

QUARTIERS TIERS

P R O P E R T I E S

**HALF-YEAR REPORT
JANUARY TO JUNE
2019**

SUMMARY OF THE PERIOD

- Net sales totalled SEK 56,389 thousand (SEK 3,242 thousand). The significant increase in net sales in the first half of the year was mainly due to sales of completed projects, which totalled SEK 49,234 thousand (0) during the period. In addition, revenues from the rental business also increased compared with the previous year.
- Operating profit excluding changes in value was SEK 212 thousand, compared with SEK -10,723 thousand in the same period last year.
- Income after tax was SEK -3,764 thousand (SEK 1,683 thousand). Last year's earnings included changes in value of SEK 18,850 thousand on the company's investment properties. This year's earnings instead include realised gains of SEK 11,833 (0) and no revaluations have been made as, in line with IFRS, the company's investment properties have been reclassified as operating properties. Reclassification of the apartments as operating properties was made according to IFRS because the company has taken over their operation. Since Quartiers took over their operation, revenues have risen, costs have decreased and control and quality of the business have increased.
- No external valuation of the property portfolio has been undertaken at 30/06/2019. The Board's assessment, which is based on the external valuation at 31/12/2018, sales and investment completed in the first half of 2019 and exchange rate changes, is that total property value at 30/06/2019 is SEK 721,881 thousand, compared with SEK 680,460 thousand at 31/12/2018.
- Basic earnings per share for the period totalled SEK 0.17 (SEK 0.39).
- Equity totalled SEK 378,079 thousand (SEK 360,675 thousand).
- The company's net asset value is SEK 478,350 thousand (SEK 425,500 thousand), corresponding to SEK 7.56 per share.

SIGNIFICANT EVENTS IN THE FIRST HALF OF THE YEAR

- Refurbishment of the Boho Club project has started in earnest.
- Loans of EUR 4.5 million have been raised with Spanish investment bank Arcano Partners in order to finance the completion of the refurbishment of Boho Club.
- In March, the majority of shares were acquired in the operating company Boho Club, which will operate a hotel and restaurant on part of the Centro Forestal Sueco property. The company's operating partner remains an owner, with 20% of the shares. Quartiers thus owns the remaining 80%, and 100% of the property where the business will be operated.
- Quartiers took over operation of the apartment complex in Benahavis on 1 January. The apartment complex comprises 101 apartments that were previously leased to an external operator.
- Financing for the Amapura project has been secured through a financing agreement with Strandängen Bostäder i Bunkeflostrand AB. Further information is provided under Related-party Transactions in this report.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- Refurbishment of the first part of the Boho Club project was completed in July, resulting in a planned opening of the restaurant in August.
- In July, the previous short-term loan of EUR 1.5 million from property fund Frux was refinanced, along with an additional EUR 1.5 million line of credit. Prior to the extension of the loan the company had repaid EUR 1.0 million of the EUR 2.5 million of the original loan.



QUARTIERS IN BRIEF

Quartiers Properties is a Swedish-owned property company listed on Nasdaq First North in Stockholm. The company's business is geographically focused on Spain. Quartiers mainly invests in hotels and residential properties aimed at an affluent international target group.

Quartiers is the only publicly listed property company in Sweden whose entire business is geographically focused on Spain. The company is active in two main segments: Property Refinement and Property Development. Within property development the company invests in underperforming properties with the aim of increasing the property's operating income and stabilising the property's cash flow and thus increasing its value. The property development segment comprises the usual development, marketing and sales of villas and apartments.

The main purpose of the company's concierge service and hotel operation is to generate value in the two main segments of property development and property refinement.

As this business area continues to develop, a third business area is also being created that in the future could operate as a separate sub-group.

The operator business has a low level of tied-up capital and, through tenancy agreements with the relevant property company, could also continue to be an income-generating business from an individual property where Quartiers chooses to divest the property, or the operator company for the relevant property could be divested and Quartiers could remain the property owner.



SUMMARY OF GROUP KEY PERFORMANCE INDICATORS

ENTERING A NEW PHASE

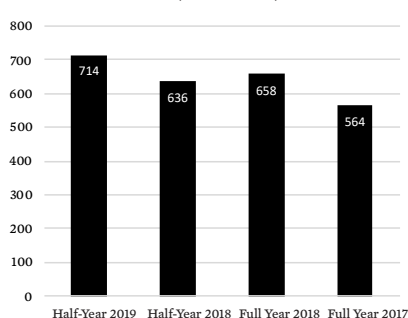
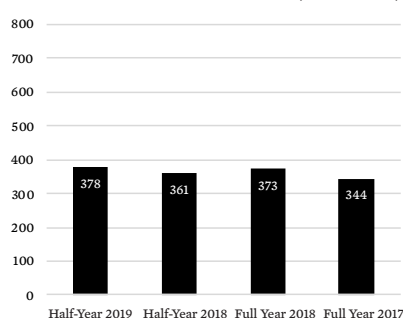
Since 2015, through investments and by raising capital, Quartiers has established itself as a significant operator on the Marbella property market. The company's total assets are currently SEK 713.7 million, with an equity/assets ratio of 53%. The loan quotient, measured as interest-bearing loans minus the cash position relative to the market value of the company's properties, amounted to 28.95% at 30 June 2019.

