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**HALF-YEAR REPORT  
JANUARY-JUNE  
2017**

Corp. reg. no 556975-7684



**H1**

**2017**

## SUMMARY OF THE PERIOD

- Net sales amounted to SEK 5,232 thousand (SEK 128 thousand).
- Operating earnings totalled SEK -4,419 thousand (SEK 25,575 thousand).
- Changes in the value of investment properties totalled SEK 0 thousand (SEK 34,866 thousand). No external valuation of the property portfolio was carried out.
- Post-tax earnings amounted to SEK -7,588 thousand (SEK 15,499 thousand).
- Basic earnings per share for the period totalled SEK -0.28 (SEK 0.82).  
There was a negative impact on earnings resulting from a write-down of the company's holding in the Spanish bank Banco Popular in the amount of SEK 1,070 thousand.
- Equity totalled SEK 270,043 thousand (SEK 115,264 thousand).

## SIGNIFICANT EVENTS DURING THE FIRST SIX MONTHS OF THE YEAR

- In February 2017, the company entered into an agreement regarding the acquisition of part of a villa project in Marbella. The purchase price is EUR 1.1 million.
- In May 2017, the company carried out an oversubscribed rights issue, the proceeds of which raised approximately SEK 151.4 million for the company.
- The company's ordinary shares and preference shares were listed for trading on Nasdaq First North on 21 June 2017.
- On 30 June 2017, the company took over three properties in Marbella's Golden Mile district, referred to as Centro Forestal Sueco. The purchase price totals EUR 13.5 million.
- In May, the company began construction on the Gran Vista project.

## OTHER DISCLOSURES

- The company's rental operator for the 99 apartments in Hacienda de Cifuentes has conducted rental operations for the entire first half of the year. The operator's first peak season is now under way, with a positive trend thus far. Now that rental operations have begun, the company is of the opinion that it will be possible to generate value growth in the Property Management segment going forward, in accordance with the company's plan.
- On 20 July 2017, Andreas Bonnier stepped down from the Board of Directors.
- The company opened an office in Marbella in August.

# MESSAGE FROM THE CEO

***The first half of 2017 was an extremely intensive period for Quartiers – in more ways than one. We have adopted a new business model with a clear focus on property development, in which Quartiers is positioned between the major investment fund and the local construction firm. We have continued to strengthen the organisation to keep pace with the expansion of our portfolio, and we intend to take on several experienced members of staff both in Spain and in Sweden over the next 12 months. In the second quarter, we successfully implemented a rights issue, which was oversubscribed by 234 percent and raised SEK 151.4 million, and changed our listing to Nasdaq First North. Alongside this, we took over 36,000 m<sup>2</sup> of the attractive Centro Forestal, where we are now working on and fleshing out our plan to build a lifestyle hotel on two of the plots. In short, the pace of Quartiers' operations has escalated to a new level.***

Quartiers has identified its niche – a Swedish listed property company that builds properties in Spain. Our operations are centred on property development, with a focus on development and sales, as well as management of residential units. The combination of management and development creates a solid foundation for the company, while at the same time enabling a rapid pace of expansion. We are able to report a well implemented and successful rights issue for H1, which generated roughly SEK 151.4 million for the company and increased the number of shareholders by just over 400. On 21 June, our ordinary and preference shares were listed for trading on Nasdaq First North.

Operations at our investment property Hacienda de Cifuentes are now under way. Earnings were affected by non-recurring property expenses during the first six months of the year. However, the summer saw a healthy trend, with an increase in the number of guests and positive customer reviews. The fact that operations at the property are now fully under way will contribute to a persistently positive appreciation in the value of our investment properties going forward.

At the beginning of the year, we acquired a small villa project and the second quarter saw the launch of phase one of the Gran Vista project, involving the construction and completion of 12 apartments with each one planned to be of consistently high quality, both in terms of choice of materials and furnishings. The second quarter also saw the start of project planning work on Ocean View, where we estimate there is potential for the completed project to provide around 60 residential units with adjacent green

spaces and service areas. On 30 June, we took over 36,000 m<sup>2</sup> in the attractive Golden Mile area of Marbella; an acquisition that we regard as having considerable potential already, and even more once the new detailed plan is complete. There is strong demand for hotels and a gap in the market for lifestyle and boutique hotels in the region.

The hotel project at Centro Forestal, also known as The Foundation Hotel, reinforces our investment property strategy, in which we identify properties with development potential and make improvements to them to create top-quality properties with a high level of service and featuring exclusive design.

Forestal Residential is ready to go, pending completion of the new detailed plan in Marbella, and is regarded as a highly profitable development project with a focus on villas and town houses in the luxury segment. We are working proactively with Marbella municipality to create the best possible conditions for a successful venture.

The level of activity and demand on the market remains very high. There is considerable demand for new, modern homes, and interest rates are persistently low, with banks having a clear directive on divestment of existing property holdings. Combined with the fact that our organisation is strengthening and growing, this will enable continued expansion that will further benefit the business.



