

The background of the entire page is a dark grey architectural line drawing of a building's interior. It shows a multi-level structure with various rooms, corridors, and structural elements like beams and columns, all rendered in a light grey line-art style.

QUAR TIERS

HALF-YEAR REPORT
JANUARY TO JUNE
2018



H1

2018

SUMMARY OF THE PERIOD

- Net sales totalled SEK 3,242 thousand (SEK 5,232 thousand).
- Operating profit amounted to SEK 8,127 thousand (SEK -4,419 thousand).
- Changes in the value of the company's investment properties (99 apartments in Hacienda de Cifuentes) amounted to SEK 18,850 thousand (0), corresponding to 6.2 percent.
- Profit after tax was SEK 1,683 thousand (SEK -7,588 thousand).
- Basic earnings per share for the period totalled SEK 0.34 (SEK -0.28).
- Equity totalled SEK 360,675 thousand (SEK 270,043 thousand). Equity includes the estimated market value of the 99 apartments in Hacienda de Cifuentes. Other properties in the project portfolio have been recorded in the balance sheet at cost plus capitalised expenses.

SIGNIFICANT EVENTS DURING THE FIRST HALF OF THE YEAR

- On 8 March, the company entered into an agreement to start a joint venture together with Ruben Otero, located in Puerto Banús. The joint company, 50 percent of which is owned by Quartiers, will manage the sales and marketing process for both parties' projects and offer equivalent services to other developers and property owners.
- On 27 March, the company signed an agreement with Spanish bank BBVA regarding an unsecured corporate loan of EUR 1.0 million. The loan was granted to Quartiers Properties Holding S.L.
- On 4 April 2018, the company signed an agreement with the Madrid-based property fund Frux Capital regarding a loan of EUR 2.5 million.
- On 5 April 2018, the company entered into an agreement on the acquisition of a plot of 3,781 square metres next to the company's existing property Centro Forestal Sueco. The agreement is a call option that the company intends to exercise by 1 October 2018. Quartiers made a payment of EUR 200 thousand in connection with the signing of the option agreement. The total purchase price amounts to EUR 1,788 thousand, and it will be paid via annual instalments up until May 2022.
- On 18 May, the company's CFO, Marcus Johansson Prakt, took on the position of acting CEO.
- On 30 May, the company entered into an operator and partnership agreement regarding the development and operation of a lifestyle hotel with restaurant at one of the properties that was renamed Centro Forestal Sueco.
- On 5 June, the company received a renovation loan of EUR 2.5 million from Spanish bank Banco Sabadell.

OTHER DISCLOSURES

- Extensive facade refurbishments in the area where the company's investment properties are located have meant that the operator has been unable to make the properties available as per agreement, leading to rental discounts that have reduced rental income during the period.

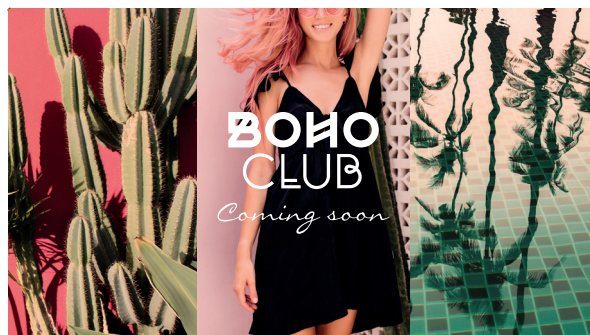
MESSAGE FROM THE CEO

As the new acting CEO, it is a pleasure to publish my first CEO message in a company that is continuing to grow and now has more ongoing projects than ever before. During the period, we have observed successes both in relation to financing and the launch of new partnerships. At the same time, we are operating in Spain's hottest property market, with growth in the Malaga region that in many respects exceeds that for both Madrid and other fast-growing regions in Spain.

