

# Continued Real Revenue Growth

An overview of the key operating figures Q1 2025

- Operating revenues amounted to ISK 3.7 billion in the first three months of the year, with rental income increasing by 4.3% year-on-year.
- Real growth in rental income on a Like-for-Like portfolio was 1.2% year-on-year.
- EBITDA amounted to ISK 2.45 billion, an increase of 3.2% compared to the same period last year.
- Net profit was ISK 1.4 billion, compared to ISK 3.9 billion in the same period of the previous year.
- Investment properties were booked at ISK 194 billion.
- The fair value change of investment properties was approximately ISK 1.5 billion in the first quarter.
- Cash and cash equivalents amounted to ISK 5.1 billion at the end of the period.
- Interest-bearing debt totaled ISK 119.7 billion at the end of the period. Bank loans maturing in 2026 have been refinanced.
- The leverage ratio was 62.8% and the equity ratio was 31.9% at the end of the period.

## Halldór Benjamín Þorbergsson, CEO of Heimar

„Operations are progressing well and in line with the company’s ambitious plans. We are experiencing strong demand for commercial real estate, particularly in Heimar’s core areas. Rental income has increased by 4.3% compared to the same period last year. While the sale of properties outside the company’s core areas has reduced year-on-year revenue growth, real revenue growth on a Like-for-Like portfolio stands at 1.2%.

The company continuously evaluates opportunities for both divestments and external investments. As a result of strategic asset sales, the total square meterage of the portfolio has decreased by nearly 2% since the end of 2022. In 2024, the company sold assets worth ISK 3.3 billion, at prices averaging just over 10% above book value.

To secure favorable financing terms while supporting growth, the company remains focused on its refinancing strategy. Bank loans originally maturing in 2026 have been refinanced, with final maturity extended to 2031. Following this refinancing, there are no debt maturities in 2025–2026, except for an ISK 1,240 million bond series maturing in July this year.

Management will continue to pursue divestment opportunities when they are deemed prudent and aligned with shareholder interests. The market value of Heimar is currently lower than the

company's book value of equity plus deferred tax liabilities, and management is working systematically to enhance the company's profitability.

Heimar is a shareholder-friendly company and intends to continue its share buyback program as long as the market value remains below the book value of equity plus non-interest-bearing deferred tax liabilities.

Increased profitability is a key criterion for investment decisions. The company believes that improved competitiveness through development within defined core areas, the emergence of new revenue streams, and the strengthening of its shareholder base will all contribute positively to the company's market valuation. It is anticipated that Gróska will be added to the company's portfolio this year, increasing the total asset base by approximately 25,000 square meters.

Heimar represents an attractive investment opportunity for those who wish to align with the Icelandic economy and invest in a company with a mix of CPI-linked and turnover-linked cash flows from a diverse group of tenants, with nearly half of revenues originating from public entities and listed companies.

We look forward to the coming months with great anticipation and see numerous opportunities for increased value creation for all stakeholders."

## Operations and Performance

Operating revenues amounted to ISK 3,686 million during the first three months of the year, of which rental income totaled ISK 3,486 million. Rental income increased by 4.3% compared to the same period in 2024. However, several changes have taken place in the property portfolio year-over-year, which impact rental income.

When adjusted for the effect of divested properties, the increase amounts to 5.9%, corresponding to a real growth rate of approximately 1.2%.

Operating profit before gains on sale, fair value changes, and depreciation (EBITDA) amounted to ISK 2,449 million, representing a 3.2% increase compared to the same period in 2024.

## Unique Assets and Strong Financial Position

The value of the company's investment properties, excluding leasehold assets, is estimated at ISK 190,729 million. The portfolio consists of 94 properties, totaling approximately 365,000 square meters. The occupancy rate is around 97%, based on income as a percentage of full occupancy potential. The total fair value change for the first three months of the year amounted to ISK 1,517 million.

At the end of April, the company announced the signing of a share purchase agreement for the acquisition of all shares in Gróska ehf. and Gróðurhúsið ehf. Gróska owns the property *Gróska* at Bjargargata 1, 102 Reykjavík—a vibrant innovation community and one of Iceland's largest and most ambitious office buildings. The building is approximately 18,600 m<sup>2</sup>, with an underground garage of 205 parking spaces, bringing the total property size to about 24,800 m<sup>2</sup>. Gróðurhúsið operates a startup center and coworking space within the premises.