Focus on profitability and growth

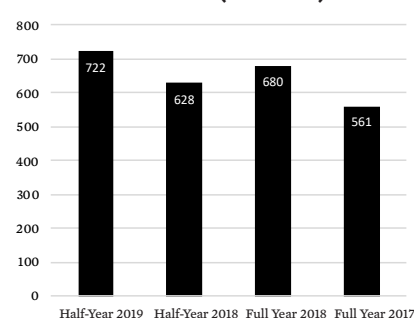
Notable changes from last year are that the company's sales revenues increased, and the number of employees in the Group rose sharply. Sales increased as a result of apartments in the company's 22byQuartiers project being divested as planned, and through higher revenues from the company's apartment complex in Benahavis. The number of employees rose as a result of the company's new direction as an operator company. The significant change was due to Quartiers taking over the operation of the apartment complex in Benahavis, and new recruitment prior to the opening of the Boho Club, which is planned during 2019.



SHAREHOLDERS' EQUITY (SEK MIL.) TOTAL ASSETS (SEK MIL.)



PROPERTY VALUE (SEK MIL.)



Key performance indicators (SEK thousand)	30/6/2019 (Half-year)	30/6/2018 (Half-year)	31/12/2018 (Full year)	31/12/2017 (Full year)
Sales revenues	56,389	3,242	29,098	5,232
Operating profit/loss excl. change in value	212	-10,723	-22,312	-10,679
Property values*	721,881	628,400	680,460	560,500
Interest-bearing liabilities	208,988	191,325	207,139	171,064
Loan to value (LTV)	28.95%	28.20%	30.44%	30.52%
Equity/assets ratio – carrying amount	53%	57%	57%	61%
Equity/assets ratio – property market value	67%	67%	70%	72%
Number of employees (Group)	65	10	8	3
Net asset value per share**	7.56	6.98	7.44	6.73
Equity per share	9.88	8.79	9.51	8.43
Share price per ordinary share	5.60	6.48	6.54	6.65
Market capitalisation – ordinary shares	271,392	314,040	316,947	322,278

*The Board's assessment based on external market valuation at 31/12/2018 and sales, investment and acquisitions completed in 2019.

**Equity adjusted for market valuation of the property portfolio after tax and taking into account preferential shareholders' share of equity.

MESSAGE FROM THE CEO

Sales for the first six months of 2019 were SEK 56.4 million, compared with SEK 3.2 million for the same period last year. Operating profit excluding changes in value also improved, to SEK 0.2 million compared with SEK -10.7 million for the same period in 2018. The major change between the two years is clearly positive in financial terms. For me, however, what is most important is that it signals that the company has now entered a new phase in which we have started realising the value we have created.

As you can read more about in this report, we have made significant progress in our work on Boho Club. Refurbishment of the restaurant is now complete, with the opening expected in August. The hotel will also soon be ready and is anticipated to open this autumn (2019).

The next major project on the horizon is Ocean View, with 60 new apartments in the Benahavis premium segment. We have completed the design phase and are working on producing the final technical drawings before we start procuring construction services after the summer and also launch the project for sale, as scheduled.

The macro fundamentals remain strong and indicate rising demand in the region, both in terms of apartment sales and tourism. Digitalisation and lower travel costs due to cheap flights are allowing more and more people to spend time in the region without losing touch with family, friends and work at home. As before, we are seeing the market fluctuate owing to short-term trends such as weather, rapid changes in exchange rates and, in particular, stock exchange movements. Last year we experienced a cautious

apartment-buying market between May and July, and the same has been noted this year. If the trend is the same as last year, however, we can expect the market to warm up between September and November.

We provide a detailed assessment of the market below and note that the supply of holiday apartments has increased considerably over the past two years, with numerous projects for sale being launched over the past year. We are seeing increased awareness and requirements from our international buyers. Service, quality and design are becoming increasingly important in the choice of residential property, and we are continuing to differentiate ourselves from other property developers in the region by always emphasising our Scandinavian approach to construction quality, customer service and style. This is something that we note is lacking on the Cost del Sol but we know is appreciated by clients in the premium segment on which we are focused.