We have taken several significant steps in the first six months of this year with regard to our second-largest investment, which is the development of our unique property in the Golden Mile district of Marbella, including bungalows, hotel rooms and restaurants. The Boho Club hotel project at Centro Forestal Sueco is progressing apace, and we have now completed and actualised the proposed concept together with Stylt Trampoli, an award-winning European developer of hotel and restaurant concepts, and one of Marbella's most successful restaurateurs. We believe very strongly in the new concept and in its considerable potential for launch at other destinations around the world, which is why we have also taken on 50-percent co-ownership in the operator company. We are currently working alongside the operator to finalise the last details ahead of September/October 2018, when work will start on refurbishment of the property.

Work is still very much under way on our single largest investment, the Hacienda del Senorio de Cifuentes apartment complex. Thanks to continued investments and extensive work to consolidate the complex as an established holiday resort, the value of the holding grew by an impressive 6.2 percent in the first six months of this year. At the time of writing, as I visit websites such as Booking.com and Tripadvisor I can see positive guest ratings of 9.1/10.0 and 4.5/5.0, which is proof of the significant efforts made every day in running the complex. The second half of 2018 will see the completion of ongoing renovations. A newly renovated complex and an influx of satisfied visitors suggests that there will be further increases in value in 2018.

In September, new owners will take up occupancy in the first stage of 22byQuartiers, which is a new project within Hacienda del Senorio de Cifuentes. The project is being sold and marketed by our co-owned sales company Quartiers Estates, based in Puerto Banús. Following the launch in late spring 2018, we have sold the first apartments, corresponding to 50 percent of stage one. We have seen a high conversion rate, which is the key figure purchase per viewing, compared with other projects nearby. This bodes well for sales over the forthcoming months, since the number of viewings is gradually increasing week on week as the project is marketed and word spreads among buyers and estate agents in the region.



Quartiers has made significant progress since the half-year report a year ago, and now has more ongoing projects than ever before. I am therefore delighted that we have also managed to establish an effective team on site in Marbella, where we recently appointed a new head of finance and a financial controller. Both have substantial experience of working with hotel and property development in Spain. We believe the appointments will further strengthen our internal controller function and efficiency, which will ultimately enable cost savings and coordination of several projects and investments.

Despite the many projects we are working on right now, we are continually looking for new projects and ways of financing our ventures. I therefore hope to have the opportunity to present new, exciting projects in 2018.



Marcus Johansson Prakt
acting Chief Executive Officer

PROJECT UPDATE

PROJECTS FOR SALE

22byQuartiers

The project that was previously called Gran Vista has been renamed 22byQuartiers and launched for sale on the market. The project is being sold by Quartiers Estates, which has a sales office on site at the property in Benahavis and in the sales office in Puerto Banús.

At the time of publishing this report, 50 percent of the apartments in stage one have been sold. Deposits of 30 percent for the acquisitions have been paid, or will be paid after the end of H1, which means that revenue recognition will not be carried out in H1. A website and marketing campaign for the project was launched at the beginning of July.

The 22byQuartiers project is a housing project in Benahavis, the neighbouring municipality to Marbella, with extensive views of the sea and natural environment. The complex of which the project is part has four pools, a concierge service and a café and bar.

The project will be completed in two stages, with the first involving 10 apartments that should be ready to move into in September 2018. The second stage was launched in January 2018 and is expected to be completed in December/January.

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.

ONGOING PLANNING AND DEVELOPMENT WORK

Ocean View

Ocean View is situated right next to the 22byQuartiers project and Hacienda de Cifuentes. The project currently comprises 60 apartments in the same style as the 22byQuartiers project. In order to further boost the project value, Quartiers is working towards the construction of 24 town houses and 36 apartments with associated investments in the joint property Hacienda de Cifuentes. In addition to the changes increasing the project value at Ocean View, they are also expected to make a positive contribution to the value of the 99 apartments under management in Hacienda de Cifuentes.

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.



22byQuartiers project in Marbella/Benahavis.

