

## **Quartiers Properties AB (publ)**

### **PRESS RELEASE**

Stockholm, 26 February 2021

### **Quartiers Properties Year-End Report – January to December 2020**

**Quartiers Properties AB (publ) has today published the company's year-end report for the period January to December 2020.**

#### **Summary of the period**

- Net sales amounted to SEK 55.8 (93.377) million, of which the second half of the year accounted for sales of SEK 27.664 (36.989) million, compared with the seasonally weak first quarter 2020 sales of SEK 25.644 million, which were only partially affected by the coronavirus. This shows the positive potential in the company that can be realised once the pandemic is over. Sales from the sale of properties decreased by SEK 44.975 million compared with 2019, which can partly be attributed to the fact that the 22byQuartiers project was completed in 2019. Due to the coronavirus, the company was also forced to postpone the launch of Ocean View, which consists of construction rights for 60 newly produced apartments. Sales from the operator business amounted to SEK 32.643 (25.245) million, which corresponds to an increase of SEK 7.398 million. The development should be viewed in the context of the fact that the company's hotel and restaurant operations have been completely or partially shut down since mid-March due to COVID-19. The company's sales of properties were also hit hard, with four of a total of six sales being completed during the first quarter, i.e. before the outbreak of COVID-19.
- Operating profit/loss totalled SEK -48.667 (-26.449) million, of which the second half of the year accounted for SEK -22.425 (-26.659) million. Operating profit/loss before depreciation (EBITDA) totalled SEK -29.975 (-14.823) million, of which the second half of the year accounted for SEK -14.350 (-17.447) million.
- Post-tax earnings amounted to SEK -67.604 (-37.443) million, of which the second half of the year accounted for SEK -37.470 (-33.677) million.
- According to an external property valuation, the value of the property portfolio amounted to the equivalent of SEK 751.162 (843.999) million. Adjusted for divested properties and exchange rate fluctuations, this equates to a decrease in value of 4.1%. This confirms the quality of the company's property portfolio, the value of which has not been significantly affected by COVID-19.
- Earnings per share was SEK -1.44 (-0.82).
- Shareholders' equity on 31 December 2020 was SEK 281.761 (334.712) million.
- The company's net asset value on 31 December 2020 was SEK 318.461 (400.019) million, which equates to SEK 6.15 (8.26) per share.

#### **SIGNIFICANT EVENTS DURING THE SECOND HALF OF THE YEAR**

- On 15 July, the company entered into a financing agreement with the global investment bank Alantra and Desalkiv Portfolios L.L.C regarding refinancing of the company's investment loans. Please also see the press release published on 15 July 2020.
- In September, 3,291,624 preference shares were redeemed, which means that these were cancelled and a corresponding number of ordinary shares were issued together with 6,583,248 warrants. The warrants were issued free of charge.

#### **SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD**

- New, stricter coronavirus restrictions were introduced in Marbella at the end of January, which forced all non-essential operations to close temporarily. Boho Club therefore closed temporarily and the majority of the staff were placed on furlough (ERTE) with state aid, in the same way as before. It is expected that Boho Club will reopen in mid-March 2021.

#### **Message from the CEO**

In December 2019 we had the pleasure of welcoming our first hotel guests to Boho Club. In the annual accounts, we could also note that during the year we had sold all the apartments in the 22byQuartiers project. In January and February, we completed further apartment sales in the Hacienda Collection project. The year started strongly and I personally sat in negotiations with banks to refinance Boho Club and thus free up cash flow and repay short-term loans that we had used to complete the renovation of Boho Club. We looked forward to 2020 as the year when our crown jewel Boho Club would establish itself in earnest and contribute positive cash flow to the business, and when our financing costs would be drastically reduced through our far-reaching refinancing plans. Everything looked good and I was pleased with the excellent timing of the refinancing. But timing would, however, turn out to be easier said than done.

When news of the coronavirus first appeared, not many people thought it would become a major problem. In Spain, the government allowed a large demonstration with thousands of people on the streets of Madrid. That turned out to be really bad timing and may have been a contributing factor to Madrid and Spain hitting the news as one of the most badly affected countries in the world. And for us, considering that we work in one of the most affected sectors in the world, this has meant a complete restructuring of the business, ranging from preparations for the summer and refinancing discussions to immediate crisis management and the temporary shutdown of our business operations. In this context, it was not a huge shock that the banks became cautious and withdrew from all ongoing financing discussions relating to hotels and restaurants.