**Katri Lind**  
Chief Executive Officer

# PROPERTY AND PROJECT PORTFOLIO

Quartiers Properties' project and property portfolio comprises six objects located in three different areas – Marbella, Benahavis and Nueva Andalucia.



## LOCATION: ONE

### Hacienda de Cifuentes

Hacienda de Cifuentes is a completed apartment complex in the municipality of Benahavis, which is fully let to an external operator. The operator rents out apartments on both a short- and long-term basis. The apartments can be booked via [www.quartiers.se](http://www.quartiers.se), as well as via websites such as [www.bookings.com](http://www.bookings.com).

### Gran Vista

Gran Vista is situated right next to Hacienda de Cifuentes, in the municipality of Benahavis. The apartments will be included in the joint property Hacienda de Cifuentes and have access to its range of services. The apartments are under construction.

### Ocean View

Ocean View is a new residential area with amenities close by. The project is being developed with a contemporary, personal and open design. Ocean View will consist of 60 modern apartments with an extremely exclusive feel. The company is working on the area's conceptual development.

## LOCATION: TWO

### Amapura

Amapura is a villa project that Quartiers Properties is developing in partnership with a local construction firm. The project is located in Nueva Andalucia and boasts views of the Mediterranean and the city of Marbella.

## LOCATION: THREE

### The Foundation Hotel

The Foundation Hotel is Quartiers Properties' hotel project and comprises two plots included in the Centro Forestal Sueco property. The company is currently working on planning and developing the property.

### Forestal Residential

Forestal Residential is in the detailed planning stage and the long-term intention is to transform it into a gated community featuring exclusive villas and town houses.

# FINANCING

Quartiers Properties pursues capital intensive operations and access to capital is a fundamental prerequisite for the continued development of the company. The company uses various sources of financing, including loans from credit institutions and preference shares. In H1 2017, the company also carried out an issue of ordinary shares, which raised SEK 151.4 million for the Group.

## EQUITY AND BORROWINGS

On 30 June 2017, the Group's equity totalled SEK 270.0 million (SEK 115.3 million) and the equity assets ratio was 55.0 percent (36.5). Equity in the Group has thus risen by 134 percent compared with the corresponding period last year. In addition, the equity assets ratio was strengthened by 18.5 percentage points compared with 30 June 2016.

The balance sheet total amounted to SEK 490.9 million (SEK 315.4 million), which is an increase of 55.6 percent compared with the end of H1 2016. The debt/equity ratio was 35.7 percent.

The Group's interest-bearing liabilities amounted to SEK 165.6 million (SEK 161.3 million), of which SEK 162.3 million (SEK 161.2 million) comprised secured liabilities to credit institutions. The remaining portion of SEK 3.3 million consisted of short-term borrowings where the lender is not a traditional credit institution. During the

first half of 2017, the company amortised/repaid loans of SEK 7.4 million, SEK 3.6 million of which was to credit institutions.

## LIQUIDITY

At 30 June 2017, the Group's cash and cash equivalents amounted to SEK 13.7 million (SEK 2.1 million).

On 30 June, the company took over three properties referred to as Centro Forestal Sueco. A cash purchase price of EUR 10.8 million (SEK 105.8 million) was paid on handover. The objective is to refinance part of the purchase price with bank loans.

The company is currently experiencing an expansive period, focusing on development and investments in both existing and new property projects. This means that the company's liquidity position may vary over time. The Board of Directors of Quartiers Properties is of the opinion that the company's healthy equity/assets ratio enables it to take out short-term loan financing as needed to guarantee working capital requirements for the forthcoming 12-month period. Moreover, the company holds liquid assets in the form of land and apartments, which can be divested within the framework of the company's operating activities should a financing need arise that cannot be met via borrowings.



# SHAREHOLDER INFORMATION

Quartiers Properties has two outstanding share types in the form of ordinary shares and a preference share series. The ordinary and preference shares in Quartiers Properties have been traded on Nasdaq First North Stockholm since 21 June 2017. The preference share was previously traded on NGM Nordic MTF.

During the first six months of the year, Quartiers Properties carried out an issue of ordinary shares, followed by listing on Nasdaq First North. There was a considerable level of interest among investors, with subscriptions totalling SEK 214 million. Accordingly the issue raised SEK 151.4 million, and the total number of shares in the company increased from 34,738,070 to 44,833,386, including 40,753,316 ordinary shares and 4,080,070 preference shares. At 30 June 2017, Quartiers Properties had a total of approximately 620 shareholders.

The market value of the company's ordinary shares at 30 June 2017 totalled SEK 590.9 million, based on a closing price of SEK 14.50. The preference share pays an annual dividend of SEK 0.96 per share, which, given the closing price on 30 June of SEK 9.60 per share, corresponds to a yield of 9.7 percent.