When it opens in autumn 2019, I hope that as many of you as possible will take the opportunity to experience the comprehensive approach to customer service and quality that we will be providing at our new hotel on Marbella's Golden Mile.

We look forward to seeing you in Marbella and at Boho Club!

Marcus Johansson Prakt,
Interim CEO Quartiers Properties



Marcus Johansson Prakt
Interim Chief Executive Officer

OUR SUBSIDIARIES AND ASSOCIATES

BOHO CLUB SL (80% OWNERSHIP)

Boho Club is Quartiers' operating company for the hotel and restaurant project in the Golden Mile area of Marbella, where Quartiers is currently developing part of the Centro Forestal Sueco property. The company was founded in 2018, and Quartiers owns 80% of the operating company. In the first six months of the year, the company's operations focused on refurbishment and development of the property for the planned opening of the hotel and restaurant in the second half of 2019. At 30 June 2019 the number of employees in the company was 45, 43 of which were employed in the first six months of 2019.

H1 2019 sales: SEK 0 mil.

H1 2019 EBITDA: SEK -4.4 mil.

Employees: 45



QUARTIERS ESTATES SL (50% OWNERSHIP)

Quartiers Estates is Quartiers Properties' sales company. The company markets and sells Quartiers' own projects, as well as external projects and projects sold and developed by Otero Group. The company is 50 percent owned by Quartiers, with the other 50 percent owned by Ruben Villaverde Otero through companies. The company was founded in mid-2018. In the company's first financial year (rolling 12 months) it reported sales of SEK 7.37 million and EBITDA of SEK -0.54 million, with SEK 3.86 million of sales and SEK 0.42 million of EBITDA attributable to the first six months of 2019.

H1 2019 sales: SEK 3.86 million

H1 2019 EBITDA: SEK 0.42 million

Employees: 6



QUARTIERS MANAGEMENT SL (WHOLLY OWNED)

Quartiers Management operates the Quartiers Apartment Hotel & Resort apartment complex in Benahavis, and offers concierge and letting services to buyers of apartments in Quartiers Properties projects. The company started operating in January 2019 and in its first six months, it reported sales of SEK 7.2 million and EBITDA of SEK -1.2 million. Of sales for the first six months of 2019, short-term rental accounted for SEK 4.9 million and long-term rental for SEK 2.3 million.

H1 2019 sales: SEK 7.2 million

H1 2019 EBITDA: SEK -1.2 million

Employees: 15



PROPERTY REFINEMENT

QUARTIERS MARBELLA APARTMENT HOTEL & RESORT

Quartiers Marbella Apartment Hotel & Resort, also referred to as Hacienda de Cifuentes, is a completed apartment complex in Benahavis municipality. The complex has been operated by Quartiers Management SL since 1 January 2019. Below are the most significant updates to the project since the last published report in February 2019.

- The company has converted 22 apartments from long-term rental to short-term rental.
- Quartiers Management has employed a pricing strategist who is working on optimising pricing and increasing revenues for short-term rental.
- The concierge service has started, with the majority of customers consisting of buyers in the 22byQuartiers project.
- Quartiers has begun renting out sold 22byQuartiers project apartments as part of the company's concierge programme. Quartiers receives commission revenue from this business.

BOHO CLUB

Boho Club is Quartiers' hotel and restaurant project on Marbella's Golden Mile. Below are the most significant updates to the project since the last published report in February 2019.

- In March 2019, Quartiers acquired an additional 30 percent of Boho Club SL, as a result of which it now owns 80 percent of the operating company.
- Financing has been secured to be able to complete the refurbishment of the hotel and restaurant.
- The majority of the staff for the hotel and restaurant operations have been employed.
- Refurbishment of the restaurant is complete, with only minor adjustments remaining.
- Current images of the property are provided below.

IMAGES OF THE REFURBISHMENT OF BOHO CLUB



PROPERTY DEVELOPMENT

PROPERTY DEVELOPMENT SEGMENT

In the segment of property development, Quartiers develops and sells villas and apartments. Below are the most important updates on each project.

22byQuartiers

- An occupation licence for the second phase has been received.
- Twelve apartments have been delivered to the end-client, corresponding to a total sales value of SEK 49.2 million.
- One apartment is planned to be delivered in August and three apartments remain to be sold.

Ocean View

- The design phase for the interior, exterior and communal spaces has been completed. See the rendered images from the project below.
- A Spanish architect firm has been contracted and has started on execution drawings, which will be used in the procurement of construction services in the second half of 2019.

Villa project

- Construction of the villa in Nueva Andalucia is ongoing and 30 percent complete.
- Financing to complete the villa has been secured.



