2020.

Consolidated financial statement

EIK

Index

Endorsement and Statement by **the Board of Directors and the CEO**

Eik fasteignafélag hf. is an Icelandic limited liability company. The Group consists of the parent company, Eik fasteignafélag hf., along with subsidiaries which all are 100% owned by the parent company. The Group's operations are ownership, rental and operations of business premises and ownership of hotel operations.

Operations

The financial statements include the consolidated financial statements of Eik fasteignafélag hf. and subsidiaries. The Group's income amounted to ISK 8,345 million in the year 2020 compared to ISK 8,656 million in the year 2019. The Group's operating profit before changes in value, gain on sale and depreciation amounted to ISK 5,038 million in the year 2020 compared to ISK 5,562 million in the previous year. Changes in value of investment properties amounted to ISK 594 million and gain on sale of investment properties amounted to ISK 152 million. According to the Group's statement of comprehensive income total profit for the year amounted to ISK 693 million. Net cash provided by operating activities amounted to ISK 1,858 million according to the Group's statement of cash flow.

Information on risk relating to the Group's financial instruments is in note 24. Operational risk is discussed in note 25.

Financial position

Total assets of the Group amounted to ISK 106,050 million at year end 2020 according to the statement of financial position, whereof investment properties amounted to ISK 98,404 million, assets for own use ISK 3,789 million and cash and cash equivalents ISK 1,922 million. The Group's equity at year end 2020 amounted to ISK 33,200 million, whereof share capital amounted to ISK 3,415 million. Interest bearing liabilities amounted to ISK 62,001 million at year end, whereof ISK 1,501 were recognised among short-term liabilities. The Company had undrawn bank credit facilities in the amount of ISK 1,560 million at year end and unpledged properties with a book value of ISK 6,300 million. The Company paid ISK 20,260 million during the year as instalments and repayments of loans and the Company's interest terms have never been better. Landfestar, a subsidiary of Eik fasteignafélag, repaid the bond class LF 14 1 during the year. Concurrently a new bond class was issued, EIK 141233, along with obtaining new bank loans. Bonds were sold for the nominal amount of ISK 6,500 million in this class. EIK 050726 was increased three times during the year and the total value of the class amounted to the nominal value of ISK 5,880 million at year end. EIK 050749 was increased once and the nominal value of the class was ISK 6,500 million at year end. The Company's weighted indexed interest rates were 3.15% at year end and weighted unindexed interest rates were 2.9%. The Group's equity ratio was 31.3% at year end.

The Board of Directors' policy is for the Company to pay the shareholders around 35% of cash provided by operating activities less the amount used for repurchasing of own shares until notification of annual general meeting. The Board of Directors proposes to the shareholders meeting a dividend payment to shareholders corresponding to around 35% of cash provided by operating activities, or ISK 650 million.

COVID-19

Ever since the pandemic first started affecting the operations of the Company's tenants, the Company has strived to assist the tenants. The Company initiated a marketing campaign in cooperation with restaurants and Hótel 1919 at the beginning of the pandemic, in addition to that Deloitte was engaged to assist tenants. Deloitte's role was mainly intended to assist tenants in need in order to manage better planning and utilisation of governmental assistance and going forward providing the Company with advisory services.

The Company put great emphasis on welfare, health and working environment of employees during the pandemic. The Company utilised an unleased property in Kópavogur for a second office, ensured that employees had acceptable working facilities at home and increased cleaning and disinfection in the Company's properties.

Economic effects of COVID-19 on the Company's income statement can mainly be seen in impairment of receivables, operating loss of Hótel 1919 and decrease rentals. The Company estimates that the pandemic negatively affected EBITDA by more than ISK 655 million for the year 2020. Impairment of receivables amounted to ISK 375 million in excess of original forecast, results of Hótel 1919 were ISK 230 million worse than original forecast and reduction in rentals was around ISK 50 million. The Company forecasts that the effect of the pandemic on the Company's operations will be significant during the entire year 2021, since there is still uncertainty regarding the effect of COVID-19 on the Icelandic economy.

Management does not doubt the Company's ability to continue as a going concern and the Company is well prepared to face uncertain external circumstances. Further information on the effect of the pandemic on the Company is in notes 4, 24 and 25.

Share capital

Listed share capital at year end amounted to ISK 3,424 million. The entire share capital is of the same class and all shares are entitled to the same rights. The Company holds ISK 8.8 million of own shares.

At year end the Company's share capital was divided between 451 shareholders (ID numbers), but shareholders were 420 at the beginning of the year.

The 10 largest shareholders of the Company at year end 2020 according to the Company's shareholder registry were:

Brimgarðar ehf.	12,5%*
Lífeyrissjóður verslunarmanna	8,9%
Arion banki hf.	8,6%
Almenni lífeyrissjóðurinn	8,0%
Gildi - lífeyrissjóður	7,9%
Lífsverk lífeyrissjóður	5,3%
Birta lífeyrissjóður	5,1%
Stapi lífeyrissjóður	4,7%
Brú Lífeyrissjóður starfsmanna sveitarfélaga	4,1%
Lífeyrissjóður starfsmanna ríkisins A-deild	3,5%

At the Annual General Meeting on 10 June 2020 a resolution was made to deviate from the Board of Director's dividend policy and not pay dividend to shareholders due to uncertainties relating to the effect of COVID-19 on the Company's operations.

On 12 March 2020 the Company enacted a share repurchase plan where the initial plan was to purchase up to 75 million shares for up to ISK 500 million. Due to uncertainties relating to the effect of COVID-19 on the Company's operations, the Company ended the share repurchase plan on 25 March 2020 after acquiring 7.5 million shares for ISK 46.2 million. The Company's Annual General Meeting resolved to decrease the Company's share capital by the shares the Company had purchased in the years 2019 and 2020, a total of 41,317,000 shares.

*According to the Company share registry, Brimgarðar ehf. owned 12.5% share in the Company at year end. At 30 December 2020 the Company published an announcement at Nasdaq Iceland on that Brimgarðar ehf. had forward contracts on acquisition of additional 7.8% of shares in the Company. Taking these contracts into account, its total share in the Company was 20.3% at year end.

Company Portfolio

At year end 2020 the Company's investment properties amounted to ISK 98,404 million, development properties ISK 659 million and assets for own use ISK 3,789 million. Properties owned by the Company number 110 with a total of 312,000 sqm. of rental space in just over 600 units, and a total number of tenants is over 400. The Company's principal properties are Smáratorg 1 and 3 (Turninn) in Kópavogur; Suðurlandsbraut 8 and 10; Mýrargata 2-16; Borgartún 21, 21a and 26; Álfheimar 74 (Nýi Glæsibær); Glerártorg in Akureyri, Skútuvogur 14-16, Austurstræti 5, 6, 7 and 17 and Pósthússtræti 2. The largest share of the Company's real estate portfolio is office space, which is 46% of the portfolio's worth. Commercial premises are 24% of the portfolio, warehouses 13% of the portfolio, hotels 9%, health related operations 5% and bars and restaurants 3%.

The Company acquired Skeifan 9, which is next to Skeifan 7, another property owned by the Company. Both properties are within the same plot according to a recent framework land-use plan by the City of Reykjavík for the Skeifan area. With this acquisition, the Company has the opportunity to start a detailed land-use plan for the premises and subsequently develop it. The Company has hopes for options relating to the use of this plot in the near future. The Company classifies Skeifan 9 as a development property. The Company sold one property during the year, Járnháls 2.

Merger of subsidiaries

The Company merged EF1 with Eik fasteignafélag during the year. Furthermore, LF2, a subsidiary of Landfestar, merged with another subsidiary of Landfestar, LF1, during the year. The mergers had formal legal effect as of 1 January 2020.

Sustainable society

Eik fasteignafélag has resolved to utilise its influence to contribute to a sustainable society where both people and businesses can grow and flourish. Sustainable society means that natural resources are utilised in a responsible manner and that our operations and actions will not diminish living standards of future generations.

The Company has now for the third time issued its ESG Report which accompanies the 2020 financial statements. The ESG Report is prepared in accordance with Nasdaq's ESG guidelines from 2019 and contains information on the status and development of criteria relating to the Group's performance with regards to the environment, social factors and governance.

Corporate governance and non-financial information

The Company's Board of Directors and management have set the objective to have good corporate governance always as a guiding light. The Company's corporate governance is in accordance with the Act no. 2/1995 on limited liability companies, the Company's Articles of Association and Board's procedures. The Company emphasises maintaining good managements practices and the Company's corporate governance is based on Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, NASDAQ OMX Iceland and the Confederation of Icelandic Employers in 2015. Gender ratio in the Company's Board of Directors is 60% male and 40% female and thus the Company fulfils provisions in the Act on limited liability companies regarding gender ratios on boards of limited liability companies. Gender ratio in the Company's executive management is 75% male and 25% female. Ratio of the Company's employees is 46% male and 54% female. At the Company's annual general meeting on 12 December 2018 a nomination committee was established which nominates candidates for the Company's Board of Directors.

