
INFORMATION BROCHURE REGARDING SUBSCRIPTION OF NEW PREFERENCE SHARES - RIGHTS ISSUE 13 DECEMBER 2019 TO 7 JANUARY 2020

QUARTIERS
PROPERTIES



QUARTIERS PROPERTIES AB (PUBL)

- MAKING LIFESTYLE ACCOMMODATION A REALITY

IMPORTANT INFORMATION

General information

This information brochure (“Information Brochure”) has been prepared by Quartiers Properties AB (publ), corp. ID no. 556975-7684 for the Company’s rights issue of preference shares. “Quartiers Properties” or the “Company”, depending on context, refers to Quartiers Properties AB (publ) corp. ID no. 556975-7684, or the Group for which Quartiers Properties AB (publ) is the parent company.

The offer to acquire preference shares is not aimed at persons whose participation requires additional prospectuses, information, registrations or other measures than those that follow from Swedish law. It is the responsibility of each individual to comply with such restrictions in accordance with laws and regulations outside Sweden. This offer and the information in this information brochure may NOT be made public, published or distributed, either directly or indirectly, in or to the United States, Canada, Japan, Australia, Hong Kong, New Zealand, Singapore, South Africa, Switzerland or other jurisdictions where such action, entirely or partially, is subject to legal restrictions or would require additional prospectuses, registration or actions other than those arising out of Swedish law. The information in this information brochure may not be forwarded or reproduced in such a way that is in breach of such restrictions or would result in such requirements. Actions in breach of these directions may constitute a breach of applicable securities legislation. No subscription rights, paid subscribed shares or shares have been registered, or will be registered, under the United States Securities Act of 1933, in its current wording, (‘Securities Act’) or under any equivalent law in any other jurisdiction in the United States and may therefore not be offered or sold, directly or indirectly, in or to the United States except for in accordance with an applicable exception from, or by means of a transaction not covered by, the registration requirements of the Securities Act and in accordance with the securities legislation in a relevant state or other jurisdiction of the United States.

The offer and Information Brochure are governed by Swedish law. Disputes shall be settled by a Swedish court.

Exemption from the prospectus delivery requirement

The offer has not been reviewed, approved or registered by Finansinspektionen (the Swedish Financial Supervisory Authority). The rights issue is exempt from the obligation to publish a prospectus under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 July 2017 and the Act (2019:414) with supplementary provisions to the EU Prospectus Regulation since the total value of the offering of financial instruments is less than EUR 2.5 million over a twelve-month period.

Board of Directors assurance and third-party information

The Board of Directors of Quartiers Properties is responsible for the information provided in this Information Brochure, which has been prepared for the offering to subscribe for preference shares in the Company. It is hereby assured that all reasonable precautions have been taken to ensure that, as far as the Board is aware, the information contained in this Information Brochure is in accordance with actual circumstances and that nothing that could affect its meaning has been omitted. In cases where information comes from a third party, as far as the Board of Directors of Quartiers Properties is aware, it has been correctly reproduced and no information has been omitted in a way that would cause the information to be inaccurate or misleading. The company’s auditor has not reviewed the information provided in the Information Brochure.

Forward-looking statements

The Information Brochure contains forward-looking statements that reflect the Board’s current view on future events and financial performance. The words ‘intend’, ‘expect’, ‘will’, ‘may’, ‘consider’, ‘assess’, ‘anticipate’, ‘plan’ and similar expressions indicate that these are forward-looking statements. Even if the Board considers that the expectations reflected in forward-looking statements are reasonable, no guarantees can be given that these expectations will be met. Forward-looking statements only express the Board’s assessments and assumptions at the time of the offering. The reader is encouraged to read the collected information in the Information Brochure while keeping in mind that future results, performance or success may differ materially from the Board’s expectations. The Board makes no commitments to publicly update or revise forward-looking statements as a result of new information, future events or anything beyond what is required by law.

An investment in securities is associated with certain risks

An investment in equities is always associated with risk. A number of factors beyond the control of Quartiers Properties, as well as a number of factors whose effects the Company can influence through its actions, may have a negative impact on the Company’s operations, earnings and financial position, which may cause the value of the Company’s shares to decrease and a shareholder could lose all or part of his/her invested capital. When making an investment decision, investors must rely on their own judgment of Quartiers Properties and the rights issue. Prior to investment decisions, potential investors should engage their own professional advisers and carefully evaluate and consider the investment decision. The Information Brochure does not constitute investment advice.