Ongoing construction of a villa in Nueva Andalucia.

RENDERED IMAGES OF OCEAN VIEW PROJECT



FINANCING

Quartiers is financing the operation with a combination of sales revenues, bank loans, alternative loan financing, preference shares and ordinary share capital. At 30 June 2019 the company's interest-bearing loans amounted to SEK 270.4 million, of which SEK 170 million consisted of bank loans and the remainder of alternative loan financing. The market value of the company's preference shares was SEK 69.8 million, and the company's redemption value (the amount for which Quartiers can repurchase the preference shares) was SEK 87.3 million.

The average cost of capital for the company's bank borrowings amounted to 1.7 percent at 30 June 2019, and 12.3 percent for the company's alternative financing. The cost of the company's preference shares, based on its market value, was 12.6 percent after taking account of corporation tax of 20 percent. Overall, this results in a weighted average cost of capital for the company's interest-bearing liabilities, including preference shares, of 7.39 percent.

During the first six months of 2019, the company amortised/repaid loans corresponding to SEK 23.0 million (SEK 6.7 million) to credit institutions. Exchange rate effects have increased recognised debt by SEK 5.0 million (SEK 9.5 million).

At 30 June 2019, the Group's equity totalled SEK 378.1 million (SEK 360.7 million) and the equity/assets ratio was 53 percent (57). Recalculated at market value, the equity/assets ratio was 67 percent. The difference between recognised equity and equity based on market value is due

to IFRS accounting restrictions that do not make it possible for Quartiers to recognise all assets at market value in the balance sheet.

Total assets amounted to SEK 713.7 million (SEK 635.9 million), an increase of 8.5 percent compared with 31/12/2018. The debt/equity ratio was 35.6 percent (36.2).

During the first six months of 2019, the company raised new loans totalling the equivalent of SEK 60.6 million (0).

Once Boho Club has opened, Quartiers will start a process to refinance the hotel property with a bank loan and thus reduce the Group's average cost of capital.

LIQUIDITY

At 30 June 2019, the Group's cash and cash equivalents amounted to SEK 47.6 million (SEK 31.4 million).

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. 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 meeting 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 classes, in the form of ordinary shares and a series of preference shares. 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.

The market value of the company's ordinary shares at 30 June 2019 totalled SEK 271.4 million, based on a closing price of SEK 5.60. The preference share pays an annual dividend of SEK 0.96 per share, which, given the closing price at 30 June of SEK 9.48 per share, corresponds to a yield of 10.1 percent.

WARRANTS

There were no outstanding warrants in the company at 30 June 2019.

AUTHORISATION

The 2019 AGM resolved to authorise the Board of Directors, up until the next AGM and within the scope 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). 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.

An issue may be made against a cash payment, via assets contributed in kind and/or via offsetting, or otherwise according to conditions. Decisions on share issues based on this authority may result in an increase in the company's

share capital by a maximum of 15 percent. For private cash issues the subscription price must be set on a market basis.

MARKET MAKER AND CERTIFIED ADVISER

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



TEN LARGEST SHAREHOLDERS - 30 JUNE 2019

#	Shareholder	Ordinary shares	Preference shares	Capital	Votes
1	Egonomics AB	10,091,340	50,000	18.19%	20.53%
2	Fastighets Aktiebolag Bränneröd	6,139,018	85,370	11.17%	12.50%
3	LMK Companies & Foundation	3,660,214	1,402,222	10.82%	9.70%
4	Rocet AB	3,847,334	30,000	6.96%	7.83%
5	Bosmac Invest AB	2,400,666	0	4.31%	4.88%
6	Swedbank Robur Funds	2,012,085	0	3.61%	4.09%
7	Bernt Lundberg Fastigheter Lund AB	1,980,000	150,000	3.82%	4.06%
8	JP Morgan Securities, New York	1,914,457	0	3.43%	3.89%
9	Mats Invest AB	1,630,000	156,000	3.20%	3.35%
10	Leif Edlund	1,333,334	0	2.39%	2.71%
	Other	13,454,448	5,401,025	32.10%	26.46%
	Total	48,462,896	7,274,617	100.00%	100.00%

Source: Euroclear

COMMENTS ON THE PERIOD

Profit/loss, balance sheet and cash flow items relate to the January to June 2019 period. The comparison items in brackets relate to the corresponding period of the previous year.

REVENUE

Quartiers' net sales amounted to SEK 56,389 thousand (SEK 3,242 thousand). The increase in revenue arose from revenue from sales of fully paid-for and delivered apartments in the 22byQuartiers project. In addition, revenues from rentals at the company's apartment complex in Benahavis also increased. The improvement is a result of investments made in the area, combined with optimisation of the operation of the company's apartment complex, which is now being managed directly by Quartiers.