The Company publishes in its financial statements a chapter on non-financial information in addition to that ESG Report, prepared in accordance with Guidelines from Nasdaq from the year 2019, accompanies the 2020 financial statements. The statement includes criteria regarding the Group's performance with relation to environmental issues, social factors and corporate governance.

Further information on the Board of Directors and statement of corporate governance along with non-financial information is accessible at the Company's website, www.eik.is, and as appendices to the financial statements, "Statement on Corporate Governance" and "Non

Reykjavík, 2 March 2021

Board of Directors

Eyjólfur Árni Rafnsson
Chairman

Guðrún Bergsteinsdóttir

Arna Harðardóttir

Bjarni Kristján Þorvarðarson

Hersir Sigurgeirsson

CEO

Garðar Hannes Friðjónsson

Independent **Auditors' Report**

To the Board of Directors and Shareholders of Eik fasteignafélag hf.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Eik fasteignafélag hf. ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and additional disclosure requirements for listed companies in Iceland.

Our opinion is consistent with the additional report submitted to the Audit Committee and the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Iceland and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We declare, to the best of our knowledge and belief, that we have not provided any prohibited non-audit services, as referred to in Article 5(1) of the Regulation (EU) 537/2014 and that we remained independent in conducting the audit.

We were first appointed as auditors by the Annual General Meeting in 2004. We have been re-appointed be resolutions passed by the annual general meeting uninterrupted since then.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Valuation of investment properties

Reference is made to notes 13 and 30 e "Investment properties"

Book value of investment properties is ISK 98,404 million and are 92.8% of the Group's total assets at 31 December 2020.

The Group's investment properties are estimated at fair value at the reporting date by the Company's management. In valuing the properties management assesses future cash flow which the Company can expect from leases. Basis of this valuation are presumptions on estimated utilisation ratio of the properties in the future, market rent at the end of lease periods of current leases and their operating costs. Furthermore, management estimate of development of several factors in the future is taken into account, such as interest rates in capital markets.

Valuation of investment properties is a key audit matter in our audit of the Group's financial statements since investment properties are such a high percentage of its total assets and due to uncertainty regarding development of several factors on which the management valuation on cash flow due to the properties is based.

How the matter was addressed in the audit

We, as well as our valuation specialists, assessed calculation models and assumptions applied by management in determining fair value of the investment properties. Our audit work included, among other things:

• We verified functionality of the Company's calculation model by calculating fair value of a selected sample through our own valuation model.

• We inspected and assessed the reasonableness and assumptions of the calculations, such as lease payments according to contracts, market rent at the end of leases, maintainance and property taxes.

• We assessed whether presumptions applied in determining present value of future cash flow of the properties were appropriate by comparing them to information on financing terms of business premises and other market presumptions.

• We assessed the notes to the financial statements to confirm that disclosure requirements were fulfilled.

Other information in the Annual Report

The Board of Directors and CEO are responsible for the other information. The other information comprises the information included in the Annual Report of the Group, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and CEO for the Consolidated Financial Statements

The Board of Directors and CEO are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs as adopted by the European Union Union and additional disclosure requirements for listed companies in Iceland, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors and CEO are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors and CEO are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors and audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide The Board of Directors and audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with The Board of Directors and audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statements Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the consolidated financial statements includes the information required by the Financial Statement Act if not disclosed elsewhere in the consolidated financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Auður Þórisdóttir.

Reykjavík, 2 March 2021

KPMG ehf.

Auður Þórisdóttir

Consolidated Income Statement and other Comprehensive Income

	Notes	2020	2019
Lease income	6	7.562	7.393
Other operating income	6	783	1.264
		8.345	8.656
Operating expenses	7	(2.885)	(3.064)
Impairment of receivables		(421)	(31)
EBITDA		5.038	5.562
Gain (loss) on sale of investment properties		152	(3)
Changes in value of investment properties	13	594	2.170
Depreciation and impairment	16	(304)	(165)
Operating profit		5.480	7.564
Finance income		36	84
Finance cost		(4.439)	(3.932)
Net financial expense	10	(4.403)	(3.848)
Profit before income tax		1.076	3.716
Income tax	11, 21	(230)	(748)
Profit for the year		846	2.968
Other profit			
Operating items recorded in equity			
Revaluation of real estate	13, 15	(190)	0
Income tax of revaluation of real estate		37	0
Other profit total		(153)	0
Total profit for the year		693	2.968
Earnings per share:			
Basic earnings and diluted earnings per share	19	0,25	0,86

The notes on pages 13 to 43 are an integral part of these consolidated financial statements.

Consolidated Statement of **Financial Position**

	Notes	2020	2019
Assets			
Intangible assets	12	351	433
Investment properties	13	98.404	95.918
Assets in development	14	659	0
Assets for own use	15	3.789	4.068
Non-current receivables	17	83	46
Non-current assets		103.286	100.465
Trade and other receivables	17	842	292
Cash and cash equivalents		1.922	1.837
Current assets		2.764	2.129
Total assets		106.050	102.594
Equity			
Share capital		3.415	3.423
Share premium		12.648	12.687
Statutory reserve		866	866
Revaluation reserve		0	153
Restricted equity		6.016	5.182
Retained earnings		10.255	10.242
Total equity	18	33.200	32.552
Liabilities			
Interest-bearing debt	20	60.500	58.364
Lease liabilities	21	2.287	2.039
Income tax liability	22	7.445	7.252
Non-current liabilities		70.232	67.655
Interest-bearing debt	20	1.501	1.416
Trade and other payables	23	1.116	969
Current liabilities		2.617	2.386
Total liabilities		72.850	70.041
Total equity and liabilities		106.050	102.594

The notes on pages 13 to 43 are an integral part of these consolidated financial statements.

Consolidated Statement of **Changes in Equity**

	Share capital	Share premium	Statutory reserve	Revaluation reserve	Restricted equity	Retained earnings	Total equity
Year 2019							
Equity 1.1.2019	3.456	12.950	866	153	3.700	9.772	30.898
Total profit for the year						2.968	2.968
Transferred to restricted equity					1.482	(1.482)	0
Dividend paid ISK 0,294 per share						(1.016)	(1.016)
Repurchase of own shares	(34)	(264)					(298)
Equity 31.12.2019	3.423	12.687	866	153	5.182	10.242	32.552
Year 2020							
Equity 1.1.2020	3.423	12.687	866	153	5.182	10.242	32.552
Total profit for the year				(153)		846	693
Transferred to restricted equity					834	(834)	0
Repurchase of own shares	(8)	(39)					(46)
Equity 31.12.2020	3.415	12.648	866	0	6.016	10.255	33.200

The notes on pages 13 to 43 are an integral part of these consolidated financial statements.

Consolidated Statement of **Cash Flows**

	Notes	2020	2019
Cash flows from operating activities			
Profit for the period		5.480	7.564
Operating items which do not affect cash flow:			
(Gain) loss on sale of investment properties		(152)	3
Valuation changes of investment properties	13	(594)	(2.170)
Depreciation	16	304	165
		5.038	5.562
Change in operating assets		(209)	63
Change in operating liabilities		7	18
		4.836	5.644
Interest income received	10	36	84
Interest expenses paid		(3.014)	(2.624)
Net cash from operating activities		1.858	3.104
Cash flows used in investment activities			
Investment in investment properties	13	(2.573)	(1.558)
Sold investment assets		0	60
Investment in assets for own use	15	(106)	(326)
Sold assets for own use		5	0
Changes in bond holdings	17	(47)	(18)
Other recievables, change		0	(50)
Net cash used in investing activities		(2.722)	(1.891)
Cash flows (to) from financing activities			
New long-term debts	20	21.181	18.861
Repayments and final payments of long-term loans	20	(20.260)	(18.451)
Dividend paid		0	(1.016)
Purchase of treasury shares		(46)	(298)
Short-term loans, change		75	(319)
Net cash (to) from financing activities		950	(1.223)
Increase (decrease) in cash and cash equivalents		86	(10)
Cash and cash equivalents at beginning of year		1.837	1.847
Cash and cash equivalents at end of year		1.922	1.837
Investing and financing without credit:			
The sale price of investment properties		390	0
Other short-term receivables		(390)	0

The notes on pages 13 to 43 are an integral part of these consolidated financial statements.