LEASED

Boho Club

An agreement has been signed with an operator that will develop and run hotel and restaurant operations. The principal partner for the development is Raouf Lotfi, who previously founded and ran Finca Besaya in Marbella.

Quartiers is a 50-percent co-owner in the operator company. The company's partners in the operator company will also invest in the project. Quartiers is financing the majority of its share in the project using a renovation loan from Banco Sabadell. The loan of EUR 2.5 million with Banco Sabadell was signed on 6 June 2018 and the money will be released in regular amounts as the property is refurbished. The concept for the project is being developed in close partnership with award-winning concept agency Stylt Trampoli.

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 property is still undergoing a programme of refurbishment, which has meant the property incurred higher costs than normal in the first quarter. A discount of 40 percent has been issued to compensate the tenant for rental losses in the first half of the year.

FINANCING

In the first six months of the year, Quartiers has worked to broaden its network of capital providers and potential business partners, primarily in Madrid. These efforts have been successful, and the company has managed to negotiate financing of EUR 6.0 million, corresponding to SEK 62.5 million. Through these efforts, the company has secured the majority of its share of the investment in the Boho Club development project via a loan of EUR 2.5 million, of which EUR 0.5 million was paid out on 30 June. The remaining portion will be disbursed as renovation work is initiated, which is expected to be in autumn 2018.

The Spanish banks are still willing to offer construction loans for the completion of villa and apartment projects. Such financing usually requires a certain portion of the project to be sold in advance (at the technical drawing stage).

In Marbella and its surrounding area, the banks are more than willing to finance both foreign and domestic buyers of apartments. Domestic buyers can expect bank financing of up to 80 percent, while foreign buyers can expect financing of up to 70 percent of the value of the apartment.

EQUITY AND BORROWINGS

At 30 June 2018, the Group's equity totalled SEK 360.7 million (SEK 270.0 million) and the equity/assets ratio was 57.0 percent (55.0).

The balance sheet total amounted to SEK 636.7 million (SEK 490.9 million), which is an increase of 13 percent compared with 31/12/2017. The debt/equity ratio was 36.2 percent (35.7).

The Group's interest-bearing liabilities amounted to SEK 204.4 million (SEK 165.6 million), of which SEK 202.3 million (SEK 162.3 million) comprised secured liabilities to credit institutions. During the first six months of 2018, the company amortised/repaid loans corresponding to SEK 6.4 million to credit institutions. Exchange rate effects have increased recognised debt by SEK 9.5 million.

LIQUIDITY

At 30 June 2018, the Group's cash and cash equivalents amounted to SEK 31.4 million (SEK 13.7 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. 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.

Quartiers recently began selling projects, which is already helping finance operations.



The company's show apartment in the 22byQuartiers project.

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.

The market value of the company's ordinary shares at 30 June 2018 totalled SEK 302.8 million, based on a closing price of SEK 6.24. The preference share pays an annual dividend of 96 öre per share, which, given the closing price at 30 June of SEK 9.8 per share, corresponds to a yield of 9.8 percent.

WARRANTS

There were no outstanding warrants in the company at 30 June 2018.

AUTHORISATION

The Annual General Meeting of 30 May 2018 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

12.0 million on the company's existing shares and on shares that may be issued. The Board has decided to exercise this authority to the extent that it results in an increase in the share capital of no more than 15 percent.

