Reitir fasteignafélag

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All information and calculations based on closing prices on 15/09/2025.

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Reitir

Discussions

- 2025 year-end target price of ISK 175 per share.
- Target price is the average of two approaches, a DCF model and an EV/EBITDA multiple based on a peer group.
- WACC of 6,28%, current valuation implies a WACC of 7,65%.
  - Note that WACC is in real terms, not nominal.
- Development assets, not accounted for in the DCF, are valued separately.
  - Assets accounted for in the DCF are based on management's guidance on investment and income generation.
- Current valuation implies adjusted EV/EBITDA of 15,3x and adjusted Price to Cash Flow multiple of 6,9x for 2026 according to AKKUR estimates.

2025 year-end target price of ISK 175.

WACC of 6,28%.

2026E Adj. EV/EBITDA: 15,3x
2026E Adj. EV/NOI: 14,1x
2026E Adj. Price/CF: 6,9x

Book value of development assets over 24% of current market cap.

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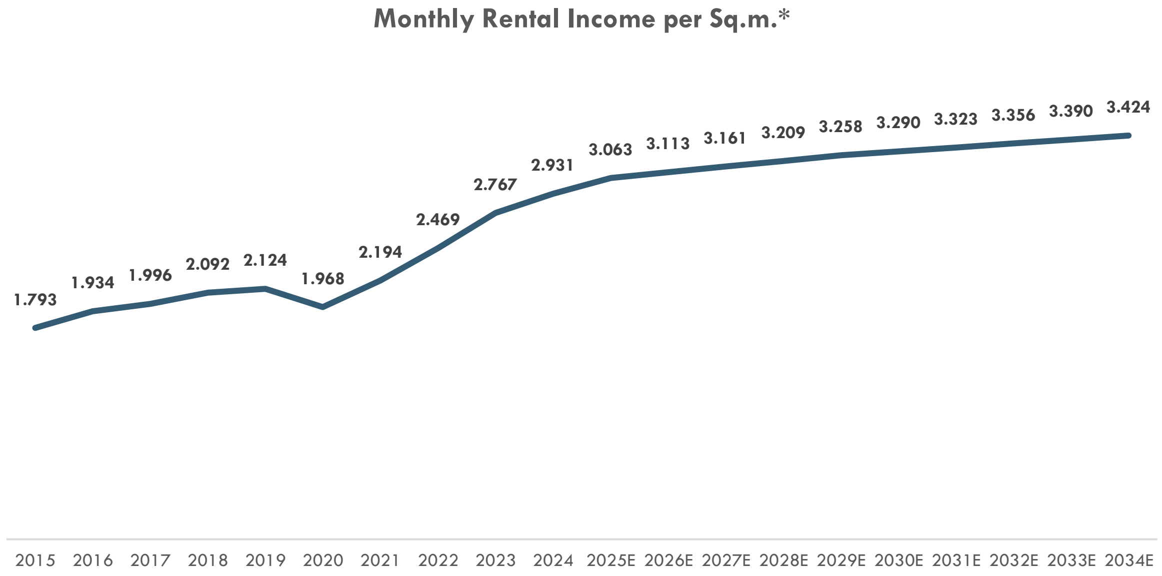
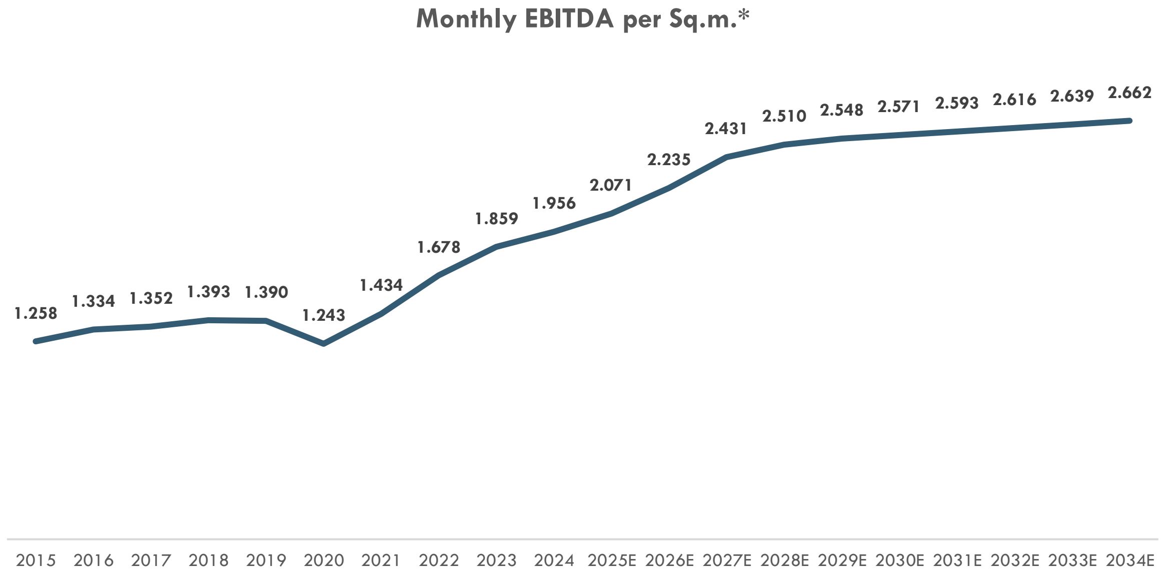
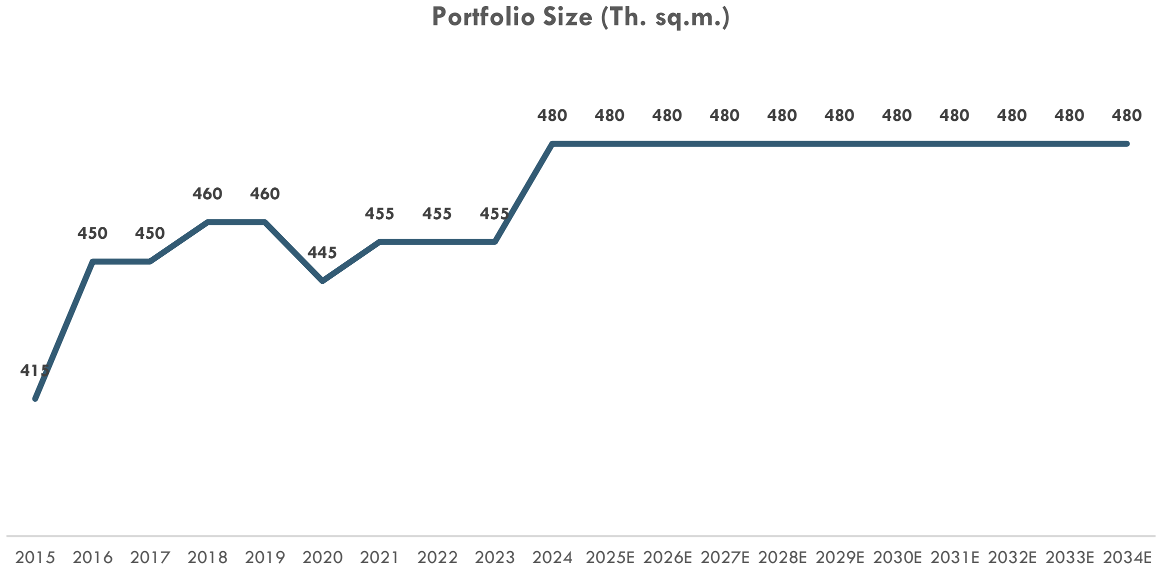
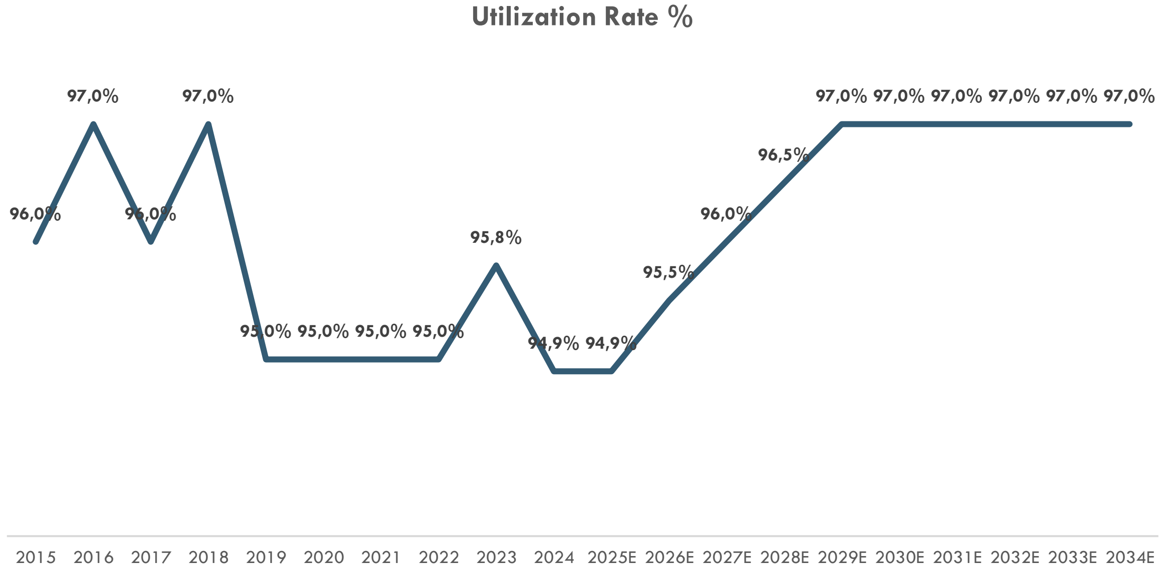
Key Financial Metrics