As previously announced, the purchase price will be settled through the issuance and delivery of 258 million new shares in Heimar. The agreement is subject to customary conditions, including

approval by the Icelandic Competition Authority. Following the transaction, the developers and current owners of Gróska will become the largest shareholders in Heimar.

On February 20, the company also announced the signing of a share purchase agreement to acquire 100% of the shares in Tryggvagata ehf., from sellers MF2 hs. and Laxamýri ehf. Tryggvagata ehf. owns the properties Tryggvagata 14 and Tryggvagata 10, comprising a 106-room, four-star hotel (Exeter Hotel) in downtown Reykjavík and an adjacent office building. The total property size is approximately 5,500 m<sup>2</sup>.

The enterprise value of Tryggvagata ehf. under the purchase agreement amounts to ISK 6,375 million. The purchase will be settled entirely in cash and through the assumption of existing liabilities. The agreement is subject to customary conditions, including satisfactory due diligence and approval by the Icelandic Competition Authority.

## Activity and Outlook

In the first three months of the year, 24 lease agreements were signed, covering nearly 7,770 square meters, in line with the same period last year.

- Management continues to observe strong demand for commercial space in the company's core areas. New tenants have moved into properties across all Heimar core locations during the year, many of which involved newly developed lease areas.
- The period included several large lease agreements, most notably; renewal with S4S at Guðríðarstígur 4, new agreement with the City of Reykjavík for a kindergarden at Ármúli 6, agreement on expansion with Kjarni endurhæfing at Síðumúli 28 and a new agreement with Klettabær at Ögurhvarf 6.
- The company achieved its leasing and rental rate targets, with an occupancy rate of 97% at the end of the period.
- A majority of the leases signed in the quarter were new contracts, reflecting strong demand, brand visibility, and continued interest in Heimar's offerings.
- Renovations of the third floor of Smáralind into modern office space are progressing well. Heimar has relocated its own headquarters into part of the space. An additional 2,000 m<sup>2</sup> will complement the existing 1,000 m<sup>2</sup>, creating a high-quality, contemporary office environment.
- Leasing activity is strong with high demand for the space. Construction of the new office building at Silfursmári 12 is also advancing steadily. The first tenants are expected to move in by summer 2025, and demand for lease space in the building remains robust.
- Management has also seen significant interest in the new and upgraded restaurant and entertainment area in Smáralind, set to open in autumn 2025. Agreements have already been made with several operators, with contracts to be finalized during Q2. This project is expected to significantly expand and enhance the food and beverage offerings at Smáralind.

## Sustainability

Sustainability remains a key priority in the company's operations. All ongoing initiatives are aimed at improving the performance of the company's real estate portfolio, enhancing information flow, and ensuring the continued integration of sustainability as an integral part of Heimar's operations.

Progress continued on BREEAM certifications, with three properties currently undergoing the certification process.

Electric vehicle (EV) charging stations were installed, and infrastructure was further reinforced to support future needs. A new HR and payroll system has been implemented, and the company's governance practices, policies, and internal regulations are undergoing continuous review and updates.

## Financing

The company maintains a strong financial position, with financial metrics well within loan covenant limits. The equity ratio stands at 31.9% (compared to a covenant requirement of 25%), and the leverage ratio is 62.8%.

At the end of the period, the company held cash and cash equivalents of ISK 5,113 million, in addition to having access to undrawn credit facilities totaling ISK 4,700 million.

Bank loans originally maturing in 2026 have been successfully refinanced, extending final maturity to 2031. Following this refinancing, the company has no debt maturities in 2025 or 2026, with the exception of an ISK 1,240 million bond issue maturing in July this year.

## Presentation of the Annual Financial Report

In conjunction with the publication of its Q1 Earnings preview 2025 financial results, Heimar hf. will host an open investor presentation on the same day at 16:15 local time.

The meeting will take place at the company's headquarters at Smáralind, Hagasmári 1, 201 Kópavogur, and light refreshments will be served.

Halldór Benjamín Þorbergsson, CEO of Heimar, will present the results and respond to questions following the presentation.

Registration for the presentation is available via email at: [ir@heimar.is](mailto:ir@heimar.is). The event will also be live-streamed online at the following link: <https://www.heimar.is/en/investor-meetings/q1-earnings-preview-2025/>

The Q1 Earning preview and presentation materials are available at: <https://www.heimar.is/fjarfestar/fjarhagsupplýsingar/>

*Please note that in case of discrepancy in the English and the Icelandic versions, the Icelandic version shall prevail.*



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**Við erum annað og meira**