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 - 30 JUNE 2018

#	Shareholder	Ordinary shares	Preference shares	Capital	Votes
1	Egonomics AB	10,006,340	–	18.4%	20.4%
2	Fastighets Aktiebolag Bränneröd	6,098,740	85,370	11.3%	12.5%
3	Rocet AB	3,847,334	30,000	7.1%	7.9%
4	LMK Companies & Foundation	3,552,714	1,180,000	8.7%	7.5%
5	Bosmac Invest AB	2,400,666	4,000	4.4%	4.9%
6	Swedbank Robur Funds	2,037,700	–	3.7%	4.2%
7	Bernt Lundberg Fastigheter Lund AB	1,980,000	150,000	3.9%	4.1%
8	JP Morgan Securities, New York	1,943,000	–	3.6%	4.0%
9	Alden AS	1,430,000	336,780	3.2%	3.0%
10	Leif Edlund	1,333,334	–	2.4%	2.7%
	Other	13,833,068	4,293,920	33.3%	28.8%
	Total	48,462,896	6,080,070	100%	100%

Source: Euroclear

COMMENTS ON THE PERIOD

Profit/loss, balance sheet and cash flow items relate to the January to June 2018 period. The comparison items relate to the corresponding period of the previous year.

REVENUE

Quartiers' net sales amounted to SEK 3,242 thousand (SEK 5,232 thousand). Revenue is mainly derived from the company's letting of apartments to an independent operator. Revenue from lettings has been impacted negatively by renovations to the facade, which have resulted in rental discounts to the operator. However, the improvements that have been made will facilitate higher revenue going forward.

GROSS EARNINGS

Gross earnings totalled SEK -5,196 thousand (SEK 852 thousand). The decline in earnings is partly attributable to lower rental income (see above) and higher property expenses as a result of the company's property portfolio expanding, mainly via the properties collectively known as Centro Forestal Sueco being taken over on 30 June 2017.

OPERATING EXPENSES

Quartiers' operating expenses during the period comprised property expenses, which amounted to SEK 8,438 thousand (SEK 4,380 thousand).

OTHER SIGNIFICANT OPERATING ITEMS

Expenses relating to central administration totalled SEK 5,526 thousand (SEK 5,271 thousand) during the period.

CHANGES IN THE VALUE OF INVESTMENT PROPERTIES

On 30 June 2018, 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 30/06/2018, CBRE had carried out an external valuation of ten apartments. The selection is considered to be a good representation of an average of the total portfolio of apartments. The change in value of the selection amounts to 6.20 percent. This change in value has been applied to the entire portfolio of apartments in Hacienda de Cifuentes, which resulted in a recognised change in value of SEK 18,850 thousand.

INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

The company's interest expenses and similar profit/loss items during the period totalled SEK 2,565 thousand (SEK 3,169 thousand). Interest expenses include costs totalling SEK 1,240 thousand relating to the raising of financing.

SEK 1,326 thousand (SEK 1,971 thousand) relates to interest for the company's mortgages and interest on short-term loans in the Parent Company.

PROFIT/LOSS AFTER TAX

Profit for the period amounted to SEK 1,683 thousand (SEK -7,588 thousand). The positive result was solely

attributable to an appreciation in the value of the company's investment properties.

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities amounted to SEK -11,196 thousand (SEK 12,140 thousand) during the period. Cash and cash equivalents at the end of the period totalled SEK 31,422 thousand (SEK 13,722 thousand). Cash flow has been positively affected by payment of issue proceeds of SEK 20 million, which was included as a receivable at 31/12/2017, and raised borrowings of SEK 41,687 thousand.

INVESTMENTS IN PROPERTY PORTFOLIO

Investments during the period amounted to a total (including project properties) of SEK 19,543 thousand (SEK 144,845 thousand).

INVESTMENT AND OPERATING PROPERTIES

The company's 99 apartments in Hacienda de Cifuentes are recognised as investment 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. The operating property is valued at cost and any appreciation in value is not stated in the balance sheet.

PROJECT PROPERTIES

During the period, investments in project properties amounted to SEK 18,484 thousand (SEK 51,761 thousand). Project properties are valued at cost and any appreciation in value is not stated in the balance sheet.

FINANCING

The company finances investments via bank loans and equity. 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.