* AKKUR estimates are in real terms

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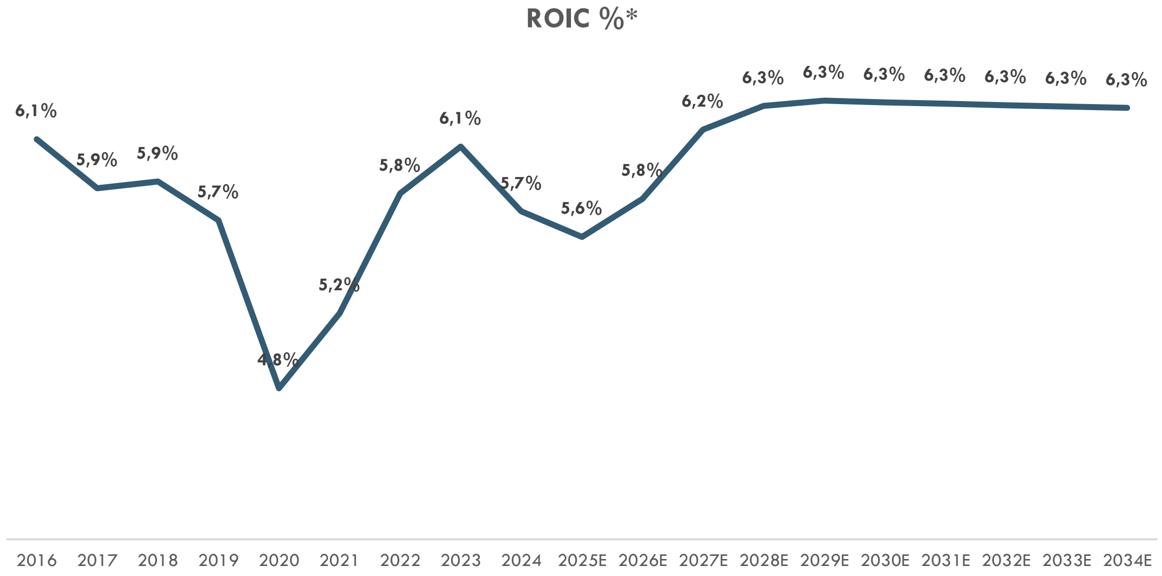

