

WARRANTS IN QUARTIERS PROPERTIES AB (PUBL)

EXERCISE OF WARRANTS (TO4) WITH THE OPTION TO SUBSCRIBE FOR ORDINARY SHARES AT A 25% DISCOUNT

Quartiers Properties AB (publ)

**QUAR
TIERS**
PROPERTIES



REFERENCE TO PROSPECTUS

All investments involve risk. The prospectus for Quartiers Properties AB (publ) on page 36 onwards, published in connection with the issue of the warrants, contains a description of the potential risks associated with the company's business and its securities. These are still relevant. Before making an investment decision, these risks, together with other information in the full prospectus and subsequently published financial statements, should be reviewed. The prospectus is published on 27 July 2020 and is available for download on the company's website: www.quartiersproperties.com/utbyteserbjudande.



**SUBSCRIBE FOR SHARES
AT A 25% DISCOUNT***

*Given that the volume-weighted average price is equal to or higher than SEK 4.67 per share, the subscription price corresponds to a discount of 25%. The subscription price is expected to be announced on 15 March 2022.

CONTACT YOUR FUND MANAGER WELL BEFORE 31 MARCH

Between **17 March** and **31 March**, holders of Series 4 warrants (TO4) have the opportunity to use them to subscribe for new ordinary shares at a **25% discount** (compared to the volume-weighted average price during the period 1 March to 14 March 2022)*.

If you wish to buy warrants to subscribe for more ordinary shares, you can do so. The warrants are traded on Nasdaq First North Growth Market under the ticker symbol **QUART TO4**. The last trading day is **29 March**.

Contact your fund manager (e.g. Avanza or Nordnet) **well before 31 March**.

*Given that the volume-weighted average price is equal to or higher than SEK 4.67 per share, the subscription price corresponds to a discount of 25%. The subscription price is expected to be announced on 15 March 2022.



BACKGROUND FACTS AND INFORMATION ON THE OPTION TO SUBSCRIBE FOR NEW ORDINARY SHARES VIA WARRANTS

During the summer of 2020, Quartiers conducted an exchange offer in which holders of preference shares were given the opportunity to exchange one preference share for one newly issued ordinary share in the company, as well as two warrants. The newly issued warrants were designated series 3 (TO3), and series 4 (TO4). Series 4 warrants (TO4) are now subject to exercise. The Series 3 (TO3) warrants expired for redemption in the summer of 2021. After the exercise of the Series 4 warrants (TO4), there will be no remaining warrants in Quartiers.

A Series 4 Warrant (TO4) entitles you to subscribe for one new ordinary share in Quartiers at a predetermined price equal to (i) the higher of 75% of the volume-weighted average share price between 1 March and 14 March 2022 and (ii) SEK 3.50. Given that the volume-weighted average price is equal to or higher than SEK 4.67 per share, the subscription price corresponds to a discount of 25%. The subscription price is expected to be announced on 15 March 2022.

Series 4 warrants (TO4) can also be acquired on the market. They are traded on Nasdaq First North Growth Market under the symbol QUART TO4. The last trading day, and therefore the last day to purchase warrants through your fund manager, is 29 March 2022.

An indication of the value of the warrants lies in the difference between the ordinary share price and the subscription price offered for the subscription of new shares through the exercise of the warrants.

As the warrants are traded on Nasdaq First North Growth Market, you can also see the current value of the warrants via your fund manager, e.g. Avanza or Nordnet, in the same way that you read the value of your shares.

To prevent the warrants from expiring without value, the holder must actively subscribe for shares or sell the warrants on the market.