Nasdaq First North Growth Market

Quartiers Properties’ shares are listed on Nasdaq First North Growth Market (“First North”). First North is an alternative marketplace run by the various exchanges that are part of Nasdaq. First North does not have the same legal status as a regulated market. Companies whose shares are listed on First North are not required to follow the same rules as companies whose shares are admitted to trading on a regulated market. An investment in a company whose shares are listed on First North is therefore generally riskier than an investment in a company whose shares are admitted to trading on a regulated market. All companies whose shares are listed on First North have a Certified Adviser who monitors compliance with applicable regulations. Mangold is the Company’s certified adviser.



10.5%
in annual direct return



SEK 20.4 million in capital distributed to shareholders.

Since the Company's preferential shares were listed on NGM Nordic MTF in 2016, Quartiers Properties has distributed SEK 20.4 million to its preference shareholders. Today, the Company's shares are traded on Nasdaq First North Growth Market.

QUARTIERS PROPERTIES TODAY

- Quartiers Properties is active in the Province of Málaga on Spain's Costa del Sol, a market shown by a number of studies to be the fastest-growing property market in Spain. Growth in the region is due to a combination of increasing domestic demand, the region's climate with over 320 days of sunshine a year, excellent national and international communications, and technological developments enabling more people to live in the region while retaining links to friends, family and work in their home country.
 - Quartiers Properties is active in two main segments: Property Refinement and Property Development. Both business areas aim to generate value in the current property portfolio in different ways. The Property Refinement segment focuses on transforming underperforming properties in a way that leverages each property's unique characteristics, to enable a higher valuation when the property is either sold or revalued for refinancing on improved loan terms. In the Property Development segment this is done by developing carefully designed concepts for villas and apartments, which are then marketed and sold.
 - Quartiers Properties is listed on Nasdaq First North Growth Market where the Company's ordinary share (QUART) and preference share (QUART PREF) are both listed.
 - The value of the Company's property portfolio is estimated to amount to EUR 80.3 million.
 - The net asset value of the ordinary share as of 30 November 2019, given the new valuations, is estimated to amount to SEK 409.8 million, corresponding to SEK 8.46 per ordinary share, which represents an increase of 12% compared to the half year-end on 30 June 2019.
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MESSAGE FROM THE CEO

Before we wind up 2019 and close the books for the year, the time has come for a Rights Issue of preferential shares, where we hope that as many of our shareholders as possible will take the opportunity to participate. We have made great progress during the year, which provides an excellent basis for 2020 to be an even better year, and one that is extremely important to us with regard to optimising the operation of our investment properties, refinancing the liability side of our balance sheet, and launching the Ocean View project with its 60 new premium apartments.

Over the past two years, we have not only developed our property profile – which has grown by 56% in value during the period – but also reinforced our organisation and established a broad network of financiers on the Spanish finance market. This network has opened the door to around SEK 150 million in financing outside the share market, making it possible for us to complete important investments in our property holdings. These investments, in turn, have contributed to sales income from our business development segment, and enabled us to renovate and operationalise Hotel Boho Club. With larger holdings of properties generating cash flow, we are now in a position to talk to international players in the loan business, and we have recently started a process with the consultancy company JLL (Jones Lang LaSalle) in London with regard to refinancing the Company's liability side with a structure that will promote growth and the long-term perspective. Above all, we are looking to improve our existing repayment terms, as the Spanish banks are currently demanding full repayment of the capital in 12–15 years, irrespective of the degree of borrowing in question. The new structure we are working on is thus intended to improve our financial cash flow, and to allow us to push ahead with new investments rather than having to make hefty repayments to the bank. Preferential shares are a good fit for the intended structure, as long as we make sure that over time, our investments generate sufficient funds to cover our financing costs and allow us to repay our ordinary shareholders.



I will personally be participating in the issue, and a number of major shareholders have let it be known that they anticipate jointly subscribing for around half of the issue sum. This is pleasing to hear, and both I and our Board of Directors anticipate strong support from our 1,000 or so other shareholders.

With an eventful 2019 behind us, we will be entering 2020 in an even stronger position, and look forward to your continued confidence as a shareholder in Quartiers Properties.

Best regards.