Notes

1. General Information

Eik fasteignafélag hf., "the Company", is domiciled in Iceland. The Company's headquarters are at Sóltún 26 in Reykjavík. The consolidated financial statements of the Company for the year 2020 comprise the financial statements of the Company and its subsidiaries, together referred to as the "Group". The Group's operations are ownership, rental and operations of business premises and ownership of hotel operations. The consolidated financial statements of the Company are accessible at www.eik.is.

2. Basis of preparation

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and additional Icelandic disclosure requirements for consolidated financial statements of listed companies. Changes in international financial reporting standards and their interpretations for annual periods beginning after 1 January 2020 did not have significant effect on the Company's financial statements. The financial statements were approved by the Company's Board of Directors on 2 March 2021. The same accounting policies have been applied in preparing these financial statements as in the previous year.

b. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except investment properties which are measured at fair value, and assets for own use which are measured at revalued cost. Methods in measuring fair value are discussed in notes 3, 13 and 26. Note 30 contains information on the Group's main accounting policies and changes to them during the year.

c. Presentation and functional currency

The consolidated financial statements of the Group are presented in Icelandic krona (ISK), which is the Parent's and subsidiaries' functional currency. All amounts are presented in ISK million unless otherwise stated.

d. Use of estimates and judgements

The preparation of consolidated financial statements in accordance with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the periods when the changes are made and in subsequent periods if the changes also affect those periods.

Information about management estimates and judgements in applying accouting policies that have the most significant effect on the financial statements is included in note 3 on fair value and note 13 on valuation of investment properties.

3. Determination of fair value

The Company has established a process for determining fair value. This means that management is responsible for all the important decisions regarding fair value, including decisions related to assessment strategies covered in level 3 of the fair value measurement. In determining fair value the Group utilises market information as far as possible, but if such information is not available it is based on management estimates.

Management regularly reviews important assumptions in the evaluation of assets and liabilities that are based on data which cannot be obtained in the market. If information from third parties, such as prices from brokers or pricing services, are used in determining fair value, management uses the information to support the conclusion that the assessment is in accordance with International Financial Reporting Standards (IFRSs), including the level that such an evaluation would fall under.

Fair value is classified according to the standards in a hierachy system based on the assumtions used in the measurement according to following definitions:

Level 1: quoted prices (unchanged) in active markets for identical assets and liabilities.

Level 2: other assumptions than quoted prices according to level 1 which can be identified for the asset or liability, either directly (prices) or indirectly (derived from prices).

Level 3: assumptions used in determining asset or liability are not based on available market data (unobservable data).

If the assumptions used in determining fair value of assets and liabilities are classified at different levels in the classification, the total fair value is classified at the same level as the lowest important assumtions in the measurement.

If there is a change in classification of fair value during the reporting period the transfer between stages is at the end of that period.

Nánari upplýsingar um forsendur sem notaðar eru við ákvörðun gangvirðis er að finna í eftirfarandi skýringum: Skýring 12 um óefnislegar eignir, skýring 13 um fjárfestingareignir og skýring 30 um helstu reikningsskilaaðferðir.

4. Effect of COVID-19 on the financial statements

Economic effects of COVID-19 on the Company's operations were extensive. The Company met its tenants with operating difficulties relating to drop in income by various means depending on how extensive the difficulties were. Decrease in operating profit before changes in value, depreciation and financial items can mostly be explained by the effect of the pandemic on the Company's operations.

The effect of COVID-19 on the Company's operations can mainly be seen in increase in depreciation of receivables, increase in balance of receivables, real decrease in value of investment properties and negative results of Hótel 1919. The Company has selected to make credit entries for issued rental invoices but compensate by recognising impairment of receivables. Further information on receivables is in note 17.

The operation of Hótels 1919 was poor in the year after a good start, but there was a significant drop in income from April to the end of the year, with the hotel business being the branch the most impacted by the pandemic.

Changes in value of investment properties amounted to ISK 594 million in the year, which is a real decrease of 2.9%. This real decrease is mostly due to expectations of lower income due to the pandemic for up to three years but varies depending on the category of real estate. Further information on valuation of investment properties is in note 13.

5. Segment reporting

Segment reporting contains information on individual parts of the Company's operations. The Company's operations are divided into two segments which sell goods and services in different markets.

Segments 2020	Investment properties	Hotel	Offset entries	Total
Lease income	7.851	0	(290)	7.562
Operating income	622	162	0	783
Operating expenses	(2.664)	(510)	290	(2.885)
Impairment of receivables	(416)	(6)	0	(421)
EBITDA	5.393	(354)	0	5.038
Gain (loss) on sale of investment properties	152	0	0	152
Change in value of investment properties	594	0	0	594
Depreciation	(280)	(24)	0	(304)
Net finance expenses	(4.378)	(26)	0	(4.403)
Profit (loss) before income tax	1.481	(404)	0	1.076
Income tax	(311)	81	0	(230)
Profit (loss) for the year	1.170	(323)	0	846
Assets 31.12.2020	105.242	204	604	106.050
Liabilities 31.12.2020	72.808	646	(604)	72.850
Investments of the year	2.678	2	0	2.680

Segments 2019	Investment properties	Hotel	Offset entries	Total
Lease income	7.675	0	(282)	7.393
Operating income	602	662	0	1.264
Operating expenses	(2.533)	(813)	282	(3.064)
Impairment of receivables	(31)	0	0	(31)
EBITDA	5.713	(151)	0	5.562
Loss on sale of investment properties	(3)	0	0	(3)
Change in value of investment properties	2.170	0	0	2.170
Depreciation	(150)	(15)	0	(165)
Net finance expenses	(3.847)	(0)	0	(3.848)
Profit (loss) before income tax	3.883	(166)	0	3.716
Income tax	(782)	33	0	(748)
Profit (loss) for the year	3.101	(133)	0	2.968
Assets 31.12.2019	102.111	253	230	102.594
Liabilities 31.12.2019	70.053	218	(230)	70.041
Investments of the year	1.659	225	0	1.884

6. Operating income

Operating income is specified as follows:	2020	2019
Lease income	7.562	7.393
Operating income of common properties	518	510
Income from hotel operations	162	662
Other income	103	92
Total operating income	8.345	8.656

The Group has entered into lease agreements which are valid for a period from a few months up to almost 29 years. Almost all of the agreements are connected to price changes by connecting them to consumer price index for indexation. The group has 12 lease agreements connected to turnover either in full or in part, and the ratio of lease income from such agreements was just over 2% of the Company's total lease income. Income weighted average rental period is 6,6 years (2019: 6,0 years). Some of the lease agreements can be terminated before the end of the lease period.

Following is an analysis of future lease income of current lease agreements without taking into account revaluation clauses regarding lease payments and termination provisions.

Lease income 2020	-	7.268
Lease income 2021	7.609	6.371
Lease income 2022	6.400	5.434
Lease income 2023	5.377	4.348
Lease income 2024	4.895	3.844
Lease income 2025	4.674	-
Lease income more than five years	25.042	21.139
Lease income total	53.998	48.404

7. Operating expenses

Operating expenses are specified as follows:	2020	2019
Property tax	1.315	1.251
Insurance	78	65
Maintenance of investment properties	45	59
Operating expenses of properties	608	583
Other operating expenses of investment properties	171	161
Operating expenses of hotel	221	531
Office and administrative expenses	446	416
Total operating expenses	2.885	3.064

Operating expenses are specified as follows between leased assets and assets not generating lease income in the year:

Leased assets	2.139	2.049
Assets not generating lease income in the year	79	68
	2.218	2.117
Operating expenses of hotel	221	531
Office and administrative expenses	446	416
Total operating expenses	2.885	3.064

Hótel 1919 ehf., which is operated as a part of Radisson Hotel Group, received governmental support amounting to ISK 60.2 million which decreases the hotel's operational costs. Information on events after the reporting date and Hótel 1919 ehf. is in note 29.

