

## **Reginn's Interim Report for the first 3 months of 2021**

Reginn's hf. Interim Financial Report, January 1<sup>st</sup> to March 31<sup>st</sup> 2021 was approved by the Board on May 6<sup>th</sup> 2021.

- Operating revenues amounted to 2,573 m.ISK.
- Leasing income rose from the previous year by 8%.
- Operating profit before assessment change and depreciation was 1,691 m.ISK, and increased by 9% from same period last year.
- The book value of investment properties owned by the group at the end of the period is 154,413 m.ISK. The valuation change for the period was 1,365 m.ISK.
- Profit after income tax amounted to 1,454 m.ISK, compared to 304 m.ISK for the same period last year.
- Cash generated by operations in the period amounted to 1,449 m.ISK. Net cash at the end of the period was 2,888 m.ISK.
- Interest bearing debts amounted to 93,634 m.ISK at the end of the period, compared to 90,529 m.ISK at the end of year 2020.
- The equity ratio is 30.5%.
- Earnings per share for the period is 0.80 but was to 0.17 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 31<sup>st</sup> was 498.

### **Operations and results**

The Company's operations are sound and finances strong. There are clear signs that the economy is recovering and the company is well positioned to take an active part in robust resistance with its tenants. COVID's effects are still present in the operations and will continue into the next year, but are limited and in accordance with previously published plans. The criteria in the previously published operating plan are unchanged. Operating revenues amounted to 2,573 m.ISK. of which rental income amounted to 2,418 m. ISK. The increase in rental revenues from the same period last year was 8%.

Operating profit before sales profit, valuation change and depreciation / EBITDA was 1,691 m.ISK. which is about 9% higher 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 385 thousand square metres. Leasing ratio of Reginn's portfolio is about 95% compared to revenues obtainable from 100% leasing.

The management estimates that there is still uncertainty linked to the COVID-19 epidemic, but declining. The criteria for the effect of domestic and foreign demand on the cash flow of individual assets have been re-evaluated. As before, the cash flow model assumes that the impact of the epidemic on income from travel-related activities will last until 2023-24, but domestic demand will stabilize in 2021. Due to decreasing uncertainty following vaccinations, the general risk premium in valuation has been

reduced. The total valuation change in the first 3 months of the year amounted to 1,365 m. ISK.

### **Operations and prospects**

The company's financial position is strong and financial conditions well within the limits of loan terms, interest coverage 2.0 (required 1.5) and equity ratio 30.5% (required 25%). At the end of the period cash amounted to 2,888 m.ISK. and in addition the company had access to unused credit lines amounting to of 6,700 m.ISK. by the end of the period.

Despite the impact of COVID-19, the company's management is optimistic about the future.

Good results have been achieved in the company's properties operations as operations in the properties. During the period, lease agreements have been made for 7,100 m<sup>2</sup>, which is about a one-third increase from the same period a year ago.

The implementation of restructuring projects aimed at strengthening the properties income potential has been successful. The company's largest restructuring project currently underway is the reconstruction and expansion of Suðurhraun 3 for the Road and Coastal Administration headquarters, which will be completed by the end of next month. Work is also underway to renovate spaces at Síðumúli 28, Ármúli 4-6 and Skipagata 9, and in addition preparations are underway for a C40 project in Lág múli.

At the beginning of 2021, Reginn completed the purchase of a majority or 90% share in the company Sóltún fasteign ehf. which owns the property of the Sóltún nursing home at the street with the same name. The seller is Öldungur hf. which retains a 10% share in Sóltún fasteign ehf. Öldungur and Reginn have come to an agreement to work together on the construction of nursing homes.

### **Refinancing / Bond issuing**

At the beginning of March, the company held a closed tender of bonds in the series REGINN23 GB and REGINN280130. Bids were received in the total amount of 9,670 m.ISK. nominal value. It was decided to accept bids to the amount of 900 m.ISK. in REGINN23 GB at a yield of 2.88% and bids to the amount of 1,600 m.ISK. in REGINN280130 at a yield of 1.83%.

Furthermore, the company refinanced about 11 b.ISK. of unfavourable loans during the period.

The effect of the above measures in refinancing during the period is a decrease in the average interest rate on indexed loans from 3.40% to 3.27% during the quarter and the average interest rate on non-indexed loans decreases from 3.81% to 3.48%.

### **Sustainability policy and green priorities**

At the beginning of April, the company received equal pay certification following a certification audit of the company's equal pay system.

In accordance with the company's policy in sustainability matters, an environmental report is available for the first quarter. Good results have been achieved for all measurable factors, an environmental report for the first quarter and a comparison with previous years can be found on the company's website.

## **Presentation of the company**

Simultaneously with the publication of the report, Reginn announces invitation to an on-line presentation on Friday, May 7<sup>th</sup>, at 08:30. Helgi S. Gunnarsson, CEO, will present the results of the first three months of 2021. 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/9642432/player>

The interim financial statement for the first quarter can be obtained from  
[www.reginn.is/fjarfestavefur/](http://www.reginn.is/fjarfestavefur/)

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

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