Marcus Johansson Prakt, CEO

RIGHTS ISSUE IN QUARTIERS PROPERTIES

INVITATION TO SUBSCRIBE FOR NEW PREFERENCE SHARES

- Quartiers Properties is carrying out a rights issue of new preference shares directed to all shareholders in Quartiers Properties, regardless of type of share.
- In the property refinement segment the Company develops properties through refurbishment, concept design and market launch with a focus on creating value growth in the property portfolio. Quartiers Properties currently has two primary properties in this segment: Boho Club and Quartiers Apartment Hotel in Benahavís.
- The value of the Company's apartment complex has almost doubled since the acquisition in 2015 and 2016. Boho Club was renovated in 2019; the restaurant has opened and on 15 December 2019 the hotel will open. The value of the property Boho Club increased by 120.6% in 2019, including investments.
- *"Thanks to the increase in value and because we have now commissioned another property, we can talk to major international players on the loan side. To date we have focused on Spanish banks and funds for funding, but with a larger asset portfolio with investment properties, we hope to attract lenders who can primarily offer more long-term repayment terms, which would improve our financial cash flow. It is an important piece of the puzzle in our planned expansion" - Quartiers Properties CEO Marcus Johansson Prakt in an interview with Fastighetssverige in December 2019.*



*The preference share is traded on **Nasdaq First North Growth Market** under the ticker symbol **QUART PEF.***

SUMMARY OF ISSUE TERMS AND CONDITIONS

SHARE CLASS	Preference shares
ISSUE AMOUNT	Approx. SEK 25.5 MILLION
SUBSCRIPTION PRICE PER SHARE	SEK 9.15
ANNUAL DIVIDEND	SEK 0.96 per share
DIVIDEND FREQUENCY	Quarter
DIRECT RETURN	10.5%
SUBSCRIPTION PERIOD BEGINS	13 December 2019
SUBSCRIPTION PERIOD ENDS	7 January 2020

INVESTMENT HIGHLIGHTS - SEVERAL REASONS TO SUBSCRIBE

10.5%

in annual return on the preference share.

EUR 17.3 million

Value-creating activities in 2019 corresponded to an increase in value in the existing property portfolio of 27.5%.



The 2019 initiatives pave the way for new opportunities:

- Larger base of cash flow generating properties.
- Process initiated to ensure more growth-promoting financing terms and conditions.
- Increased diversification in the portfolio reduces dependence on the property development segment with the aim of lowering the level of risk in the Company.



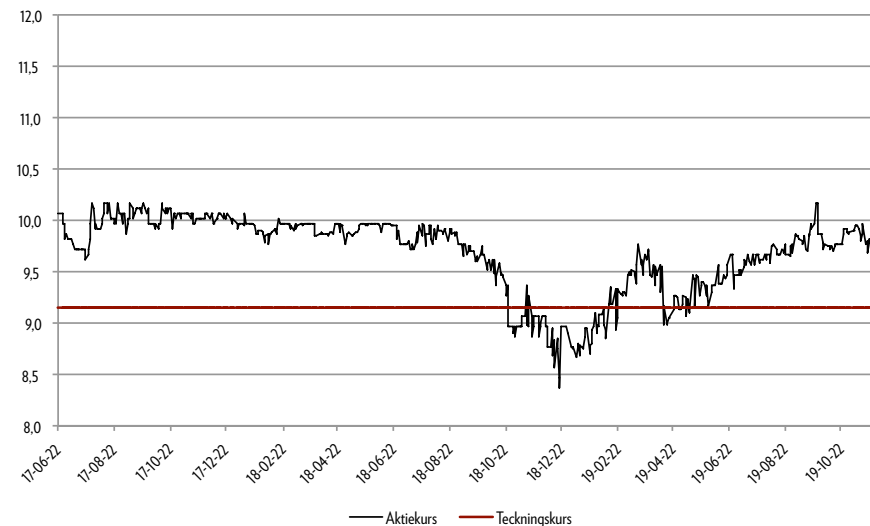
Active in the Malaga region, one of the fastest growing economies in Spain and in Europe.