8. Salaries and salary related expenses

Salaries and salary related expenses are specified as follows:	2020	2019
Salaries	539	609
Contributions to pension funds	69	77
Other salary-related expenses	33	58
Other staff related expenses	14	20
Total salaries and salary-related expenses	655	764
Man-years	40	64
Positions at the end of the year	34	64

Salaries and salary-related expenses are allocated to operating items as follows:

Operating expenses of investment properties	183	171
Operating expenses of hotel	179	299
Office and administrative expenses	293	293
Total salaries and salary-related expenses	655	764

9. Fees to auditors

Fees to auditors of the Company are specified as follows:	2020	2019
Audit of financial statements and review of interim financial statements	14	16
Other services	3	3
Total fees to auditors	17	18

10. Finance income and finance expenses

Finance income and finance expenses are specified as follows:	2020	2019
Interest income	36	84
Interest expenses	(2.406)	(2.495)
Indexation	(1.844)	(1.438)
Prepayment charge	(189)	0
Total finance expenses	(4.439)	(3.932)
Total finance income and finance expenses	(4.403)	(3.848)

11. Income tax

Expensed income tax

Effective income tax is specified as follows:		2020		2019
Profit before income tax		1.076		3.716
Income tax according to the current tax ratio	20,0%	215	20,0%	743
Non-deductible costs	2,1%	22	0,4%	14
Provision for tax asset	(1,1%)	(12)	-0,1%	(2)
Other changes	0,5%	5	-0,2%	(7)
Effective income tax	21,4%	230	20,1%	748

12. Intangible assets

Intangible assets are specified as follows:

	Goodwill	Trade agreement	Total intangible assets
Cost			
Balance 1.1.2019	351	220	571
Balance 31.12.2019	351	220	571
Additions during the year	0	0	0
Balance 31.12.2020	351	220	571
Amortisation and impairment losses			
Total amortisation 1.1.2019	0	76	76
Amortisation 2019	0	29	29
Impairment 2019	0	34	34
Total amortisation 31.12.2019	0	138	138
Amortisation during the year	0	29	29
Impairment during the year	0	54	0
Total amortisation 31.12.2019	0	220	167
Book value			
At 1.1.2019	351	144	495
At 31.12.2019	351	82	433
At 31.12.2020	351	(0)	404

Impairment test on the Company's trade agreement with Radisson Hotel Group resulted in the value of the agreement being ISK 0 and thus it was fully written down.

Goodwill is not amortisised but is evaluated at least annually taking impairment into account or more often if there is indication of impairment. In performing impairment test fair value less cost to disposal was evaluated.

Key assumptions which supported the impairment test were among others the following:
• Weighted rate of return 6.4%
• Growth 0.5%
• Equity ratio 30%

The cash flow model used is comparable and with the same presumptions as were used in valuating the Company's investment properties (notes 13 and 30). The impairment test did not indicate any impairment.

The following changes of presumptions would have lead to impairment at year end 2020:
• Increase in WACC of 0.25%
• Decrease in interests of 0.5% down to 0%
• Decrease in market rent by 5%

13. Investment properties

	2020	2019
Book value at the beginning of the year	95.918	90.302
Lease assets, effect of implementation of IFRS 16	0	2.039
Revaluation of lease assets	227	0
Investment in current investment properties	1.803	1.097
Investment in new investment properties	133	458
Sold investment properties	(238)	(60)
Value adjustment	594	2.170
Recognised in assets for own use	0	(214)
Recognised from assets for own use	(32)	126
Book value at end of period	98.404	95.918
Segmentation of investment properties		
Real estate	95.677	93.418
Building rights and plots	461	461
Lease assets	2.265	2.039
Total investment assets	98.404	95.918

2020	Commercial buildings	Office buildings	Industrial and storage	Hotel and restaurant	Wellness and other	Total
Book value at 1.1.	23.088	43.410	12.212	10.521	4.647	93.878
Investment for the year	895	677	105	127	131	1.936
Sold during the year			(238)			(238)
Moved from assets for own use		(32)				(32)
Reclassification	107	(241)	(7)	(65)	204	0
Value adjustment for thea year	(228)	970	668	(1.025)	210	594
Book value at 31.12	23.862	44.784	12.741	9.559	5.192	96.137
Proportion	24,8%	46,6%	13,3%	9,9%	5,4%	100,0%

Following is information on main presumptions and changes which have occured.

The Group' investment properties are valued by management of the Company at fair value at the reporting date in accordance with the International Accounting Standard IAS 40.

In measuring the assets, management has estimated discounted future cash flow that the Company can expect from current lease agreements and lease agreements the Company expects to enter into at the end of lease period of current lease agreements. The measurement is in accordance with level 3 in the fair value hierarchy, see futher note 3, and there were no changes in classification during the year. The measurement is based on presumptions on expected utilisation ratio of the properties in the future, market rent at the end of lease periods of current agrements and operating costs of these properties. The approach and conclusions, which are used in measuring both amounts and timing of future cash flow, are revaluated on a regular basis in order to come closer to actual fair value of the assets. Management estimates of development of several other factors in the future are also taken into account, such as changes in lease and capital markets.

Management had transactions of business premises in the 2020 looked at and the result was that evaluation of the Company's investment properties was comparable to those market transactions.

Effect of COVID-19

The effect of COVID-19 on the value of investment properties varies depending on the category of real estate. The Company expects lower income in its valuation for up to three years in real estate where the tenants have encountered a significant drop in income. The effect is largest on hotel properties and bars and restaurants, but less on other categories. It is expected that effect on valuation of investment properties due to lower expectations of income will decrease along with the pandemic being managed globally.

Interests

Presumptions on interests applied in calculating the Company's weighted average cost of capital have been revalued from the previous year's estimate in accordance with changes to general credit terms, but management expectations on market interest of individual assets are relied upon.

Rate of return on equity and equity ratio

Rate of return on equity is derived from the CAPM model (Capital Asset Pricing Model). Changes were made to presumptions of rate of return on equity for reduction. The Company's WACC is between 5,5% - 7,3% (2019: 5,7% - 7,4%) depending on assets. Tax shield is not taken into account in calculating WACC. Equity ratio is expected to be 30%.

Utilisation of lease units

Rental value ratio of the Group was 92.0% at the end of year 2020 (2019: 94.9%). Rental value ratio is the ratio of leased properties which are in a leasable condition relative to lease payments but not relative to square metres. Presumptions on rental value ratio of individual assets are between 25% to 100% by assets and future estimate is 95% (2019: 95%).

Market rent

In estimating future cash flow market rent needs to be evaluated at the time when current lease agreements expire. The market rent is based on management estimate of development of rental price in the future.

Estimated lease income is based on current lease agreements and management estimate of development of rental price in the future.

2020	**Commercial buildings**	**Office buildings**	**Industrial and storage**	**Hotel and restaurant**	**Wellness and other**	**Total**
Estimated lease income pr. m² pr. month (ISK)	800-6.412	692-4.384	550-2.377	1.567-4.978	1.176-3.285	
Estimated weighted average rent pr. m² pr. month (ISK)	2.012	2.446	1.674	3.687	2.425	2.293
WACC	6,0-6,6%	5,5%-7,3%	6,3-7,3%	5,7-6,9%	6,0-6,6%	6,3%

2019	**Commercial buildings**	**Office buildings**	**Industrial and storage**	**Hotel and restaurant**	**Wellness and other**	**Total**
Estimated lease income pr. m² pr. month (ISK)	918-6.140	670-4.240	532-2.149	1.516-5.259	1.171-3.177	
Estimated weighted average rent pr. m² pr. month (ISK)	2.101	2.434	1.597	3.921	2.313	2.294
WACC	6,1%-6,7%	5,7%-7,4%	6,1%-7,4%	5,7%-6,7%	6,1%-6,7%	6,4%

Sensitivity analysis

Effects of changes in fair value of investment propertie	**2020**		**2019**	
	Increase	**Decrease**	**Increase**	**Decrease**
Increase (decrease) of lease income by 1%	1.341	(1.341)	1.265	(1.265)
Increase (decrease) of rental value ratio by 1%-point ...	1.390	(1.390)	1.294	(1.294)
Decrease (Increase) of rate of return by 0.5%-points ..	8.855	(7.480)	8.199	(6.944)

Official assessment value and insurance value

Book value of the Group's real estate and plots amounte to ISK 100.316 million (2019: ISK 97.671 million). Official assessment value of real estate and plots amounted to ISK 85.457 million (2019: ISK 84.249 million). At the same time fire insurance value of the assets amounted to ISK 85.929 million (2019: ISK 83.166 million). Insurance value of additional fire insurance amounted to ISK 16.082 million (2019: ISK 11.744 million)

Pledges and guaranteess

The Group's real estates, whether classified as investment properties, properties under construction og assets for own use, are pledged as collaterals for the Group's liabilities for the amount of ISK 61.994 million at year end (2019: ISK 59.749 million). A part of the Group's real estates carry input VAT encumbrance in the amount of ISK 2.623 million at year end (2019: ISK 3.179 million) which lapse over 20 years. The VAT encumbrance does not become payable unless prerequisites change, if relevant real estate is utilised for operations which are exempt from VAT or they are sold less the encumbrance. In addition there is an encumbrance for the amount of ISK 222 million for a building right at the Company's plot at Borgartún 21. The encumbrance will lapse at year end 2026 and will not become payable unless construction will commence on the plot.

14. Development properties

Development properties are specified as follows:

	2020	2019
Book value at 1.1	0	0
Investment in new development properties	638	0
Lease asset	21	0
Book value at 31.12.	659	0

The Company acquired Skeifan 9 during the year and classifies it as development property. The property is next to Skeifan 7, another property owned by the Company. Both properties are within the same plot according to a recent framework land-use plan by the City of Reykjavík for the Skeifan area. With this acquisition, the Company has the opportunity to start a detailed land-use plan for the premises and subsequently develop it. The Company has hopes for options relating to the use of this plot in the near future.