OPERATING EXPENSES

Quartiers' operating expenses during the period were made up of the cost of properties sold, SEK 37,350 thousand (0), and property expenses of SEK 14,477 thousand (SEK 8,438 thousand). The cost of properties sold included a previously recognised change in value of properties totalling SEK 5,521 thousand, a building and financing cost of SEK 27,623 thousand and selling costs of SEK 4,206 thousand.

GROSS EARNINGS

Gross earnings totalled SEK 4,562 thousand (SEK -5,196 thousand). The profit margin in the property sales concluded by the company totals 36 percent before selling costs, which average 8.5 percent of the selling price.

EARNINGS FROM INTERESTS IN JOINT VENTURES

Earnings include earnings from interests in joint ventures of 498 (0). As a result of the acquisition of a majority of the shares in Boho Club in March 2019, this holding has been recognised as a subsidiary since April.

OTHER SIGNIFICANT OPERATING ITEMS

Central administration costs for the period were SEK 4,848 thousand (SEK 5,527 thousand), representing a decrease of 12.7% on the same period last year.

CHANGES IN THE VALUE OF INVESTMENT PROPERTIES

On 1 January 2019, the company's investment properties were reclassified as operating properties. From 1 January 2019 no changes in value are therefore recognised for investment properties.

INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

The company's interest expenses and similar profit/loss items during the period totalled SEK 5,508 thousand (SEK 2,565 thousand). Capitalised interest expenses in the period totalled SEK 544 thousand.

DEFERRED TAX

The deferred tax recognised is tax on recognised surplus values in properties. The deferred tax for the period is SEK +1,380 thousand (SEK -4,712 thousand). This positive tax expense results from the resolution of deferred tax on previous changes in value.

PROFIT/LOSS AFTER TAX

Income for the period amounted to SEK -3,764 thousand (SEK 1,683 thousand).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK -17,762 thousand (SEK -11,196 thousand) during the period. Cash and cash equivalents at the end of the period totalled SEK 47,593 thousand (SEK 31,422 thousand).

INVESTMENTS IN PROPERTY PORTFOLIO

Investments and purchases during the period amounted to a total (including project properties) of SEK 41,627 thousand (SEK 19,543 thousand). Divestments totalled SEK 38,517 thousand (0).

INVESTMENT AND OPERATING PROPERTIES

Operating properties consisted of a hotel property and 101 apartments that, as of 1 January 2019, are being rented out under the company's own management as an apartment complex. Investments in operating properties, including the accounting effect of acquisitions, amounted to SEK 34,963 thousand (SEK 1,006 thousand) for the period. The investment mainly relates to the Boho Club project.

PROJECT PROPERTIES

During the period, gross investments in project properties amounted to SEK 6,664 thousand (SEK 18,484 thousand). Divestments of project properties during the period totalled SEK 38,517 thousand (0). An adjustment of actual cost for previous capitalisations has affected the carrying amount by SEK -5,574 thousand (0).

FINANCING

In the first half of the year, the company raised loans and other long-term liabilities totalling SEK 78,133 thousand (SEK 41,678 thousand). Repayments amounted to SEK 22,990 (6,714).

SIGNIFICANT EVENTS IN THE FIRST HALF OF THE YEAR

- Refurbishment of the Boho Club project has started in earnest.
- Loans of EUR 4.5 million have been raised with Spanish investment bank Arcano Partners in order to finance the completion of the refurbishment of Boho Club.
- In March, the majority of shares were acquired in the operating company Boho Club, which will operate a hotel and restaurant on part of the Centro Forestal

COMMENTS ON THE PERIOD

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- In July, the previous short-term loan of EUR 1.5 million from property fund Frux was refinanced, along with an additional EUR 1.5 million line of credit. Prior to the extension of the loan the company had repaid EUR 1.0 million of the EUR 2.5 million of the original loan.

RELATED-PARTY TRANSACTIONS

In May the company entered into a financing agreement with Strandängen Bostäder i Bunkeflostrand AB in 2019. Chairman of Quartiers, Jörgen Cederholm, is also chairman of Strandängen Bostäder. Jörgen's ownership in both companies does not exceed 10 percent. The Chairman waived his right to vote on the issue when the Board made the financing decision.

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 2018 annual report. The description contained in the report remains relevant.

This half-year report has not been subject to examination by an auditor.

NEXT REPORT DATE

The Year-end Report 2019 will be published on 28/02/2020.

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, 31 July 2019.