Quartiers Properties is a professional Spanish organisation with experienced employees in a company with Swedish roots and with a unique link to the Scandinavian capital market



10.5% - AN OFFER WHICH IN ITSELF IS A REASON TO SUBSCRIBE

- Investors who subscribe to new preference shares in the rights issue will be given the opportunity to receive an annual return of 10.5% through quarterly payments.
- The rights issue of preference shares will be carried out at a price of SEK 9.15 per share, which corresponds to a discount of 6.7% compared with the weighted average price in the last 30 trading days before the issue was announced.
- The average daily trading turnover in the last 30 trading days before the issue was announced was approximately SEK 96,500.
- Over the past six months the preference share in Quartiers Properties have listed closing prices at levels between SEK 9.31 and 10.17 per share.
- Since 2016, when the first preference shares were issued, the Company has distributed a total of SEK 20.4 million in quarterly payments to its preference shareholders.



PROPERTY PORTFOLIO WITH ASSESSED VALUES 2019

Name	Area of use	2018	2019	Change, %	Change, EUR
Hacienda del Senorio de Cifuentes*	Apartment complex	34,124,000	36,534,000	7.1%	2,410,000
Ocean View	Land for development	7,500,000	8,400,000	12.0%	900,000
CFS Residential	Land for development	6,300,000	6,600,000	4.8%	300,000
Amapura**	Villa under construction	600,000	940,000	56.7%	340,000
Villa plots Los Flamings	Land for development	1,960,000	2,300,000	17.3%	340,000
Boho Club Marbella***	Hotel and restaurant	10,700,000	23,600,000	120.6%	12,900,000
Plot for further development of Boho Club	Land for future hotel rooms	1,800,000	1,900,000	5.6%	100,000
Total		62,984,000	80,274,000	27.5%	17,290,000

* Two apartments were sold during the year at the current valuation.

** Increased value including construction.

*** Capitalised investments in the balance sheet are estimated at approximately EUR 9.0 million.

- Quartiers Properties contracted CBRE Spain to carry out a valuation of the Company's property portfolio for year-end 2019. The new valuation of the entire property portfolio amounts to approximately EUR 80.3 million, corresponding to an increase of EUR 17.3 million (27.5%) compared with December 2018.
- In 2019, Quartiers continued to work to create value growth in the property portfolio. This has been accomplished by improving operations of the Company's apartment complex in Benahavis, as well as by renovating and commissioning the Boho Club hotel and restaurant. In 2019, the Company secured important loan financing to finance the Boho Club investment. Thanks to these efforts, as an example the Company is estimated to have created value of approximately EUR 3.9 million in addition to what was invested in Boho Club property during the year. The total increase in value in the property portfolio above the investments made amounts to approximately EUR 8.4 million (13.3%).

PRELIMINARY INCOME STATEMENT AND BALANCE SHEET JAN-NOV 2019

BALANCE SHEET	SEK million		SEK million
Assets		Equity & liabilities	
Non-current assets	601,044	Shareholders' equity	347,027
Project properties	76,454	Provisions	46,127
Other current assets	32,027	Non-current liabilities	278,029
		Current liabilities	38,342
Total	709,525	Total	709,525
INCOME STATEMENT	SEK million		
Net sales	76,633		
Cost of properties sold	-41,888		
Cost of property refinement	-47,720		
Operating profit/loss	-12,975		
Overhead	-7,135		
EBITDA	-20,110		

- Contracts on four apartments for which the Company received a reservation fee or security deposit are expected to be signed in December 2019 and are therefore expected to have a positive impact on earnings for the full year, provided that occupancy occurs before the turn of the year.
- The restaurant at Boho Club began to serve dinner on 1 September 2019 and since then has had sales of SEK 4.2 million, corresponding to SEK 1.4 million per month, which is considered to be good for the period after opening, considering that it is low season.
- Sales at the Company's apartment complex in Benahavis totalled SEK 18.1 for the period.
- Costs in property refinement during the period were affected by startup costs, primarily related to the Boho Club project.
- The Company's adjusted equity, taking into account the change in the value of properties, amounts to SEK 497.1 million (before deduction for redemption of preference shares), which after deduction of the redemption value of outstanding preference shares gives a net asset value per ordinary share of SEK 8.46.
- The above preliminary figures have not been subject to review by the Company's auditor.




BOHO
CLUB



**BOHO
CLUB**



The background of the entire page is a light gray architectural wireframe of a modern building, showing various rooms, corridors, and structural elements. The lines are thin and create a complex, geometric pattern.

QUARTIERS

P R O P E R T I E S

CONTACT YOUR TRUSTEE FOR INFORMATION ON HOW TO SUBSCRIBE FOR SHARES

Quartiers Properties AB (publ)

Strandvägen 7A

114 56 Stockholm

www.quartiersproperties.com