

Reginn's Interim Report for the first 6 months of 2022

Reginn's hf. Interim Financial Report, January 1st to June 30th 2022 was approved by the Board on August 22nd 2022.

- Operating revenues amounted to 5,760 m.ISK.
- Leasing income rose by 10% from the previous year.
- Operating profit before valuation change and depreciation was 3,910 m.ISK and increases by 11% from same period last year.
- The book value of investment properties at the end of the period is 174,341 m.ISK. The valuation change for the period was 6,329 m.ISK.
- Profit after income tax amounted to 3,664 m.ISK compared to 3,241 m.ISK for the same period last year.
- Cash generated by the operations in the period amounted to 2,511 m.ISK. Net cash at the end of the period was 2,867 m.ISK.
- Interest bearing debts amounted to 106,542 m.ISK at the end of the period, compared to 96,086 m.ISK at the end of year 2021. The leverage was 62.3% at the end of the period and increased from 60.8% compared to the end of last year.
- The equity ratio is 30.5%.
- Earnings per share for the period is 2,02 ISK but was 1,78 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 June 30th was 517.

Operations and results

The company's performance is in line with the plans and the operation is stable and solid. Significant and growing activity seems to characterise the business environment. Demand for commercial properties is good, defaults at a minimum and a clear sign of increased productivity in the tourism sector. The company's customers' payment ability and motivation has returned to normal. In the opinion of the company's management, uncertainty due to COVID-19 is now negligible and does not affect the tenants. In the company's books all the uncertainties that remained from settlements from the COVID periods have been accounted for. Operating revenue in the first half of the year amounted to 5,760 m.ISK of which leasing revenue amounted to 5,419 m.ISK. The increase in leasing revenue in the second quarter was 12% from the same period last year. Some changes have been made to the property portfolio over this period affecting the leasing revenue. The difference between revenue from purchased and sold properties increase of about 70 m.ISK.

Operating profit before sales profits, valuation changes and depreciation / EBITDA was 3,910 m.ISK which is about 11% higher than for the same period last year.

Property portfolio and economy

The company's property portfolio is evaluated at 171,028 m.ISK. Of this, development properties are valued at 7,639 m.ISK. The property portfolio now consists of 109 properties totalling around 381,000 square metres. The leasing ratio of Reginn's portfolio is around 98% compared to the income that 100% leasing would provide. The total valuation changes in the first 6 months of the year amounted to 6,329 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, equity ratio 30.5% (requirement 25%) but interest coverage conditions for the Reginn group have been terminated. At the end of the period, cash amounted to 2,867 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 managers are optimistic about the future prospects.

Excellent results have been achieved in the operation of the company's properties as well as in the properties operations. In the first six months of the year, leasing contracts have been concluded for 16,000 m², which is about a 17% increase from the same period last year. The year can be characterised by large - scale projects for the renovation and refurbishment of leasing spaces in the current portfolio. So far this year, there have been several delays in these projects, which can be attributed to expansion in the construction sector and lack of supplies. These delays have caused an interruption in the delivery of several leasing spaces, which is now coming to an end.

Following the signing of a leasing contract for a health care centre in Akureyri for the North Health Institute, construction has begun at Sunnuhlíð 12. This construction will continue until the fall of 2023.

The company's purchase of the properties Hafnarstræti 17-19, Hafnarstræti 18 and Þingholtsstræti 2-4. are completed. The properties that have been handed over to the company house a robust hotel and guest - house operations, i.e. Hafnarstræti 17-19 and Þingholtsstræti 2-4.

Following the signing of a settlement between the Competition Authority and Hagar hf. due to the planned transactions regarding the development of the property development company Klasi ehf., effort has been made to finalise those transactions. Reginn's contribution to the development company consists of development properties and properties for sale valued at 3,912 m.ISK. Preparations for transferring the portfolio to the development company have been completed. In total, there are 16 properties for sale and 5 sites that make up the portfolio that Reginn contributes to the development company. Part of the income - generating properties for sale have been sold and their sales proceeds, which amount to about 1,100 m.ISK, will be part of the transaction. The effect of the transaction on profit before tax is 651 m.ISK and they will be fully reflected in the valuation of investment properties on June 30, 2022. Reginn's advisor in the transaction is Landsbankinn's Corporate Service.

At the beginning of the year, the company's purchase offer for Dvergshöfði 4 was accepted, it is a 10,000 m² office building that has been in use partially built, for the last 14 years. The purchase is now completed. Shortly after the purchase, the company began marketing the project as well as working on completely redesigning the project from the present layouts. The commencement of the project redesign was an international architectural competition where ambitious objectives were established e.g., regarding sustainability, smart office solutions, flexibility and efficiency. Negotiations with prospective tenants are currently underway and are expected to be completed this fall. Simultaneously, work is in progress on the preliminary design of the project with Swiss architects who won the competition.

The Hafnartorg Gallery opened last mid - August and now three new stores and seven restaurants have been added to Hafnartorg. With that, Hafnartorg has significantly expanded and increased the number of elegant stores and quality restaurants as well as

cultural activities in the area. With the opening of this new part of Hafnartorg, the utilisation of Hafnartorg has reached 90%, but five leasing spaces in the best location within the area will be leased out later this year. The intention for Hafnartorg and not least Hafnartorg Gallery is to play a key role in providing people with the opportunity to enjoy life in the city centre from morning to night all year round.

The opening of Hafnartorg Gallery also marks a turning point in the city, because now the final steps are being taken in a long development history in the area between Lækjartorg and Harpa, one of the city's largest and most important development projects ever, where new residential housing, business activities, public spaces, stores and services as well as conferences and cultural activities in Harpa is added to the city centre. The development of the area will be completed later this year when the construction of the new Landsbankinn - building will be completed.

Financing / Refinancing

The company obtained VTR loans in the amount of 4,290 m.ISK in June, which were used to finance the purchase of properties and development properties invested in, in the second quarter. Arrangements are being made for the refinancing of bond series related to Egilshöll. Estimated timing is the coming October, loan agreement for bridge financing is now available.

Sustainability policy and green priorities

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

Presentation of the company

Simultaneously with the publication of the report, Reginn announces invitation to an open presentation on Tuesday, August 23rd, at 08:30 at Hafnartorg Gallery. Entry is through the main entrance of Hafnartorg Gallery at Geirsgata 17, but one can also enter by escalator directly from the parking garage under Hafnartorg. Entry to the parking garage are at Harpa and Geirsgata. Shareholders, investors and market participants are especially welcome to the meeting.

Helgi S. Gunnarsson, Reginn's CEO, will present the results of the first six months of the year 2022 and answer questions following the presentation. Registration for the presentation meeting takes place via the net address: fjarfestatengsl@reginn.is

The meeting will also be cast over the internet at the following URL:
<https://vimeo.com/event/2333433/embed/3731d56b78>

The interim financial statement for the first six months of the year can be obtained from www.reginn.is/fjarfestavefur

Further information will be provided by:

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