THE CEO COMMENTS ON THE COMPANY'S DEVELOPMENT

In 2021, we increased sales by approximately SEK 100 million compared to 2020. We also achieved a positive cash flow and improved cash flow from operating activities, including the sale of homes, by SEK 113 million. Excluding previous value adjustments in the balance sheet, we also recorded a positive operating result (EBITDA) of SEK 22 million for the full year. So we have made the increase in value a reality and converted money on the books to real money in the bank. As this was done during a fervent pandemic with a new variant, Omicron, which had a particularly negative impact on the fourth quarter, we have high hopes for 2022 where growth is now also on the agenda. Above all, we will grow with new hotels, including the expansion of the Boho Club. With the know-how and experience currently available in the company, we have every opportunity to make these plans a reality. Russia's invasion of Ukraine is a human catastrophe that we, like the majority of the world, condemn. From a business point of view, we view rising energy prices, which increase our costs but also travel costs for many of our guests, as the biggest risk to our business. In the short term, we are partly protected thanks to our positioning towards the premium segment, which is likely to continue to see travel despite higher prices. In the medium term, hopefully the horror of what is happening now will accelerate Europe's transition to renewable energy with technologies that can reduce emissions and the climate impact of both aviation and buildings. We will do our utmost to contribute to that transformation and embrace new technologies as they become available. Otherwise, I would like to highlight a number of positive things that are worth mentioning about the company today.

Our current project portfolio and organisation
 Today, we have an organisation that manages to finance projects, sell homes at a profit, and start up and operate hotels and restaurants. Despite travel constraints, we have managed to sell apartments in our Hacienda Collection project at valuation levels, as well as operate our newly opened Boho Club hotel in such a way as to outperform world-renowned hotel operators in the battle for Spain's best luxury boutique hotel award and increase the value of the property from EUR 23.6 million after opening and before the pandemic to the current EUR 25.6 million. It shows that we will be able to use our existing project portfolio well and efficiently. In 2022, we will launch our Ocean View project with 60 new apartments and expand the Boho Club to include more rooms. We also intend to grow with more projects, especially in the hotel segment. In the longer term, we intend to fully develop the Boho Club and Centro Forestal Sueco with the possibility of expanding the project by 4–5 times as many building rights as we use today.

Operationally, we distinguish ourselves by being a real estate company with the expertise not only to develop attractive and well-planned projects, but also to operate a comprehensive hotel and restaurant business of the highest quality. We opened the hotel at the Boho Club in December 2019, and when Covid-19 escalated in March, we had to shut down operations. It was the worst possible start for a new hotel project. The bank financing that was to replace our construction loans to open the hotel was withdrawn. The stock plummeted for us, as it did for most others, and we were forced to find an alternative solution. The finance team worked day and night to resolve the situation while preventing a new issue of shares. We managed to secure a loan and avoid a new issue to secure the company's liquidity, which very many of our colleagues on the stock exchange were forced to do. Had we, at this point, not been disrupted by Covid-19, our financing costs in 2020 and 2021 would have been significantly lower, and the bottom line better.

Sales gain momentum

We've known about Marbella's potential for a long time, but now it's official. Marbella has been ranked one of Europe's most attractive travel destinations. That and a gradually declining pandemic has benefitted us and our projects. In the fourth quarter, we sold four apartments in the Hacienda Collection project, and in the first quarter of 2022, sales have picked up and we expect to land around 10 sales. The Boho Club has exceeded all our expectations for February, and the occupancy rate for this low season month seems to be 80% with an average price per night excluding VAT of EUR 300. This is higher than both we and the appraisal company that valued Boho Club had expected.

Refinancing

Our history, organisation, assets and good positioning vis-à-vis a target group with strong purchasing power, which has become even more so thanks to a long period of low interest rates, suggest that the Group's turnover and operating profit will improve in 2022. This, in turn, lays the groundwork for successful refinancing of our current "Covid loan" with DeShaw/Alantra, which we secured at the start of the pandemic. We have recently made significant progress in this process and are in final discussions with a number of operators to refinance this loan and reduce our financing costs. If successful, we will lay the foundations for further expansion, and see a clear bottom line improvement in the second half of 2022 as a result of lower financing costs.

**Marcus Johansson Prakt
CEO, Quartiers Properties**

PROJECTS AND NEWS

SUMMARY OF PROJECTS

Quartiers' business operations consist of the development and management of properties. The holdings consist of six different projects in various phases. The portfolio consists of both earning properties with further upside value potential, as well as plots and apartments for sale.

The fourth quarter of 2021 was characterised by further recovery despite the negative impact of Omicron-related unrest. In particular, December was negatively affected with several cancellations at the Boho Club and at the company's apartment complex in Benahavís. The first quarter has had a better start, after most European countries eased restrictions.