## WARRANTS

There are 460,000 series 1 warrants and 332,914 series 2 warrants issued in the company. Both series 1 and series 2 warrants extend up to and including September 2017. From 5 September 2017 up to and including 26 September 2017, holders of series 1 and 2 warrants are entitled to

subscribe to ten (10) new ordinary shares in the company for each series 1 or 2 warrant at a subscription price of SEK 3.5 per share.

## AUTHORISATION

The Annual General Meeting on 26 May 2017 resolved to authorise the Board of Directors up until the next AGM and within the limitations of the Articles of Association, on one or more occasions, with or without deviation from shareholders' preferential rights, to decide on the issue of shares (ordinary shares and/or preference shares), warrants and/or convertible shares.

When deciding on the number of preference shares to be issued, the Board of Directors shall ensure that the company is able to fulfil its commitments relating to dividends for preference shares, in accordance with the decision regarding the distribution of profit. The decision regarding the distribution of profit means that dividends can be distributed for a maximum total amount of SEK 6.0 million on the company's existing shares and on shares that may be issued.

An issue may be made against a cash payment, via assets contributed in kind and/or via offsetting, or otherwise according to conditions.

## MARKET MAKER AND CERTIFIED ADVISER

Mangold is the company's Certified Adviser and market maker for the ordinary share. Mangold can be contacted on +46 (0)8-503 015 50.

## TEN LARGEST SHAREHOLDERS

#	Shareholder	Ordinary shares	Preference shares	Capital	Votes
1	Egonomics AB*	11,583,000	225,000	26.3%	28.2%
2	Fastighets Aktiebolag Bränneröd*	5,013,703	85,730	11.4%	12.2%
3	Rocet AB	3,787,334	30,000	8.5%	9.2%
4	Mangold Fondkommission*	2,627,175	101,650	6.1%	6.4%
5	LMK Companies & Foundation	2,478,676	180,000	5.9%	6.1%
6	Swedbank Robur Funds	2,037,700	–	4.5%	5.0%
7	Bernt Lundberg Fastigheter Lund AB	1,780,000	100,000	4.2%	4.3%
8	Petrus AS	1,430,000	347,078	4.0%	3.6%
9	Leif Edlund	1,333,334	–	3.0%	3.2%
10	Hallandsmusteriet AB	1,067,000	200,000	2.8%	2.6%
	<b>Other</b>	<b>7,615,394</b>	<b>2,810,612</b>	<b>23.3%</b>	<b>19.2%</b>
	<b>Total</b>	<b>40,753,316</b>	<b>4,080,070</b>	<b>100%</b>	<b>100%</b>

Source: Euroclear

\*At 30 June 2017, Egonomics AB had loaned 17,000 ordinary shares to Mangold Fondkommission under the remit of Mangold's mandate as market maker for Quartiers Properties. At 30 June 2017, Fastighets Aktiebolag Bränneröd had loaned 914,297 ordinary shares to Mangold Fondkommission under the remit of Mangold's mandate as responsible stabilisation institution, in connection with Quartiers Properties' listing on Nasdaq First North. The table shows the shareholders who had shares registered in their custody account at 30 June 2017.

# COMMENTS ON THE PERIOD

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Profit/loss, balance sheet and cash flow items relate to the January to June 2017 period. The comparison items relate to the corresponding period last year.

## REVENUE

Quartiers' sales amounted to SEK 5,232 thousand (SEK 128 thousand). Revenue is derived exclusively from the company's letting of apartments to an independent operator.

## GROSS EARNINGS

Gross earnings totalled SEK 852 thousand (SEK -2,484 thousand).

## OPERATING EXPENSES

Quartiers' operating expenses during the period comprised property expenses, which amounted to SEK 4,380 thousand (SEK 2,612 thousand).

## OTHER SIGNIFICANT OPERATING ITEMS

Expenses relating to central administration totalled SEK 5,271 thousand (SEK 6,806 thousand) during the period.

## CHANGES IN THE VALUE OF INVESTMENT PROPERTIES

On 30 June 2017, the investment property portfolio comprised 99 completed apartments. The apartments are let to an independent operator, which in turn runs an apartment complex offering both short- and long-term rental. At 30 June, no external valuation had been carried out. The recognised change in value amounts to SEK 0 thousand (SEK 34,866 thousand), as the Board of Directors is of the opinion that the fair value corresponds to the carrying amount. The company will conduct an external valuation of the property portfolio on 31 December 2017.

## INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

The company's interest expenses and similar profit/loss items during the first six months totalled SEK 3,169 thousand (SEK 1,409 thousand). SEK 1,971 thousand (SEK 1,409 thousand) relates to interest on the company's bank loans to finance the completed property acquisitions, as well as interest on short-term loans in the Parent Company. SEK 1,070 thousand relates to the write-down of the company's shareholding in Banco Popular. Following the write-down, the book value of the holding amounts to SEK 4,818 thousand.