Almost a year later, we still get daily news about new coronavirus-related infections and deaths as a result of this terrible virus. At the same time, many people, including myself, now instead choose to focus on the vaccination statistics. In this regard one of our main markets, the UK, is leading the way regarding showing how quickly the population can be vaccinated. We expect to see a gradual effect of the vaccination programme, with the domestic Spanish market leading the recovery initially.

The coronavirus pandemic has taught us a lot. Not least, it has forced companies and individuals to think in new directions and find new ways to sell and market their products and services. During the year, we have made many operational processes more efficient, which benefits us in both the short term and the long term regarding lower personnel costs and better cost optimisation. Despite the challenges, we have also continued to generate revenue. One example of this is our investment in staycations and that we have significantly improved our lunch sales in Boho restaurant compared to autumn 2019. The fact that we both own and run the businesses in our properties has proven to be a strength, because it has made it possible for us to act quickly and reorganise the businesses when conditions have changed.

We have seen and continue to see during the coronavirus pandemic how many hotel property owners are being forced to sell their hotels at discounted prices due to lost revenue. Our innovative efforts and the fact that last summer, despite the extreme conditions, we succeeded in getting a loan to strengthen our liquidity, have meant that we, in contrast to many others, have not been forced to sell assets with associated resulting heavy losses. Even if the loan is expensive, it has been valuable to us given the circumstances.

If 2021 is as we believe and hope it will be, there will be good opportunities for a very strong summer. The climate in Marbella is one of the most attractive in Europe, and Marbella as a brand continues to grow in popularity. When we talk to real estate agencies on the coast, the majority state that among their customers there is a great desire to come to the Costa del Sol on a combined holiday and shopping trip, to buy real estate, as soon as it becomes possible.

Trends tend to accelerate when everyday life is disrupted by unpredictable external shocks such as the coronavirus. More and more companies are planning to not only allow, but also to a large extent to encourage remote working even when the pandemic is over. This is something that I've talked about for a long time and which will most probably finally make a big breakthrough in 2021, with new concepts such as workations. Time is money, and the timing would naturally have been much better if 2020 had turned out as we originally planned.

But as everything does not always turn out as planned, we are now ready to welcome Europe's travel-hungry and holiday-hungry premium segments to buy, rent and socialise at our properties in Marbella.

**Please address questions to:**

**Quartiers Properties**

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**The Company in brief**

Quartiers Properties is a Swedish property development company that provides top-class design and quality, with operations on the Spanish Costa del Sol. The Company was founded in 2014 and has since built up a portfolio of investment properties and project properties. The Company develops, sells and rents out properties.

Quartiers Properties owns and manages Boho Club, which is a boutique resort in Marbella's Golden Mile district with a restaurant and 30 hotel rooms. The project has won awards for its design and architecture, and since its launch in 2019 both the hotel and the restaurant have established themselves as leading venues in Marbella. Visit Boho Club's website [www.bohoclub.com](http://www.bohoclub.com) to book a hotel room or reserve a table at the restaurant. The restaurant is open daily, serving breakfast, lunch and dinner.

Quartiers Marbella Apartments is an apartment complex in Marbella's neighbouring municipality of Benahavís, where Quartiers runs apartment rental operations. The apartments are perfectly suited as short-term and long-term accommodation, and are popular among families as well as groups visiting Marbella for leisure purposes, fitness holidays or to play golf. Visit our website [www.quartiersmarbella.com](http://www.quartiersmarbella.com) to book your apartment.

Hacienda Collection is an apartment project in Benahavís just outside Marbella, where Quartiers Properties is selling apartments that are ready for immediate occupancy. The apartments are located in a gated community boasting views of the Mediterranean. These apartments feature a large, open floorplan with large windows, high-end kitchen, separate laundry room and 2–3 bedrooms. The spacious terraces offer plenty of scope for spending time with family and friends. Please visit the website for further information and to book a viewing, either on site or online: [www.haciendacollection.es](http://www.haciendacollection.es).

Mangold is the Company's Certified Adviser. Mangold can be contacted on +46 8 503 015 50 or by emailing [ca@mangold.se](mailto:ca@mangold.se).

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