SIGNIFICANT EVENTS DURING THE SECOND HALF OF THE YEAR

- On 8 March, the company entered into an agreement to start a joint venture together with Ruben Otero, located in Puerto Banús. The joint company, 50 percent of which is owned by Quartiers, will manage the sales and marketing process for both parties' projects and offer equivalent services to other developers and property owners.
- On 27 March, the company signed an agreement with Spanish bank BBVA regarding an unsecured corporate loan of EUR 1.0 million. The loan was granted to Quartiers Properties Holding S.L. The loan has a maturity of 36 months and carries a fixed annual interest rate of 3.5 percent.

COMMENTS ON THE PERIOD

- On 4 April 2018, the company signed an agreement with the Madrid-based property fund Frux Capital regarding a credit line of EUR 2.5 million. The loan carries a fixed annual interest rate of 13.0 percent on the capital received for the period.
- On 5 April 2018, the company entered into an agreement on the acquisition of a plot of 3,781 square metres next to the company's existing property Centro Forestal Sueco. The agreement is a call option that the company intends to exercise by 1 October 2018. Quartiers made a payment of EUR 200 thousand in connection with the signing of the option agreement. The total purchase price amounts to EUR 1,788 thousand, and it will be paid via annual instalments up until May 2022.
- On 18 May, the company's CFO, Marcus Johansson Prakt, took on the position of acting CEO.
- On 30 May, the company entered into an operator and partnership agreement regarding the development and operation of a lifestyle hotel with restaurant at one of the properties that was renamed Centro Forestal Sueco.
- On 5 June, the company received a renovation loan of EUR 2.5 million from Spanish bank Sabadell.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events since the end of the reporting period.

RELATED-PARTY TRANSACTIONS

In 2017, Andreas Bonnier entered into a personal surety commitment, for which the company pledged collateral in the form of shares in the subsidiary. In April 2018, this collateral was replaced by a second-hand pledge in 13 apartments in Hacienda de Cifuentes.

No other related-party transactions have taken place during the period.

OUTLOOK

No forecast is being submitted for 2018. 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.

The company has entered a period of expansion, but given the current rate of sales and without carrying out any additional acquisitions or investments, the business is deemed to have a positive cash flow.

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 2017 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 will be submitted on 22 February 2019.

CERTIFICATION BY THE BOARD OF DIRECTORS AND CEO

The Board of Directors and Chief Executive Officer certify that this period-end 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, 16 July 2018.

Jörgen Cederholm, Chairman of the Board
Lars Åke Olofsson, Board member
Jimmie Hall, Board member
Sten Andersen, Board member
Marcus Johansson Prakt, acting Chief Executive Officer

Financial information

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts are stated in SEK thousand	Note	01/01/2018 30/06/2018	01/01/2017 30/06/2017	01/01/2017 31/12/2017
Rental income		3,242	5,232	9,494
Other income		-	-	463
Total		3,242	5,232	9,956
Property expenses		-8,438	-4,380	-11,531
Total operating expenses		-8,438	-4,380	-11,531
Gross earnings		-5,196	852	-1,574
Central administration		-5,527	-5,271	-9,105
Unrealised change in value of investment properties		18,850	0	39,042
Operating profit/loss		8,127	-4,419	28,363
Other interest income and similar profit/loss items		835	-	78
Interest expenses and similar profit/loss items		-2,566	-3,169	-4,395
Profit/loss from financial items		-1,731	-3,169	-4,317
Profit/loss before tax		6,396	-7,588	24,045
Deferred income tax		-4,712	-	-9,761
Profit/loss for the period		1,683	-7,588	14,285
OTHER COMPREHENSIVE INCOME				
Profit/loss for the period		1,683	-7,588	14,285
Items that have been or may be transferred to profit/loss for the year			-	-
Translation differences on translation of foreign operations		20,671	-883	4,966
Total comprehensive income		22,354	-8,471	19,251
<i>Earnings and comprehensive income for the period attributable to:</i>				
Parent Company holders of ordinary shares		16,518	-8,471	15,334
Basic earnings per ordinary share, SEK		0.34	-0.28	0.40
Diluted earnings per ordinary share, SEK		0.34	-0.25	0.40
Average number of ordinary shares before dilution		48,462,896	30,658,000	38,520,134
Average number of ordinary shares after dilution		48,462,896	33,413,542	38,520,134