June saw the announcement that the major Spanish bank Santander is to acquire Banco Popular. In July, a document was published detailing how existing Banco Popular shareholders would be compensated. The write-down corresponding to 50 percent of the purchase cost has been carried out in accordance with the company's

assessment of the value of this compensation. However, there is still a degree of uncertainty.

## PROFIT/LOSS AFTER TAX

Post-tax earnings amounted to SEK -7,588 thousand (SEK 15,499 thousand). The decline in earnings compared with the previous year is primarily attributable to the difference in the increase in the value of investment properties.

## CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK 12,140 thousand (SEK -28,417 thousand) during the period. Cash and cash equivalents at the end of H1 totalled SEK 13,722 thousand (SEK 2,079 thousand).

## INVESTMENTS IN PROPERTY PORTFOLIO

Investments during the period amounted to a total (including project properties) of SEK 144,845 thousand (SEK 89,088 thousand). Total investments in properties since the company was established in 2014 amount to SEK 350,912 thousand.

## INVESTMENT AND OPERATING PROPERTIES

The acquisition of the hotel properties included as two of three properties in the acquisition of the properties referred to as Centro Forestal Sueco is recognised as an operating property.

## PROJECT PROPERTIES

In the first half of the year, investments in project properties amounted to SEK 51,761 thousand. Of this investment, SEK 44,732 thousand relates to the property referred to as Forestal Residential.

## FINANCING

The company finances investments via bank loans and equity. During the first half of the year, SEK 151,430 thousand was raised in equity before share issue expenses. The Board of Directors has a long-term plan to expand and develop Quartiers and its property portfolio via the acquisition of new properties and the development and sale of project properties.

On 30 June, a cash purchase price was paid for Centro Forestal Residential corresponding to SEK 105,820 thousand. The aim in autumn 2017 is to refinance part of this via bank financing.

Up to 10 percent of the total purchase price, EUR 1.35 million, will be paid on completion of a new detailed plan in Marbella municipality. See Note 8 for further information.

# COMMENTS ON THE PERIOD

## SIGNIFICANT EVENTS DURING THE FIRST SIX MONTHS OF THE YEAR

- In February 2017, the company entered into an agreement on the acquisition of part of a villa project in Nueva Andalucia. The purchase price is EUR 1.1 million.
- In May 2017, the company carried out an oversubscribed rights issue, the proceeds of which raised approximately SEK 151.4 million for the company.
- The company's ordinary shares were listed for trading on Nasdaq First North on 21 June 2017.
- On 30 June 2017, the company took over three properties referred to as Centro Forestal Sueco.
- In May, the company began construction on the Gran Vista project.

## SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- On 20 July 2017, Andreas Bonnier stepped down from the Board of Directors.
- Mangold concluded stabilisation measures in the company's ordinary share.
- The company opened an office in Marbella in August.

## RELATED PARTY TRANSACTIONS

### Jörgen Cederholm

The company's Chairman of the Board, Jörgen Cederholm, indirectly owns shares in Fastighets Aktiebolag Bränneröd and Rocet AB, with which Quartiers Properties has entered into loan agreements. In the first half of the year, interest has been paid totalling approximately SEK 272 thousand. In the rights issue that was carried out in May, the lenders offset 100 percent of the outstanding claim of SEK 4,100 thousand against shares.

### Andreas Bonnier

In connection with the handover of the properties referred to as Centro Forestal Sueco, Andreas Bonnier, who is the largest shareholder of the company via his own company Egonomics AB, provided a personal guarantee as security for the outstanding purchase price amounting to EUR 1.35 million. Consequently, the company and Andreas Bonnier have entered into an

agreement, according to which the company undertakes to hold Andreas Bonnier harmless in the event that the guarantee commitment is required. As security for the company holding him harmless, Andreas Bonnier has received a pledge for all shares in the subsidiary CFS Residential Property S.L. See also press release dated 30 June 2017.

## FUTURE PROSPECTS

No forecast is being submitted for the second half of 2017.

In a press release dated 14 June 2017, the company announced that it anticipates the business will have a positive cash flow during the second quarter of 2018, coinciding with the sale of objects (apartments and villas) in the company's projects.

## RISKS AND UNCERTAINTIES

Quartiers Properties is exposed to risks and uncertainties via its operations. For information about the Group's risks and uncertainties, please refer to the 2016 Annual Report. The description contained in the report remains relevant.

This Interim Report has not been subject to examination by an auditor.

## NEXT REPORT DATE

The Year-end Report for 2017 will be published on 23 February 2018.

## CERTIFICATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and Chief Executive Officer certify that this Half-year Report provides a true and fair overview of the Parent Company and Group's operations, position and earnings and describes significant risks and uncertainties faced by the Parent Company and Group companies.

