

Reginn's Interim Report for the first 3 months of 2020

Reginn's hf. Interim Financial Report, January 1st to March 31st, 2020 was approved by the Board on May 13th, 2020.

- Operating revenues amounted to 2,390 m.ISK.
- Leasing income nearly unchanged from the previous year.
- Operating profit before assessment change and depreciation was 1,555 m.ISK, and decreased by 3.3% from same period last year.
- The book value of the company's investment properties at the end of the period is 139,532 m.ISK. The assessment change for the period was negative by 51 m.ISK.
- Profit after income tax was 304 m.ISK, compared to 1,055 for the same period last year.
- Cash generated by operations in the period amounted to 892 m.ISK. Net cash at the end of the period was 3,194 m.ISK.
- Interest bearing debts amounted to 85,796 m.ISK at the end of the period, compared to 84,021 m.ISK at the end of year 2019.
- The equity ratio is 30,9%.
- Earnings per share for the period is 0.17 but was to 0.77 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 was 422.

Operations and results

The Company's operations are sound, but the impact due to COVID on the operations and the criteria for the previously published operational plan has therefore changed. Operating revenues amounted to 2,390 m.ISK. of which leasing revenues amounted to 2,241 m.ISK. Leasing revenues are virtually unchanged from year to year in ISK, which means a 2% reduction in leasing revenues when taking into account inflation development. This is due to a negative impact on turnover - based leasing and the renovation of leasing spaces.

Operating profit before purchase profit, assessment change and depreciation / EBITDA was 1,555 m.ISK . which is about 3% lower than in the same period last year.

Property portfolio and economy

The property portfolio of Reginn is diversified and consists of good commercial properties with high leasing ratio and solid tenants. The number of properties at the end of the period was 116, the total size of the property portfolio was 377 thousand square metres. Leasing 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. There are some significant deviations in the evaluation of properties for the period and the projected effects of COVID explain this. The evaluation of the company's properties assumes that

revenues in tourism - related activities will decrease significantly in 2020, and will continue through 2021, as that domestic demand will decline in the year, but will stabilise in 2021. Hotel properties are regrouped due to risk estimation, i.e. the rate of return for hotels is raised, thus reducing their book value by just under 590 m.ISK. The total change in assessment during the first 3 months of the year is negative by ISK 51 million.

Operations and prospects

The first months of the year started off well for the company and its tenants. In March, the impact of COVID began to be felt and affect the company's operations and tenants. It was announced last March 23rd that the company is preparing a further plan for the pandemic due to completely changed conditions for customers. On April 7th the company issued a detailed presentation of the position and outlook. The company's actions focus on three aspects, i.e. the safety and welfare of guests in the company's buildings, the health and welfare of employees, and the financial details associated with the arrangements for tenants and measures to secure the company's liquidity position.

The company immediately took action to strengthen its liquidity position following the pandemic to meet customer payment difficulties. For this purpose, bonds were sold for 1 b.ISK., credit lines were drawn and payments of bank loans over the next six months were postponed. Dividends payment has also been postponed and the Board intends to call for a shareholders' meeting and submit a proposal for a change in dividend payment. The company has no valid repurchase plan. In total, these measures improved the company's liquidity position by 4,650 m.ISK. At the end of the period net cash was 3,194 m.ISK. and further, the company has in place unused credit lines amounting to 3,600 m.ISK. The company's financial position is strong and financial conditions well within the limits of the loan terms, the interest cover 1.94 (required 1.5) and the equity ratio 31% (required 25%).

Agreements have been signed in the spring with the tenants, which includes postponing lease payments and formulating solutions and compromise for tenants in need and to revise each tenant individually. Working especially with customers most heavily and longest impacted, to achieve significant results. Suspension of lease payments is due in April but also in May for certain categories.

The company's major renovation projects ahead are at Suðurhraun 3 for the Road and Coastal Administration, Bæjarlind 1-3 for the Mental Health Team - South, Miðhraun 4 for Distica, Skútuvogur 2 for two tenants as at Miðhella 2, Miðhraun 15 and Dalshraun 15. Recently a new space was handed over to the rehabilitation centre Hæfi in Egilshöll, and work is in progress to finish leasing spaces at Lóuhólar 2-4. At Hafnartorg the Ice + Fries Bionic Bar opened recently and in coming months the Maikai Reykjavík and The Icelandic Phallogical Museum will open.

Bond issuing

Following the enlargement of the insurance portfolio under the General Insurance Scheme, the company has issued and sold bonds in the bond series REGINN280130 for 2,520 m.ISK. most recently for 1 b.ISK. on March 19th with yield of 2.65%. The company is now working to further expand the portfolio by bringing additional properties under the insurance scheme.

At the end of March 2020, Reginn plc., the first of Icelandic Property Management companies, introduced the Green Financing Framework which enables the company, among others, to issue green bonds. The Green Framework has been given independent rating by CICERO, the Center of International Climate Research, where

four of the five Reginn project categories received the highest rating of CICERO or "Dark Green". The overall rating of the framework is "Medium Green" and Reginn is rated "Good" for control and management systems within the company. Reginn's framework encompasses five categories of projects, all of which are linked to the United Nations World Objectives, which are green buildings, renewable energy, energy efficiency, pollution prevention and environmentally friendly transport.

The objective of the framework is to finance environmentally friendly investments, environmentally certified properties and other projects in accordance with the company's sustainability policy. The issue of the green framework is a continuation of the company's sustainability policy on the company's objectives of using sustainable development in the company's operations. This project is part of the company's strategy, as environmental issues play larger roles. Among the projects that the company has completed are the International Environmental Certification of Smáralind (BREEAM In-Use) and the planned environmental certification of other buildings in the company's portfolio.

Presentation of the company

Simultaneously with the publication of the report, Reginn announces invitation to an open presentation on Thursday, May 14th, at 08:30. Helgi S. Gunnarsson, CEO, will present the results of the first three months of 2020. If interested, questions regarding the statement or the presentation can be sent to fjarfestatengsl@reginn.is before the meeting and during the presentation which will be answered at the end of the presentation.

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

<https://livestream.com/accounts/11153656/events/9108755/player>

The interim financial statement for the first quarter can be obtained from www.reginn.is/fjarfestavefur/

Further information will be provided by:

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