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are stated in SEK thousand	Note	30/06/2018	30/06/2017	31/12/2017
ASSETS				
Subscribed but not paid in capital		.	–	20,000
Non-current assets				
<i>Property, plant and equipment</i>				
Investment properties	4	326,119	246,728	290,241
Operating properties	5	100,993	92,167	94,502
Equipment, tools and installations		8,238	7,274	8,235
Other long-term securities holdings		1,746	4,818	5,003
Other non-current receivables		38	38	38
Total non-current assets		437,134	351,025	398,019
Current assets				
Project properties	6	136,346	102,181	111,284
Trade receivables		4,230	6,738	6,767
Other receivables		4,594	3,051	7,161
Prepaid expenses and accrued income		22,149	14,023	14,288
Financial investments		–	224	–
Cash and cash equivalents		31,422	13,722	6,131
Total current assets		198,740	139,939	145,631
Total assets		635,874	490,964	563,649

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts are stated in SEK thousand	Note	30/06/2018	30/06/2017	31/12/2017
SHAREHOLDERS' EQUITY				
Share capital		1,363	1,120	1,314
Ongoing new share issue		–	–	20,000
Other contributed capital		279,852	233,702	259,902
Reserves, translation differences		27,156	636	6,485
Retained earnings incl. profit/loss for the period		52,304	34,585	56,457
Total shareholders' equity		360,675	270,043	344,157
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		40,695	23,688	33,979
Liabilities to credit institutions	8	188,685	153,579	147,338
Other non-current liabilities		14,105	–	13,297
Total non-current liabilities		243,485	177,267	194,613
Current liabilities				
Liabilities to credit institutions	8	15,727	8,668	13,030
Trade payables		494	1,241	2,010
Other current liabilities		14,418	24,232	8,453
Accrued expenses and deferred income		1,075	9,513	1,296
Total current liabilities		31,714	43,653	24,879
TOTAL EQUITY AND LIABILITIES		635,874	490,964	563,649

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 shareholders' equity
Opening balance, 01/01/2017	868	92,856	1,519	46,089	141,332
<i>Comprehensive income</i>					
Profit/loss for the period	-	-		14,285	14,285
Translation differences	-	-	4,966		4,966
Total comprehensive income	0	0	4,966	14,285	19,251
<i>Transactions with shareholders</i>					
Ongoing new share issue	50	19,950			20,000
New share issue	445	177,968			178,413
Dividend paid, preference shares	-	-	-	-2,937	-2,937
Change in expensed unpaid dividend, preference shares	-	-	-	-979	-979
Share issue expenses	-	-10,922			-10,922
Total transactions with shareholders	495	186,996	0	-3,916	183,575
	495	186,996	0	-3,916	183,575
Closing balance, 31/12/2017	1,363	279,852	6,485	56,458	344,157
Opening balance, 01/01/2018	1,363	279,852	6,485	56,458	344,157
<i>Comprehensive income</i>					
Profit/loss for the period				1,683	1,683
Translation differences			20,671		20,671
Total comprehensive income			20,671	1,683	22,354
<i>Transactions with shareholders</i>					
Dividend paid, preference shares				-1,958	-1,958
Change in expensed unpaid dividend, preference shares				-3,879	-3,879
Total transactions with shareholders				-5,837	-5,837
Closing balance, 30/06/2018	1,363	279,852	27,156	52,304	360,675