Marbella as a destination continues to grow in popularity and was recently ranked as Europe's second best travel destination by the travel portal European Best Destinations, which puts together an annual list, in collaboration with the EU body Eden Network. This award, together with continued easing of Covid restrictions, is expected to benefit the company's projects in 2022 and beyond.



BOHO CLUB

Award-winning and exclusive hotel and restaurant project on Marbella's Golden Mile. The restaurant has been recommended in the Michelin Guide, and the hotel has received several awards for its distinctive design. The hotel has 30 rooms, with 2–4 beds in each room. In the fourth quarter of 2021, the business generated sales of SEK 12.2 million, and SEK 48.9 million for the full year. EBITDA for the project was SEK 0 million in the fourth quarter and SEK 3.0 million for the year.

Work is underway on a new local development plan, which is expected to significantly increase the number of construction rights on the property and enable further development. The first initial approval of the new master plan is expected in the first half of 2022, according to the latest forecast of Marbella municipality.

ISSUE PROCEEDS

The proceeds from the exercise of the current series of warrants will be used for the expansion of the Boho Club with 10 new bungalows/villas, as well as a spa. The issue proceeds may be supplemented by existing cash.

FINANCING FOR GROWTH

Quartiers is currently working to refinance the company's loan to DeShaw/Alantra, which was taken out at the start of Covid-19. Work on this is progressing well and the company believes that the chances of reaching an agreement with a financier in the first half of 2022 are good.

The funding has two purposes. Secondly, the financing is intended to significantly reduce the company's current financing costs. In addition, it is intended to free up collateral on the company's balance sheet and allow a freer and more flexible use of the company's cash for further expansion.



OCEAN VIEW BY QUARTIERS

Apartment complex project in Benahavís with approximately 10,000 square metres of building rights to develop 60 new apartments. The area where the project is located continues to be consolidated with two new luxury residential projects nearby. In the fourth quarter of 2021, Quartiers resumed work on the project. The company is currently evaluating financing solutions for the project, which will form the basis for a decision when sales begin. The company's primary ambition is to find a financing solution that will enable the company to sell as many apartments as possible after full completion, thereby optimising the project's sales revenue and results.

PROJECTS AND NEWS



HACIENDA COLLECTION BY QUARTIERS

Apartments for sale in the Hacienda Collection, a gated community situated at the foot of the Sierra de Las Nieves mountain range. Four apartments were sold in the fourth quarter of 2021. The company estimates, based on current reservation agreements and agreements with buyers, that a total of ten apartments will be sold and occupied during the first quarter of 2022, corresponding to a sales value of SEK 38 million.

Please contact the Quartiers sales team for more information and to book a viewing.

Email: sales@quartiersproperties.com

Tel.: +34 633 094 628

Website: www.haciendacollection.es



CENTRO FORESTAL SUECO

This 13,730 square-metre property is located next to Boho Club and is less than two minutes' walk from the beach in Marbella. Quartiers is planning to develop this plot into an exclusive gated community with villas and/or apartments.

Work is underway on a new local development plan, which is expected to significantly increase the number of construction rights on the property and enable further development.

Quartiers is currently working on the conceptualisation and design of the project. In addition, the possibility of positioning the project in the sharing economy and selling it as parts of apartments with the full range of services of the Boho Club is being explored.



RESIDENTIAL PLOTS IN LOS FLAMINGOS

Quartiers is selling plot 86 in Los Flamingos, a stone's throw from the five-star Villa Padierna hotel and its exclusive 36-hole golf course. The plot is 1,367 square metres and allows the construction of a villa of 541 square metres, including a basement. The company sold plot number 15 in the same area earlier this year.

Please contact the Quartiers sales team for more information.

Email: sales@quartiersproperties.com

Tel.: +34 633 094 628

QUARTIERS MARBELLA APARTMENTS

Generously dimensioned and tastefully furnished apartments for short-term and long-term rentals.

The business generated sales of SEK 2.9 million and EBITDA of SEK 0.7 million in the fourth quarter of 2021. For the full year, turnover amounted to SEK 15.2 million and profit to SEK 4.4 million.

Website: www.quartiersmarbella.com



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