

## **Reginn's Interim Report for the first 9 months of the year 2021**

Reginn's hf. Interim Financial Report, January 1<sup>st</sup> to September 30<sup>th</sup> 2021 was approved by the Board on November 4<sup>th</sup> 2021.

- Operating revenues amounted to 7,965 m.ISK.
- Leasing income rose by 11% from previous year.
- Operating profit before assessment change and depreciation was 5,497 m.ISK, and grew by 17% from same period last year.
- The book value of investment properties at the end of the period was 158,708 m.ISK. The valuation change for the period was 5,088 m.ISK.
- Profit after income tax was 4,421 m.ISK compared to 162 m.ISK for the same period last year.
- Cash generated from operations in the period amounted to 2,616 m.ISK. Net cash at the end of the period was 2,872 m.ISK.
- Interest bearing debts amounted to 95,495 m.ISK at the end of the period, compared to 90,529 m.ISK at the end of year 2020.
- The equity ratio is 31.4% and leverage of 61.6%.
- Earnings per share for the period is 2.43 but was 0.09 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 last September 30<sup>th</sup> was 450.

### **Operations and results**

The company's performance is consistent with plans, operations solid and finances strong. Clear and strong signs for recovery are current in the company's business environment. The solvency and payment motivation of the company's customers has returned to normal. Indication of a positive turnaround of revenues from turnover-related leasing contracts in the tourism sector. However, the COVID-19 still affects present operations and will continue to do so until next year, the effects are limited and in accordance with previously presented plans. Operating revenues during the first nine months of the year amounted to 7,965 m.ISK of which leasing revenues amounted to 7,500 m.ISK. The increase in leasing revenues for the third quarter from the same period last year was 13%.

Operating profit before sales profit, valuation changes and depreciation / EBITDA for the first nine months of the year was 5,497 m.ISK. which is about 17% rise from the same period last year, corresponding rise for the third quarter was 20%.

### **Property portfolio**

The valuation of the property portfolio of the company is 155,109 m.ISK. The property portfolio contains 113 properties a total of about 382 thousand square metres. The leasing ratio of Reginn's portfolio is just over 96% compared to revenues obtainable from 100% leasing.

The management estimates that there is still uncertainty linked to the COVID-19 pandemic, but is declining. The tenants affected by this uncertainty are few and the income from those is a small percentage of the company's total revenues. The total valuation changes in the first 9 months of the year amounted to 5,088 m. ISK.

### **Operations and prospects**

The company's financial standing is strong and financial conditions well within the limits of loan terms, equity ratio 31.4%. At the end of the period, net cash was 2,872 m.ISK and in addition the company has open unused credit lines amounting to 4,700 m.ISK.

The company's management believes that the company is well prepared to meet future challenges.

Clear vision and objectives for sustainability in operations and activities as well as the certification of the property portfolio has given the company a good advantage. Excellent results have been achieved in the operation of the company's properties as well as operations in the properties, which can be partially attributed to the aforementioned emphasis.

Leasing proceeds thriving and still high demand for commercial properties. Work is underway on a number of projects in partnership with the company's tenants for the renovation of leasing spaces.

During the period, it was decided to start the final phase of leasing and construction of Hafnartorg. There, a number of new leasing contracts have been signed, the final construction phase has started and the completion of the second phase of the project will be in March 2022. Reference is made to an investor presentation addressing Hafnartorg.

Work is underway on participation in a robust property development company in co-operation with Klasi Ltd. and Hagar hf. The development company will participate in all stages of property developments, focusing on projects early in the development progress. The focus will be on diversity of green city developments, the development of various commercial properties, for public activities and residential. Reginn's will hold about 1/3 share in the development company. Reginn's share will be paid for by development and commercial properties presently owned by the company. The estimated value of underlying investment assets in the new company, after the proposed transactions, will be about 15 b.ISK, where the equity ratio will be about 70%.

In the recent months, the company continued to sell smaller properties that do not fall within its investment policy.

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

Reitun's ESG risk evaluation of Regin is now available. Valuation of how the company faces risks relating to environmental and social factors, as well as corporate governance (ESG). The company received a good score with 80 points of 100 possible, finished in category B1 and rose by 6 points between years. This is the highest ESG score a property management company has received in the Reitun's evaluation. Reginn is well above average in all categories compared to domestic issuers who have received identical evaluation from Reitun.

Reginn is unique amidst domestic property management companies, where the environmental valuation covers all six properties where the company is responsible for internal daily operations, but these correspond to 33% of the company's total property portfolio.

A clear vision and emphasis on sustainability has helped the company to achieve good results in refinancing as well as in the operation of the company's properties.

In accordance with the company's sustainability policy, an environmental report is available for the first nine months of the year. Good results have been achieved in all the aspects measured, an environmental report for the first to third quarters and a comparison with previous periods can be found on the company's website.

The company is starting to offer tenants green lease contracts, where the company assists tenants with support and advice, to implement solutions for increased sustainability.

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

### **Refinancing / Bond issuing**

So far this year, the company has acquired 31 b.ISK loan capital both from credit institutions and through bonds issuing. In the second half of September, the company completed a bond auction in series REGINN280130 in the amount of 3,120 m.ISK at nominal value. At the beginning of August, the company completed a bond auction in connection with the refinancing of the bond series KLS 13-1, where 6,040 m.ISK was sold in a private offering to institutional investors.

The average interest rate on indexed loans is now 2.82% and has fallen from 3.60% in the last 12 months. The average interest rate on non-indexed loans is now 3.50% and has fallen from 4.26% in the last 12 months despite base rate increases.

In the first nine months of the year, the value of mortgaged properties under the general insurance arrangement has increased from 52 b.ISK to 98 b.ISK. Smáralind that was previously under a special insurance arrangement is now part of the general insurance arrangement. In addition, 29 other properties that were previously outside the publishing framework were added. Credit coverage within the general insurance arrangement was 60.4% at the end of September.

### **Presentation of the company**

Concurrently with the publication of the report, Reginn announces invitation to an open presentation on Friday, November 5<sup>th</sup>, at 08:30 on first level of The Reykjavík EDITION Hotel, Austurbakki 2, 101 Reykjavík. Access is from the Hafnartorg's / Harpa's underground car parking facilities through a staircase and a ramp by the hotel.

Helgi S. Gunnarsson, CEO, will present the results for the first nine months of 2021. Registration for the presentation meeting is through e-mail [fjarfestatengsl@reginn.is](mailto:fjarfestatengsl@reginn.is).

The meeting will also be cast over the internet at the following URL:  
<https://vimeo.com/event/1390905/embed/c664776dac>

The interim financial statement for the first nine months and presentation papers can be obtained from [www.reginn.is/fjarfestavefur/](http://www.reginn.is/fjarfestavefur/)

**Further information will be provided by:**

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