CONSOLIDATED CASH FLOW STATEMENT

Amounts are stated in SEK thousand	01/01/2018 30/06/2018	01/01/2017 30/06/2017	01/01/2017 31/12/2017
<i>Cash flow from operating activities</i>			
Operating profit/loss	8,127	-4,419	28,363
Depreciation, amortisation and impairment	926	872	1,829
Other non-cash items	-6,383	195	-38,947
Profit/loss from trading with financial instruments	-	-83	78
Interest paid (attributable to financing activities)	-2,566	-2,016	-3,393
Cash flow from operating activities before changes in working capital	104	-5,451	-12,070
<i>Changes in working capital</i>			
Increase/decrease in trade receivables	2,838	1,147	1,118
Increase/decrease in financial investments	-	-39	263
Increase/decrease other current receivables	-6,093	-3,586	-7,961
Increase/decrease trade payables	-1,541	-60	709
Increase/decrease other current liabilities	-6,504	20,129	-242
Cash flow from operating activities	-11,196	12,140	-18,183
Cash flow from investing activities			
Investments in property, plant and equipment	-1,771	-93,312	-87,270
Investments in project properties	-18,484	-51,761	-53,707
Sale of other securities holdings	3,461		
Cash flow from investing activities	-16,794	-145,073	-140,978
Cash flow from financing activities			
New share issue	20,000	141,098	167,491
Borrowings raised	41,687		
Loan repayments	-6,714	-3,581	-9,483
Dividend paid, preference shareholders	-1,958	-979	-2,937
Cash flow from financing activities	53,015	136,538	155,071
Cash flow for the period	25,025	3,604	-4,090
Cash and cash equivalents at start of period	6,131	10,117	10,117
Exchange rate differences in cash and cash equivalents	266		104
Cash and cash equivalents at end of period	31,422	13,722	6,131

CONDENSED PARENT COMPANY FIGURES

Income statement (amounts are stated in SEK thousand)	01/01/2018 30/06/2018	01/01/2017 30/06/2017	01/07/2017 31/12/2017
Operating revenue	762	762	5,691
Operating expenses	-6,981	-8,600	-6,190
Operating profit/loss	-6,219	-7,838	-499
Profit/loss from financial items	1,176	1,615	2,277
Profit/loss before tax	-5,043	-6,223	1,778
Profit/loss for the period	-5,043	-6,223	1,778

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)	30/06/2018	30/06/2017	31/12/2017
ASSETS			
Subscribed but not paid in capital		-	20,000
Non-current assets	222,534	24,260	223,070
Non-current receivables from Group companies	28,940	192,330	19,871
Current assets	11,770	13,827	8,351
Total assets	263,244	230,417	271,292
Equity and liabilities			
Shareholders' equity	252,130	215,320	263,490
Current liabilities	11,114	15,097	7,802
Total shareholders' equity and liabilities	263,244	230,417	271,292

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, 114 56 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 2017. 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 2017 financial year.

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers entered into force on 1 January 2018. Analyses were carried out in 2017 to examine the effect of these standards. The conclusion from these analyses is that the standards will not have any impact on the company's financial statements. At the end of the interim period, the Group's assessment is that there are no changes to this conclusion, which is reported on in the Group's 2017 Annual Report.

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.

A complete external valuation of the company's investment property holdings was carried out at 31/12/2017. At 30/06/2018, a valuation has been conducted on a selection of the properties, representing 10 percent of the total investment property holding.

Table: Note 4. Investment properties

Investment property (SEK thousand)	01/01/2018 30/06/2018	01/01/2017 30/06/2017
Fair value at beginning of year	290,241	245,027
Investments	53	917
Exchange rate differences	17,887	784
Change in value for the year	17,938	0
Closing carrying amount	326,119	246,728

NOTE 5. OPERATING PROPERTIES

The company's hotel holding has been classified as an operating property. No depreciation has been recognised, as the hotel property is in the process of being developed.