### Stockholm, 25 August 2017.

Jörgen Cederholm, Chairman of the Board  
Lars Åke Olofsson, Board Member  
Jimmie Hall, Board Member  
Sten Andersen, Board Member  
Katri Lind, Chief Executive Officer

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts are stated in SEK thousand	Note	01/01/2017 30/06/2017	01/01/2016 30/06/2016	01/01/2016 31/12/2016
Rental income		5,232	128	4,242
Other income		-	-	38
<b>Total operating income</b>		<b>5,232</b>	<b>128</b>	<b>4,280</b>
Property expenses		-4,380	-2,612	-4,716
<b>Total operating expenses</b>		<b>-4,380</b>	<b>-2,612</b>	<b>-4,716</b>
<b>Gross earnings</b>		<b>852</b>	<b>-2,484</b>	<b>-436</b>
Central administration		-5,271	-6,806	-7,393
Change in the value of investment properties		0	34,866	49,188
<b>Operating earnings</b>		<b>-4,419</b>	<b>25,575</b>	<b>41,359</b>
Other interest income and similar profit/loss items		-	-	1,384
Interest expenses and similar profit/loss items		-3,169	-1,409	-6,459
<b>Profit/loss from financial items</b>		<b>-3,169</b>	<b>-1,409</b>	<b>-5,075</b>
<b>Earnings before tax</b>		<b>-7,588</b>	<b>24,166</b>	<b>36,284</b>
Deferred tax		-	-8,716	-12,297
<b>Earnings for the period</b>		<b>-7,588</b>	<b>15,499</b>	<b>23,987</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
<b>Earnings for the period</b>		<b>-7,588</b>	<b>15,499</b>	<b>23,987</b>
Items that have been or may be transferred to profit/loss for the year		-	-	-
Translation differences on translation of foreign operations		-883	2,464	986
<b>Total comprehensive income</b>		<b>-8,471</b>	<b>17,914</b>	<b>24,973</b>
<i>Earnings and comprehensive income for the period attributable to:</i>				
Parent Company shareholders		-8,471	17,914	24,973
Basic earnings per ordinary share, SEK*		-0.28	0.82	0.89
Diluted earnings per ordinary share, SEK*		-0.25	0.75	0.82
Average no. of ordinary shares before dilution*		30,658,000	21,835,400	25,442,580
Average no. of ordinary shares after dilution*		33,413,542	23,797,967	27,729,360
No. of ordinary shares outstanding at end of period*		40,753,316	29,228,000	30,658,000

\*The number of shares in the comparison periods has been adjusted to take account of the share split (split 1:10) adopted in 2017.



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are stated in SEK thousand	Note	30/06/2017	30/06/2016	31/12/2016
<b>ASSETS</b>				
Subscribed but not paid in capital		-	16,908	-
<b>Non-current assets</b>				
<i>Property, plant and equipment</i>				
Investment properties	4	246,728	218,576	245,027
Operating properties	5	92,167	-	-
Equipment, tools and installations		7,274	165	7,915
Non-current financial assets		-	-	-
Other long-term securities holdings		4,818	9,485	5,814
Other non-current receivables		38	-	38
<b>Total non-current assets</b>		<b>351,025</b>	<b>228,226</b>	<b>258,794</b>
<b>Current assets</b>				
Project properties	6	102,181	49,251	50,373
Trade receivables		6,738	142	7,885
Other receivables		3,051	10,424	13,191
Prepaid expenses and accrued income		14,023	8,399	297
Financial investments		224	-	263
<b>Cash and cash equivalents</b>		<b>13,722</b>	<b>2,079</b>	<b>10,117</b>
<b>Total current assets</b>		<b>139,939</b>	<b>70,295</b>	<b>82,126</b>
<b>Total assets</b>		<b>490,964</b>	<b>315,431</b>	<b>340,920</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are stated in SEK thousand	Note	30/06/2017	30/06/2016	31/12/2016
<b>SHAREHOLDERS' EQUITY</b>				
Share capital		1,120	731	868
Ongoing new share issue		-	58	-
Ongoing new share issue, other contributed capital		-	20,357	-
Other contributed capital		233,702	52,403	92,856
Reserves, translation differences		636	1,845	1,550
Retained earnings incl. profit/loss for the period		34,585	39,870	46,059
<b>Total shareholders' equity</b>		<b>270,043</b>	<b>115,264</b>	<b>141,333</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities		23,688	18,300	22,333
Liabilities to credit institutions		153,579	158,981	152,690
<b>Total non-current liabilities</b>		<b>177,267</b>	<b>177,281</b>	<b>175,023</b>
<b>Current liabilities</b>				
Liabilities to credit institutions		8,668	2,324	12,203
Trade payables		1,241	2,262	1,301
Other current liabilities		24,232	17,071	9,607
Accrued expenses and deferred income		9,513	1,229	1,453
<b>Total current liabilities</b>		<b>43,653</b>	<b>22,886</b>	<b>24,564</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>490,964</b>	<b>315,431</b>	<b>340,920</b>

