

Q3 Earnings Preview

Revenue and EBITDA increase by just over 8% year-on-year

- Operating revenues amounted to ISK 11.8 billion in the first nine months of the year, with rental income increasing by 8.2% from the previous year, which is 4% above the inflation rate during the same period.
- Real growth in rental income on a Like-for-Like portfolio was 0.2% year-on-year.
- EBITDA amounted to ISK 8.1 billion, increasing by 8.2% compared to the same period in 2024.
- Net profit was ISK 2.9 billion, compared to ISK 5.6 billion during the same period last year, which is explained by a lower fair value adjustment of investment properties this year. Investment properties were booked at ISK 222 billion.
- The fair value change of investment properties was approximately ISK 3.1 billion in the first nine months of the year.
- Cash and cash equivalents amounted to ISK 1.8 billion at the end of the period.
- Interest-bearing debt totaled to ISK 131.2 billion at the end of the period.
- The leverage ratio was 60.6% and the equity ratio 32.4% at the end of the period.

Halldór Benjamín Þorbergsson, CEO of Heimar

“Operations are going well, with income from Gróska and Exeter now contributing to strong growth and increased profitability. Rental income grew by 8.2% compared to the same period last year, equivalent to 4% real growth. Changes in the property portfolio had a positive impact on year-on-year revenue growth, while real growth on a Like-for-Like portfolio stands at 0.2%. Demand for commercial properties remains strong, and lease agreements were signed for nearly 20,000 square meters during the quarter.

The occupancy rate stands at 97%, similar to previous periods. Approximately 42% of the company's revenue comes from public entities and listed companies. Tenant defaults remain low, and several leasing projects currently in progress are expected to generate income in the coming months."

Operations and Performance

Operating revenue amounted to ISK 11,801 million in the first nine months of the year, of which rental income totaled ISK 11,186 million. Rental income increased by 8.2% compared to the same period in 2024, corresponding to nearly 4% real growth. Several changes have taken place in the property portfolio year-on-year, affecting rental income. Operating profit before gain on sale, fair value adjustments, and depreciation (EBITDA) was ISK 8,051 million, representing an 8.2% increase compared to the same period in 2024.

The earnings forecast for 2025 was updated and published on August 21 2025. Rental income is projected to be between ISK 15,200–15,500 million, and EBITDA between ISK 10,800–11,100 million.

For reference, management projects that rental income from the current property portfolio for the next twelve months will range between ISK 16,400 and 16,700 million.

Assets and Financial Position

The value of the company's investment properties, excluding leased assets, is estimated at ISK 216,395 million. The portfolio now consists of 97 properties totaling approximately 389 thousand square meters. The occupancy rate remains high at around 97% of potential rental income at full occupancy, underscoring the strong demand for commercial real estate. The total fair value adjustment for the first nine months of the year amounted to ISK 3,101 million.

Activity and Outlook

A total of 21 lease agreements were signed for approximately 18,684 square meters in the third quarter, making it the second largest leasing quarter in the company's history.

The largest agreements during the period were with Teledyne Gavia at Vesturvör 29 for approximately 5,150 square meters, Smárabíó in Smáralind for approximately 3,400 square meters, and Wise lausnir ehf. at Dvergshöfði 4 for approximately 3,300 square meters. The latter represents the first lease agreement in that building, which consists of new, high-quality office space currently under construction at Borgarhöfði.

There is strong demand in core areas, such as around Smáralind in Kópavogur. A lease agreement was signed with Metta Sport for approximately 650 square meters, and additional agreements were concluded for two new retail stores in Smáralind. All restaurant spaces in the new food hall opening in Smáralind in the coming months have been leased, thirteen in total. There was significant interest from prospective tenants seeking to operate in the area.

Sustainability

The number of the company's environmentally certified properties increased during the period, bringing the total to seven certified properties, which now account for approximately 42% of the company's portfolio. The properties Gróska and Dvergshöfði 2 were the most recent additions to the portfolio of certified assets.

Information on the financial metrics of the company's certified properties, along with data on their carbon footprint, electricity, and water consumption, can be found in the Green Financing Impact Report available on Heimar's website.

Financing

The company's financial position is strong, and financial conditions remain well within loan covenant limits, with an equity ratio of 32.4% (covenant: 25%). At the end of the period, cash and cash equivalents amounted to ISK 1,763 million, and the company also had access to unused credit facilities totaling ISK 2,700 million.

On October 16, a new green bond series, HEIMAR230628 GB, was successfully issued. The series is non-indexed and carries three-month REIBOR interest plus a 0.90% margin. Bonds with a total nominal value of ISK 1,120 million were sold.

Presentation of Q3 Earnings Preview

In conjunction with the publication of the financial results announcement, Heimar invites stakeholders to an open presentation meeting on the same day at 16:15. The meeting will be held at the company's headquarters in Smáralind, Hagasmári 1, 201 Kópavogur. Light refreshments will be served.

Halldór Benjamín Þorbergsson, CEO of Heimar, will present the results and answer questions following the presentation. Registration for the meeting is available via email at ir@heimar.is. The meeting will also be streamed online at the following link: <https://www.heimar.is/en/investor-meetings/q3-earnings-preview-2025/>

The interim financial statements for the first nine months of the year and related presentation materials are available at: <https://www.heimar.is/en/investors/financing/>

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

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