Table: Note 5. Operating properties

Operating properties (SEK thousand)	01/01/2018 30/06/2018	01/01/2017 30/06/2017
Opening cost	94,502	0
Purchases	0	92,167
Investments	1,006	0
Exchange rate differences	5,485	0
Closing carrying amount	100,993	92,167

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)	01/01/2018 30/06/2018	01/01/2017 30/06/2017
Opening cost	111,284	50,373
Purchases	0	51,761
Investments	18,484	0
Exchange rate differences	6,578	47
Closing carrying amount	136,346	102,181

SUPPLEMENTARY DISCLOSURES

NOTE 7. SEGMENT REPORTING

Quartiers Properties has had three operating segments since 1 July 2017: Property Development, Property Management, and Hotel Operations. This assessment is based on differences in the nature of the businesses. Following the transfer of ownership of the hotel property, Hotel Operations have been temporarily limited. Extensive renovations are planned for 2018.

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

Project properties (SEK thousand)	Property Develop- ment	Property Manage- ment	Hotel Ope- rations	Group items and elimina- tions	Total	Property Develop- ment	Property Manage- ment	Hotel Ope- rations	Group items and elimina- tions	Total
Operating revenue	-	-	-	-	-	-	-	-	-	-
Rental income	-	3,242	-	-	3,242	-	5,232	-	-	5,232
Other income										
Net sales	-	3,242			3,242		5,232			5,232
<i>Operating expenses</i>										
Production expenses	-									
Property expenses	-	-8,438			-8,438		-4,380			-4,380
Central administration	-			-5,527	-5,527				-5,271	-5,271
Other operating expenses	-									
Total operating expenses	-	-8,438		-5,527	-13,965		-4,380		-5,271	-9,651
<i>Other significant operating items</i>										
Change in the value of investment properties	-	18,850			18,850					
Other	-									
Total other significant operating expenses	-	18,850			18,850					
Operating profit/loss		13,654		-5,527	8,127		852		-5,271	-4,419
Finance income				835	835					
Finance costs	-167	-859	-10	-1,530	-2,566	-156	-804		-2,209	-3,169
Profit/loss from financial items	-167	-859	-10	-695	-1,731	-156	-804		-2,209	-3,169
Income tax		-4,712			-4,712					
Profit/loss for the period	-167	8,082	-10	-6,222	1,683	-156	48		-7,480	-7,588
Assets										
Investment properties		326,119			326,119		246,728			246,728
Operating properties			100,993		100,993			92,167		92,167
Other property, plant and equipment	1,097	6,937	203		8,238		7,274			7,274
Project properties	136,346				136,346	102,181				102,181

SUPPLEMENTARY DISCLOSURES

NOTE 8. BORROWINGS

- Loans have primarily been raised via Banco Popular in Spain and will be amortised over a period of 15 years.
- In addition, during 2018 smaller loans have been raised via the Spanish banks BBVA and Sabadell, as well as via Frux Capital.
- 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.

In addition, a second-hand pledge has been submitted in 13 of the 99 apartments that Quartiers owns in Hacienda de Cifuentes in Benahavis as collateral for Andreas Bonnier, who has pledged a surety commitment in the company's interest for the company's obligations in connection with the acquisition of Centro Forestal Sueco. The value of the collateral corresponds to the commitment that Andreas has pledged.

There are no additional pledged assets or contingent liabilities.

NOTE 9. PLEDGED ASSETS AND CONTINGENT LIABILITIES

The Group has pledged property mortgages totalling SEK 341,973 thousand as security for liabilities to credit institutions.

As collateral for loans granted by the property fund Frux Capital, the company has pledged shares in CFS Residential Property SL.

Table: Note 8. Borrowings

Group, 30 June 2018 (SEK thousand)	< 1 year	1-2 years	2-5 years	> 5 years
Liabilities to credit institutions	15,174	47,076	61,942	78,115
Leasing liability	553	586	966	
Liability purchase price		14,105		
Trade payables	494			
Other current liabilities	15,492			





QUARTIERS

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