# CONSOLIDATED CHANGES IN EQUITY

Amounts are stated in SEK	Share capital	Other contributed capital	Reserves, translation differences	Other equity incl. profit/loss for the period	Total shareholders' equity
<b>Opening balance, 01/01/2016</b>	500	24,950	-619	24,421	49,252
<b>Comprehensive income</b>					
Earnings for the period	-	-	-	23,987	23,987
Exchange rate differences	-	-	2,138	-	2,138
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2,138</b>	<b>23,987</b>	<b>26,126</b>
<b>Transactions with shareholders</b>					
New share issue	368	73,121	-	-	73,489
Dividend paid, preference shares	-	-	-	-580	-580
Change in expensed unpaid dividend, preference shares	-	-	-	-1,739	-1,739
Share issue expenses	-	-5,215	-	-	-5,215
<b>Total transactions with shareholders</b>	<b>368</b>	<b>67,906</b>	<b>-</b>	<b>-2,319</b>	<b>65,595</b>
<b>Closing balance, 31/12/2016</b>	<b>868</b>	<b>92,856</b>	<b>1,519</b>	<b>46,089</b>	<b>141,333</b>
<b>Opening balance, 01/01/2017</b>	<b>868</b>	<b>92,856</b>	<b>1,519</b>	<b>46,089</b>	<b>141,332</b>
<b>Comprehensive income</b>					
Earnings for the period	-	-	-	-7,588	-7,588
Exchange rate differences	-	-	-883	-	-883
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-883</b>	<b>-7,588</b>	<b>-8,471</b>
<b>Transactions with shareholders</b>					
New share issue	252	151,177	-	-	151,429
Dividend paid, preference shares	-	-	-	-979	-979
Change in expensed unpaid dividend, preference shares	-	-	-	-2,937	-2,937
Share issue expenses	-	-10,331	-	-	-10,331
<b>Total transactions with shareholders</b>	<b>252</b>	<b>140,846</b>	<b>-</b>	<b>-3,916</b>	<b>137,182</b>
<b>Closing balance, 30/06/2017</b>	<b>1,120</b>	<b>233,702</b>	<b>636</b>	<b>34,585</b>	<b>270,043</b>

# CONSOLIDATED CASH FLOW STATEMENT

Amounts are stated in SEK thousand	01/01/2017 30/06/2017	01/01/2016 30/06/2016	01/01/2016 31/12/2016
<i>Cash flow from operating activities</i>			
Operating earnings	-4,419	25,575	41,359
Depreciation, amortisation and impairment	872	–	1,088
Other non-cash items	195	-38,008	-53,131
Profit/loss from trading with financial instruments	-83	–	831
Interest paid (attributable to financing activities)	-2,016	-1,409	-2,637
<b>Cash flow from operating activities before changes in working capital</b>	<b>-5,451</b>	<b>-13,842</b>	<b>-12,491</b>
<i>Changes in working capital</i>			
Increase/decrease in trade receivables	1,147	-142	-7,885
Increase/decrease in financial investments	-39	–	-263
Increase/decrease other current receivables	-3,586	-29,893	-7,295
Increase/decrease trade payables	-60	1,384	423
Increase/decrease other current liabilities	20,129	14,076	5,097
<b>Cash flow from operating activities</b>	<b>12,140</b>	<b>-28,417</b>	<b>-22,214</b>
<b>Cash flow from investing activities</b>			
Investments in property, plant and equipment	-93,312	-39,837	-60,039
Investments in project properties	-51,761	-49,251	-50,373
Sales of property, plant and equipment	–	-165	–
Purchase of non-current financial assets	–	-9,485	–
Increase/decrease in other non-current receivables	–	–	-9,674
<b>Cash flow from investing activities</b>	<b>-145,073</b>	<b>-98,738</b>	<b>-120,086</b>
<b>Cash flow from financing activities</b>			
New share issue	141,098	27,684	68,274
Ongoing new share issue	–	20,414	–
Raised loans	–	77,923	83,380
Loan repayments	-3,581	–	-1,869
Dividend paid, preference shareholders	-979	–	-580
<b>Cash flow from financing activities</b>	<b>136,538</b>	<b>126,021</b>	<b>149,205</b>
<b>Cash flow for the period</b>	<b>3,604</b>	<b>-1,133</b>	<b>6,905</b>
Cash and cash equivalents at start of period	10,117	3,212	3,212
Exchange rate differences in cash and cash equivalents	–	–	–
<b>Cash and cash equivalents at end of period</b>	<b>13,722</b>	<b>2,079</b>	<b>10,117</b>

# CONDENSED PARENT COMPANY FIGURES

<b>Income statement (amounts in SEK thousand)</b>	<b>01/01/2017 30/06/2017</b>	<b>01/01/2016 30/06/2016</b>	<b>01/01/2016 31/12/2016</b>
Operating revenue	762	0	0
Operating expenses	-8,600	-3,568	-6,723
Operating earnings	-7,838	-3,568	-6,723
Profit/loss from financial items	1,615	324	2,535
<b>Earnings before tax</b>	<b>-6,223</b>	<b>-3,245</b>	<b>-4,188</b>
Earnings for the period	-6,223	-3,245	-4,188

## Comments on the income statement

The Parent Company's statement of comprehensive income is consistent with earnings for the period. The Parent Company's operations mainly consist of managing the Parent Company's investments in subsidiaries, as well as financing activities. Income relates exclusively to the invoicing of services to subsidiaries.