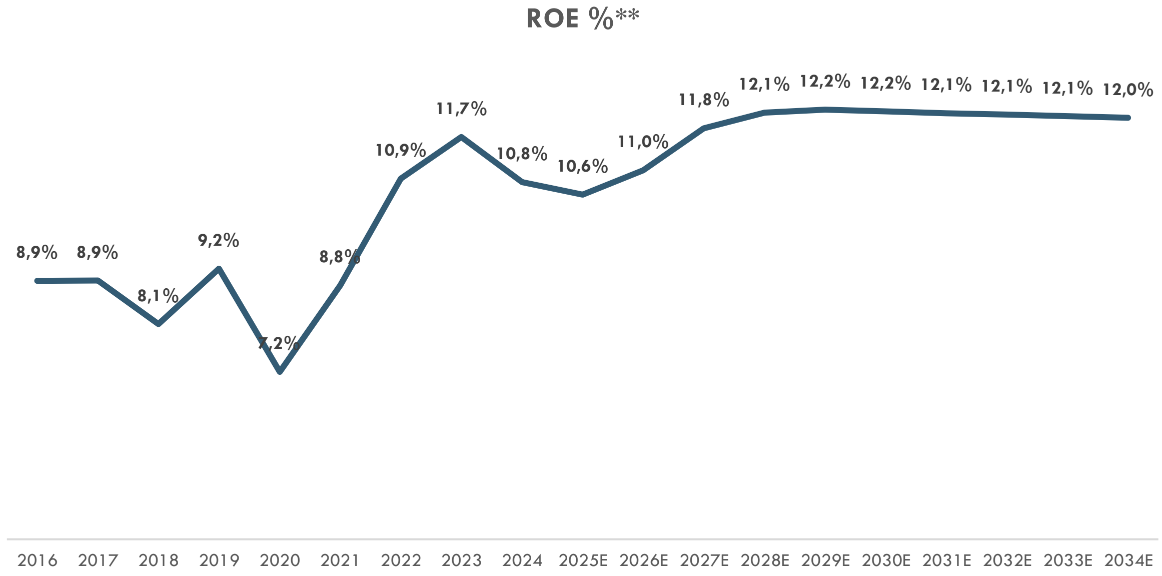

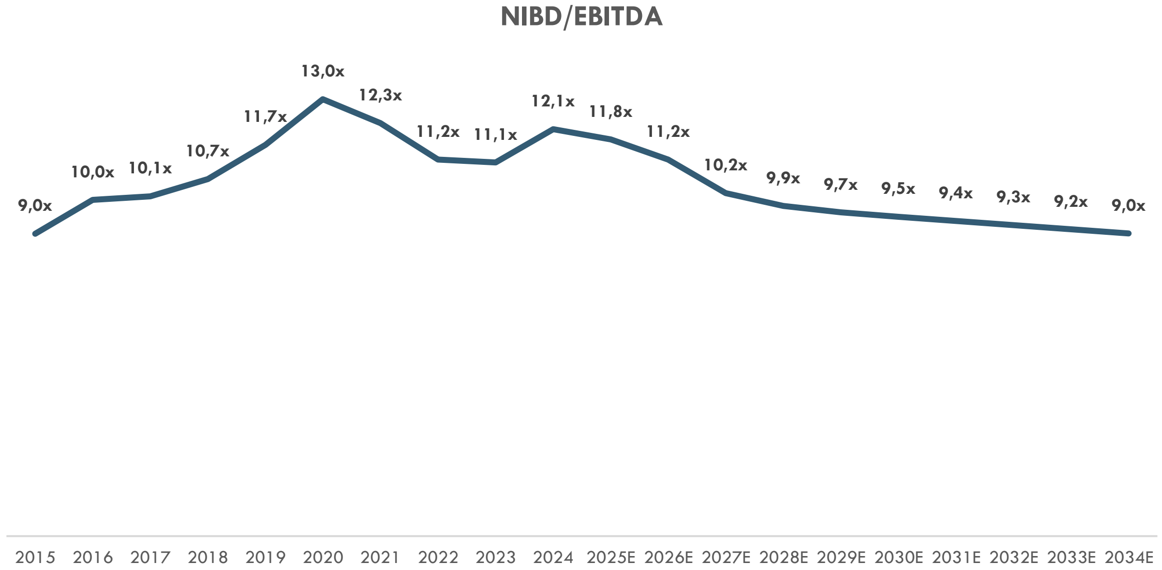

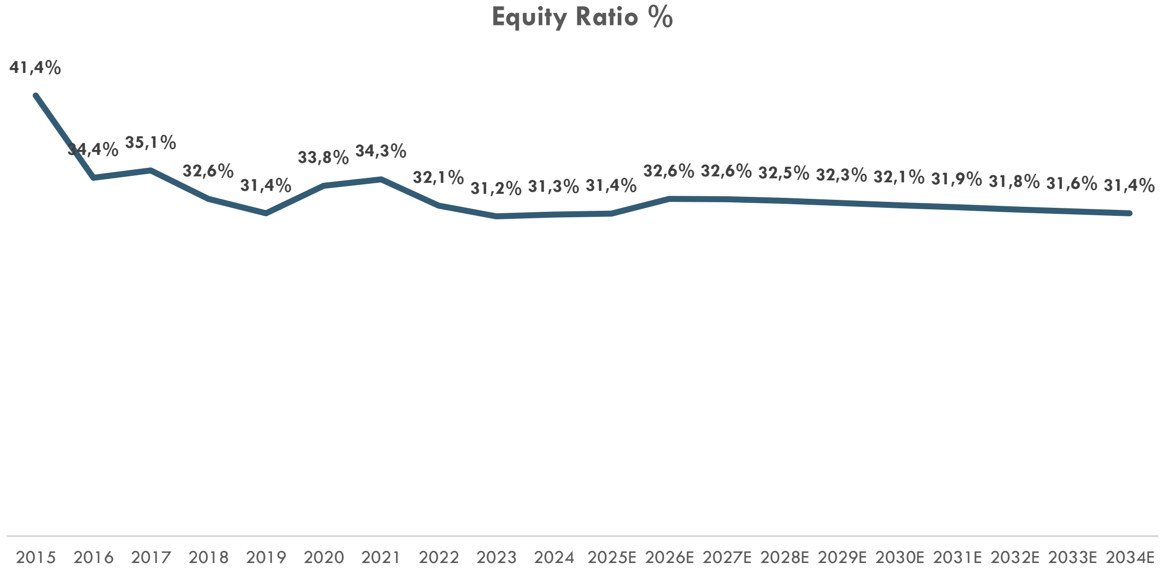

* ROIC excludes fair value changes of investment properties and income taxes

** ROE is calculated as EBITDA net of interest payments as a percentage of average equity

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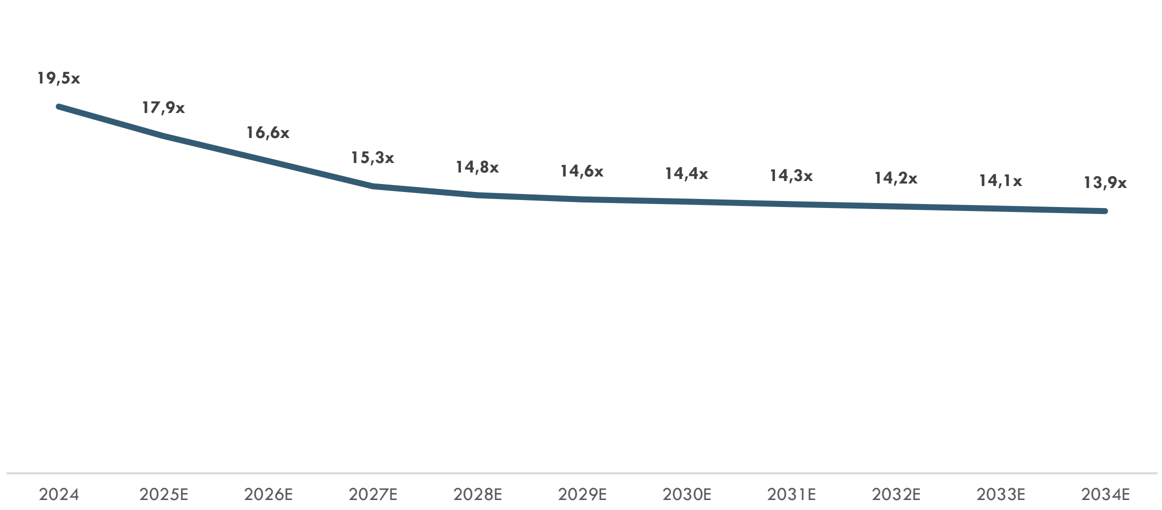
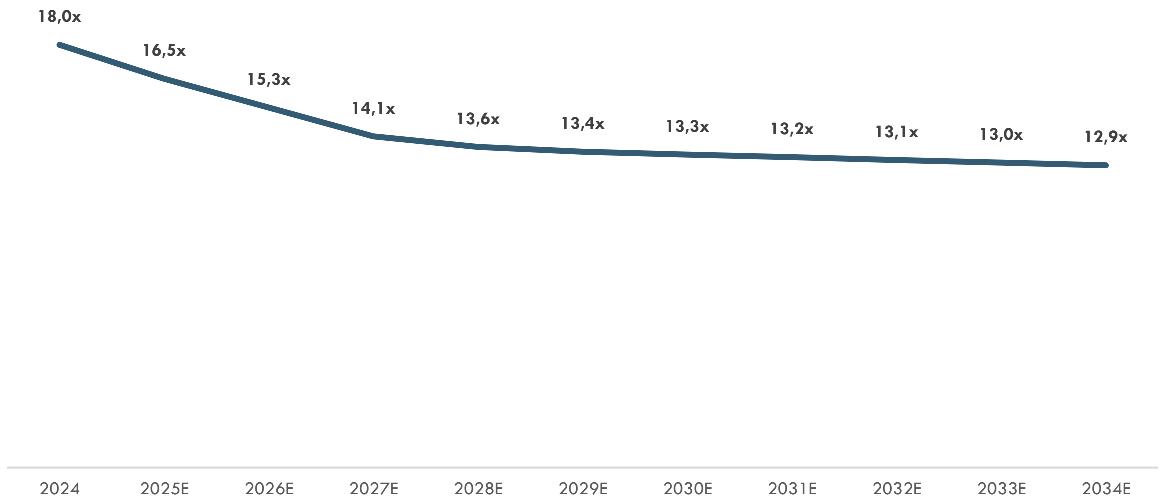
Key Financial Metrics

