

Reginn's Interim Account for the first 9 months of 2022

Reginn hf.'s interim account for 1 January to 30 September was approved by the board on 3 November 2022.

- Operating revenue was 8,868 M. ISK
- Operating revenue increased by 11% from the previous year.
- Operating profit before assessment change and depreciation was 6,116 M. ISK and increased by 11% compared to the same period last year.
- At the end of the period, the net worth of investment assets was 175,777 M. ISK. The assessment change over the period was 8,650 M. ISK
- Profit after income taxes was 4,587 M. ISK compared to 4,421 for the same period last year.
- Cash in hand from operations over the period amounted to 3,852 M. ISK. Cash in hand at the end of the period was 1,291 M. ISK.
- Interest-bearing liabilities at the end of the period amounted to 108,578 M. ISK compared to 96,086 M. ISK at the end of 2021.
- The equity ratio is 30.4% and the financial leverage is 62.9%.
- Profit per share for the period is 2.54 and was 2.43 for the same period last year.
- Total carbon emissions have been reduced by 18% per m² compared to the first 9 months of 2022.

The company is listed in NASDAQ Iceland hf.; the number of shareholders on 30 September this year was 523.

Operations and financial standings

The company's financial standings are according to updated plans and the operations are steady and solid. Economic life seems to be strong and in growth. There is much demand for commercial housing, non-payment is at a minimum and there are clear signs of increased activities in the travel industry.

Operational income during the first nine months of the year amounted to 8,868 M. ISK, of which rental income amounted to 8,356 M. ISK. Increase in rental income over the period is 11%, compared to the same period last year. Some changes to the portfolio have been made over this period, which has affected rental income.

Operating income before sales profit, assessment change and depreciation / EBITDA was 6,116 M. ISK, which is around 11% higher than in the same period last year.

Price levels have increased and the increased level of required rates on government bonds in the past few months have had a considerable effect on the company's earnings. Financial expenses grew from 5,266 M. ISK last year to 9,165 M. ISK over the same period as last year. Indexation has, thereof, grown to 6,963 M. ISK compared to 2,485 M. ISK over the same period last year. The increase in risk-free interest rates has a direct effect on the assessment change of investment assets. The assessment change in the first 9 months of the year is 5.4%, despite a much greater increase in price levels.

Portfolio and finances

The estimated worth of the company's investment assets, excluding rental income, is 172,448 M. ISK, of which developmental assets are estimated to be worth 6,291 M. ISK. The portfolio is now made up of 102 real estate buildings, which are, in total, 374 thousand

square metres. The rental ratio of Reginn's portfolio is around 98%, when assessed against the income that a 100% rental ratio would yield. The total assessment change over the first nine months of the year amounts to 8,650 M. ISK.

Activities and outlook

The company's financial status is strong and financial requirements are within the boundaries of loan terms and the equity ratio is 30.4% (25% requirement). At the end of the period, cash in hand amounted to 1,291 M. ISK, and in addition, the company had access to unused credit lines worth 4,700 M. ISK at the end of the period.

The company's executives are optimistic about the outlook for the future.

Operating the company's properties and real estate buildings has been successful. In the first nine months of the year, leases have been made for 22,000 m², which is around a 13% increase from the same period last year. This year has been marked by assignments that have been great in scope, such as renovating and remaking rental spaces in the current portfolio. This year has also, until now, seen some delays that can be traced to expansion in the building industry and lack of supplies. These delays have caused a postponement of the delivery of a few rental spaces, which are now being resolved.

Hafnartorg Gallery was launched in the middle of August this year, and with it, three new shops and seven restaurants were added to Hafnartorg. Thus, Hafnartorg has been considerably enlarged, and the number of elegant stores and quality restaurants has grown, in addition to cultural activities in the area. After the opening of this new part of Hafnartorg, the utility ratio for Hafnartorg amounts to 90%. The plan is to have Hafnartorg, and not least, Hafnartorg Gallery, in the key role of giving people the chance to enjoy life in the city centre from morning to midnight, all year round.

