

## **Reginn's Interim Report for the first 3 months of 2022**

Reginn's hf. Interim Financial Report, January 1<sup>st</sup> to March 31<sup>st</sup> 2022 was approved by the Board on May 4<sup>th</sup> 2022.

- Operating revenues amounted to 2,802 m.ISK.
- Leasing income rose from the previous year by 9%.
- Operating profit before assessment change and depreciation was 1,883 m.ISK and increases by 11% from same period last year.
- The book value of investment properties at the end of the period is 163,097 m.ISK. The valuation change for the period was 2,427 m.ISK.
- Profit after income tax amounted to 1,566 m.ISK compared to 1,454 m.ISK for the same period last year.
- Cash generated by operations in the period amounted to 1,481 m.ISK. Net cash at the end of the period was 2,853 m.ISK.
- Interest bearing debts amounted to 97,246 m.ISK at the end of the period, compared to 96,086 m.ISK at the end of year 2021.
- The equity ratio is 31.2% and the leverage ratio is 60.9%.
- Earnings per share for the period is 0.86 ISK but was 0.17 ISK 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 and results are excellent and in line with plans. There seems to be a robust potency in the economy, and is e.g. demonstrated in high demand for leasing space. It seems that the COVID impact on operations is over. Operating revenue amounted to 2,802 m.ISK of which leasing income amounted to 2,636 m.ISK. The increase in leasing income from the same period last year was 9%.

Operational profit before sales gains, evaluation changes and depreciation / EBITDA was 1,883 m.ISK which is about 11% 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 108, the total size of the property portfolio was 376 thousand square metres. Leasing ratio of Reginn's portfolio is about 98% compared to revenues obtainable from 100% leasing. Properties to the value of 1,750 m.ISK were sold during the period.

It is the management's opinion that there is still some uncertainty in economic development that may affect the ability of individual tenants to meet their obligations. The tenants covered by this uncertainty are few, however, and the extent income from them is small percentage of the company's leasing income. This uncertainty will not affect the company's operational capacity in 2022. The total evaluation change in the first 3 months of the year amounted to 2,427 m.ISK.

## **Operations and prospects**

The company's financial position is strong and the financial conditions are well within the limits of the loan terms, the equity ratio is 31.2% (requires 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 2,853 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 management is optimistic about the future.

Good results have been achieved in the operation of the company's properties as well as operations in the properties. During the period, leasing agreements have been signed for 8,900 m<sup>2</sup>, which is about a quarter increase from the same period a year ago.

Following extensive leasing in recent months, massive renovations and refurbishment of rental space in the current portfolio have taken place. Work is underway to renovate and deliver rental space within the company's portfolio of 14,000 m<sup>2</sup>. The largest company's development and restructuring project currently underway are at Katrínartún 2, where Kvika bank is expanding, and Ármúli 4 and 6, where the City of Reykjavík is preparing to lease space for Child Protective Services as well as a kindergarten. Work is being carried on for the final finishing of rental spaces at Hafnartorg and these will be taken into use at the beginning of June, then the utilisation of Hafnartorg will be over 90%. Preparations are underway for a lease agreement with the North Health Institute for health care facilities at Sunnuhlíð 12. Newly furnished office spaces have been or will be handed over to tenants in May at Skútuvogur 1, Hlíðarsmári 12, Borgartún 20 and Miðbraun 4. The Directorate of Immigration received a fully furnished guesthouse last April.

On the April 7<sup>th</sup> the company's announced acceptance of purchase offer for properties owned by Suðurhús ehf. and Leiti holding company Ltd. The purchase offers are subject to reservations, including due diligence. It is estimated that purchase agreements for the properties will be signed in May 2022. The total value of the properties is amounting to 5,550 m.ISK and will be fully financed with cash and loan capital. Estimated leasing income based on the full rental of the property on an annual basis amounts to about 440 m.ISK and the estimated leasing yield is 6.5% (*e.yield*). The total number of square metres of the property is 6,777 m<sup>2</sup>, mostly hotels and guesthouse functions. There are five tenants, of which Flugleiðahótel hf. (Icelandair hotels) the largest tenant with a long-term leasing contract in the property where the Reykjavík Konsúlat Hotel is operated. The properties fit well to Reginn's portfolio and are located in the company's core area in the centre of Reykjavík.

## **Refinancing / Bond issuing**

At the end of March, the company had a closed auction of bonds in the new bond series REGINN280429. Bids were received in the total amount of 4,660 m.ISK nominal value. It was decided to accept bids in the amount of 3,000 m.ISK nominal value at a yield of 1.03%. The series is indexed and insured with the company's general insurance arrangement. Following the auction, the company's average indexed interest rate has fallen from 2.82% to 2.76%.

## **Sustainability policy and green priorities**

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 [www.reginn.is](http://www.reginn.is).

### **Presentation of the company**

Simultaneously with the publication of the report, Reginn announces invitation to an open presentation on Thursday, May 5<sup>th</sup>, at 08:30 on the ground level of Smáralind by the stores Snúran and H&M

Helgi S. Gunnarsson, Reginn's CEO, will present the results and answer questions following the presentation. Registration for the presentation meeting takes place via the net address: [fjarfestatengsl@reginn.is](mailto:fjarfestatengsl@reginn.is)

The meeting will also be cast over the internet at the following URL:  
<https://vimeo.com/event/2057396/embed/065266dfc9>

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:**

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