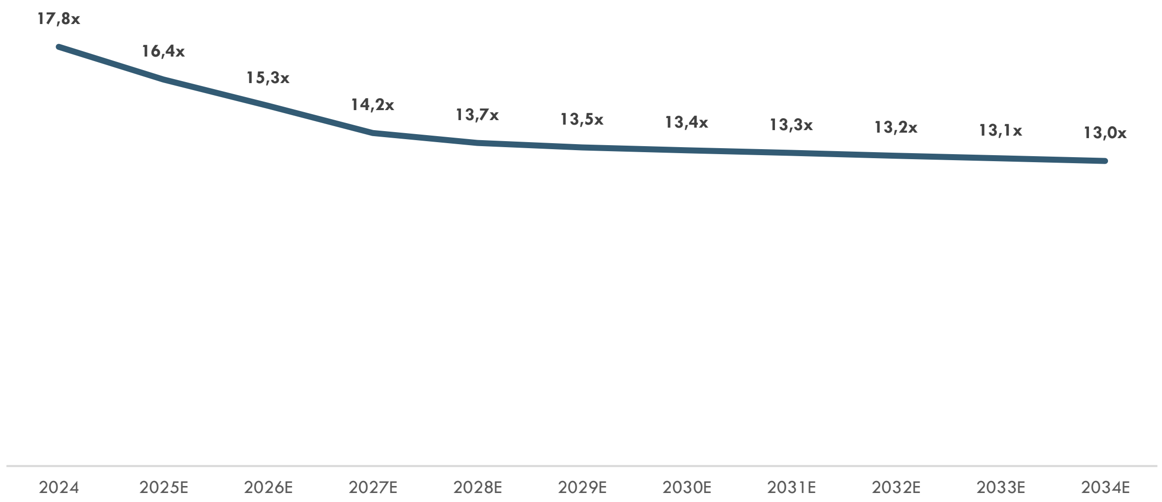
EV/EBITDA



Adj. EV/EBITDA*



EV/NOI



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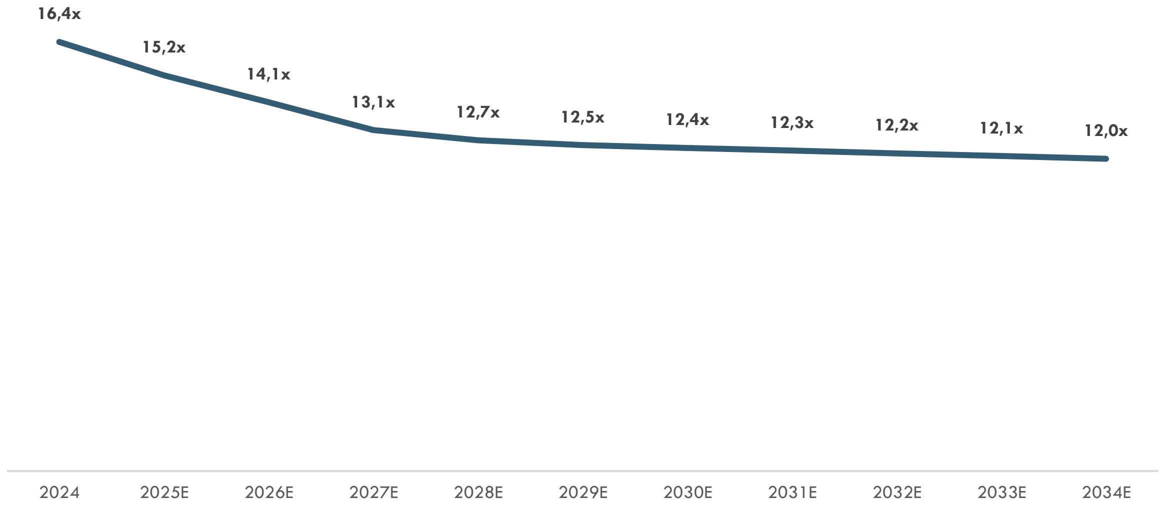

* EV is adjusted for development assets

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Key Figures

Summarized income statement					Historical financials										AKKUR estimates					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Rental income	8.927	10.035	10.781	11.421	11.723	10.685	11.850	13.481	15.107	16.442	18.092	19.131	20.505	21.033	21.315	21.502	21.692	21.883	22.077	22.272
Property taxes, sewage and other public costs	-1.333	-1.580	-1.861	-2.046	-2.154	-1.916	-2.103	-2.209	-2.395	-2.471	-2.810	-2.945	-3.122	-3.151	-3.181	-3.212	-3.242	-3.273	-3.304	-3.336
Maintenance	-564	-721	-667	-743	-721	-753	-744	-769	-1.033	-1.129	-1.288	-1.276	-1.288	-1.301	-1.313	-1.325	-1.338	-1.351	-1.364	-1.377
Other Property Expenses	-310	-264	-350	-406	-541	-635	-571	-612	-698	-835	-978	-943	-992	-1.014	-1.027	-1.037	-1.046	-1.055	-1.065	-1.075
Net Operating Income (NOI)	**6.720**	**7.470**	**7.903**	**8.226**	**8.307**	**7.381**	**8.432**	**9.891**	**10.981**	**12.007**	**13.015**	**13.966**	**15.103**	**15.567**	**15.793**	**15.929**	**16.066**	**16.204**	**16.344**	**16.485**
NOI margin	*75,3%*	*74,4%*	*73,3%*	*72,0%*	*70,9%*	*69,1%*	*71,2%*	*73,4%*	*72,7%*	*73,0%*	*71,9%*	*73,0%*	*73,7%*	*74,0%*	*74,1%*	*74,1%*	*74,1%*	*74,0%*	*74,0%*	*74,0%*
Administrative expenses	-455	-545	-602	-620	-635	-630	-688	-729	-831	-1.035	-1.085	-1.092	-1.099	-1.106	-1.114	-1.121	-1.129	-1.136	-1.144	-1.152
EBITDA	**6.265**	**6.925**	**7.301**	**7.606**	**7.672**	**6.751**	**7.744**	**9.162**	**10.150**	**10.972**	**11.930**	**12.875**	**14.004**	**14.460**	**14.679**	**14.807**	**14.937**	**15.068**	**15.200**	**15.333**
EBITDA margin	*70,2%*	*69,0%*	*67,7%*	*66,6%*	*65,4%*	*63,2%*	*65,4%*	*68,0%*	*67,2%*	*66,7%*	*65,9%*	*67,3%*	*68,3%*	*68,8%*	*68,9%*	*68,9%*	*68,9%*	*68,9%*	*68,9%*	*68,8%*
Fair value changes of investment property	6.548	347	3.852	-3.132	2.349	2.241	8.743	1.807	10.750	17.800	4.150	1.109	1.165	1.177	1.189	1.200	1.212	1.225	1.237	1.249
EBIT	**12.813**	**7.272**	**11.153**	**4.474**	**10.021**	**8.992**	**16.487**	**10.969**	**20.900**	**28.772**	**16.080**	**13.984**	**15.169**	**15.637**	**15.868**	**16.008**	**16.149**	**16.292**	**16.437**	**16.583**
EBIT margin	*143,5%*	*72,5%*	*103,5%*	*39,2%*	*85,5%*	*84,2%*	*139,1%*	*81,4%*	*138,3%*	*175,0%*	*88,9%*	*73,1%*	*74,0%*	*74,3%*	*74,4%*	*74,4%*	*74,4%*	*74,5%*	*74,5%*	*74,5%*
Net finance expenses	-3.379	-4.067	-4.064	-5.779	-5.582	-6.173	-6.748	-10.677	-10.850	-9.213	-5.207	-5.398	-5.445	-5.449	-5.460	-5.474	-5.488	-5.503	-5.518	-5.532
Profit before taxes	**9.434**	**3.205**	**7.089**	**-1.305**	**4.439**	**2.819**	**9.739**	**292**	**10.050**	**19.559**	**10.873**	**8.585**	**9.724**	**10.188**	**10.408**	**10.534**	**10.661**	**10.789**	**10.919**	**11.050**
Expensed income tax	-2.037	-788	-1.418	1.415	-1.115	-872	-2.156	381	-2.546	-4.293	-2.175	-1.717	-1.945	-2.038	-2.082	-2.107	-2.132	-2.158	-2.184	-2.210
Net income	**7.397**	**2.417**	**5.671**	**110**	**3.324**	**1.947**	**7.583**	**673**	**7.504**	**15.266**	**8.699**	**6.868**	**7.779**	**8.150**	**8.326**	**8.427**	**8.529**	**8.631**	**8.735**	**8.840**

Multiples																				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Current valuation																				
EV/EBITDA										19,5x	17,9x	16,6x	15,3x	14,8x	14,6x	14,4x	14,3x	14,2x	14,1x	13,9x
Adj. EV/EBITDA*										18,0x	16,5x	15,3x	14,1x	13,6x	13,4x	13,3x	13,2x	13,1x	13,0x	12,9x
EV/NOI										17,8x	16,4x	15,3x	14,2x	13,7x	13,5x	13,4x	13,3x	13,2x	13,1x	13,0x
Adj. EV/NOI*										16,4x	15,2x	14,1x	13,1x	12,7x	12,5x	12,4x	12,3x	12,2x	12,1x	12,0x
EV/Rental Income										13,0x	11,8x	11,2x	10,4x	10,2x	10,0x	9,9x	9,9x	9,8x	9,7x	9,6x
Adj. EV/Rental Income*										12,0x	10,9x	10,3x	9,6x	9,4x	9,3x	9,2x	9,1x	9,0x	8,9x	8,9x
Monthly rent multiplier										156	142	134	125	122	120	119	118	117	116	115
Adj. Monthly rent multiplier*										144	131	124	115	113	111	110	109	108	107	106
Market Cap/(EBITDA - Interest Expenses Paid)										10,7x	9,8x	8,8x	7,8x	7,5x	7,4x	7,3x	7,2x	7,2x	7,1x	7,1x
Adj. Market Cap/(EBITDA - Interest Expenses Paid)*										8,4x	7,7x	6,9x	6,1x	5,9x	5,8x	5,7x	5,7x	5,6x	5,6x	5,6x

* Adjusted for value of development assets

Real Estate Investing 101

A Brief Introduction

- The figures to the right show a simplified example of a property transaction intended as a short introduction.