15. Assets for own use

Assets for own use are specified as follows:

	Real estate	Vehicles and other	Total
Cost			
Balance at 1.1.2019	3.916	119	4.035
Recognised from investment properties	214	0	214
Recognised in investment properties	(129)	0	(129)
Additions 2019	43	283	326
Balance at 31.12.2019	4.044	402	4.446
Revaluation during the year	(158)	0	(158)
Additions during the year	57	49	106
Sold during the year	0	(5)	(5)
Balance at 31.12.2020	3.943	445	4.389
Depreciation			
Depreciation at 1.1.2019	202	75	278
Depreciation 2019	0	100	100
Total depreciation at 31.12.2019	202	175	378
Depreciation during the year	31	84	115
Impairment during the year	107	0	107
Total depreciation at 31.12.2020	341	259	600
Book value			
At 1.1.2019	3.714	44	3.758
At 31.12.2019	3.842	226	4.069
At 31.12.2020	3.602	186	3.789
Book value less revaluation			
At 1.1.2019	3.556	44	3.599
At 31.12.2019	3.684	226	3.910
At 31.12.2020	3.603	186	3.789

The Group's assets for own use are revaluated at fair value at the reporting date. The revaluation is based on the same methods as valuation of the Company's investment assets (note 13).The results of an impairment test have shown a difference in the book value and fair value and thus a previously recognised revaluation is reversed and also an impairment loss of the book value of the assets is recognised.

16. Depreciation

Depreciation and impairment losses is specified as follows:

	2020	2019
Intangible assets	82	62
Office	3	3
Hotel	205	88
Vehicles and other	15	12
Total depreciation and impairment losses	304	165

17. Trade receivables and other receivables

Trade receivables and other receivables are specified as follows:	2020	2019
Long-term receivables	83	46
Trade receivables due to lease	169	77
Trade receivables due to deferred lease payments	142	0
Trade receivables due to other operations	107	119
Total trade receivables	418	196
Short-term receivable due to sold investment asset	390	50
Other short-term receivables	34	47
Other short-term receivables total	424	96
Total trade receivables and other short-term receivables	842	292
Impairment of trade receivables is specified as follows at year end:		
Depreciation reserve at beginning of the year	50	37
Depreciated bad debt during the year, change	(39)	(32)
Expensed during the year	391	44
Depreciation reserve at year end	402	50

The Company's long-term receivables for the amount of ISK 31 million are for lease payments due. Where lease payments due are changed to long-term receivables the Company has in general received additional insurance in addition to the receivable becoming interest bearing and in instalment process. Balance at year end takes into account precautionary recording of ISK 20 million. Charge for the year amounts to ISK 391 million, whereof ISK 429 million is a precautionary entry and ISK 38 million a reverse charge. The Company has worked on solutions with its tenants who have encountered significant drop in income, which have mainly been related to deferral of part of lease payments.

18. Equity

Share capital

The Company's total share capital according to its Articles of Association amount to ISK 3.423.863.435. The Company holds treasury shares in the nominal value of ISK 8.800.000 at the end of the period which is recognised as decrease in share capital. Outstanding shares at year end are 3.415.063.435 and are all paid up. One vote is attached to each ISK 1 share in the Company.

At the beginning of the year the Company held treasury shares of ISK 42.617.000 at nominal value. On 10 March 2020, the Company announced that the Board of Directors had approved a share buy-back programme, based on an authorisation granted to the Board of Directors at a shareholders' meeting on 12 December 2018, in accordance with the Public Limited Companies Act, No. 2/1995, and an appendix to the Regulation on Inside Information and Market Abuse, No. 630/2005. Kvika hf. has been engaged to implement the programme. On 25 March 2020 the Company announced that the board of directors had decided to terminate the share buy-back programme that commenced on 12 March 2020. During the first quarter, the Company purchased treasury shares with a nominal value of ISK 7,500,000 for a total of ISK 46,230,000. At the Company's annual general meeting held on 10 June 2020, the Board's proposal to reduce share capital by ISK 41,317,000 nominal value was approved.

Share premium

Share premium represents excess of payments above nominal value that shareholders have paid for shares sold by the Company.

Reserves

A statutory reserve is established by the Company in accordance with Act No. 2/1995 on limited liability companies, which stipulates that at least 10% of the Company's profit, not utilised to adjust previous years' losses or for other reserves in accordance with law, shall be allocated to the statutory reserve until the reserve amounts to 10% of the Company's share capital. When that benchmark has been reached the contribution to the reserve shall be at least 5% until its value has reached 25% of the Company's share capital. The statutory reserve can be used to offset loss which cannot be offset with entries from other reserves. When the statutory reserve amounts to more than 25% of the share capital, the excess amount can be utilised to increase share capital or, or if provisions in Article 53 of the Act no. 2/1995 on limited liability companies are met, for other needs.

Revaluation reserves

Revaluation of assets for own use is recognised in revaluation reserve. The revaluation is liquidated equal to its annual depreciation in the statement of comprehensive income. Liquidation of revaluation is recognised among retained earnings.

Restricted minority interest reserve

According to the Financial Statements Act no. 3/2006 companies are required to recognise share in profit or loss of subsidiaries, which is recognised in the income statement and is in excess of dividend received or dividend which has been decided to distribute, to restricted minority interest reserve among equity.

Retained earnings

Retained earnings consist of the Group's retained profit and accumulated deficit from the establishment of the parent company, with valuation canges of investment properties taking into account income tax effects, less dividend payments and transfers to and from other equity items.

Capital management

The Company's Board of Directors has established an equity ratio of 30%. It is the Board's policy to ensure a strong equity position and support stable future operating development. The Board aims to keep balance between rate of return of equity and optimisation and security which is achieved with strong equity ratio. The Company's equity ratio was 31,3% at year end (2019: 31,7%). Return on equity was positive by 2,2% in the year 2020 (2019: 9,6%).

Dividend

The Company's Board of Directors' policy is to annually pay dividend or repurchase share for the amount corresponding to 35% of net cash provided by operations. In accordance with the dividend policy, the Board proposes dividend of ISK 650 million will be paid to shareholders.

19. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit to average number of active shares during the year and shows the earnings per each share of ISK 1. Diluted earnings per share is the same as basic earnings per share since no share options have been granted by the Company nor has it sold convertible bonds.

	2020	2019
Profit for the year	846	2.968
Issued ordinary shares at 1.1	3.423	3.456
Effect of repurchase of own share	(6)	(19)
Weighted-average number of ordinary shares at 31.12	3.417	3.437
Earnings per share	0,25	0,86

20. Interest bearing liabilities

This note includes information about the contractual provisions of the Group's interest bearing liabilities. Reference is made to note 24 for information on the Group's foreign exchange and interest rate risk.

	2020	2019
Interest bearing liabilities 1 January	59.780	58.148
New borrowings	21.181	18.861
Repayments and settlements of long-term liabilities	(20.260)	(18.451)
Indexation	1.285	1.174
Capitalised borrowing cost, change	39	27
Other long-term liabilities, change	(24)	21
Interest bearing liabilities 31 December	62.001	59.780
Long-term liabilities		
Listed bonds and bank loans	60.493	58.333
Other long-term liabilities	7	31
	60.500	58.364
Short-term liabilities		
Current maturities of liabilities	1.501	1.416
	1.501	1.416
Total interest bearing liabilities	62.001	59.780

Table containing terms and repayment period of interest bearing liabilities

	Weighted average interest rates	Final maturity	2020	2019
Loan in ISK, indexed	2,75%	2025	5.275	6.744
Bond issue LF 14 1 in ISK, indexed	3,90%		0	12.426
Bond issue EIK 15 1 in ISK, indexed	3,30%	2045	3.322	3.290
Bond issue EIK 100346 in ISK, indexed	3,60%	2046	5.687	5.623
Bond issue EIK 161047 in ISK, indexed	3,50%	2047	20.534	20.262
Bond issue EIK 050749 in ISK, indexed	3,08%	2049	6.003	1.509
Bond issue EIK 050726 in ISK, indexed	2,71%	2026	6.639	6.047
Bond issue EIK 141233 in ISK, indexed	2,33%	2033	6.467	0
Loan in ISK, non-indexed	2,91%	2024-2029	8.067	3.847
Other non-indexed long-term liabilities	0,10%	2022-2029	7	31
Total long-term liabilities, incl. current maturities			62.001	59.780
Current maturities			(1.501)	(1.416)
Total			60.500	58.364

Repayment of long-term liabilities is specified as follows over the next years:	2020	2019
Repayments in 2020	-	1.416
Repayments in 2021	1.501	1.401
Repayments in 2022	1.514	1.451
Repayments in 2023	1.561	1.501
Repayments in 2024	2.049	8.074
Repayments in 2025	11.722	-
Subsequent repayments	43.654	45.937
Total	62.001	59.780

At the end of 2020 the Company fulfilled all covenants relating financial strength and cash flow obligations which it has undertaken in terms of loans and bonds.

