

Reginn's Annual Report 2018

- Operating income amounted to 8,288 m.ISK.
- Leasing income growth is up 17% from the previous year.
- Operating profit before assessment change and depreciation was 5,390 m.ISK, an increase of 19% from previous year.
- Profit after income tax was 3,226 m.ISK, a 15% decrease from last year.
- The book value of investment properties at the end of the period is 128,748 m.ISK. compared to 97,255 m.ISK. at the year 2017. Assessment change for the year was 2,910 m.ISK.
- Cash from operations amounted to 2,641 m.ISK. in 2018.
- Interest bearing debts amounted to 80,388 m.ISK. at the end of the year 2018, compared to 57,515 m.ISK. at the end of the year 2017.
- Equity ratio at the end of the year is 32%.
- Earnings per share for the period was 1.87 compared to 2.41 for the same period last year.

The company is listed on the Iceland Stock Exchange Ltd. (NASDAQ OMX Iceland), the number of shareholders at end of year 2018 were 523 compared to 650 at end of year 2017.

Operations and results

The operation of Reginn in 2018 was good and in line with expectations. Operating revenues were 8,288 m.ISK. of which leasing income amounted to 7,737 m.ISK. The leasing income has increased 17 % compared to the year 2017. Revenues before profit from sales, assessment changes and depreciation / EBITDA was 5,390 m.ISK, corresponding to 19 % growth compared to the year 2017.

The Company's Board of Directors suggests not to pay dividends for the year 2018. The Gerneral Meeting will be held coming March 14th.

Property portfolio and economy

The property portfolio of Reginn consists of completed commercial properties with high rental ratio, and solid and stable income. At end of year 2018 Reginn owned 119 properties. The total size of the property portfolio was 370 thousand square metres. Rental ratio for the portfolio is about 97.5%.

Reginn's property portfolio is evaluated at market value in accordance with International Financial Reporting Standards (IFRS). The portfolio is evaluated at the end of each year in connection with the annual report and based on the present value of future cash flow for individual properties. Assessment changes in 2018 amounted to 2,910 m.ISK.

From spring 2017, the company has utilised framework issuance for the company's bonds. This framework has been utilised in 2018, but on September 12th 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, indexed, bearing 3,6% fixed interest 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 Ldt., last October.

Operations and prospects

The year has been eventful within the company and characterised by major activities in connection with investments in new projects and leasing contracts.

On 12th April, the Board of Directors of Reginn agreed to use part of the company's authorisation to increase share capital and increase it by 50,411,637 shares and dispose 45% of the share capital as payment for the property company FM-hús ehf. in accordance with a purchase option under a shareholder agreement, dated August 17th, 2017. FM-hús ehf. has the ownership and property operations of the Áslandsskóli buildings in Hafnarfjörður and three kindergartens in Hafnarfjörður and Gardabær. The company has now been included in Reginn's operations for one and a half year with good results, and is well in line with the company's current operations in other large properties.

On September 17th, the Board of Directors of Reginn decided to use to full extent clause 4. in the company's agreement from the stockholders meeting March 14th 2018, to increase share capital by 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 18th 2018. This transaction is now fully completed, and properties revenues included in the company's books from September 2018. The largest properties of the companies are Katrínartún 2 (Höfðatorg Tower) and Borgartún 8-16. In total, the property portfolio is 44 th. square meters and a basement 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.

The restructuring in Smáralind is coming to an end with good results. The customers perceptions have been positive and strong. The percentage of international retails and restaurants in Smáralind is very strong and has increased evenly in the last years, and is today about 50% of commercial space in Smáralind.

The brand image of Smáralind has grown tremendously, and was confirmed by the Gallup's companies survey, where Smáralind was the high jumper of 2018 when it comes to people's approach towards brands. Smáralind rose from 63rd place to 22nd out of 343 surveyed companies. Great recognition for the excellent work that has been done within the walls of Smáralind, with an even better external appearance and image of the company.

In October, the first store opened at Hafnartorg, when H&M opened a store for clothing and H&M Home. The reception to that store has been very good and set the scene in downtown Reykjavík. COS plans to open a store in Hafnartorg have been introduced and the timing of the opening will be announced in the near future. As spring approaches, numerous parties will start operating in the area, where the offer will be high quality brands.

The construction of box 5b is in progress on the site Austurbakki 2 in Reykjavík centre, where the company acquired 2,700 m² of retail and catering space. The purpose of the transaction is to strengthen Reginn's business concept in the area and to ensure, including other things, the right combination and quality in this retail and service core.

Great emphasis has been placed on streamlining the company and good results have been achieved with economical scaling of the company. The company's management believes that the outlook for operations is good. Property utilisation is good as well as demand.

Parallel with the report, the company presents an operating forecast for 2019. It is estimated that the company's rental revenues in 2019 will be between 9,600 and 9,800 m.ISK. The operating plan covers the current portfolio plus the Hafnartorg assets with full utilisation from the autumn of 2019 and Austurhöfn (East Harbor) from spring 2020. The company's management believes that the company's prospects for operations are good.

Presentation of the company

In conjunction with the publication of the report, Reginn will hold a presentation on Thursday, February 14th at 08:30 in the lobby of Höfðatorg (the Tower), Katrínartún 2, 105 Reykjavík.

Helgi S. Gunnarsson, CEO of the company, will present the results for the year 2018 and answer questions after the presentation. The company's annual report, emphasis on operations and operating forecast for 2019 will also be reviewed. Registration for the presentation will be via e-mail. fjarfestatengsl@reginn.is

The meeting will also be cast over the internet at the following URL:
<https://livestream.com/accounts/11153656/events/8551917/player>

The financial statement and the newly issued annual report of the company can be obtained from www.reginn.is/fjarfestavefur/

Further information will be provided by:

Helgi S. Gunnarsson - CEO of Reginn plc. - helgi@reginn.is - tel: 512 8900 / 899 6262