A few notes on the Icelandic property market:

- Almost every property lease is inflation linked meaning the rent due each month changes with inflation.
- Therefore, most property investors are also heavily funded by inflation linked debt.
  - In the example to the right the interest rate (4) is assumed to be in nominal terms for simplicity.

Assumptions
Figures in ISK unless otherwise stated

#	Item	Value	Formula
	Property information		
1	Property size (sq.m.)	3.000	
2	Purchase price	1.500.000.000	
3	Loan to value (%)	60,0%	
4	Interest rate (%)	9,0%	
5	Price per sq.m.	500.000	*(2)/(1)*
6	Utilization (%)	96,0%	
7	Utilized sq.m.	2.880	*(6)x(1)*
8	Monthly rental income per sq.m.	3.500	
9	Annual rental income	120.960.000	*(7)x(8)x12months*
	Property expenses and NOI		
10	Public costs per year	17.500.000	
11	Public costs/Rental income	14,5%	*(10)/(9)*
12	Maintenance cost per year	6.500.000	
13	Maintenance/Rental income	5,4%	*(12)/(9)*
14	Insurance cost per year	2.000.000	
15	Insurance/Rental income	1,7%	*(14)/(9)*
16	Other property costs	5.000.000	
17	Other property costs/Rental income	4,1%	*(16)/(9)*
18	**Total property operating costs**	**31.000.000**	***(10)+(12)+(14)+(16)***
19	**Net Operating Income (NOI)**	**89.960.000**	***(9)-(18)***
20	NOI margin	74,4%	*(19)/(9)*
	Admin expenses and EBITDA		
21	Admin expenses per year	5.500.000	
22	Admin expenses/Rental income	4,5%	*(21)/(9)*
23	**EBITDA**	**84.460.000**	***(19)-(21)***
24	EBITDA margin	69,8%	*(23)/(9)*

Multiples
Figures in ISK unless otherwise stated

#	Item	Value	Formula
	Purchase Price Multiples		
25	Montly rent mulitplier	149	*(2)/((7)/12months)*
26	Gross yield	8,06%	*(7)/(2)*
27	EV/NOI	16,7x	*(2)/(18)*
28	NOI yield	6,00%	*(18)/(2)*
29	EV/EBITDA	17,8x	*(2)/(22)*
30	EBITDA yield	5,63%	*(22)/(2)*

Summarized Income Statement
Figures in ISK unless otherwise stated

#	Item	Value	Formula
31	Rental income	120.960.000	*(9)*
32	Total property operating costs	31.000.000	*(18)*
33	**NOI**	**89.960.000**	***(31)-(32)***
34	*NOI margin*	*74,4%*	*(33)/(31)*
35	Admin expenses	5.500.000	*(21)*
36	**EBITDA**	**84.460.000**	***(33)-(35)***
37	*EBITDA margin*	*69,8%*	*(36)/(31)*
38	Fair value changes	30.000.000	
39	**EBIT**	**114.460.000**	***(36)+(38)***
40	*EBIT margin*	*94,6%*	*(39)/(31)*
41	Interest expenses	-81.000.000	*-(2)x(3)x(4)*
42	**Profit before taxes**	**33.460.000**	***(39)+(41)***

Real Estate Investing 101

A Brief Introduction

- According to Icelandic tax laws, Reitir amortize their investment properties by 1-3% annually which contributes towards a taxable loss.
- Reitir uses IFRS 13 to value their properties in their accounts a fair value change is made during each period that is intended to reflect changes in market value of the investment properties.
  - #38 in the summarized income statement.
- The fair value change is not taxable until the property is sold, so assuming Reitir do not wind down operations it is fair to assume that little to no taxes are actually paid.
- The fair value change does however create a deferred tax liability.
  - Since the liability most likely won't ever be paid it could be considered equity in a sense.
  - When looking at a P/B multiple the equity should be adjusted for the deferred tax liabilities.

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Shareholders

20 Largest Shareholders and Changes YTD

- Three largest shareholders, which also happen to be the three largest pension funds in Iceland, hold roughly 40%.
- At least four private investors among the 20 largest.
- At the end of August, just three out of eleven equity funds covered by AKKUR had Reitir as a top 10 position.
- Reitir makes up 6,2% of the OMXI15 index and 3,3% of the OMX All Shares index.
    - All funds underweight relative to the OMX15.
- Reitir have been the biggest buyers YTD through repurchase of own shares.

REITIR	31/08/2025		Change YTD	
Shareholder list	Shares	Stake %	Shares	Stake %
Gildi - lífeyrissjóður	130.609.960	18,7%	-2.740.000	-0,4%
Lífeyrissjóður verzlunarmanna	79.176.189	11,4%	500.000	0,1%
Lífeyrissj.starfsm.rík. A-deild	58.222.184	8,4%	0	0,0%
Birta lífeyrissjóður	35.075.950	5,0%	-5.144.732	-0,7%
Íslandsbanki hf.	34.450.294	4,9%	-4.457.758	-0,6%
Kjölur fjárfestingarfélag ehf.	27.880.000	4,0%	4.647.332	0,7%
Brimgarðar ehf.	26.456.892	3,8%	3.000.000	0,4%
Arion banki hf.	22.047.343	3,2%	4.941.293	0,7%
Frjálsi lífeyrissjóðurinn	21.294.951	3,1%	-1.077.000	-0,2%
Festa - lífeyrissjóður	21.271.163	3,1%	276.454	0,0%
Almenni lífeyrissjóðurinn	20.357.362	2,9%	500.000	0,1%
Söfnunarsjóður lífeyrisréttinda	19.290.291	2,8%	5.000	0,0%
Stapi lífeyrissjóður	15.494.468	2,2%	-1.545.217	-0,2%
Lífeyrissj.starfsm.rík. B-deild	10.174.772	1,5%	-200.000	0,0%
Vanguard Total International S	9.521.583	1,4%	-786.086	-0,1%
Vanguard Emerging Markets Stock	9.496.071	1,4%	-537.108	-0,1%
Arcus Invest ehf.	8.683.007	1,2%	8.683.007	1,2%
Reitir fasteignafélag hf.*	8.400.000	1,2%	12.400.000	1,8%
Lífsverk lífeyrissjóður	8.259.165	1,2%	87.197	0,0%
GJ Invest ehf.	7.127.168	1,0%	0	0,0%
20 largest shareholders	**573.288.813**	**82,3%**	**18.552.382**	**2,7%**

* Adjusted for a share capital reduction earlier this year

Key Investment Considerations

Assessing the Risk/Reward Profile

Investment Merits

- Highly stable and predictable business with consistent rental income streams.
- Significant embedded inflation hedge, as almost all rental agreements are directly linked to inflation.
- A premier portfolio of high-quality, hard-to-replicate properties that has proven resilient, delivering consistent rental income growth and stable occupancy through the recent period of high inflation and interest rates.
- Opportunities for higher margins through economies of scale and operational efficiencies.
- Valuable development pipeline which offers substantial long-term growth opportunities and the ability to generate significant value if executed properly.
- Potential for share price re-rating when real interest rates decline, which would reduce financing costs and improve investor sentiment towards real estate.

Key Risks

- Capital-intensive business with high leverage, making it sensitive to credit market conditions.
- Development risk, where large-scale projects can face costly delays or budget overruns that impact returns.
- Interest rate risk, as a "higher for longer" rate environment would increase the cost of refinancing debt, squeezing profit margins.
- Economic risk from a potential slowdown in the Icelandic economy, which could reduce demand for retail and office space, hurting occupancy and rental growth.
- No geographic diversification, meaning the company's performance is entirely dependent on the health of the Icelandic economy.

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Valuation Discussion

Target Price Based on Two Different Approaches

- The target price is calculated at year-end 2025 with two different approaches.
  - Discounted free cash flow model.
  - EV/EBITDA multiple based on a peer group.
- The target price is the average of the two approaches, or ISK 175 at year-end 2025.
  - 56% above current market price.

