



**2023**

**9-MONTH RESULTS**  
**INVESTOR PRESENTATION**

# HIGHLIGHTS

A strong underlying operation of a company with a forward-thinking mindset



## OPERATIONS ARE ON SCHEDULE

**The company's operations are successful and are on schedule.**

Strong demand for commercial properties, defaults are minimal

Reginn's revenue base continues to strengthen, and we continue to streamline the portfolio.

**Rental income increased by 14.7%**, while at the same time we've reduced the number of square metres in the portfolio by 2%.

**Rental income increases by 5.3% above the price level.**



## OPTIONAL TAKEOVER BID FOR EIK REAL ESTATE COMPANY

It is the company's goal that a broad agreement is reached regarding the takeover offer in Eik Real Estate Company and **the bid deadline has been extended until December 11, 2023.**

The bid price, and thus the **exchange ratio (48.0%)** is determined based on the market value of each individual company based on the closing price of their shares on September 12. The bid will cover all shares in Eik that are not already owned by Eik. Reginn has no prior shares in Eik.

On November 2, 2023, the Competition Authority announced a further investigation into the competitive effects of the merger. The case has been moved to phase II, and the company is awaiting the decision of the Competition Authority.



## REFINANCING OF THE COMPANY COMPLETED

In 2020, Reginn began a refinancing process on the company's interest-bearing loans, the favourable interest rate environment led to the company's average indexed interest rate standing at 2.80% at the end of 2022, and 2.91% at the end of September 2023.

**The company's refinancing needs are limited in the coming years**, as there are no loans and bonds due in 2023 and 2024, and the total refinancing needs in 2025 are over ISK 1.2bn

# STRONG GROWTH IN THE YEAR

Rental income and EBITDA increase beyond price increases

## OPERATIONS



**14.7%** (11.4%)

Rental income increases between years



**13.1%** (11.2%)

EBITDA rises between years



**72%** (73%)

EBITDA as % of rental income



**97.5%** (98%)

Utilisation ratio

## PROFITABILITY



**ISK 5.1bn** (ISK 4.6bn)

Post-tax profit



**ISK 8.7bn** (ISK 8.7bn)

Valuation change of investment property



**5.3%** (5.0%)

Profitability of investment property



**12.7%** (11.7%)

Return on equity

## FINANCIAL POSITION



**ISK 181.1bn** (ISK 172.4bn)

Group's investment property



**ISK 115.8bn** (ISK 108.6bn)

Interest-bearing liabilities



**63.9%** (62.9%)

Leverage ratio



**30.4%** (30.4%)

Equity ratio

## SUSTAINABILITY



**36%**

Environmental certifications m<sup>2</sup> portfolio



**↓ 1%**

Carbon footprint



**↓ 2%**

Electricity consumption

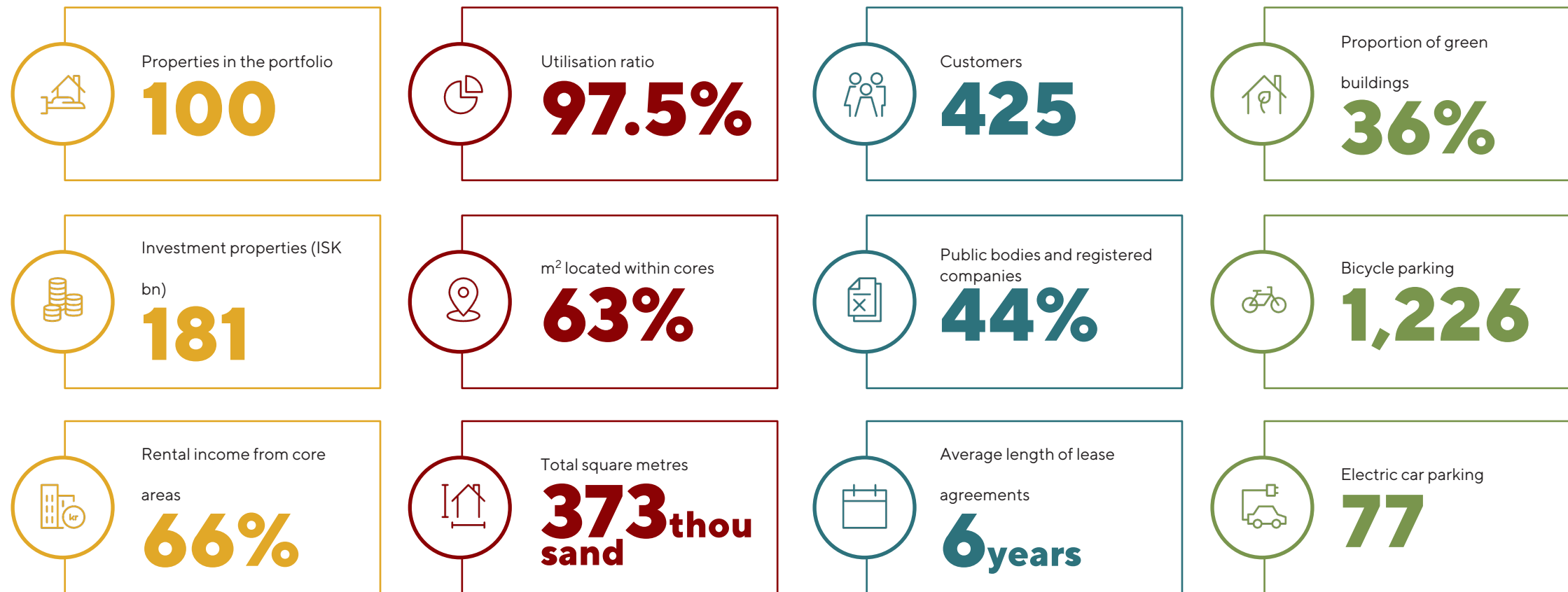


**↑ 10%**

Water use

# KEY PORTFOLIO IDENTIFICATION NUMBERS

Reginn's policy priorities deliver measurable results





# **FINANCIAL POSITION AND OPERATIONS**

# STRONG REVENUE GROWTH IN THE FIRST 9 MONTHS

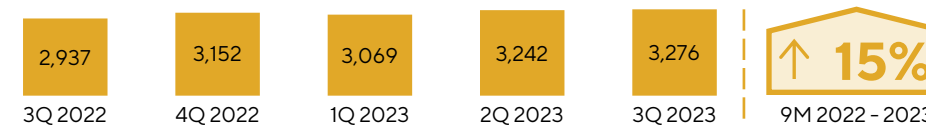
Profit increased by 11% between years  
**OF 2023**