The Company refinanced significant part of its debt during the year and obtained new bank loans along with increasing issued bond classes and issuing a new one. Landfestar, a subsidiary of Eik fasteignafélags, repaid the bond class LF 14 1 during the year. Concurrently a new bond class was issued, EIK 141233, along with obtaining new bank loans. Bonds were sold for the nominal amount of ISK 6,500 million in this class. EIK 050726 was increased three times during the year and the total value of the class amounted to the nominal value of ISK 5,880 million at year end. EIK 050749 was increased once and the class amounts to the nominal value of 6,500 million at year end. The funds were used mostly as instalments on bank loans.

The Company has unused credit facility amounting to ISK 1,560 million at year end. Part of that financing is unused credit line amounting to ISK 800 million which will expire in late part of the year 2021. The Company has initiated negotiations with the bank regarding an extension.

21. Lease liability

	31.12.2020	31.12.2019
Lease assets		
Balance at beginning of period	2.039	1.931
Change due to revaluation	247	98
Purchased and sold assets	1	9
Balance at end of period	2.287	2.039
Lease liabilities		
Balance at beginning of period	2.039	1.931
Change due to revaluation	247	98
Purchased and sold assets	1	9
Balance at end of period	2.287	2.039
Amounts in statement of comprehensive income		
Interest expenses of lease liabilities	95	90
Total amounts in statement of comprehensive income	95	90
Amounts in statement of cash flow		
Interest expenses paid	95	90
Total amounts in statement of cash flow	95	90

22. Income tax liability

The Company's income tax liability is specified as follows:	2020	2019
Income tax liability at 1 January	7.252	6.504
Income tax liability in statement of comprehensive income	230	748
Income tax due to changes in equity	(37)	0
Income tax liability at 31 December	7.445	7.252

Income tax liability is specified as follows:		
Real estate	8.123	7.928
Tax loss carry-forward	(616)	(715)
Provision for tax asset	12	28
Other items	(73)	12
Tax liability at year end	7.445	7.253

Tax loss carry-forward, which is not utilisable against profit within 10 years since it developed, will terminate. Tax loss carry-forward at year end is utilisable as follows:

Taxable loss due to 2010, utilisable until year end 2020		49
Taxable loss due to 2011, utilisable until year end 2021	39	153
Taxable loss due to 2012, utilisable until year end 2022	31	204
Taxable loss due to 2013, utilisable until year end 2023	179	179
Taxable loss due to 2014, utilisable until year end 2024	113	114
Taxable loss due to 2015, utilisable until year end 2025	240	263
Taxable loss due to 2016, utilisable until year end 2026	535	594
Taxable loss due to 2017, utilisable until year end 2027	486	482
Taxable loss due to 2018, utilisable until year end 2028	935	1.015
Taxable loss due to 2019, utilisable until year end 2029	525	525
Taxable loss due to 2020, utilisable until year end 2030	0	
	3.082	3.577

Income tax asset is recognised to the extent that it is considered likely that future protig can be utilised against the asset. Income tax asset is evaluated at each reporting date. Income tax asset for the amount of ISK 12 million (2019: ISK 28 million) due to tax loss carry-forward is not recoginsed among assets due to uncertainties of its utilisation.

23. Trade payables and other short-term payables

Trade payables and other short-term payables are specified as follows at year end:

	2020	2019
Trade payables	208	210
Accrued interest	452	404
Other short-term liabilities	456	355
Total trade payables and other short-term payables	1.116	969

24. Financial risk management

The Group's financial instruments are exposed to several risks og those will be described below along with methods applied by the Group in evaluating and managing the risk. The Company's Board of Directors is responsible for implementing and monitoring the Group's risk management. Risk management is meant to analyse or detect risk factors, set benchmarks relating to risks and monitor it.

Útleigu- og mótaðilaáhætta

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and guarantees are not sufficient for the outstanding receivable. Credit risk arises principally from financial position and operations of the Group's customers. The Company analyses financial position of new customers for creditworthiness prior to entering into business, in addition to requesting 3-6 months' guarantees. If a customer does not meet contractual obligations the agreement is generally terminated 45 days after due date. Follow up on collections is effective and decisions made on how to react to them.

The Group's maximum exposure to credit risk of financial assets is their book value which at year-end was as follows:

	2020	2019
Cash and cash equivalents	1.922	1.837
Trade receivables	276	196
Other short-term receivables	34	47
Total maximum exposure	2.232	2.080

The aging of trade receivables and impairment at year-end was as follows:

	2020		2019	
	Gross	Impairment	Gross	Impairment
Not past due	2	0	4	0
Past due 0 - 30 days	244	34	143	3
Past due 31 - 60 days	92	36	33	4
Past due 61 - 90 days	85	54	17	4
Past due more than 90 days	397	278	50	38
	820	402	247	49

Overdue receivables due to entities within tourism and bars and restaurants amount to ISK 567 million but they have been depreciated by ISK 351 million. Of these receivables there are ISK 380 million due to deferred lease payments, but they have been depreciated by ISK 239 million.

Lausafjáráhætta

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group observes development of its liquidity by analysing due dates of financial assets and financial liabilities with the aim to ensure that it will always have sufficient liquidity to meet its liabilities. The Company had undrawn credit facilities of ISK 1.560 million at year end. A part of that amount is unused credit line amounting to ISK 800 million which will expire in late part of the year 2021, but the Company has initiated negotiations with the bank regarding its extension. The Company owns unpledged investment properties valued at ISK 6,350 million. Also the Company sold Járnháls 2 for ISK 390 million right before the end of the year but the amount is unsettled.

Contractual instalments of liabilities, including expected interest payments, are specified as follows:

2020	Book value	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
Interest bearing loans	62.001	86.261	3.431	3.427	20.719	58.683
Trade receivables and other short-term receivables	1.116	1.116	1.116			
	63.118	87.377	4.547	3.427	20.719	58.683

2019	Book value	Contractual cash flows	Less than 1 year	1 - 2 years	2 - 5 years	More than 5 years
Interest bearing loans	59.780	89.036	3.543	3.543	17.012	64.938
Trade receivables and other short-term receivables	969	969	969			
	60.750	90.005	4.513	3.543	17.012	64.938

Interest rate risk

Interest rate risk is the risk of changes in fair value or cash flow from financial assets and financial liabilities due to changes in market interest rates. The Group's interest bearing financial instruments are specified as follows at year end:

	2020	2019
Financial instruments with fixed interest rates		
Interest bearing loans	(48.954)	(50.504)
Net financial instruments with fixed interest rates	(48.954)	(50.504)
Financial instruments with floating interest rates		
Cash and cash equivalents	1.922	1.837
Interest bearing loans	(13.047)	(9.276)
Net financial instruments with floating interest rates	(11.125)	(7.440)

Sensitivity analysis of the cash flow of financial instruments with floating interest rates

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) the profit before income tax by ISK 111 (111) million (2019: ISK 44 million). This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the year 2019.

Financial instruments with fixed interest rates

The Group's financial instruments with fixed interest rates are not recognised at fair value through statement of comprehensive income. If there is a change in interest rate at reporting date it has no effect on the Group's financial performance.

Inflation risk

Inflation risk is the risk of the Company's results fluctuating due to changes in consumer price index. Interest bearing liabilities in the amount of ISK 53.927 million. (2019: ISK 55.902 million) re indexed to the consumer price index. A change in inflation of one percentage point at year end 2020 would have decreased the Company's profit before income tax in the amount of ISK 539 million (2019: ISK 559 million). The analysis is based on all other variables remaining constant.

25. Operation risk

Operational risk is a risk related to other factors than those discussed above, general factors which apply to operation of real estate companies. Operational risk is the risk of direct or indirect loss arising from a wide variety of factors in the Group's operations, the work of the Group's personnel, technology and organisation, and from external factors other than the above mentioned, such as changes in laws, increased tax levy as with property taxes and general attitude towards corporate governance. Operational risks arise from all of the Group's operations.

The Company's objective is to manage operational risk efficiently in order to avoid financial losses and to protect the Company's reputation. In order to reduce operational risk, among other things, an appropriate segregation of duties has been implemented, transactions are controlled as well as compliance with laws, regular assessment of risk is performed, employees are trained, procedures are organised and documented, and insurance is purchased when applicable.