- Due to the nature of the income tax structure relating to property investments, the income tax rate is assumed to be 0% in the WACC calculations and the DCF.
  - I.e. no tax shield being generated through leverage.
  - It could be argued that a small income tax rate should be applied to the terminal value since at some point in time the assets might be fully depreciated.

Valuation Approach	Weight	Result
DCF valuation	50,0%	167
EV/EBITDA valuation @10% discount	50,0%	184
Target Price		**175**

Weighted Average Cost of Capital

Based on Damodaran Dataset

- Based on Damodaran's data for betas and Market Risk Premiums.
- Global beta for Real Estate (General/Diversified) is 0,49.
- The risk-free rate is based on the yield on the inflation linked Icelandic government bond, RIKS 47 1115 which has a duration of 17 years.
  - This is in line with the calculated "Equity duration" of the discounted cash flows.
- A Market Risk Premium for Iceland of 5,25% according to the latest Damodaran data.
- For the capital structure, a target equity ratio of 35% is assumed and a cost of debt equal to a 1,20% premium to the risk-free rate.
  - The debt premium is based on the premium in the Reitir's last bond issue in March 2025.
- This all comes down to a cost of equity of 10,28% and a weighted average cost of capital (WACC) of 6,28%.
  - Note that these are in real terms.

Weighted Average Cost of Capital	
Risk Free Rate	2,93%
Unlevered Beta	0,49
Market Risk Premium	5,25%
Target Equity Ratio	35,0%
Target Debt Ratio	65,0%
Income Tax Rate	0,0%
Levered Beta	1,40
Cost of Equity	**10,28%**
Risk Premium	*7,35%*
Debt Premium	1,20%
Cost of Debt	4,13%
WACC	**6,28%**
Risk Premium	*3,35%*

Free Cash Flow Model

Terminal Value

- Terminal value is calculated with three different methods;
  - Key Value Driver (KVD)
  - Gordon's Growth Model (GGM)
  - EV/EBITDA multiple
- Each of the methods has pros and cons so AKKUR uses the average for all three methods.
- Terminal growth estimated 0,5% in real terms.
- RONIC assumed 6,5% in the KVD calculation, similar to new investments.
- EV/EBITDA multiple assumed 18x, same as the historical average.

Terminal Value	
Real terminal growth (g)	0,5%
RONIC	6,5%
EBITDA multiple	18,0x
KVD	159.306
GGM	145.946
EV/EBITDA	164.464
Average	**156.572**

Free Cash Flow Model

Summary

DCF model																				
	Historical financials										AKKUR estimates									
												0,50	1,50	2,50	3,50	4,50	5,50	6,50	7,50	8,50
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenues	8.927	10.035	10.781	11.421	11.723	10.685	11.850	13.481	15.107	16.442	18.092	19.131	20.505	21.033	21.315	21.502	21.692	21.883	22.077	22.272
Property expenses	-2.207	-2.565	-2.878	-3.195	-3.416	-3.304	-3.418	-3.590	-4.126	-4.435	-5.077	-5.165	-5.402	-5.466	-5.521	-5.574	-5.626	-5.679	-5.733	-5.787
NOI	**6.720**	**7.470**	**7.903**	**8.226**	**8.307**	**7.381**	**8.432**	**9.891**	**10.981**	**12.007**	**13.015**	**13.966**	**15.103**	**15.567**	**15.793**	**15.929**	**16.066**	**16.204**	**16.344**	**16.485**
NOI margin	*75,3%*	*74,4%*	*73,3%*	*72,0%*	*70,9%*	*69,1%*	*71,2%*	*73,4%*	*72,7%*	*73,0%*	*71,9%*	*73,0%*	*73,7%*	*74,0%*	*74,1%*	*74,1%*	*74,1%*	*74,0%*	*74,0%*	*74,0%*
Administrative expenses	-455	-545	-602	-620	-635	-630	-688	-729	-831	-1.035	-1.085	-1.092	-1.099	-1.106	-1.114	-1.121	-1.129	-1.136	-1.144	-1.152
EBITDA	**6.265**	**6.925**	**7.301**	**7.606**	**7.672**	**6.751**	**7.744**	**9.162**	**10.150**	**10.972**	**11.930**	**12.875**	**14.004**	**14.460**	**14.679**	**14.807**	**14.937**	**15.068**	**15.200**	**15.333**
EBITDA margin	*70,2%*	*69,0%*	*67,7%*	*66,6%*	*65,4%*	*63,2%*	*65,4%*	*68,0%*	*67,2%*	*66,7%*	*65,9%*	*67,3%*	*68,3%*	*68,8%*	*68,9%*	*68,9%*	*68,9%*	*68,9%*	*68,9%*	*68,8%*
Change in fair value assessment of portfolio	6.548	347	3.852	-3.132	2.349	2.241	8.743	1.807	10.750	17.800	4.150	1.109	1.165	1.177	1.189	1.200	1.212	1.225	1.237	1.249
EBIT	**12.813**	**7.272**	**11.153**	**4.474**	**10.021**	**8.992**	**16.487**	**10.969**	**20.900**	**28.772**	**16.080**	**13.984**	**15.169**	**15.637**	**15.868**	**16.008**	**16.149**	**16.292**	**16.437**	**16.583**
Tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NOPLAT	**12.813**	**7.272**	**11.153**	**4.474**	**10.021**	**8.992**	**16.487**	**10.969**	**20.900**	**28.772**	**16.080**	**13.984**	**15.169**	**15.637**	**15.868**	**16.008**	**16.149**	**16.292**	**16.437**	**16.583**
Growth CAPEX	-2.426	-8.688	-4.471	-6.025	-332	-2.419	-6.206	-2.554	-670	-8.580	0	0	0	0	0	0	0	0	0	0
Income generating assets CAPEX	-476	-844	-1.706	-718	-3.119	-1.858	-999	-3.079	-6.125	-5.800	-10.150	-10.109	-1.165	-1.177	-1.189	-1.200	-1.212	-1.225	-1.237	-1.249
Development assets CAPEX	-170	0	-55	-86	-173	-283	-107	-100	-493	-2.757	0	0	0	0	0	0	0	0	0	0
ΔNWC		256	636	-883	195	-383	-123	691	-389	60	26	10	14	5	3	2	2	2	2	2
CAPEX/Revenues		*95,0%*	*57,8%*	*59,8%*	*30,9%*	*42,7%*	*61,7%*	*42,5%*	*48,2%*	*104,2%*	*56,1%*	*52,8%*	*5,7%*	*5,6%*	*5,6%*	*5,6%*	*5,6%*	*5,6%*	*5,6%*	*5,6%*
FCFF		**-2.351**	**1.705**	**-106**	**4.243**	**1.808**	**309**	**4.120**	**2.473**	**-6.105**	**1.806**	**2.776**	**12.852**	**13.289**	**13.494**	**13.609**	**13.726**	**13.845**	**13.965**	**14.086**
DFCFF												**2.693**	**11.730**	**11.412**	**10.903**	**10.346**	**9.819**	**9.319**	**8.844**	**8.394**

Free Cash Flow Model

Results

- The Free Cash Flow model gives us a target price per share of ISK 168 at year-end 2025.
- The implied WACC is 7,65%, i.e. the WACC required for the model to return the market price per share, or an 472bps premium above the risk-free rate.
- Limited CAPEX assumed as the model is just valuing the current portfolio in addition to currently planned investments.
- Any future investments with a return in excess of the WACC will be accretive to the DCF.

Valuation summary	ISKm	ISK per share
Present value of free cash flow	83.460	121
Present value of terminal value	156.572	227
Enterprise value of operations	**240.032**	**349**
NIBD	-141.152	-205
Equity value of operations	**98.881**	**144**
Long term development assets	15.789	23
Equity value	**114.670**	**167**

		WACC						
		5,53%	5,78%	6,03%	6,28%	6,53%	6,78%	7,03%
g (real)	-1,0%	184	172	161	151	141	132	123
	-0,5%	191	178	166	155	145	135	126
	0,0%	199	185	**172**	**160**	**149**	139	129
	0,5%	208	193	**179**	**167**	**155**	144	133
	1,0%	220	203	**188**	**174**	**161**	149	138
	1,5%	234	215	198	183	169	156	144
	2,0%	253	231	211	194	178	164	151

Sensitivity analysis showing the effect of change in the WACC and the terminal growth rate

EBITDA Multiple Valuation

Valuation Based on Peer Group EBITDA Multiple

- One method of valuation is an EBITDA multiple based on a peer group.
- The peer group is trading at an average LTM EV/EBITDA multiple of 24,4x and a 2025 EV/EBITDA of 23,2x.
  - In order to adjust for a different interest rate environment, the peer multiple is lowered by 10%.
  - Since the peer group has limited development assets, on average 3% of market cap compared to Reitir's 24%, an adjustment for the book value of development assets is made as well.
- Based on the above the peer group valuation gives us a target price of ISK 184.
  - LTM EV/EBITDA multiple of 22,0x and 2025 of 20,9x with the 10% "discount".