<b>Balance sheet (amounts in SEK thousand)</b>	<b>30/06/2017</b>	<b>30/06/2016</b>	<b>31/12/2016</b>
<b>ASSETS</b>			
Subscribed but not paid in capital	-	16,908	-
Non-current assets	216,590	19,480	24,783
Current assets	13,827	50,341	71,941
<b>Total assets</b>	<b>230,417</b>	<b>86,729</b>	<b>96,724</b>
<b>Equity and liabilities</b>			
Shareholders' equity	215,320	67,446	84,360
Current liabilities	15,097	19,283	12,364
<b>Total liabilities and equity</b>	<b>230,417</b>	<b>86,729</b>	<b>96,724</b>

# SUPPLEMENTARY DISCLOSURES

## NOTE 1. GENERAL INFORMATION

Quartiers Properties AB (publ) (Parent Company) and its subsidiaries acquire and develop properties in southern Spain. The Parent Company is a public limited company registered in Sweden, with registered offices in Stockholm. The headquarters' address is Östermalmstorg 5, SE-114 42 Stockholm, Sweden.

## NOTE 2. BASIS FOR PREPARATION OF THE COMPANY'S ACCOUNTS

Quartiers Properties AB (publ) applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34 – Interim Financial Reporting. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities.

The interim report should be read together with the Annual Report for the financial year ended 31 December 2016. The interim report comprises pages 1–19 and pages 1–9 thus constitute an integral part of this financial report.

## NOTE 3. ACCOUNTING POLICIES

The accounting policies are consistent with the policies applied the previous year. For a complete description of the accounting policies, please refer to Quartiers Properties AB (publ)'s Annual Report for the 2016 financial year.

## NOTE 4. INVESTMENT PROPERTIES

The company's investment properties are recognised at fair value in the balance sheet. Fair value, also known as market value, is the estimated price that would likely be paid/received for the company's properties at a given time were they to be offered on a free and open market with sufficient marketing time, without party relationships or coercion.

The most recent external valuation of the company's investment property holdings was carried out on 31 December 2016. The Board of Directors is of the opinion that the fair value of the company's investment property holdings at 30 June 2017 corresponds to the carrying amount.

**Table: Note 4. Investment properties**

Investment property (SEK thousand)	01/01/2017 30/06/2017
Opening cost	165,772
Purchases	917
Exchange rate differences	325
<b>Closing balance, cost</b>	<b>167,014</b>

Opening change in value, fair value	79,256
Change in value for the period	0
Exchange rate differences	458
<b>Closing accumulated change in value</b>	<b>79,714</b>
<b>Closing carrying amount</b>	<b>246,728</b>

## NOTE 5. OPERATING PROPERTIES

The company's hotel holding has been classified as an operating property. The company took over the property on 30 June 2017 and it has been recognised at cost. Depreciation is recognised as of 1 July 2017.

**Table: Note 5. Operating properties**

Operating properties (SEK thousand)	01/01/2017 30/06/2017
Opening cost	0
Purchases	92,167
Exchange rate differences	0
<b>Closing carrying amount</b>	<b>92,167</b>

## NOTE 6. PROJECT PROPERTIES

The company's project properties are recognised in the balance sheet at cost.

**Table: Note 6. Project properties**

Project properties (SEK thousand)	01/01/2017 30/06/2017
Opening cost	50,373
Purchases	51,761
Exchange rate differences	47
<b>Closing carrying amount</b>	<b>102,181</b>

## NOTE 7. SEGMENT REPORTING

Quartiers Properties has had three operating segments since 1 July 2017. Property Development, Property Management, and since 30 June, Hotel Operations. This assessment is based on differences in the nature of the businesses. Hotel operations are currently being developed in accordance with previous operations at Centro Forestal Sueco. The company is working with a development plan for operations at the property.

On 31 December 2016, a reclassification of properties was carried out from investment properties to project properties in the amount of SEK 49,251 thousand. Comparative figures at 30 June 2016 have been adjusted accordingly.

The company's properties are located exclusively in Spain and 100 percent of the revenue is derived from the letting of investment properties to an external operator.