Jörgen Cederholm, Chairman of the Board

Jimmie Hall, Board member

Sten Andersen, Board member

Andreas Bonnier, Board member

Marcus Johansson Prakt, Acting Chief Executive Officer



Financial
information

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts are stated in SEK thousand	Note	01/01/2019 30/06/2019	01/01/2018 30/06/2018	01/01/2018 31/12/2018
Divestment of properties		49,234	0	23,910
Rental income		7,155	3,242	5,188
Other income				0
Total		56,389	3,242	29,098
Cost of properties sold		-37,350	0	-19,479
Property expenses		-14,477	-8,438	-14,067
Total operating expenses		-51,827	-8,438	-33,546
Gross earnings		4,562	-5,196	-4,448
Central administration		-4,848	-5,527	-16,699
Earnings from interests in joint ventures/associates		498	0	-1,165
Unrealised change in value of investment properties		0	18,850	45,567
Operating profit/loss		212	8,127	23,255
Other interest income and similar profit/loss items		152	835	421
Interest expenses and similar profit/loss items		-5,508	-2,566	-2,711
Profit/loss from financial items		-5,357	-1,731	-2,291
Profit/loss before tax		-5,144	6,396	20,965
Deferred tax		1,380	-4,712	-10,807
Profit/loss for the period		-3,764	1,683	10,158
OTHER COMPREHENSIVE INCOME				
Profit/loss for the period		-3,764	1,683	10,158
Items that have been or may be transferred to profit/loss for the year		-	-	-
Translation differences on translation of foreign operations		15,022	20,671	13,322
Total comprehensive income		11,251	22,354	23,480
Of which attributable to minority		-633	0	0
<i>Earnings and comprehensive income for the period attributable to:</i>				
Parent Company holders of ordinary shares		11,891	18,766	17,163
Basic earnings per ordinary share, SEK		0.17	0.39	0.35
Diluted earnings per ordinary share, SEK		0.17	0.39	0.35
Average number of ordinary shares before dilution		48,462,896	48,462,896	48,462,896
Average number of ordinary shares after dilution		48,462,896	48,462,896	48,462,896

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are stated in SEK thousand	Note	30/06/2019	30/06/2018	31/12/2018
ASSETS				
Non-current assets				
<i>Property, plant and equipment</i>				
Investment properties		0	326,119	0
Operating properties	4	502,281	100,993	455,369
Equipment, tools and fixtures and fittings		11,488	8,238	5,806
Non-current financial assets				
Interests in joint ventures/associates		1	0	7,295
Other securities held as non-current assets		12	1,746	1,194
Other non-current receivables		38	38	38
Total non-current assets		513,820	437,134	469,702
Current assets				
Project properties	5	119,329	136,346	153,150
Receivables from joint ventures/associates		1,706	0	1,705
Trade receivables		1,383	4,230	2,372
Other receivables		2,450	4,594	1,801
Prepaid expenses and accrued income		27,406	22,149	20,371
Cash and cash equivalents		47,593	31,422	8,422
Total current assets		199,867	198,740	187,821
Total assets		713,687	635,874	657,523

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are stated in SEK thousand	Note	30/06/2019	30/06/2018	31/12/2018
SHAREHOLDERS' EQUITY				
Share capital		1,393	1,363	1,393
Other contributed capital		291,673	279,852	291,673
Reserves, translation differences		34,829	27,156	19,807
Retained earnings incl. profit/loss for the period		50,184	52,304	60,299
Total shareholders' equity		378,079	360,675	373,172
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		46,718	40,695	46,782
Liabilities to credit institutions	7	155,068	162,631	155,126
Other non-current liabilities		74,837	14,105	13,872
Other provisions		5,394	0	5,394
Total non-current liabilities		282,017	217,431	221,173
Current liabilities				
Liabilities to credit institutions	7	16,103	15,727	16,884
Trade payables		3,726	494	6,669
Other current liabilities		32,957	40,471	37,966
Accrued expenses and deferred income		805	1,075	1,659
Total current liabilities		53,591	57,767	63,178
TOTAL EQUITY AND LIABILITIES		713,687	635,874	657,523