26. Fair value

Comparison of fair value and book value

Fair value and book value of financial assets and financial liabilities is specified as follows:

	31 December 2020		31 December 2019	
	Book value	Fair value	Book value	Fair value
Interest bearing loans	(62.001)	(65.915)	(59.780)	(65.394)

Fair value of the Company's listed bonds is calculated in accordance with level 3, see note 3. Fair value of other financial assets and financial liabilities is the same as their book value.

27. Related parties

Definition of related parties

The Group has a related party relationship with members of the Board of Directors, management and shareholders which have significant influence, companies controlled by them, along with their spouses and fiancially dependent children.

Related parties with significant influence

According to the Company share registry, Brimgarðar ehf. owned 12.5% share in the Company at year end. At 30 December 2020 the Company published an announcement at Nasdaq Iceland on that Brimgarðar ehf. had forward contracts on acquisition of additional 7.8% of shares in the Company. Taking these contracts into account, its total share in the Company was 20.3% at year end.

Transactions with companies controlled by members of the Board of Directors

Transactions with companies controlled by members of the Board of Directors were on the same terms as with unrelated parties.

	2020	2019
Purchased goods	0	0

Transactions with management

Salaries and benefits to management for their work for the Group and shares in the Company are specified as follows:

Year 2020	Salaries and benefits	Success based payments	Contribution to pension funds	Nominal value of shares
Eyjólfur Árni Rafnsson, Chairman of the Board	8,1		1,1	
Guðrún Bergsteinsdóttir, Vice chairman of the Board .	5,1		0,6	
Arna Harðardóttir, Board member	4,4		0,5	
Bjarni Kristján Þorvarðarson, Board member	4,1		0,6	
Hersir Sigurgeirsson, Board member	2,5		0,3	0,5
Agla Elísabet Hendriksdóttir, Board member	2,0		0,3	
Garðar Hannes Friðjónsson, CEO	40,5	0,0	5,5	7,4
Directors, 6 ftes.	112,1	5,5	15,1	0,3

Year 2019	Salaries and benefits	Success based payments	Contribution to pension funds	Nominal value of shares
Eyjólfur Árni Rafnsson, Chairman of the Board	8,3		1,1	
Guðrún Bergsteinsdóttir, Vice chairman of the Board .	5,8		0,8	
Agla Elísabet Hendriksdóttir, Board member	4,5		0,6	
Arna Harðardóttir, Board member	4,3		0,6	
Bjarni Kristján Þorvarðarson, Board member	2,8		0,4	
Frosti Bergsson, Board member	1,1		0,1	78,1
Garðar Hannes Friðjónsson, CEO	40,1	3,5	5,7	7,4
Directors, 6 ftes.	110,4	4,2	14,7	0,3

No irregular contracts have been entered into with board members or management.

The share of Garðar Hannes Friðjónsson is through Burðarbita ehf. and Hersir Sigurgeirsson through Endurreisnarsjóðinn ehf.

28. Subsidiaries

Shareholding in subsidiaries	Share 2020	Share 2019
EF1 hf.	0,0%	100,0%
Eik rekstrarfélag ehf.	100,0%	100,0%
Landfestar ehf.	100,0%	100,0%
- LF1 ehf.	100,0%	100,0%
- Hótel 1919 ehf.	100,0%	0,0%
- LF2 ehf.	0,0%	100,0%
- Hótel 1919 ehf.	0,0%	100,0%

All of the subsidiaries are domiciled in Reykjavík.

The Company merged the sibsodoary, EF1, with Eik fasteignafélag during the year. Furthermore, a subsidiary of Landsfestar ehf., LF2, merged with another subsidiary of Landfestar, LF1, during the year.

29. Events after the reporting date

In February 2021, Hótel 1919 increased its share capital by 500 million shares. An entity within the Eik fasteignafélags Group acquired all of the shares and paid for them ISK 500 million. The shares have all been paid for and the increase ensures the hotel's ability to continue as a going concern.

The Company announced on 23 February 2021 the repayment of the bond class EIK 15 1. The repayment will take place on the class' next payment date, 10 March 2021, and will be fully financed with an unindexed bank loan the Company has secured.

30. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in the Company's financial statements.

In order to increase the information value of the financial statements, the notes are published on the basis of how appropriate and significant they are for the reader. This entails that information which is considered neither significant nor appropriate for the user of the financial statements are not published in the notes.

a. Basis of consolidation

i) *Merger of companies*

The purchase method is applied at merger when control transfers to the Group. The transaction at merger is measured at fair value as well as the separable assets and liabilities which are taken over. Goodwill generated is tested annually for impairment. Profit from favourable purchases is recognised immediately in the statement of comprehensive income. Transaction costs are expensed as it occurs except when it is related to issue of bonds or shares.

Conditional supplementary payments are recognised at fair value at the acquisition date. If such supplementary payment is categories as equity it is not revalued and is settled within equity. In other instances changes in fair value of conditional supplementary payment is recognised in the statement of comprehensive income.

ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. Control is based on whether the Group has power over the investment, bears a risk or has the rights to variable returns from its involvement in the investment and has the ability to affect its returns of the investment. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

iii) *Loss of control*

When the Group looses control of a subsidiary the assets and liabilities of the subsidiary are removed from the consolidated financial statement along with the share of other shareholders of the entity and other items in equity. All related profi or loss is recognised in the statement of comprehensive income. Remaining share is measured at fair value at the date control was lost.

iv) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised loss is eliminated by the same method as unrealised profit, but only to the extent that there is no indication of impairment of the asset.

b. Foreign currencies transactions

Transactions in foreign currencies are recognised in the functional currency of individual group entities at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are recognised at the exchange rate ruling at the reporting date. Other assets and liabilities recognised in foreign currencies at fair value are translated at the exchange rate ruling at the date of determination of fair value.

Exchange differences arising from transactions in foreign currencies are recognised in the statement of comprehensive income.

c. Financial instruments

i) *Financial assets*

Loans, receivables and cash and cash equivalent are recognised at the date they incurred. Other financial assets are initially recognised at the date the Company became party to contractual provisions of the financial instrument.

Financial assets are deregistered if contractual rights of the Company to cash flow related to the financial assets expires or if the Company delivers right to cash flow related to the financial asset to another party without retaining control or almost all of the risk and benefit which the ownership entails.

Financial assets and financial liabilities are offset and net amount recognised in statement of financial position when and ony when the Company has legal right to offset and intentions are to settle with offseting financial assets and financial instruments or redeem the asset og settle the liability at the same time.

Financial assets at amortised cost

Financial assets are recognised at amortised cost are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus all related transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses

Financial assets at amortised cost comprise trade receivables and other short-term receivables.

Cash and cash equivalents

Cash and cash equivalents consist of funds and on demand bank deposits and securities available within three months.

ii) *Financial liabilities*

Interest bearing liabilities are recognised at the date they were entered into. All other financial liabilities are initially recognised at the transaction date where the Company became party to contractual provisions of the financial instrument.

The Company degregisteres financial liability if contractual obligations related to the financial liability finish, they are relinquished or expire. The Company classifies financial liabilities other than deruvative agreements as other financial liabilities. Financial liabilities are initially measured at fair value plus all direct transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

The Company's financial liabilites consist of intereast bearing liabilities, trade payables and other short-term liabilities.

iii) *Share capital*

Direct costs attributable to the issue of share capital are recognised as a deduction from equity, net of tax effects.

d. Intangible assets

i) *Goodwill*

Goodwill arises upon the acquisition of subsidiaries. Goodwill is the difference between the cost upon take-over and the fair value of overtaken assets, liabilities and uncertain liabilities. If negative goodwill arises it is immediately recognised in the statement of comprehensive income less accumulated impairment.

ii) *Other intangible assets*

Other intangible assets which are aquired or are written up at aquisition of subsidiaries and have limited useful life are capitalised at cost less accumulated depreciation and impairment as approriate.

iii) *Subsequent cost*

Subsequent cost is only capitalised if it increases benefit of the asset for which the cost is related to. Other costs, including due to goodwill and trademarks created within the Group, is recognised in the statement of comprehensive income when it incurs.

iv) *Depreciation of intangible assets*

Depreciation of intangible assets is recognised in the statement of comprehensive income on a straight-line basis over their estimated useful lives. The estimated useful life is specified as follows:

e. Investment properties

Investment properties are real estates (land and buildings) owned by the Company to create rental income, for value increase or both. Investment properties are recognised at fair value in accordance with International Accounting Standard IAS 40, see further note 13. Measurement of investment assets relies upon fair value of comparable assets in active market in transactions between unrelated informed parties, and discounted future cash flow of individual assets. The measurement takes into account the sum of expected future rental income of the properties in addition to cost of operating and maintaining the properties. Estimated future rental income is mostly based on current lease agreements. Estimated operating costs and maintenance of properties is subtracted from rental income. Market interest rates are used in discounting. Changes of fair value of investment properties are recognised under the item changes in value of investment properties in the statement of comprehensive income. Investment properties are not amortisised.