# SUPPLEMENTARY DISCLOSURES

**Table: Note 7. Segment reporting**

Project properties (SEK thousand)	Project Development	Property Management	Hotel Operations	Group items and elimina- tions	Total	Project Develop- ment	Property Man- agement	Hotel Operations	Group items and elimina- tions	Total
Operating revenue	-	-	-	-	-	-	-	-	-	-
Income from project activities	-	-	-	-	-	-	-	-	-	-
Rental income	-	5,232	-	-	-	-	128	-	-	-
<b>Net sales</b>	-	<b>5,232</b>	-	-	<b>5,232</b>	-	<b>128</b>	-	-	<b>128</b>
<i>Operating expenses</i>										
Production expenses	-	-	-	-	-	-	-	-	-	-
Property expenses	-	-4,380	-	-	-4,380	-	-2,612	-	-	-2,612
Central administration	-	-	-	-5,271	-5,271	-	-	-	-6,806	-6,806
Other operating expenses	-	-	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	-	<b>-4,380</b>	-	<b>-5,271</b>	<b>-9,651</b>	-	<b>-2,612</b>	-	<b>-6,806</b>	<b>-9,418</b>
<i>Other significant operating items</i>										
Change in the value of investment properties	-	-	-	-	-	-	34,866	-	-	34,866
Other	-	-	-	-	-	-	-	-	-	-
<b>Total other significant operating expenses</b>	-	-	-	-	-	-	<b>34,866</b>	-	-	<b>34,866</b>
<b>Operating earnings</b>	<b>0</b>	<b>852</b>	-	<b>-5,271</b>	<b>-4,419</b>	-	<b>32,382</b>	-	<b>-6,806</b>	<b>25,575</b>
Finance income	-	-	-	-	-	-	-	-	-	-
Finance costs	-156	-804	-	-2,209	-3,169	-	-1,139	-	-270	-1,409
<b>Profit/loss from financial items</b>	<b>-156</b>	<b>-804</b>	-	<b>-2,209</b>	<b>-3,169</b>	-	<b>-1,139</b>	-	<b>-270</b>	<b>-1,409</b>
Income tax	-	-	-	-	-	-	-8,716	-	-	-8,716
<b>Earnings for the period</b>	<b>-156</b>	<b>48</b>	-	<b>-7,480</b>	<b>-7,588</b>	-	<b>22,527</b>	-	<b>-7,076</b>	<b>15,449</b>
<b>Assets</b>										
Investment properties	-	246,728	-	-	246,728	-	218,676	-	-	218,576
Operating properties	-	-	92,167	-	92,167	-	-	-	-	-
Other property, plant and equipment	-	7,274	-	-	7,274	-	165	-	-	165
Project properties	102,181	-	-	-	102,181	49,251	-	-	-	49,251
Earned, not invoiced income	-	-	-	-	-	-	-	-	-	-

# SUPPLEMENTARY DISCLOSURES

## NOTE 8. BORROWINGS

- Loans have primarily been raised via Banco Popular in Spain and shall be amortised over a period of 15 years.
- The borrowings are classified as Level 2 in the fair value hierarchy, in accordance with IFRS 13.
- The maturity analysis of borrowings below examines the Group and Parent Company's financial liabilities broken down by the time remaining on the balance sheet date, up until the contractual maturity date. The amounts stated in the table (Note 8: Borrowings) are the contractual, undiscounted cash flows.

## NOTE 9. PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Group has pledged property mortgages totalling SEK 201,973 thousand as security for liabilities to credit institutions.

In connection with the handover of Centro Forestal Sueco, 80 percent of the purchase price was paid. A deposit of 10 percent was paid on 8 March 2017. The remaining 10 percent, corresponding to EUR 1.35 million, will be

paid on completion of the new detailed plan. Should the number of development rights in the new detailed plan prove fewer than the number of development rights in the repealed detailed plan in Marbella, the remaining 10 percent of the purchase price may be revised downwards. The seller has requested external collateral as security for the deferred payment. Andreas Bonnier (indirectly the largest shareholder in Quartiers Properties via Egeconomics AB) has therefore submitted a personal primary accessory surety commitment. Since the surety has been provided by Andreas Bonnier in the interests of Quartiers Properties, a condition was that Andreas Bonnier received acceptable security in turn. Consequently, an agreement has been entered into, according to which the company undertakes to hold Andreas Bonnier harmless in the event that the guarantee commitment is required. As security for the company holding him harmless, Andreas Bonnier has received a pledge for all shares in the subsidiary CFS Residential Property S.L. CFS Residential Property S.L. is a newly established subsidiary without other assets which was created to acquire one of the properties in the purchase of Centro Forestal Sueco.

There are no additional pledged assets or contingent liabilities.

**Table: Note 8. Borrowings**

Group at 30 June 2017 (SEK thousand)	< 1 year	1–2 years	2–5 years	> 5 years
Liabilities to credit institutions	12,235	12,408	33,229	101,734
Leasing liability	1,641			
Trade payables	1,241			
Other current liabilities	33,745			





# QUARTIERS

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