## PROFIT AND LOSS ACCOUNT

	9M 2023	9M 2022	Δ %
Rental income	9,587	8,356	15%
Other income	558	512	9%
<b>Total revenue</b>	<b>10,145</b>	<b>8,868</b>	<b>14%</b>
Operating costs of investment properties	-1,956	-1,717	14%
Property operations	-732	-625	17%
Administrative expenses	-540	-410	32%
<b>Operating profits before valuation change</b>	<b>6,917</b>	<b>6,116</b>	<b>13%</b>
Operating profits before valuation change of rental income	72%	73%	
Valuation change of investment property, sales profit, and depreciation	8,663	8,763	
<b>Operating profits after valuation change</b>	<b>15,580</b>	<b>14,879</b>	
Net financial expenses	-9,297	-9,145	2%
Share of affiliate earnings	61	0	
<b>Profits before taxes</b>	<b>6,344</b>	<b>5,734</b>	<b>11%</b>
Income tax	-1,269	-1,147	
<b>Profits for the period</b>	<b>5,075</b>	<b>4,587</b>	<b>11%</b>

### Rental income - ISK millions

9M 22 - 9M 23 (Δ %)



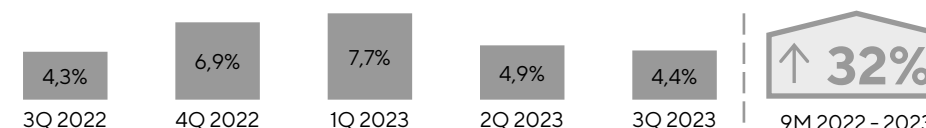
### Operating profits before valuation change - ISK million



### Operating costs of investment properties - % of income



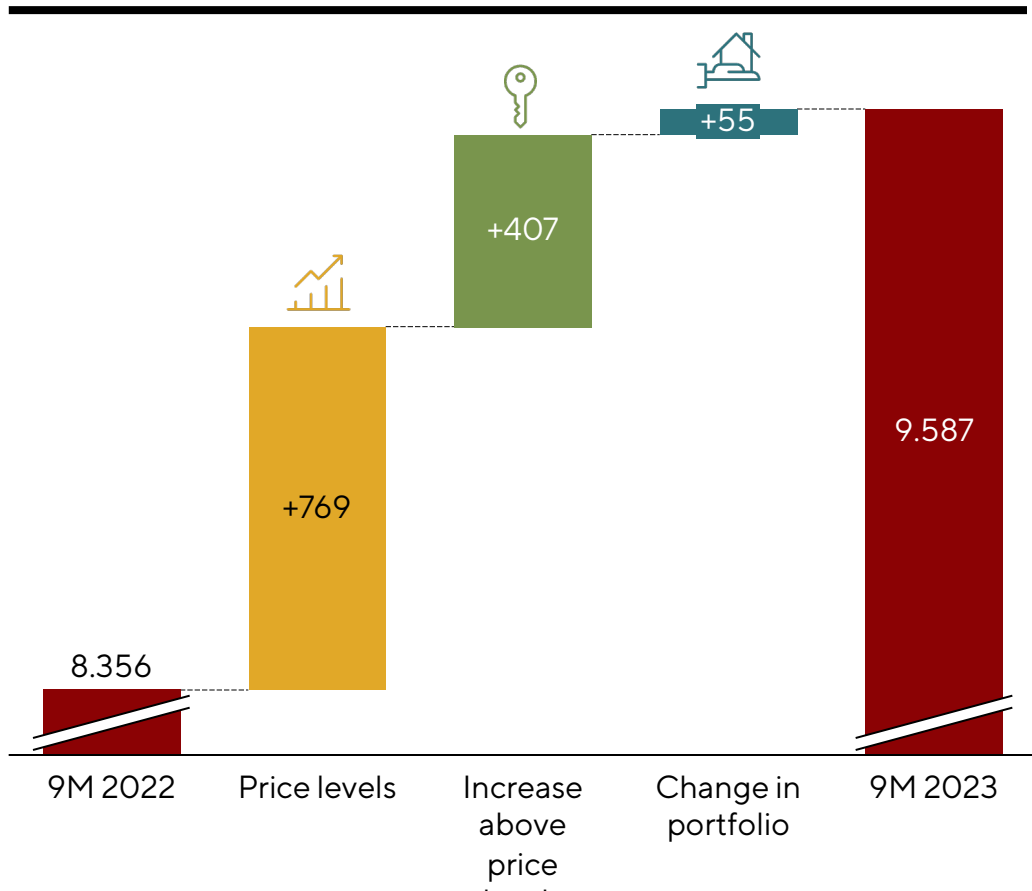
### Administrative costs - % of income



# RENTAL INCOME INCREASES BY 5.3% ABOVE THE PRICE LEVEL

## REVENUE TRENDS

9M 2022-9M 2023



### PRICE LEVELS

- Rental income increased by 14.7% in the first 9 months of the year compared to the same period last year.
- Prices have risen by 9.4% in the same period.



### INCREASE ABOVE PRICE LEVELS

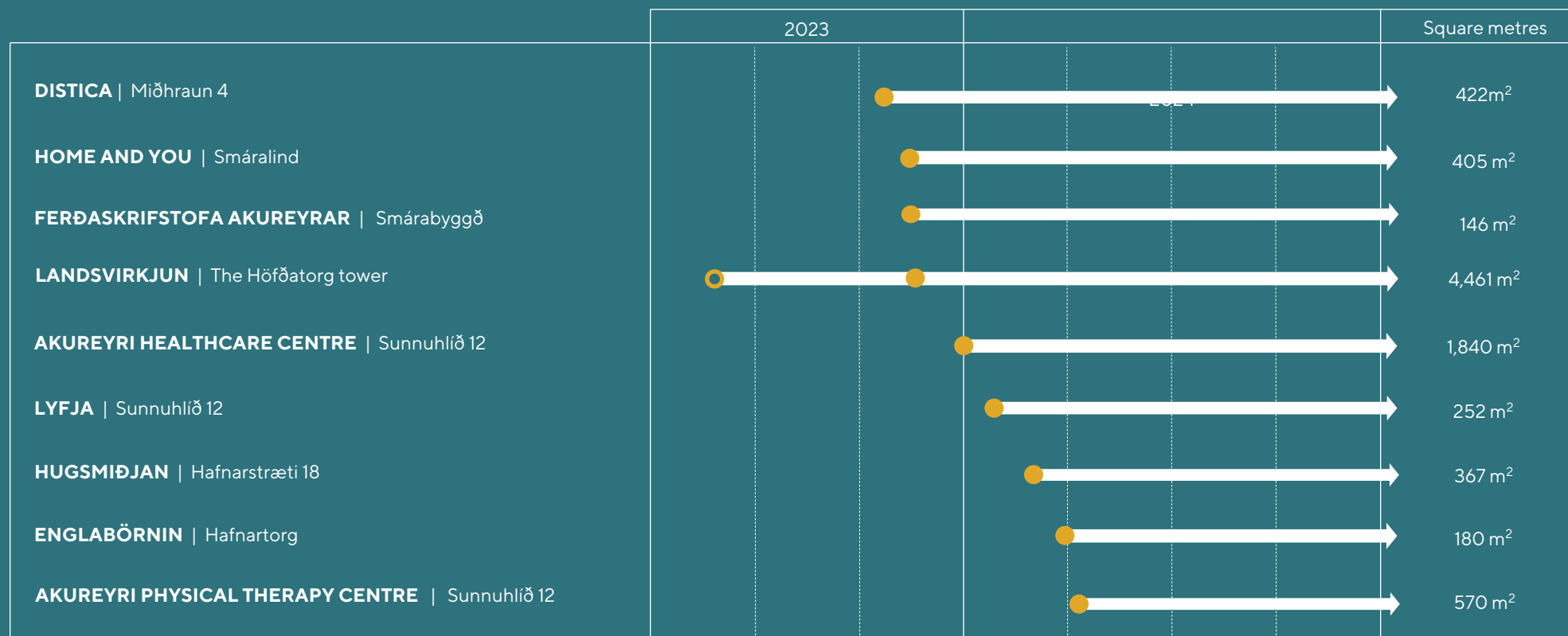
- New contracts for around 20,000 m<sup>2</sup> in the first 9 months of the year, which is comparable to the same period in 2022.
- Demand remains good, especially for quality housing in Reginn's core areas, around Smáralind and Höfðatorg.
- Income due to new leases and better utilisation of the portfolio increases rental income during the period.