The launch of Hafnartorg Gallery is also a turning point in the city, because now the final steps in a long history of development in the area between Laekjartorg and Harpa are being taken. It is one of the largest and most important development projects the city has undertaken from the beginning, where new apartments, industrial activities, public spaces, shopping, and services, in addition to conferences and cultural activities that take place in Harpa, have been added to the city centre. Development in the area will be finished later this year when Landsbankinn's new building will be finished.

Following the signing of a consensus between the Competition Authority and Hagar hf., on the planned business agreement on the advancement of the real estate development association Klasi ehf., this business arrangement has since been realised. Reginn's contribution to the deal is estimated to be worth 3,912 M. ISK, and Reginn's part in Klasi ehf. is 1/3 of Klasi's issued shares.

Sustainability Policy and green emphasis

In October, the company received Creditinfo and Festa's Incentive Award for outstanding commitment to sustainability in 2022 among Outstanding Companies. The company was also in the 12th place on the list of Outstanding Companies.

The selection board's statement says that Reginn hf. emphasises sustainability greatly in their operations and encourages customers to do the same, thus having a widespread influence on sustainable development within the society.

It is the belief of the company that an emphasis on sustainability will reduce risk in the company's operations and increase profitability in the long run.

Reginn is in a unique position to reduce the environmental effect of operating their real estate buildings. The main negative effects that the company has on the environment is through emission of greenhouse gasses from its real estate buildings during their operating hours. A large factor in counteracting these effects is receiving an environmental certification for real estate buildings. Through environmental certification, the risk that each building poses to the environment can be assessed. It also serves the purpose of getting a third party's confirmation for the operator following the best standards and demands in the operation of real estate buildings. Reginn has received the BREEAM In-use environmental certification for three of its portfolio's real estate buildings in Smaralind, Katrinartun 2 and Borgartun 8-16, which, in total, amount to 26% of the company's portfolio. The goal is to have an environmental certification for 50% of the company's portfolio by the end of 2025. Egilsholl's environmental certification is already under way.

Two years ago, the company published a green framework, with the intended goal of financing environmentally certified real estate buildings and environmentally friendly investments. Reginn became the first listed company to issue such shares. Last year, Reginn was by far the largest issuer of green bonds in the domestic market, apart from public entities, government owned companies, and banks.

According to the company's Sustainability Policy, an environmental report for the quarter has been issued. All measured factors have been successful. The environmental report for the quarter and comparison to earlier periods can be found on the company website, www.reginn.is.

Financing / Refinancing

On 12 October, the company announced that it would be publishing a new green bond class REGINN181037 GB. It is a new 15-year indexed bond class, which will follow a 30-year annuity procedure. The selling of the bonds is a part of refinancing Egilsholl. Its funding was due on 18 October the last. The bond class is insured through the General securities agreement (ice: Almenna tryggingarfyrikomulagið) and issued in accordance with Reginn's frame for green funding.

Simultaneously, Egilsholl was brought under the General securities agreement. In total, bonds for the nominal value of 7,700 M. ISK were sold for the required rate of return, 3.04%. The sales took place on a fixed required rate of return.

Following the issuing of the bonds, green funding amounts to 37% of the company's total interest-bearing liabilities.

Company presentation

As the financial statement is presented, Reginn will also have an electronic presentation for the company, on 4 November at 08.30. Helgi S. Gunnarsson, Reginn's CEO, and Rósa Gudmundsdóttir and Sunna H. Sigmarsdóttir, executives, will present the financial statement for the first nine months of the year of 2022. Should any questions arise regarding the financial statement or the presentation, please send an inquiry to fjarfestatengsl@reginn.is before the meeting, and while the presentation is taking place. Inquiries will be answered after the presentation.

The meeting will be streamed online through the following link:
<https://vimeo.com/event/2522086/embed/15de957e70>

The interim financial statement for the first nine months of the year, as well as promotional data may be found at www.reginn.is/fjarfestavefur/

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