When asset for own use becomes investment property due to a change in utilisation, the difference created at transfer of book value and fair value of the property is recognised as revaluation in other profit if there is a profit. At sale of investment property this profit is recognised among retained earnings. Loss which is created at such event is recognised immediately in the statement of comprehensive income.

If investment property is used by its owner it is classified as asset for own use and its fair value at reclassification date will become its cost price in the accounts.

f. Properties under development

Property which is under development and is intended to be used as an investment property, is recognised at cost.

g. Assets for own use

i) *Recording and valuation*

Assets for own use are measured at cost less depreciation and impairment losses. Revalued cost is fair value of the assets at the revaluation date less accumulated depriciations. All increases due to the revaluation are recognised in revaluation reserve among equity less income tax. Depreciation of the revaluation is recognised in the statement of comprehensive income and annually an adjustment is recognised which corresponds to the amount in revaluation reserve and retained earnings. Annual revaluation is performed.

Cost consists of direct cost of the trasaction. Cost of assets for own use which the Company itself builds, consist of materials and salaries, other costs incurred in making the asset operative and is considered to be part of cost of the property. Purchased software which is essential in order to use hardware is capitalised as part of that equipment.

When assets for own use are composed of units with different useful lives the units are separated and depreciated in line with the useful life.

Profit of sale of assets for own use is the difference between actual sale price and book value of the property and is recognised in the statement of comprehensive income among operating income.

Interest expenses of loans which are used to finance the cost of properties under construction are capitalised over the construction period.

ii) *Subsequent costs*

Cost of renewing certain parts assets for own use are capitalised if it is considered likely that benefit related to the asset will be received by the Company and the cost can reasonably be measured. All other cost is expensed in the statement of comprehensive income when it incurs.

iii) *Depreciation*

Depreciation measured on a straight-line basis over the estimated useful lives of assets for own use. Land is not depreciated. The estimated useful lives are specified as follows:

	Useful life
Properties for own use	50 years
Other assets for own use	5 - 20 years

Depreciation methods, estimated useful life and residual value are revalued at each accounting date.

h. Impairment

i) *Financial assets*

A financial asset, not recognised at fair value, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Impairment of financial assets is recognised in the statement of comprehensive income.

ii) *Other assets*

Book value of other assets of the Group is reviewed at each reporting date to determine whether there are indications of impairment. If there is any such indication the recoverable amount of the asset is estimated. Goodwill is tested for impairment at least once a year.

The recoverable amount of an asset or a cash generating unit is the higher of their net fair value or value in use. Value in use is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is expensed when the book value of an asset or a cash generating unit is higher than its recoverable amount. A cash generating unit is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or asset groups. Impairment losses recognised in respect of cash generating units are allocated first to reduce the book value of the goodwill and then to reduce the book value of the other assets in the cash generating unit on a pro rata basis. An impairment loss is expensed in the statement of comprehensive income.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent of prior recognision of impairment taking taxes into account.

i. Obilgations

Obligations are recognised in the statement of financial position when the Group has a legal obligation or entered into obligations due to past events, it is considered probable that they will be settled and they can be reliably measured. If the effect is significant, the obligation is assessed by discounting estimated future cash flow with interst before taxes which shows current market assessment of time value of money and, if appropriate, the risk inherent with the obligation.

j. Lease agreements

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets and lease liabilities are only due to leases of land with third parties. There is now right-of-use asset in the Group’s statement of financial position. Lease liabilities are initially measured at the present value of unpaid lease payments at the commencement date. If the interest rate implicit in the land lease can be determined it is used for determining present value of the liability. If it cannot be determined then the incremental borrowing rate shall be used, which is the method applied by the Group. Variable incremental borrowing rates are used based on location and category of real estate on each land and a comparable method is applied in determining incremental borrowing rate as is with valuation of the Company’s investment properties. The interest rates used for determining present value are determined so that 70% is incremental borrowing rate and 30% is incremental borrowing rate with yield. This method is used for all of the Group’s leases of land.

k. Rental income

Rental income of investment properties are recognised in the statement of comprehensive income over the rental period.

l. Operating expense of investment properties

Operating expense of investment properties is expensed when it incurs and contains among other property taxes, insurance, maintenance and impairment of trade receivables.

m. Finance income and finance expenses

Finance income comprises interest income on financial assets and foreign exchange gain on foreign currencies. Interest income is recognised in the statement of comprehensive income as it accrues based on effective interests.

Finance expenses comprise interest expense and indexation on borrowings, exchange rate loss on foreign currencies and other finance expenses. Interest expenses are recognised in the statement of comprehensive income as it accrues based on effective interests.

Foreign currency gains and losses are reported on a net basis.

n. Income tax

Income tax expense comprises current and deferred income tax. Income tax is recognised in statement of comprehensive income except to the extent that it relates to operating items recognised directly in equity, in which case the income tax is recognised in equity.

Current income tax is the expected tax payable next year on the taxable income for the current year, using tax rates effective at the reporting date, in addition to adjustments made to current tax of previous years.

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the book value of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for temporary differences relating to investments in subsidiaries as long as it is considered that the parent company can control when they are reversed and also it is likely that they will not reverse in the foreseeable future. The amount of deferred tax is based on the expected tax rate to be in effect when the temporary difference will be reversed, as per law in effect at the reporting date.

A deferred income tax asset is only recognised to the extent that it is probable that future taxable profits will be available against the asset. Deferred income tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable it will be realised.

o. Earnings per share

The financial statements present basic and diluted earnings per share data for ordinary shares in the Company. Basic earnings per share is calculated by dividing profit by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in respect of shares which might be issued in relation to share purchase agreements and other financial instruments which are convertible to shares in the Company.

p. Segment reporting

A segment is a distinguishable component of the Group within a certain business environment.

Quarterly Statements, unaudited

	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Total
Lease income	1.922	1.896	1.883	1.861	7.562
Other operating income	170	172	167	274	783
	2.092	2.068	2.049	2.135	8.345
Operating expenses	(722)	(654)	(730)	(779)	(2.885)
Impairment of receivables	(104)	(135)	(152)	(30)	(421)
EBITDA	1.265	1.279	1.168	1.326	5.038
Gain (loss) on sale of investment properties	153	0	0	(1)	152
Changes in value of investment properties	1.059	350	(44)	(771)	594
Depreciation and impairment	(34)	(25)	(134)	(111)	(304)
Operating profit	2.443	1.604	990	443	5.480
Finance income	18	6	(6)	18	36
Finance cost	(1.314)	(1.131)	(1.262)	(732)	(4.439)
Net financial expense	(1.296)	(1.125)	(1.268)	(714)	(4.403)
Profit before income tax	1.145	480	(278)	(271)	1.076
Income tax	(243)	(96)	73	36	(230)
Profit for the year	902	384	(205)	(235)	846
Other profit					
Operating items recorded in equity					
Revaluation of real estate	0	0	(190)	0	(190)
Income tax of revaluation of real estate	0	0	37	0	37
Other profit total	0	0	(153)	0	(153)
Total profit for the year	902	384	(357)	(235)	693
Earnings per share:					
Basic earnings and diluted earnings per share	0,26	0,11	(0,06)	(0,07)	0,25

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Total
Lease income	1.886	1.871	1.852	1.784	7.393
Other operating income	300	360	304	300	1.264
	2.185	2.231	2.156	2.084	8.656
Operating expenses	(804)	(718)	(764)	(778)	(3.064)
Impairment of receivables	(8)	(5)	(15)	(3)	(31)
EBITDA	1.374	1.508	1.377	1.303	5.562
Loss on sale of investment properties	(3)	0	0	0	(3)
Changes in value of investment properties	647	196	975	352	2.170
Depreciation and impairment	(72)	(37)	(28)	(28)	(165)
Operating profit	1.946	1.666	2.324	1.626	7.564
Finance income	28	8	19	29	84
Finance cost	(938)	(867)	(1.172)	(955)	(3.932)
Net financial expense	(910)	(859)	(1.153)	(927)	(3.848)
Profit before income tax	1.038	808	1.171	699	3.716
Income tax	(212)	(162)	(234)	(140)	(748)
Profit for the year	825	646	937	560	2.968
Other profit					
Operating items recorded in equity					
Revaluation of real estate	0	0	0	0	0
Income tax of revaluation of real estate	0	0	0	0	0
Other profit total	0	0	0	0	0
Total profit for the year	825	646	937	560	2.968
Earnings per share:					
Basic earnings and diluted earnings per share	0,24	0,19	0,27	0,16	0,86