### CHANGE IN PORTFOLIO

- The utilisation rate of income-bearing properties remains high and is currently 97.5%, which is comparable to previous months.
- The total square metres of the portfolio has decreased by 2.3% since the beginning of 2022.

# NEW INCOME DUE TO RENTAL SPACES FOR DELIVERY IN THE COMING MONTHS



● Date when the contract is fully profitable

○ Date when partial income begins



# NEW RENTAL SPACES

Three development projects will be leased in the coming months



## Sunnuhlíð - Akureyri

- Health-related service centre
- Reginn's total shareholding is around 4,700 m<sup>2</sup>, of which around 4,070 m<sup>2</sup> are new or reconstructed rental spaces. Around 2/3 of the spaces have already been leased. There are around 10 unleased spaces in total.
- The first leased space delivered in January 2024 to Heilsugæsla Norðurlands.
- Other leased spaces will be delivered in the first months of 2024.



## Smárabyggð - Silfursmári

- Approximately 1,800 m<sup>2</sup> of new retail and service spaces.
- A total of 8-10 rental spaces.
- Modern windows and high ceilings.
- Good accessibility and visibility from Smáralind.
- First spaces delivered to tenants in November 2023.



## Smáralind third floor - offices

- Construction in the final stages of the first phase of a new office space on the 3rd floor of Smáralind. Approximately 3,000 m<sup>2</sup> in total, of which around 1,000 m<sup>2</sup> are new rental spaces.
- The construction is scheduled to be completed at the start of 2024.
- Emphasis on better utilisation of the floor with a layout that meets needs and improved flow, for example with a new entrance from the parking lot.
- High demand for office space in and around Smáralind.

# VALUATION CHANGE THIS YEAR

## Price levels are the main influencing factor of valuation change

- There was a negative valuation change in the third quarter due to the increase in the base interest rate in the second half of the quarter.
- Increases in price levels are the main influencing factor of valuation change
- The required rate of return is 6.24%, but was 6.11% in the second quarter of 2023

The valuation change of investment properties is based on the discounted future cash flow of individual properties for 30 years.

This means that the rental income of each property, along with the cost of the property, is estimated and discounted using the required rate of return.

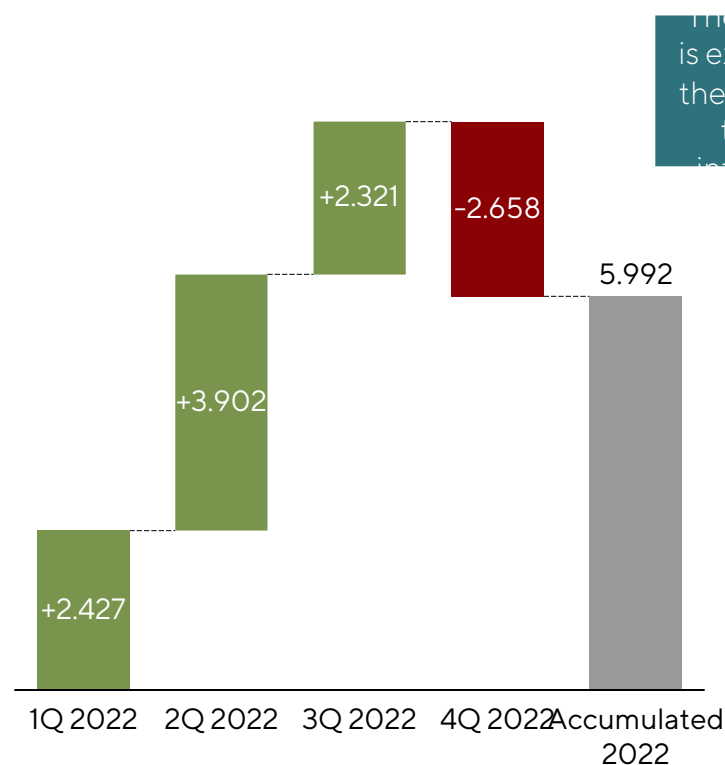
Cash flow assumptions are re-evaluated within a year if there have been changes in the assumptions of lease agreements or costs.

Cash flow assumptions are updated, based on price trends since the last evaluation.

Other factors that affect the required rate of return, e.g. the risk-free interests, also have a direct effect.