CONSOLIDATED CHANGES IN EQUITY

Amounts are stated in SEK thousand	Share capital	Other contributed capital	Reserves, translation differences	Other equity incl. profit/loss for the period	Total share-holders' equity
Opening balance, 01/01/2018	1,363	279,852	6,485	56,458	344,158
<i>Comprehensive income</i>					
Profit/loss for the period				10,158	10,158
Translation differences			13,322		13,322
Total comprehensive income			13,322	10,158	23,480
<i>Transactions with shareholders</i>					
Ongoing new share issue					
New share issue	30	11,915			11,945
Dividend paid, preference shares				-3,685	-3,685
Change in expensed unpaid dividend, preference shares				-2,632	-2,632
Share issue expenses		-94			-94
Total transactions with shareholders	30	11,821	0	-6,317	5,534
Closing balance, 31/12/2018	1,393	291,673	19,807	60,299	373,172
Opening balance, 01/01/2019	1,393	291,673	19,807	60,299	373,172
<i>Comprehensive income</i>					
Profit/loss for the period			–	-3,764	-3,764
Translation differences			15,022	–	15,022
Of which attributable to minority			–	633	633
Total comprehensive income			15,022	-3,131	11,891
<i>Transactions with shareholders</i>					
Dividend paid, preference shares				-3,492	-3,492
Change in expensed unpaid dividend, preference shares				-3,492	-3,492
Total transactions with shareholders				-6,984	-6,984
Closing balance, 30/06/2019	1,393	291,673	34,829	50,184	378,079

CONSOLIDATED CASH FLOW STATEMENT

Amounts are stated in SEK thousand	01/01/2019 30/06/2019	01/01/2018 30/06/2018	01/01/2018 31/12/2018
<i>Cash flow from operating activities</i>			
Operating profit/loss	212	8,127	23,255
Depreciation, amortisation and impairment	2,412	926	1,901
Share in earnings of associated companies	-498		1,165
Other non-cash items	5,521	-6,383	-45,568
Interest income and similar profit/loss items	152	-	421
Interest paid (attributable to financing activities)	-5,508	-2,566	-2,711
Cash flow from operating activities before changes in working capital	2,291	104	-21,537
<i>Changes in working capital</i>			
Increase/decrease in trade receivables	1,063	2,838	4,395
Increase/decrease in other current receivables	-7,685	-6,093	-2,428
Increase/decrease in trade payables	-2,943	-1,541	4,659
Increase/decrease in other current liabilities	-10,488	-6,504	3,462
Cash flow from operating activities	-17,762	-11,196	-11,449
<i>Cash flow from investing activities</i>			
Investments in non-current financial assets	0	0	-8,459
Sale of non-current financial assets	1,219	3,464	3,990
Investments in operating properties	-21,451	0	-1,294
Investments in property, plant and equipment	-6,768	-1,771	628
Investments in project properties	-6,664	-18,484	-54,140
Sale of project properties	38,342	0	20,893
Cash flow from investing activities	4,678	-16,794	-38,383
<i>Cash flow from financing activities</i>			
New share issue	0	20,000	24,750
Raised borrowings and other non-current liabilities	78,133	41,687	47,748
Loan repayments	-22,990	-6,714	-14,797
Dividend paid, preference shareholders	-3,492	-1,958	-5,643
Cash flow from financing activities	51,651	53,015	52,058
Cash flow for the period	38,567	25,025	2,226
Cash and cash equivalents at start of period	8,422	6,131	6,131
Exchange rate differences in cash and cash equivalents	604	266	65
Cash and cash equivalents at end of period	47,593	31,422	8,422

CONDENSED PARENT COMPANY FIGURES

Income statement (amounts are stated in SEK thousand)	01/01/2019 30/06/2019	01/01/2018 30/06/2018	01/01/2018 31/12/2018
Operating revenue	1,232	762	4,794
Operating expenses	-2,035	-6,981	-8,791
Operating profit/loss	-803	-6,219	-3,997
Profit/loss from financial items	897	1,176	2,169
Profit/loss before tax	94	-5,043	-1,828
Profit/loss for the period	94	-5,043	-1,828

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 for the most part to the invoicing of services to subsidiaries.

Balance sheet (amounts are stated in SEK thousand)	30/06/2019	30/06/2018	31/12/2018
ASSETS			
Non-current assets	248,232	222,534	240,250
Non-current receivables from Group companies	24,594	28,940	27,584
Other non-current receivables	3,597	0	0
Current assets	9,019	11,770	6,337
Total assets	285,442	263,244	274,171
Equity and liabilities			
Shareholders' equity	259,257	252,130	266,335
Non-current liabilities	8,899		
Current liabilities	17,286	11,114	7,836
Total shareholders' equity and liabilities	285,442	263,244	274,171

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 head office address is Strandvägen 7A, SE-114 56 Stockholm, Sweden.

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

Quartiers Properties AB (publ) applies IFRS (International Financial Reporting Standards) 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 that ended on 31 December 2018. The interim report comprises pages 1–22, and pages 1–12 thus constitute an integral part of this financial report.

NOTE 3. ACCOUNTING POLICIES

The consolidated accounts for Quartiers Properties AB (publ) have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) approved by the EU at 30 June 2019. For a complete description of the accounting policies, please refer to Quartiers Properties AB (publ)'s Annual Report for the 2018 financial year.