Name	LTM EV/EBITDA	2025 EV/EBITDA
Fastighets AB Balder	21,5x	23,9x
AB Sagax	23,0x	23,9x
Castellum	17,3x	16,6x
Wihlborgs Fastigheter AB	21,1x	20,2x
Wallenstam AB	36,2x	31,9x
Fabege AB	25,9x	25,1x
Hufvudstaden AB	23,7x	23,3x
Entra ASA	21,4x	20,8x
Atrium Ljungberg AB	23,6x	23,5x
Jeudan A/S	30,5x	
Average	**24,4x**	**23,2x**
With 10% "discount"	**22,0x**	**20,9x**

Source: Koyfin, AKKUR calculations

Returns Analysis

Analysis of Potential Returns

- On average, Reitir have traded at 18,1x TTM adjusted EV/EBITDA since listing with a high of 22,0x and a low of 14,5x.
- Assuming an entry price of ISK 112 and an exit at 18x EBITDA at year-end 2028, the IRR is roughly 28% and the money multiple around 2,1x.
- **Key assumptions;**
  - The model does not assume any major CAPEX and therefore limited growth – i.e. current portfolio.
  - Majority of earnings paid out as dividends which are included in IRR.
  - In reality, a large part of the earnings will be reinvested generating higher earnings in the future.
    - Adjusted yield based on the entry price of ISK 112 is 6,0% so investments with a higher yield are accretive to returns.
  - It should be noted that all calculations are in real terms, not nominal.
  - Analysis assumes a 20% IRR on development assets which are sold at exit.
    - A 100% loss on development assets would lower the IRR to 20% and a 1,7x money multiple.

Money multiple assuming exit at year-end 2028							
Exit adjusted EV/EBITDA multiple							
Entry price	15,0x	16,0x	17,0x	18,0x	19,0x	20,0x	21,0x
97	1,75x	1,97x	2,19x	2,40x	2,62x	2,83x	3,05x
102	1,67x	1,87x	2,08x	2,28x	2,49x	2,70x	2,90x
107	1,59x	1,78x	**1,98x**	**2,18x**	**2,37x**	2,57x	2,77x
112	1,52x	1,71x	**1,89x**	**2,08x**	**2,27x**	2,46x	2,64x
117	1,45x	1,63x	**1,81x**	**1,99x**	**2,17x**	2,35x	2,53x
122	1,39x	1,57x	1,74x	1,91x	2,08x	2,25x	2,43x
127	1,34x	1,50x	1,67x	1,83x	2,00x	2,17x	2,33x

IRR assuming exit at year-end 2028							
Exit adjusted EV/EBITDA multiple							
Entry price	15,0x	16,0x	17,0x	18,0x	19,0x	20,0x	21,0x
97	21,1%	26,0%	30,5%	34,7%	38,6%	42,4%	45,9%
102	19,1%	23,8%	28,3%	32,4%	36,3%	39,9%	43,4%
107	17,1%	21,8%	**26,2%**	**30,2%**	**34,1%**	37,7%	41,1%
112	15,3%	19,9%	**24,2%**	**28,2%**	**32,0%**	35,6%	38,9%
117	13,6%	18,2%	**22,4%**	**26,3%**	**30,1%**	33,6%	36,9%
122	12,0%	16,5%	20,7%	24,6%	28,2%	31,7%	35,0%
127	10,5%	14,9%	19,0%	22,9%	26,5%	29,9%	33,1%

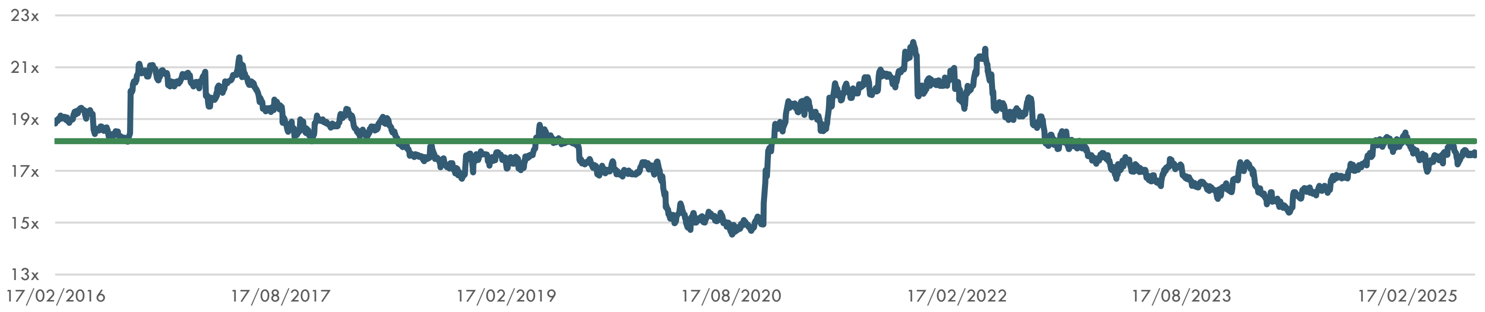
Sensitivity of returns based on different entry prices and exit EV/EBITDA multiple at year-end 2028

Money multiple assuming exit at year-end 2030							
Exit adjusted EV/EBITDA multiple							
Entry price	15,0x	16,0x	17,0x	18,0x	19,0x	20,0x	21,0x
97	2,26x	2,48x	2,70x	2,93x	3,15x	3,37x	3,59x
102	2,15x	2,36x	2,57x	2,78x	2,99x	3,20x	3,42x
107	2,05x	2,25x	**2,45x**	**2,65x**	**2,85x**	3,05x	3,26x
112	1,96x	2,15x	**2,34x**	**2,53x**	**2,73x**	2,92x	3,11x
117	1,87x	2,06x	**2,24x**	**2,43x**	**2,61x**	2,79x	2,98x
122	1,80x	1,97x	2,15x	2,33x	2,50x	2,68x	2,86x
127	1,73x	1,90x	2,07x	2,23x	2,40x	2,57x	2,74x

IRR assuming exit at year-end 2030							
Exit adjusted EV/EBITDA multiple							
Entry price	15,0x	16,0x	17,0x	18,0x	19,0x	20,0x	21,0x
97	19,2%	21,5%	23,6%	25,6%	27,4%	29,2%	30,9%
102	17,9%	20,1%	22,3%	24,2%	26,1%	27,8%	29,5%
107	16,6%	18,9%	**21,0%**	**23,0%**	**24,8%**	26,5%	28,1%
112	15,5%	17,7%	**19,8%**	**21,8%**	**23,6%**	25,3%	26,9%
117	14,4%	16,6%	**18,7%**	**20,6%**	**22,4%**	24,1%	25,7%
122	13,4%	15,6%	17,6%	19,5%	21,3%	23,0%	24,6%
127	12,4%	14,6%	16,6%	18,5%	20,3%	22,0%	23,6%

Sensitivity of returns based on different entry prices and exit EV/EBITDA multiple at year-end 2030