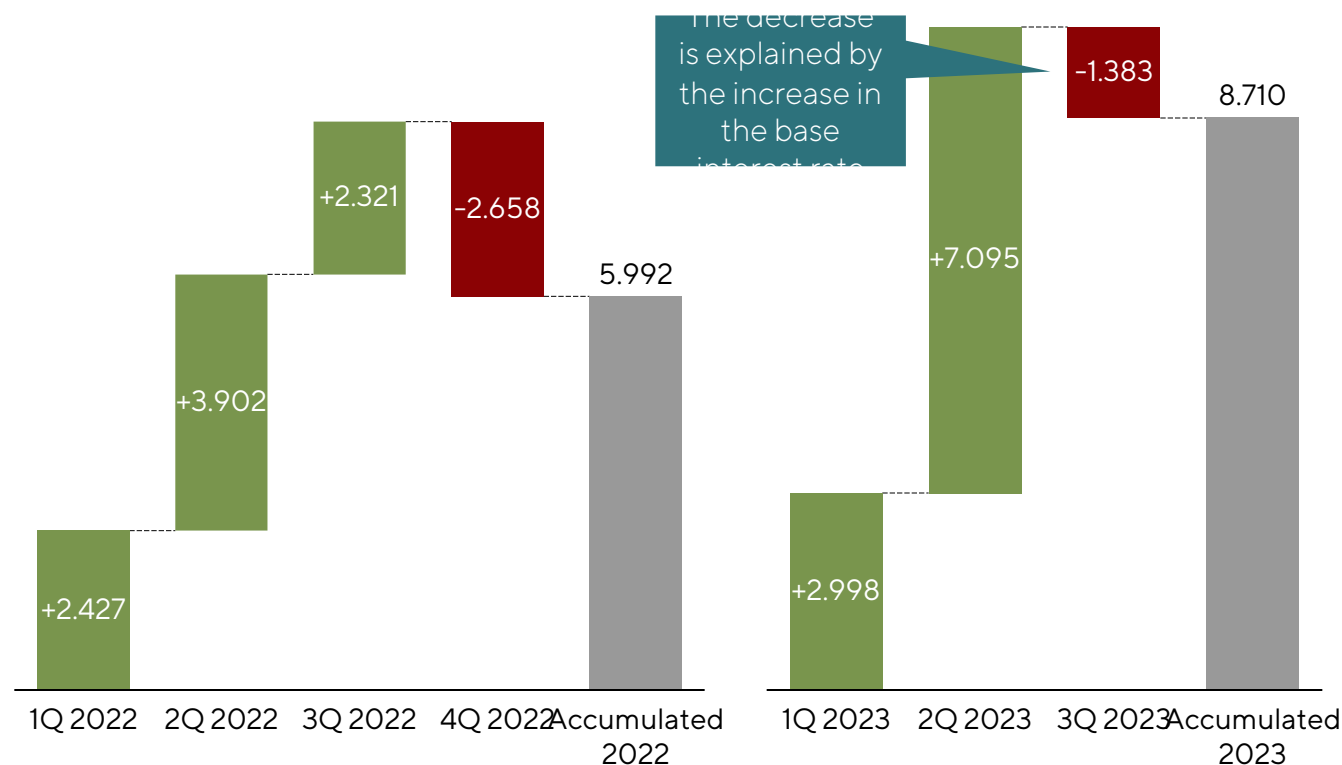
### VALUATION CHANGE 2022

ISK millions



### VALUATION CHANGE 2023

ISK millions



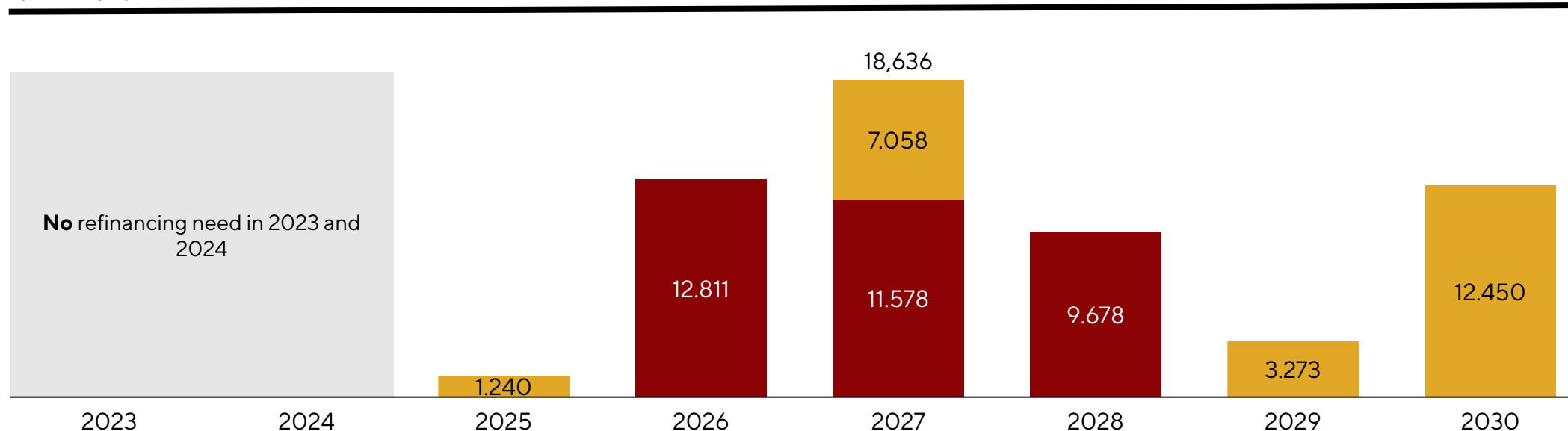
# LIMITED REFINANCING NEED

Green financing is 39.5% of total interest-bearing debt

## REFINANCING NEED FOR THE COMING YEARS

ISK millions

■ Bonds ■ Bank loans



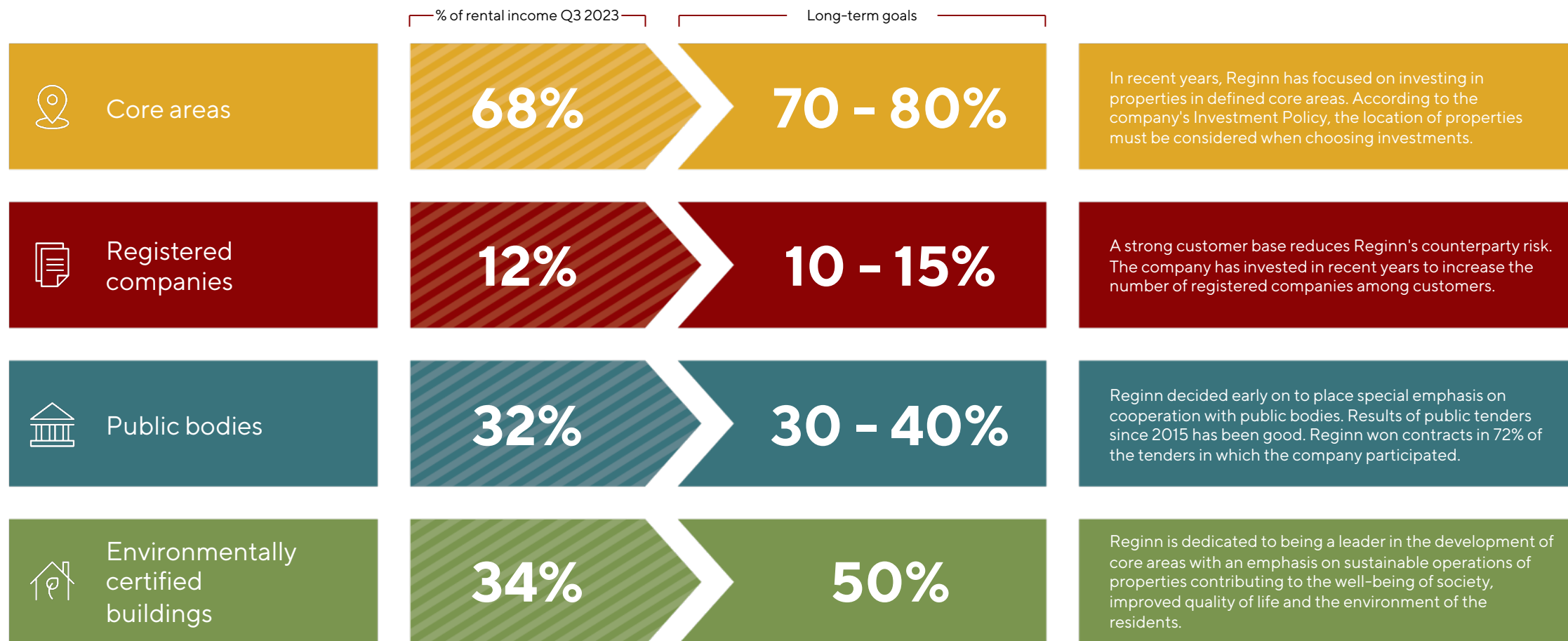
No refinancing need in 2023 and 2024

Around 30% of interest-bearing loans are **bank loans** and their loan term is 5–7 years. Refinancing in the years 2026–2028 mainly concerns financing from banks.

The average interest rate on indexed loans was 2.91% at the end of September 2023.

# POLICY PRIORITIES AND KEY INDICATORS

Reginn is a leader in shaping core areas





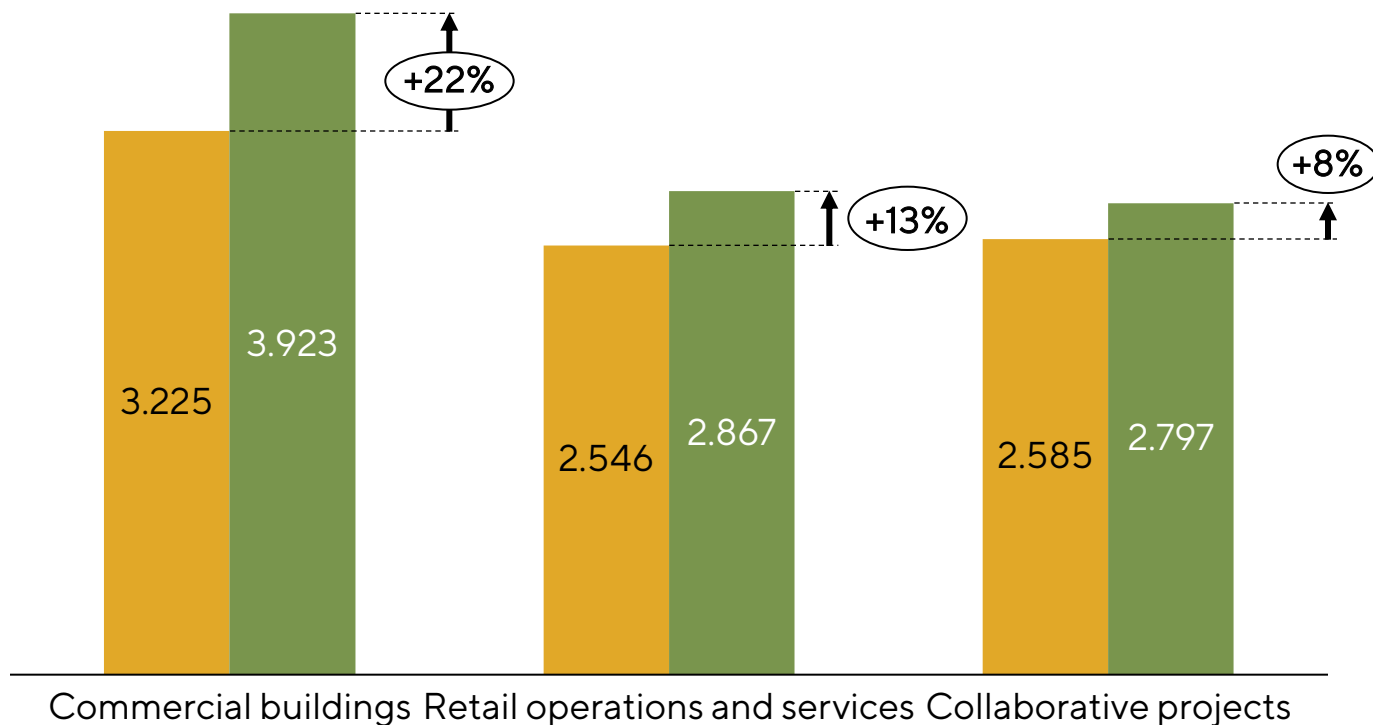
# REVENUE FROM LEASES

Healthy growth in all segments

## SEGMENTS: REVENUE FROM LEASES, 9M

ISK million

2022 2023



### Commercial buildings

Purchase of Hotel Konsúlat and other properties in Reginn's core area in downtown Reykjavík. New leases, i.e. in the Höfðatorg tower, Ármúli 4-6, and hotel rental income, are the reason for the positive income growth in the first nine months of the year.

### Retail operations and services

The focus in recent years has been on reducing the number of properties in retail operations and services outside the core areas. Strong income growth in Hafnartorg and new leases in other areas have characterised the first nine months of the year.

### Collaborative projects

Two properties have gone in a new direction which reduces income growth. One was sold and the other is in development.

# **ENVIRONMENTAL STATEMENT**

# ENVIRONMENTAL STATEMENT

Greenhouse gas emissions have decreased by 8% in the third quarter.

Reginn's environmental statement covers the six properties where the company is responsible for day-to-day operations. They correspond to about 34% of the company's total portfolio.

Main results when comparing the first three quarters of 2023 with the same period in 2022:

- Total greenhouse gas emissions have decreased by 1% per square metre.
- Electricity consumption has decreased by 2% per square metre.
- Hot water consumption has increased by 10% per square metre.

If the third quarter is compared to the same period in 2022, total emissions have decreased by 8%. The reason why total emissions decrease by 1% in the first nine months of the year is the increased energy consumption in the first quarter due to the cold season.

