

Reginn's Interim Report for the first 3 months of 2019

The interim financial statements of Reginn hf., January 1st to March 30th 2019 was approved by the Board on April 11th 2019.

- Operating revenues amounted to 2,397 m.ISK.
- Leasing income growth is up 30% from the previous year.
- Operating profit before assessment change and depreciation was 1,607 m.ISK, an increase of 37% from same period last year.
- The book value of investment properties at the end of the period is 133,531 m.ISK. The assessment change for the period was 871 m.ISK.
- Profit after income tax was 1,055 m.ISK, a 28% decrease from same period last year.
- Cash from operations amounted to 1,457 m.ISK.
- Interest bearing debts amounted to 80,138 m.ISK at the end of the period. Leverage as a percentage of investment properties is 61%.
- The equity ratio is 32%.
- Earnings per share for the period is 0.58 but was to 0.86 for the same period last year.

The company is listed on the Iceland Stock Exchange Ltd. (NASDAQ OMX Iceland), the number of shareholders as of March 31st were 492.

Operations and results

The operation of the company was good and in line with plans. Operating revenues were 2,397 m.ISK. of which leasing income amounted to 2,251 m.ISK. The leasing income increased 30 % compared to the same period last year.

The operational results, before profit from sales, assessment change and depreciations / EBITDA was 1,607 m.ISK., which is 37% higher than for the same period last year.

Property portfolio and economy

The property portfolio of Reginn is diversified and consists of good commercial properties with high rental ratio, and solid tenants. Number of properties at the end of the period were 120 properties, the total size of the property portfolio was 380 thousand square metres. Rental ratio for the portfolio is about 97% compared to revenues from 100% leasing.

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 at the end of each quarter. Assessment changes in last three months amounted to 871 m.ISK.

Operations and prospects

The company's first quarter of the year has started well. In addition to routine operations, emphasis has been placed on reinforcing and strengthening internal operations.

Excessive emphasis has been placed on investments in projects that provide reliable and stable revenues. Particular attention has been placed on projects where public sector entities and strong companies are among the lessees. The Social Insurance

Administration received space for its operations at Hlíðasmári 11 at the end of March. The property is 2,564 square metres office space and was adapted and renewed for the business.

The restructuring of Smáralind is completed successfully. Customer reception has been positive, strong and visible in numbers of visits. The proportion of international stores and restaurants in Smáralind is very substantial and has increased steadily in recent years and is today about 50% of Smáralind's shopping space.

The Smáralind brand image has strengthened tremendously and it was confirmed by the results of Gallup's companies survey, where Smáralind was a high jumper in 2018 regarding people's perception of brands. Smáralind rose from 63rd place to 22nd out of 343 surveyed companies. Following Easter, Monki and Weekday will open stores in the western part of the Smáralind.

In October, the first store opened at Hafnartorg, when H&M opened a clothing store and H&M Home. The reception of these stores has been good and they set the scene in the Reykjavik centre. In the coming weeks, the **Collections** stores will have a selection of products from Polo Ralph Lauren, Hugo Boss, Emporio Armani and Sand, **GK Reykjavík** with a selection of merchandise from Filippa K, Tiger of Sweden, Paul Smith, J. Lindeberg, Calvin Klein, Acne and others, and **COS** will open. Further openings are planned for the next few months, including **Michelsen**, **Optical Studio** and **Joe & The Juice**.

Strategy planning was completed at the beginning of the year, and was thoroughly presented at the company's Annual General Meeting. The implementation of a new strategy has now begun and is progressing well. The company has also placed massive emphasis on good corporate governance and today received recognition as a model company in good corporate governance.

The company's management believes that the outlook for the company's operations is good.

Presentation of the company

Simultaneously with the publication of the statement, Reginn invites to an open presentation on Friday, April 12th, at 08:30 in Reginn's office at Smáralind, Hagasmári 1, 201 Kópavogur. Helgi S. Gunnarsson, CEO, will present the results of the first three months of 2019 and answer questions. Registration of the presentation takes place through the email address fjarfestatengsl@reginn.is.

The meeting will also be cast over the internet at the following URL:

<https://livestream.com/accounts/11153656/events/8627169/player>

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

Further information will be provided by::

Helgi S. Gunnarsson
CEO, Reginn hf.
Tel: 512 8900 / 899 6262