IFRS 16 Leases came into effect on 1 January 2019. The company has no leases that had not already been recognised in the annual accounts at 31/12/2018 in accordance with the new standard. Consequently, the standard had not had any effect on the balance sheet at 01/01/2019.

NOTE 4. OPERATING PROPERTIES

The company's portfolio of one hotel property and rental properties with their own management have been reported as operating properties.

Table: Note 4. Operating properties

Operating properties (SEK thousand)	01/01/2019 30/06/2019	01/01/2018 30/06/2018
Opening cost	455,369	94,502
Purchases	13,787	0
Investments	21,206	1,006
Depreciation/amortisation	-1,329	0
Exchange rate differences	13,247	5,485
Closing carrying amount	502,281	100,993

NOTE 5. PROJECT PROPERTIES

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

Table: Note 5. Project properties

Project properties (SEK thousand)	01/01/2019 30/06/2019	01/01/2018 30/06/2018
Opening cost	153,150	111,284
Purchases	0	0
Investments	6,664	18,484
Divestments	-38,517	0
Exchange rate differences	3,607	6,578
Carrying amount adjustment	-5,574	0
Closing carrying amount	119,329	136,346

SUPPLEMENTARY DISCLOSURES

NOTE 6. SEGMENT REPORTING

A change to internal reporting was implemented on 1 January 2019. Reporting now takes place in two segments. The first is property refinement, which mainly includes operation of hotels, and property development, which mainly comprises project development.

	Property Management	Property Development	Group items and eliminations	Total	Property Management	Property Development	Group items and eliminations	Total
01/01/2019 to 30/06/2019					01/01/2018 to 30/06/2018			
Operating revenue								
Sale of properties		49,234		49,234				
Rental income	7,155			7,155	3,242			3,242
Other income								
Net sales	7,155	49,234		56,389	3,242			3,242
Operating expenses								
Cost of properties sold		-37,350		-37,350				
Depreciation/ amortisation	-2,412			-2,412	-926			-926
Other property expenses	-10,572	-1,493		-12,065	-7,512			-7,512
Total operating expenses	-12,984	-38,843		-51,827	8,438			8,438
Gross earnings	-5,829	10,391		4,562	-5,196			-5,196
Central administration			-	-4,848			-5,527	-5,527
Operating profit/loss				-286	-5,196		-5,527	-10,723
Financial items etc.				-4,858			-1,731	-1,731
Unrealised change in value				0	18,850			18,850
Profit/loss for the period before tax				-5,144	13,654			6,396
Assets								
Operating properties	502,282			502,281	427,112			427,112
Other property, plant and equipment	11,488			11,488	8,034	203		8,237
Project properties		119,329		119,329		136,346		136,346

SUPPLEMENTARY DISCLOSURES

NOTE 7. BORROWINGS

Quartiers' borrowings consist mainly of loans with Spanish credit institutions raised in connection with the original acquisition of the properties acquired directly from the Spanish bank, Banco Popular. The loans are in EUR and secured via property mortgages. The interest rate is between 1.5 and 2.0 percent. The remaining duration is an average of 12 years.


Since Spanish banks are currently highly restrictive in issuing loans for property investments, the financing of new acquisitions and project development thus far has mainly been via new share issues. In order to facilitate acquisitions and the development of existing projects, and to increase the return on equity, borrowings in 2018 have also been raised outside the traditional banking sector.

The Group has entered into a lease with regard to non-current assets. The agreement is classified as a finance lease in the Group. The asset is recognised at the present value of future lease payments, less amortisation. On the liability side, the present value of remaining future lease payments is recognised as liabilities to credit institutions. The asset is amortised over its useful life, which corresponds to the lease term.

NOTE 9. PLEDGED ASSETS AND CONTINGENT LIABILITIES

Security is pledged for the Group's obligations primarily in the form of property mortgage deeds. In addition, shares in subsidiaries have been pledged.

	30/06/2019	30/06/2018
For liabilities to credit institutions		
Leased non-current assets with reservation of title	1,182	2,105
Property mortgages	255,375	178,501
Total	256,557	180,606
Other pledged collateral		
Pledged shares in subsidiaries	41,403	41,403
	30/06/2019	30/06/2018
Long-term		
Bank borrowings	154,521	161,780
Lease liability	547	1,552
Loans from financing institutions outside the banking sector	47,535	0
Liability purchase consideration	13,872	14,105
Other non-current liabilities	13,430	0
Total	229,905	177,437
Short-term		
Lease liability	635	553
Bank borrowings	15,468	15,174
Loans from financing institutions outside the banking sector	15,845	26,053
Other short-term loans	8,600	3,530
Total	40,548	45,310



QUARTIERS

P R O P E R T I E S

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