## SUSTAINABILITY



**36%**

Environmental certifications  
m<sup>2</sup> portfolio

**↓ 1%**

Carbon footprint



**↓ 2%**

Electricity use



**↑ 10%**

Water use

# ÁSLANDSSKÓLI IS IN THE CERTIFICATION PROCESS

The percentage of environmentally certified properties will be 38%.

Work is currently underway on the BREEAM In-Use certification at Áslandsskóli in Hafnarfjörður.

Certification is expected in mid-2024. The property is approx. 6,200 m<sup>2</sup>

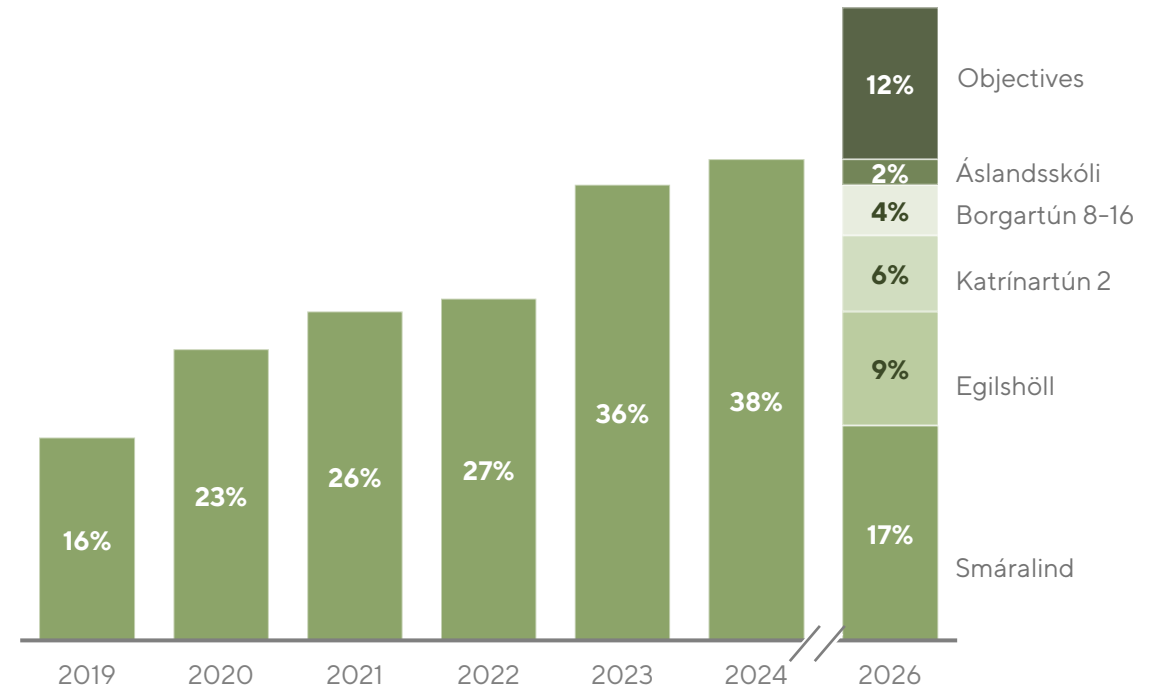


Various aspects must be taken into account in the certification process and various data must be submitted to the certification body, e.g.:

- Technical information on the building
- Energy consumption of the property
- Waste sorting
- Property operations
- Policies regarding the operations
- Maintenance schedules
- Safety issues
- Work spaces for staff and students based on health and well-being

Various alterations and additions must be made in order for the property to meet the requirements of the certification

ENVIRONMENTALLY CERTIFIED PROPERTIES AS A PERCENTAGE OF SQUARE METRES





# **DEVELOPMENT OF THE PORTFOLIO**

# REGINN'S CORE AREAS

Greater Reykjavík Area

CENTRAL  
REYKJAVÍK  
27,039 m<sup>2</sup>

BORGARTÚN  
58,867 m<sup>2</sup>

EGILSHÖLL  
33,057 m<sup>2</sup>

BORGARHÖFÐI  
6,390 m<sup>2</sup>

MJÓDD

SMÁRINN  
75,585 m<sup>2</sup>

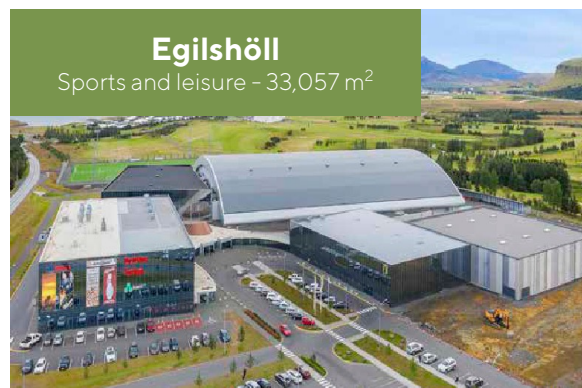
GARÐATORG  
11,926 m<sup>2</sup>

AKUREYRI  
20,181 m<sup>2</sup>



# LARGEST PROPERTIES

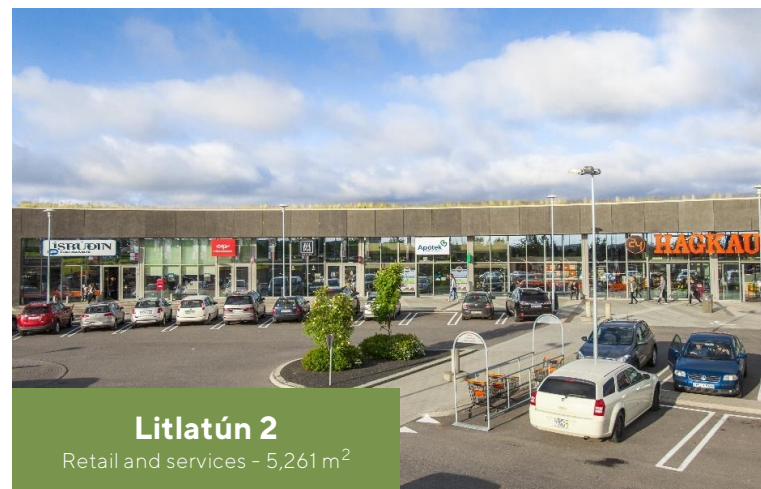
## Key properties in the Greater Reykjavík Area





# OTHER IMPORTANT PROPERTIES

High quality properties in sought-after locations





# HEALTH-RELATED SERVICE CENTRE IN SUNNUHLÍÐ 12

## Gorgeous new and remodeled rental spaces

### A 5,400 m<sup>2</sup> health-related centre in a good location in Akureyri

- 814 m<sup>2</sup> **have been added** to an older building that is currently around **4,700 m<sup>2</sup>**.
- Along with the expansion and furnishing of the healthcare centre, the building has been renovated, the windows have been replaced and the common areas of the building have been rebuilt.
- The appearance of the building will therefore change significantly.
- Reginn's focus in leasing has been on health-related services.
- The building already houses a great bakery and a dance school.
- Ideas for other services / operations in the building include offices of specialist doctors, ophthalmologists, audiologists, dermatologists, massage therapists, and chiropractors, as well as quality shops.

