

Heimavellir hf.
News announcement May 7th, 2020



Heimavellir: 2020, Q1 Financial Statement

Key points:

- EBITDA yield is unchanged between years and is 4,2% in the period (2019: 4,2%)
- EBIT margin decreased from last year and is currently 60,4% (2019: 62,0%)
- Heimavellir issued registered indexed bonds in the amount of ISK 5.060 m. in the period at 3,0% average rate. The bonds were sold to a broad group of investors.
- Operating income for the first three months amounted to ISK 794 m. (Q1 2019: ISK 898 m.) and operating income before changes in fair value of investment properties amounted to ISK 479 m. (2019: ISK 539 m.)
- The book value of investment properties amounts to ISK 45.715 m. at March 31st, 2020.
- Changes in fair value of investment properties in the first three months is insignificant and amounts to ISK 45 m. and is mostly due to decreased interest rates in the valuation model.
- Net cash from operating activities was ISK 270 m. and increased by ISK 136 m. between years.
- The equity ratio at 31.3.2020 was 38,1%

Operations and outlook

Company operations in the first three months of the year were in accordance with operational plans and expectations. The company has undergone economizing measures alongside downsizing in the number of investment properties that will have an effect this year.

It is unclear what effects the Covid-19 pandemic will have on Company operations and property portfolio in the short or long-term. The Company has a diverse and well-distributed portfolio and a good cash and cash-equivalent status. This year's performance and earnings will be determined by how the pandemic evolves in the next months and its effects on the Icelandic economy.

At the end of March, Fredensborg ICE ehf. owned 73,94% of the issued shares in the Company. On the last April 6th, Fredensborg ICE ehf. published a takeover bid for outstanding shares in the Company. The bid is valid for 10 weeks and will expire on the upcoming June 15th. The offering price in the takeover bid is ISK 1,50 per share in Heimavellir hf. Following the bid's settlement, Fredensborg ICE ehf. plans to delist Heimavellir hf. from the Nasdaq Iceland stock exchange.

Heimavellir's Board of Directors has accepted Fredensborg ICE ehf.'s request for a shareholder meeting. The meeting will be convened on May 14th, 15:00. The meeting agenda is comprised of three items. Firstly, a change in the Company's Articles of Association with the aim of decreasing the number of Board members from five to three. The next item is an election to the Board and lastly other matters.

Further information provided by:

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