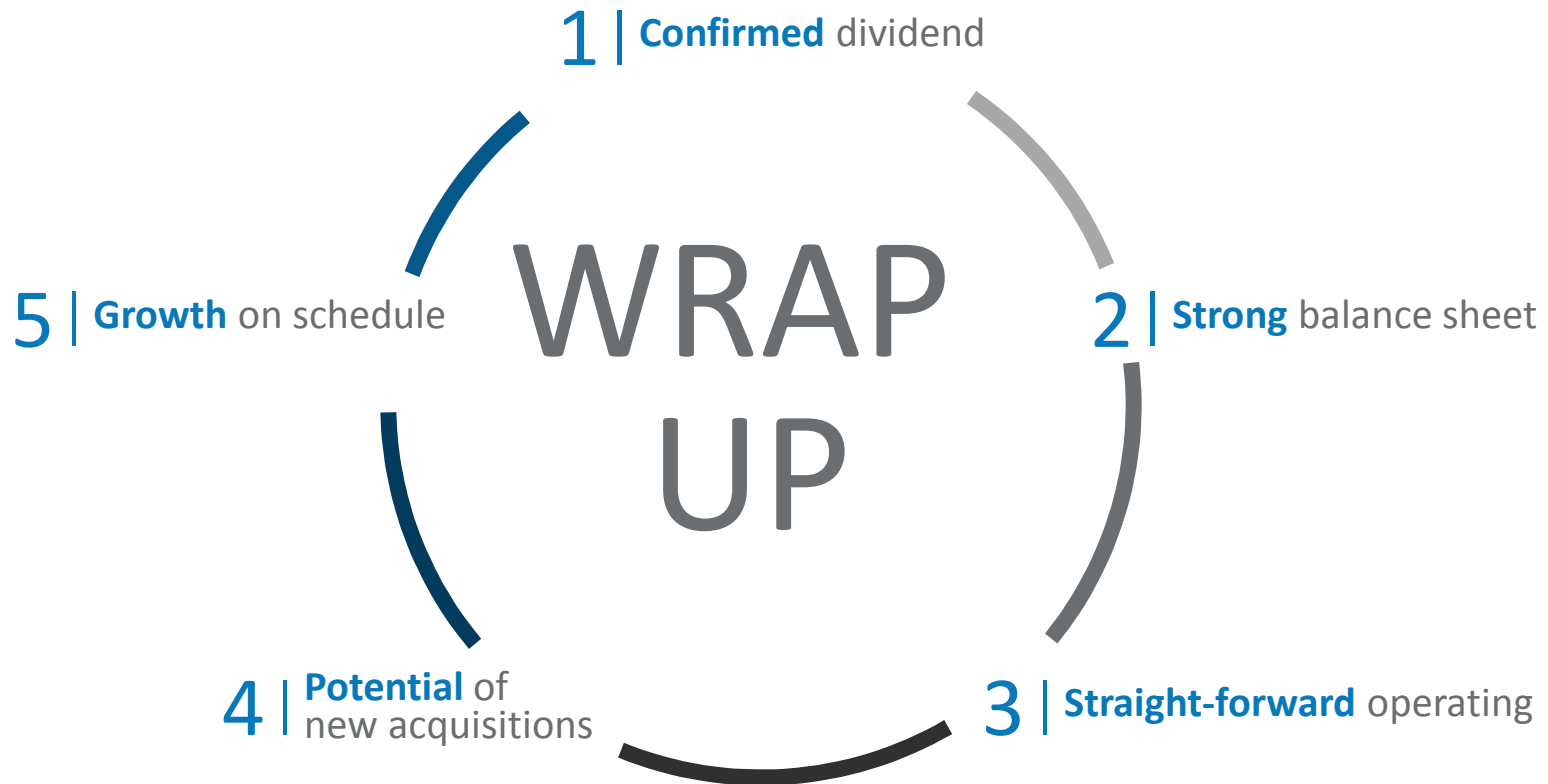


■ Dembitzer* ■ Quares* ■ BNP Paribas ■ Capfi Delen ■ Floating

81 CONCLUSION: A VALUED PARTNER



Summary



THANK YOU

QUESTIONS?

Income Statement

In EUR x1.000	30.06.2014	30.12.2013
(+) Rental income	3.832	270
Net rental result	3.832	270
(+) Recovery of rental charges and taxes normally paid by tenants on let properties	0	16
(-) Rental charges and taxes normally paid by tenants on let properties	-40	-17
Property result	3.792	269
(-) Property costs	-165	-24
(-) Corporate overheads	-597	-119
(+/-) Changes in fair value of investment properties	-1.013	-1.785
Operating results	2.017	-1.659
(+/-) Financial result	-847	-56
(-) Taxes	-54	0
(+) Minority interest	6	0
Net Result	1.122	-1.715
(+/-) Changes in Fair Value of financial assets and liabilities	-1.426	4
Net Result (group share)	-304	-1.711

Balance sheet

In EUR x1.000	30.06.2014	30.12.2013
Property investments	129.448	114.201
Other fixed assets	43	4
Fixed Assets	129.491	114.205
Trade debtors receivables	405	527
Tax receivables and other current assets	3.893	3.847
Cash and cash equivalents	9.689	8.497
Deferrals and accruals	22	47
Current Assets	14.009	12.918
Total Assets	143.500	127.123

Balance sheet

In EUR x1.000	30.06.2014	30.12.2013
Capital	70.369	70.369
Reserves	2.597	5.738
Net Results	1.122	-1.715
Minority interest	307	314
Equity Capital	74.395	74.706
Long-term financial debt	61.270	39.826
Other long-term liabilities	739	306
Long-term Liabilities	62.009	40.132
Short-term financial debts	6.197	11.521
Other short-term liabilities	899	764
Short-term Liabilities	7.096	12.285
Total Liabilities	143.500	127.123