### 1,200 m<sup>2</sup> available in 10 spaces

- Reaching agreements with parties in health-related services has been successful so far.
- Around 1,200 m<sup>2</sup> are available in 10 spaces, in addition to the activities that will be present in the building. Negotiations are already underway with various parties. There is considerable demand for spaces in the building.
- Presentation, leasing and final planning of rental spaces is underway, and the first spaces will be ready for delivery in the first half of 2024.

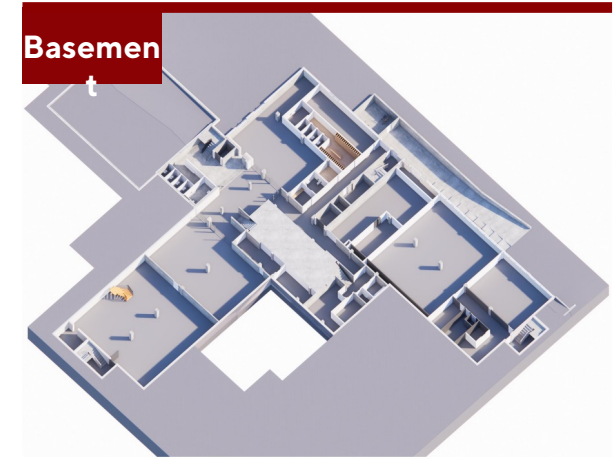
### Final appearance



### 1st floor



### Basemen



# HEALTH-RELATED SERVICE CENTRE IN SUNNUHLÍÐ 12

A healthcare centre, physical therapy centre, and a drug store have already signed leases.

## Healthcare centre



- Heilbrigðisstofnun Norðurlands (HSN) will open a new healthcare centre at Sunnuhlíð 12 at the beginning of next year.
- The healthcare centre will have **1,840 m<sup>2</sup>** at its disposal on the 2nd floor.
- It is expected that all HSN clinical services in Akureyri will move to Sunnuhlíð in January next.

## Physical therapy



- A physical therapy centre will be located in **570 m<sup>2</sup>** in the basement of Sunnuhlíð.
- Operations are expected to begin in spring 2024.

