

## Reginn's hf. Annual Report 2021

- Operating revenues amounted to 11,015 m.ISK.
- Leasing revenues increase by 13% from previous year.
- Operating profit before evaluation change and depreciation was 7,611 m.ISK and increases by 19% from previous year.
- Profit after income tax amounted to 6,171 m.ISK which is more than quadrupling from the previous year.
- The book value of investment properties at the end of the period was 161,142 m.ISK compared to 147,148 m.ISK at the end of the year 2020. The evaluation change for the year was 6,935 m.ISK.
- Net cash from operations amounted to 4,162 m.ISK in the year 2021.
- Interest bearing debts were 96,086 m.ISK at the end of the year 2021 compared to 90,529 m.ISK at the end of the year 2020.
- The equity ratio at the end of the year was 32%.
- Earnings per share for the year 2021 was 3.39 compared to 0.71 the previous year.

Exchange Ltd. (Nasdaq Iceland), the number of shareholders at the end of year 2021 were 457 compared to 500 at end of the year 2020.

### Operations and results

Reginn's performance in the year 2021 has been excellent and exceeded plans. Demand for the company's properties has been high through the year. It is the opinion of the company's Board and Management that, despite uncertainty in economic development, the effect is limited to few company's tenants and a small percentage of total income. Operating income amounted to 11,015 m.ISK of which rental revenue amounted to 10,374 m.ISK. The rental revenue has increased by 13% compared to 2020, looking at the comparable portfolio. Operating profit before sale profit, evaluation changes and depreciation / EBITDA was 7,611 m.ISK which corresponds to a 19% increase compared to 2020.

The dividend policy of Reginn hf. involves paying shareholders a sum amounting to about 1/3 of the profit of the previous operating year, either in the form of dividends or through the purchase of own shares and a reduction in the share capital. The company's dividend policy states that risk in the external environment should be taken into account and that the company maintains a sound equity and liquidity position into the future. With reference to the company's strong liquidity position, positive outlooks in the market in which the company operates and a robust leasing position, the Board proposes a total value of 1,500 m.ISK will be allocated to shareholders for the year 2021. Then the Board of Directors has activated the authorisation granted by the Annual General Meeting on March 10<sup>th</sup> 2021 for the purchase of own shares. The company intends to buy own shares for up to 500 m.ISK in 1<sup>st</sup> and 2<sup>nd</sup> quarters with the aim of reducing share capital thereafter in accordance with the number of shares to be purchased.

Simultaneously with the statements, the company presents an operational forecast for the year 2022. It is estimated that the company's leasing revenue in the year 2022 will be around 10,800-11,100 m.ISK. It is also assumed that operating profit before

evaluation and depreciation will be 7,800-8,000 m.ISK. The operational forecast covers the current portfolio. The company's management believes that the operational outlook is good.

### **Property portfolio**

Reginn's portfolio is diversified and consists of good commercial properties with a high leasing ratio and a solid and stable income stream. About 34% of the company's leasing revenue comes from the state and municipalities. At the end of 2021, Reginn owned 110 properties. The total number of square meters of the property portfolio was 382 thousand square metres. The leasing ratio of the property portfolio is 98%. The book value of the property portfolio at the end of the year was 157,819 m.ISK. The total evaluation change in the year 2021 was 6,935 m.ISK.

### **Operations and prospects**

The company's financial position is strong and the financial conditions are well within the limits of loan terms, the equity ratio is 32% (required 25%) and there are not any existing interest coverage ratio requirements for the Reginn Group. At the end of the period, cash and cash equivalents were 3,034 m.ISK and in addition the company had access to unused credit lines in the amount of 4,700 m.ISK at the end of the period.

The company's clear vision for the future is to return robust results and there are obvious signs visible. These include emphasis on strengthening the portfolio, objectives for sustainability in operations and functions, as well as the portfolio's environmental certification. These emphases have given the company an excellent advantage. Good results have been achieved in the operation of the company's properties as well as operations in the properties, which can be partly attributed to the aforementioned factors.

