

## Reginn's Interim Report for the first 9 months of 2018

The interim financial statements of Reginn plc., January 1<sup>st</sup> to September 30<sup>th</sup> 2018 was approved by the Board on November 6<sup>th</sup>. Following are key figures:

- Operating income amounted to 5,844 m.ISK.
- Leasing income growth is up 14% from the previous year.
- Operating profit before assessment change and depreciation was 3,746 m.ISK, an increase of 14% from previous year.
- The book value of investment properties at the end of the period is 127,768 m.ISK. The assessment change for the period was 1,932 m.ISK.
- Profit after income tax was 2,268 m.ISK, a 21% decrease from previous year.
- Cash from operations amounted to 2,101 m.ISK.
- Interest bearing debts amounted to 78.623 m.ISK at the end of the period, compared to 57,515 m.ISK. at the end of year 2017.
- Equity ratio is 32%.
- Earnings per share for the period is 1.42 but was 1.83 for the same period last year.

The company is listed on the Iceland Stock Exchange (NASDAQ OMX Iceland hf.), the number of shareholders last September 30<sup>th</sup> were 543.

### Operations and results

The operation of the company is sound and is mostly in line with plans. Operating revenues were 5,844 m.ISK. of which leasing income amounted to 5,431 m.ISK. The growth in leasing income from the same period last year was up 14%. The growth in leasing income is mainly due to new properties

Operating profit before profit from sale of properties, assessment changes and depreciation / EBITDA was 3,746 m.ISK, a growth of 14% between the years.

Demand for commercial properties is good, and for the present year new leasing agreements for 37.000 m<sup>2</sup> have been finalised. About 40% of these contracts is renewal of older contracts.

### Property portfolio and economy

The property portfolio of Reginn is diversified and consists of good commercial properties with high rental ratio and solid occupants. The number of properties at the end of the period was 121 and the total size was 370 thousand square metres. Rental ratio for Reginn's portfolio is about 97.5%, compared to possible 100% rental income.

Reginn's property portfolio is evaluated at market value in accordance with International Financial Reporting Standards (IFRS). The portfolio is evaluated each year in connection with the annual report and at the end of each quarter. Assessment changes in the first nine months of the year amounted to 1,932 m.ISK.

On September 12<sup>th</sup> a closed tender for a new bond issue of the company REGINN250948 was finalised, issued under company's bond framework. Bonds were sold for 17,180 m.ISK bearing 3,6% interests rate, for 30 years and sold at nominal value. The bonds are indexed by specially designed insurance arrangement. The bonds were listed on main marked of Nasdaq Iceland Ltd., last October.

### Operations and prospects

The first nine months of 2018 have been eventful within the company and as before characterised by major activities in connection with investments in new projects and leasing contracts. The final stage of the restructuring in Smáralind, the company's largest property, is now coming to an end.

From this autumn to April 2019, five new international brand owners will open new stores in Smáralind. Already introduced is H&M Home to be opened in Smáralind now in December. New Yorker will open in the east section of the Centre, in November and this store will be elegant addition to the international brands in Smáralind. In October the H&M store opened at Hafnartorg for fashion clothing and H&M Home. Reception of this store has been exceptional.

On September 17<sup>th</sup>, the Board of Directors of Reginn decided to use to full extent clause 4 in the company's agreement from the stockholders meeting March 14<sup>th</sup>, to increase share capital of 220,532,319 shares. The increase was used to pay for Reginn's purchase of all shares of the daughter companies FAST-1, HTO Ltd. and FAST-2 in accordance to the purchase agreement dated May 18<sup>th</sup> 2018. This transaction is now completed, The largest properties of the companies are Katrínartún 2 (Höfðatorg Tower) and Borgartún 8-16. In total, the property portfolio is 44,000 square meters and a below ground car parking with over 600 parking spaces. The properties are 98% leased to solid occupants. Among largest tenants are the City of Reykjavík, the Financial Management Authority, the RB (IT service centre for the Icelandic financial market) and the Financial Supervisory Authority. Rental income for September is included in the interim statement. Total value of the purchase was 22,717 m.ISK.

The construction of box 5b is in progress on the site Austurbakki 2 in Reykjavík centre, where the company acquired 2,700 m<sup>2</sup> of retail and catering space. The purpose of the transaction is to strengthen Reginns' business concept in the area and to ensure, including other things, the right combination and quality in this retail and service core. Reginn already has a part of Hafnartorg or about 9,200 m<sup>2</sup> in the area, it is planned that this part of the area will be ready in April 2019. A wide range of influential and well known brands will open stores in the area.

Strong emphasis has been placed on optimisation at the company, with good results.

The company's management believes that the operational outlook is good. The utilisation of properties is good and demand exceeds expectations.

### **Presentation of the company**

In conjunction with the publication of the report, Reginn will hold a presentation on Wednesday, November 7<sup>th</sup> at 08:30 at the office of Reginn in Smáralind, Hagasmári 1, 201 Kópavogur. Helgi S. Gunnarsson, CEO of the company, will present the results for the first nine months of 2018 and answer questions. Registration for the presentation will be via e-mail. [fjarfestatengsl@reginn.is](mailto:fjarfestatengsl@reginn.is).

The meeting will also be cast over the internet at the following URL:  
<https://livestream.com/accounts/11153656/events/8433395/player>

The interim financial statements for the first nine months of the year and presentation documents can be obtained from [www.reginn.is/fjarfestavefur/](http://www.reginn.is/fjarfestavefur/)

### **Further information will be provided by:**

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