## Pharmacy

- A pharmacy will occupy **252 m<sup>2</sup>** on the ground floor

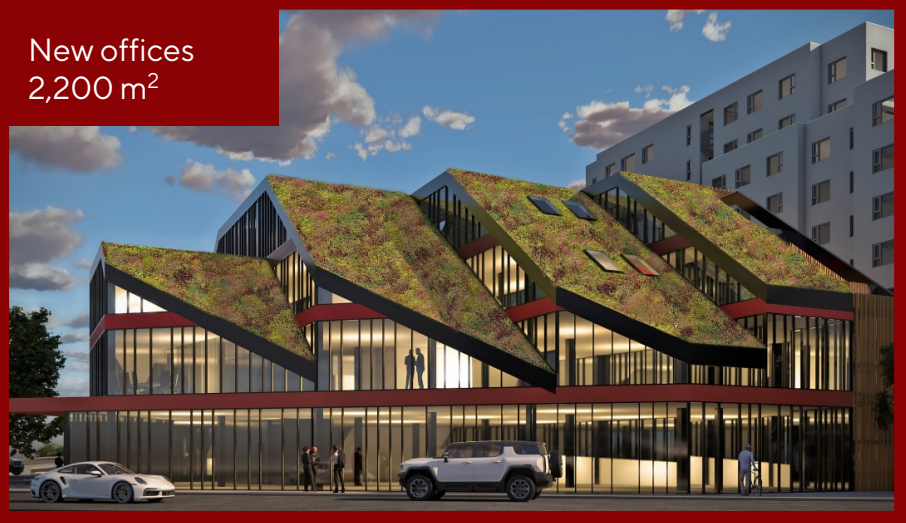


# SMÁRINN GROWS AND THRIVES

Continued development of cores







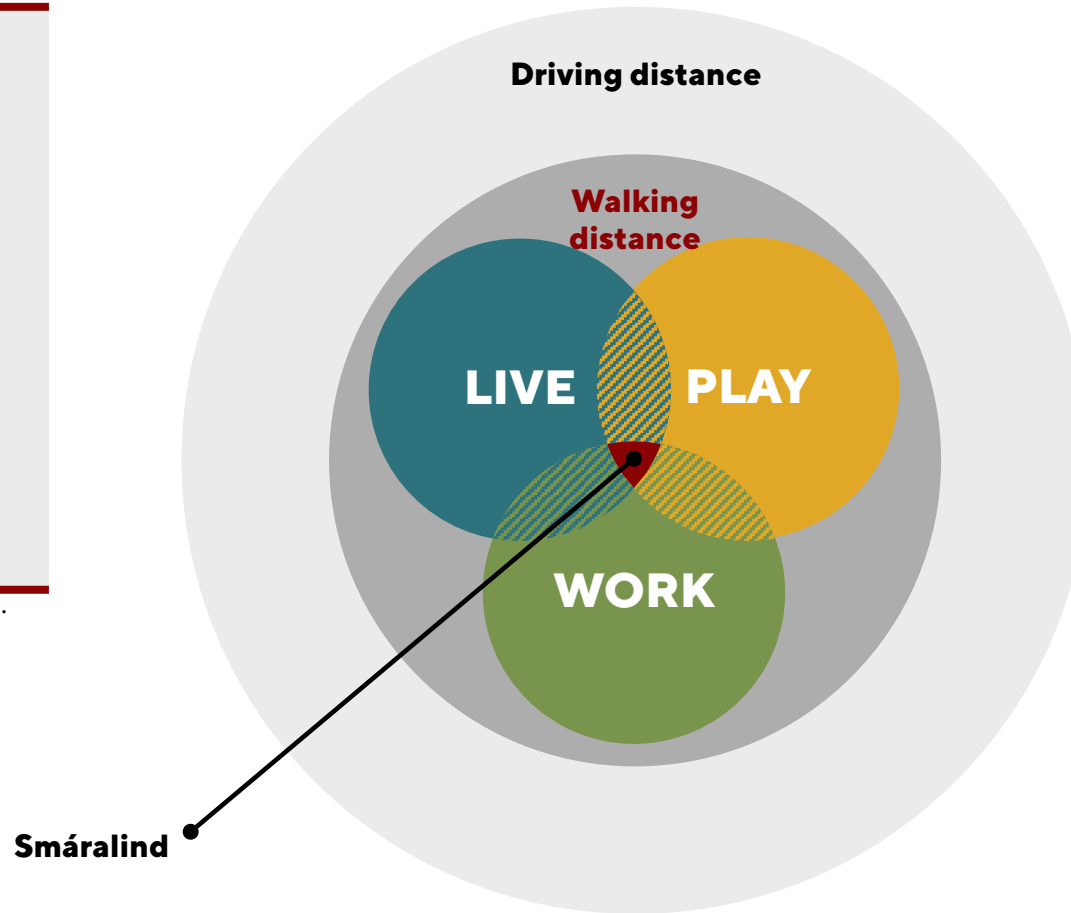


# DIVERSITY AND DENSITY

The foundation for a strong core area

## Benefits for residents, visitors and employees in the area:

- Nearly 70 shops
- Around 20 restaurants
- Grocery store
- Cinema and recreation
- Gym
- Around 3,000 parking spaces
- A number of charging stations.



## THE DEVELOPMENT OF SMÁRI CONTINUES

### LIVE

- 675 new apartments in Smárabýggð
- Densification of nearby settlements, e.g. Nónhæð, the Glaðheimar area, and Hnoðraholt

### PLAY

- A new world of restaurants and entertainment
- New shops in Silfursmári

### WORK

- 3rd floor of Smáralind
- New office buildings

## EXCESSIVE DEMAND IN ALL ELEMENTS

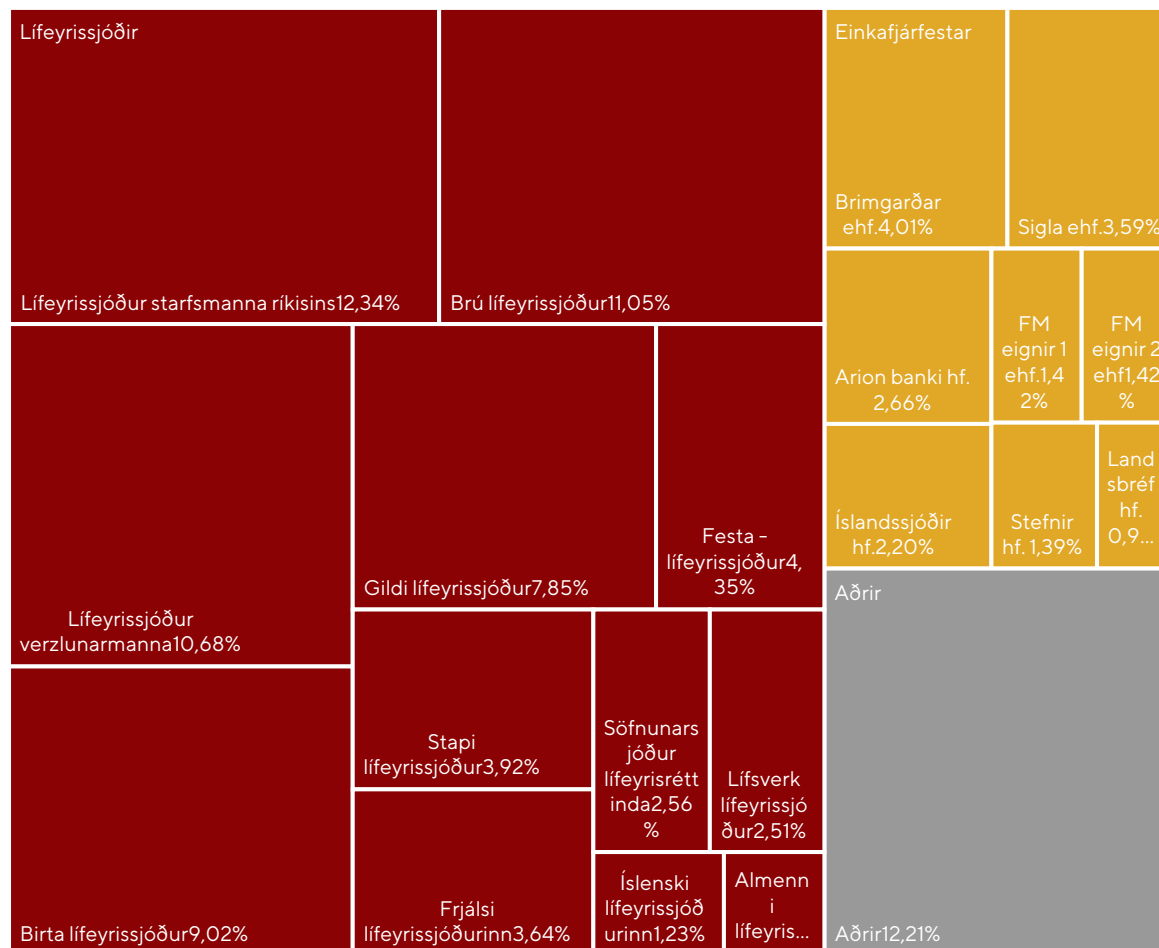
▼ Smáralind

**SHAREHOLDERS**



# 20 LARGEST SHAREHOLDERS

## Proportional distribution of shareholders



No	Name	Shares	%
1	The Pension Fund for State Employees (LSR)	223,300,000	12.34%
2	Brú Pension Fund	199,903,925	11.05%
3	The Commercial Workers' Pension Fund (LV)	193,251,119	10.68%
4	Birta Pension Fund	163,287,253	9.02%
5	Gildi Pension Fund	142,088,488	7.85%
6	Festa - Pension Fund	78,794,234	4.35%
7	Brimgarðar ehf.	72,539,349	4.01%
8	Stapi Pension Fund	71,018,724	3.92%
9	The Free Pension Fund	65,830,986	3.64%
10	Sigla ehf.	65,000,000	3.59%
11	Arion banki hf.	48,190,887	2.66%
12	Söfnunarsjóður lífeyrisréttinda	46,367,779	2.56%
13	Stefnir hf.	45,467,650	2.51%
14	Lífsværk Pension Fund	39,730,696	2.20%
15	Íslandssjóðir hf.	25,771,241	1.42%
16	FM eignir 1 ehf.	25,771,240	1.42%
17	FM eignir 2 ehf.	25,156,841	1.39%
18	The Icelandic Pension Fund	22,180,650	1.23%
19	Landsbréf hf.	17,977,698	0.99%
20	Íslandsbanki hf.	16,981,802	0.94%

**Total 1,588,610,562 87.79%**



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