Leasing is successful and there is continuing high demand for commercial properties. A number of projects are in progress in cooperation with the company's tenants for the renewal of rental spaces.

During the period, the final chapter for the leasing and development of Hafnartorg began. A number of new leasing agreements have been signed, the finishing phase of construction has begun and the final phase of the project will be completed in the spring of 2022.

The year 2021 has been rewarding in terms of leasing, i.e. the number of contracts and leased square metres. A total of 129 lease contracts have been signed for over 45,000 square metres during the year. New agreements include Fly Play, Reykjavík Child Protective Services, the Health Care Centre of the Capital Area, Kvika bank, S4S, Húsasmiðjan, Rarik, Skeljungur and the University of Iceland Lottery (HHÍ).

In Smáralind, attendance has increased significantly between years on the building's 20<sup>th</sup> anniversary. Many new leasing agreements have been signed and Smáralind is being about fully leased, and there is extensive interest from new parties to get into the building, in addition to the current tenants to expand and increase the quality of stores.

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

## **Cooperation on a development company**

Work is underway to participate in a powerful property development company in partnership with Klasi Ltd. and Hagar hf. The development company will be involved in all stages of property development with an emphasis on projects at the forefront of the development stages. Emphasis will be placed on diverse and green urban development, the development of various types of commercial buildings for public activities and apartments. Reginn will hold about 1/3 of the shares that will be paid for with development and commercial properties that already are owned by the company. The estimated value of the underlying investment properties in the new company after the proposed transaction will be around 15 b.ISK, where the equity ratio will be around 79%.

## **Social responsibility and green priorities**

Reitun's EGS risk evaluation of Reginn is available. Evaluation was made of how the company faces risks related to environmental and social aspects as well as governance (EGS). The company received a good rating with 80 points out of possible 100, classified in category B1 and rose by 6 points between years. This is the largest number of EGS points that a property management company has received in Reitun's EGS evaluation. Reginn is well above average in all categories compared to domestic publishers who have undergone similar evaluation by Reitun.

Reginn is in an exceptional position amongst domestic property management companies in that the environmental statement covers all six properties in which the company is responsible for day-to-day operations, which correspond to about 33% of the company's total 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 policy on sustainability, an environmental report is available for the year 2021. Good results have been achieved in all the aspects covered by the measurements. An environmental report for the year and a comparison with previous years can be obtained on the company's website, [www.reginn.is](http://www.reginn.is).

The company is beginning to offer tenants green leasing contracts, where tenants are provided with support and advice for the implementation of 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**

In the year 2021, the company acquired 31 b.ISK capital both from credit institutions and through bond issuing and repaid 25 b.ISK of less favourable loans. About half of the new borrowing was in the form of green financing and green financing was a third of the company's total financing at the end of the year. The company issued bonds on the market for about 13.5 b.ISK of which a total of 8.7 b.ISK is in green bonds. Reginn was by far the largest issuer of green bonds in the domestic securities market, with the exception of public entities, companies owned by public entities and banks. Reginn was also one of the largest issuers of corporate bonds on the market during the year.

The average interest rate on indexed loans is now 2.82% and has fallen from 3.40% in the last 12 months. The average interest rate on non-indexed loans is now 3.94% and has risen from 3.81% in the last 12 months, the policy rate rose by 1.25% in 2021.

During the year, the value of mortgaged properties under the general insurance arrangement has increased by 46 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 60.6% at the end of the year.

### **Presentation of the company**

Simultaneously with the publication of the statements, Reginn hf. holds an on-line presentation on coming Friday, February 11<sup>th</sup>, at 08:30. Inquiries can be sent to [fjarfestatengsl@reginn.is](mailto:fjarfestatengsl@reginn.is) before the meeting and during the presentation, which will be answered following the presentation.

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

<https://vimeo.com/event/1788222/embed/e4ec9b7946>

Helgi S. Gunnarsson will present the results for the year 2021.

The company's annual statements and the newly issued annual report can be obtained from: [www.reginn.is/fjarfestavefur/](http://www.reginn.is/fjarfestavefur/)

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

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