

Reginn's hf. Interim Report first 9 months of 2019

The interim financial statement of Reginn hf. January 1st to September 30th 2019 was approved by the Board of Directors on November 7th 2019.

- Operating revenues amounted to 7,282 m.ISK.
- Leasing income grew 26% from the previous year.
- Operating profit before assessment change and depreciation was 4,999 m.ISK, a rise of 33% from last year
- The book value of investment properties at the end of the period is 138,800 m.ISK. The assessment change for the period was 3,258 m.ISK. Investments during the period were 4,259 m.ISK.
- Profit after income tax was 3,515 m.ISK, a 55% increase from previous year.
- Cash from operations amounted to 2,510 m.ISK. Net cash at the end of the period was 2,215 m.ISK.
- Interest bearing debts amounted to 82,962 m.ISK at the end of the period compared to 80,488 at the end of year 2018.
- The equity ratio is 31.5%.
- Earnings per share for the period is 1.93 but was 1.42 for the same period last year.

The company is listed on the Iceland Stock Exchange Ltd. (NASDAQ Iceland), the number of shareholders as of September 30th were 435.

Operations and results

The operation of the company was good and in line with plans. Operating revenues were 7,282 m.ISK. where off leasing income amounted to 6,845 m.ISK. The leasing income rose 26% from the same period last year.

The operational results, before profit from sales, assessment change and depreciations / EBITDA were 4,999 m.ISK., a 33% growth from the same period in the year 2018.

Demand for commercial properties for lease has been very good and excellent results have been achieved by leasing to public entities and solid companies. From the beginning of the year new leasing contracts for about 38 thousand m² have been signed. There off about 24% is renewal of older contracts.

Property portfolio and economy

The property portfolio of Reginn plc. is diversified and consists of good commercial properties with high leasing ratio, and solid tenants, where over third of the revenues come from the state and municipalities. The number of properties at the end of the period was 117, the total size of the property portfolio was 377 thousand square metres. Rental ratio for the portfolio is about 97%.

As of the number of new leasing contracts, an extensive transformation is in progress in the company's large leasing spaces i.e. Höfðatorg and Suðurhraun 3, Skútuvogur 2 and Miðhraun 4. These transformations will have a temporary effect on the leasing ratio and revenues. The leasing ratio at the end of the year is expected to reach 98%.

Operations and prospects

Strategy planning was completed at the beginning of the year and the implementation of a new policy is going well. Part of that implementation is a new emphasis and change in the organisation and management of the company. These changes should facilitate

management, strengthen operations, place greater emphasis on the customer, his activities, the nature of income and property classification. During the changes, the portfolio and contracts will be split into three divisions according to the nature of the business, i.e. Trade and Services, Public Bodies - collaborative and rental projects and the Commercial and the General Market. Divisional managers are responsible for and lead the professional field and marketing of the units concerned.

Continuing emphasis is placed on investments in projects providing reliable and stable revenues such as leasing to public entities and robust companies. Last May the company announced a lease agreement of Suðurhraun 3 to the Icelandic Road and Coastal Administration, that will be the company's largest new coming project. Other projects related to the public sector are the office space for the Directorate of Health in Katrínartún 2, the Chief of Police at Suðurnes at Brekkustígur 36 in Reykjanesbær and Mental Health Team South in Bæjarlind 1-3.

This autumn, a lease agreement was signed with Kvikabanki plc. for about 3,500 m² headquarters in Katrínartún 2. The space is about to be finished and will be delivered to the lessee in the coming weeks.

The company is planning a bond offering before the end of the year, with a offer of new 10 years bond series.

Last June 6th the company announced that on the basis of approval by Reginn's plc. Annual General Meeting on March 14th 2019, the Board of Directors decided to purchase own shares according to a share buyback program to reduce the company's issued share capital. The buyback program was finalised last September 30th. The company bought 21,929,825 company's shares and the total purchase price amounted to about 467 m.ISK.

Presentation of the company

Simultaneously with the publication of the statement, Reginn plc. holds an open presentation on Friday, November 8th, at 08:30 in Reginn's office at Smáralind, Hagasmári 1, 201 Kópavogur. Helgi S. Gunnarsson, CEO, will present the results of the first nine 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/8773716/player>

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

Further information will be provided by:

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