Adjusted TTM EV/EBITDA



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Assumptions and KPIs

Overview

Assumptions and KPIs																				
	Historical financials										AKKUR estimates									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue KPIs																				
Portfolio square meters	415.000	450.000	450.000	460.000	460.000	445.000	455.000	455.000	455.000	480.000	480.000	480.000	480.000	480.000	480.000	480.000	480.000	480.000	480.000	480.000
Utilization	96,0%	97,0%	96,0%	97,0%	95,0%	95,0%	95,0%	95,0%	95,8%	94,9%	94,9%	95,5%	96,0%	96,5%	97,0%	97,0%	97,0%	97,0%	97,0%	97,0%
Monthly Rental Income per sq.m. (ISK)	1.793	1.934	1.996	2.092	2.124	1.968	2.194	2.469	2.767	2.931	3.063	3.113	3.161	3.209	3.258	3.290	3.323	3.356	3.390	3.424
Monthly Rental Income per sq.m. assuming full utilization (ISK)	1.867	2.004	2.069	2.168	2.212	2.071	2.310	2.599	2.900	3.074	3.227	3.260	3.292	3.325	3.359	3.392	3.426	3.460	3.495	3.530
YoY change in real terms		5,3%	1,3%	1,0%	0,1%	-9,6%	6,1%	2,7%	3,6%	1,1%	5,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%	1,0%
Monthly EBITDA per sq.m. (ISK)	1.258	1.334	1.352	1.393	1.390	1.243	1.434	1.678	1.859	1.956	2.071	2.235	2.431	2.510	2.548	2.571	2.593	2.616	2.639	2.662
YoY change in real terms		4,1%	-0,6%	-0,6%	-2,2%	-13,7%	9,7%	6,8%	2,9%	0,4%	5,9%	7,9%	8,8%	3,3%	1,5%	0,9%	0,9%	0,9%	0,9%	0,9%
Expenses																				
Property taxes and public costs %% Income generating PP&E	1,20%	1,26%	1,38%	1,48%	1,44%	1,26%	1,25%	1,28%	1,30%	1,12%	1,20%	1,20%	1,26%	1,26%	1,26%	1,26%	1,26%	1,26%	1,26%	1,26%
Property taxes and public costs %% Rental income	14,9%	15,7%	17,3%	17,9%	18,4%	17,9%	17,7%	16,4%	15,9%	15,0%	15,5%	15,4%	15,2%	15,0%	14,9%	14,9%	14,9%	15,0%	15,0%	15,0%
Maintenance %% Income generating PP&E	0,51%	0,57%	0,49%	0,54%	0,48%	0,49%	0,44%	0,45%	0,56%	0,51%	0,55%	0,52%	0,52%	0,52%	0,52%	0,52%	0,52%	0,52%	0,52%	0,52%
Maintenance %% Rental Income	6,3%	7,2%	6,2%	6,5%	6,2%	7,0%	6,3%	5,7%	6,8%	6,9%	7,1%	6,7%	6,3%	6,2%	6,2%	6,2%	6,2%	6,2%	6,2%	6,2%
Insurance %% Income generating PP&E	0,07%	0,08%	0,07%	0,08%	0,11%	0,12%	0,11%	0,12%	0,12%	0,13%	0,13%	0,12%	0,12%	0,12%	0,12%	0,12%	0,12%	0,12%	0,12%	0,12%
Insurance %% Rental income	0,91%	0,97%	0,93%	0,98%	1,44%	1,65%	1,54%	1,51%	1,51%	1,69%	1,68%	1,54%	1,45%	1,43%	1,42%	1,42%	1,42%	1,42%	1,43%	1,43%
Other OPEX %% Income generating PP&E	0,18%	0,08%	0,11%	0,14%	0,17%	0,21%	0,21%	0,24%	0,25%	0,23%	0,24%	0,24%	0,26%	0,26%	0,26%	0,26%	0,26%	0,26%	0,26%	0,26%
Other OPEX %% Rental Income	2,18%	1,04%	1,37%	1,74%	2,11%	2,93%	2,95%	3,00%	3,04%	3,07%	3,10%	3,10%	3,10%	3,10%	3,10%	3,10%	3,10%	3,10%	3,10%	3,10%
G&A %% Rental Income	1,75%	2,07%	1,94%	1,67%	1,71%	1,77%	1,62%	1,62%	1,93%	2,37%	2,10%	2,05%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%	2,00%
Salaries %% Rental Income	3,35%	3,36%	3,65%	3,76%	3,71%	4,13%	4,19%	3,79%	3,57%	3,92%	4,00%	3,80%	3,57%	3,49%	3,46%	3,45%	3,44%	3,43%	3,41%	3,40%

Assumptions and KPIs

Overview

Assumptions and KPIs																				
	Historical financials										AKKUR estimates									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Profitability																				
NOI margin	75,3%	74,4%	73,3%	72,0%	70,9%	69,1%	71,2%	73,4%	72,7%	73,0%	71,9%	73,0%	73,7%	74,0%	74,1%	74,1%	74,1%	74,0%	74,0%	74,0%
NOI margin assuming full utilization	72,3%	72,2%	70,4%	69,9%	67,3%	65,6%	67,6%	69,7%	69,6%	69,3%	68,3%	69,7%	70,7%	71,4%	71,9%	71,9%	71,8%	71,8%	71,8%	71,8%
EBITDA margin	70,2%	69,0%	67,7%	66,6%	65,4%	63,2%	65,4%	68,0%	67,2%	66,7%	65,9%	67,3%	68,3%	68,8%	68,9%	68,9%	68,9%	68,9%	68,9%	68,8%
EBITDA margin assuming full utilization	67,4%	66,9%	65,0%	64,6%	62,2%	60,0%	62,1%	64,6%	64,4%	63,3%	62,6%	64,3%	65,6%	66,3%	66,8%	66,8%	66,8%	66,8%	66,8%	66,8%
Return on Invested Capital *		6,1%	5,9%	5,9%	5,7%	4,8%	5,2%	5,8%	6,1%	5,7%	5,6%	5,8%	6,2%	6,3%	6,3%	6,3%	6,3%	6,3%	6,3%	6,3%
Return on Invested Capital (including deferred tax liabilities) *		5,7%	5,4%	5,4%	5,3%	4,4%	4,8%	5,3%	5,6%	5,2%	5,1%	5,2%	5,5%	5,6%	5,6%	5,6%	5,5%	5,5%	5,4%	5,4%
Return on Equity **		8,9%	8,9%	8,1%	9,2%	7,2%	8,8%	10,9%	11,7%	10,8%	10,6%	11,0%	11,8%	12,1%	12,2%	12,2%	12,1%	12,1%	12,1%	12,0%
Return on Equity (including deferred tax liabilities) **		7,4%	7,2%	6,6%	7,4%	5,8%	7,1%	8,7%	9,2%	8,4%	8,1%	8,5%	9,0%	9,1%	9,0%	8,9%	8,7%	8,6%	8,4%	8,3%
Capital Structure																				
Net interest bearing debt	56.576	69.510	74.066	81.050	89.581	87.977	95.397	102.931	113.142	133.171	141.152	144.644	143.418	142.579	141.881	141.240	140.586	139.920	139.241	138.548
NIBD/EBITDA	9,0x	10,0x	10,1x	10,7x	11,7x	13,0x	12,3x	11,2x	11,1x	12,1x	11,8x	11,2x	10,2x	9,9x	9,7x	9,5x	9,4x	9,3x	9,2x	9,0x
Equity ratio	41,4%	34,4%	35,1%	32,6%	31,4%	33,8%	34,3%	32,1%	31,2%	31,3%	31,4%	32,6%	32,6%	32,5%	32,3%	32,1%	31,9%	31,8%	31,6%	31,4%
Invested capital	103.894	122.379	126.772	131.230	138.415	142.859	155.073	159.077	174.692	207.758	218.103	225.439	228.387	230.900	233.268	235.593	237.942	240.316	242.716	245.141
Capital Expenditures																				
Current portfolio CAPEX	646	844	1.761	804	3.292	2.141	1.106	3.179	6.618	8.557	10.150	10.109	1.165	1.177	1.189	1.200	1.212	1.225	1.237	1.249
CAPEX %% Income generating PP&E	0,6%	0,8%	1,4%	0,6%	2,4%	1,4%	0,7%	2,0%	3,8%	3,3%	2,0%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%	0,5%
Acquisitions	2.426	8.688	4.471	6.025	332	2.419	6.206	2.554	670	8.580	0	0	0	0	0	0	0	0	0	0

* ROIC excludes fair value changes of investment properties and income taxes

** ROE is calculated as EBITDA net of interest payments as a percentage of average equity