

Reginn

FASTEIGNAFÉLAG

2023

**Financial Statements**  
INVESTOR PRESENTATION

# INVESTMENTS ARE THE BASIS OF CONTINUED GROWTH

13.2% income growth, but the increase amounted to more than 4.2% in real value last year.



## OPERATIONS ARE ON SCHEDULE

**The company's operations are going well and are in line with the updated plan.**

High demand for commercial real estate, defaults are minimal.

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

**Rental income increased by 13.2%** while at the same time we've reduced the number of square metres in the portfolio by 2%.

**Rental income increased by 4.2% above the price levels.**



## OPTIONAL TAKEOVER BID FOR EIK REAL ESTATE COMPANY

Reginn announced on 8 February, 2024 that a preliminary conclusion had been received from the Competition Authority.

It stated that the merger would not be approved without intervention.

It is the company's goal that a broad consensus is reached regarding the takeover bid in Eik Real Estate Company, and Reginn will request settlement discussions with the Competition Authority to complete the takeover.

**The bid deadline has been extended to 15 April, 2024.**



## REFINANCING OF THE COMPANY

In 2020, Reginn began a refinancing process on the company's interest-bearing loans. The company's average indexed interest rate amounted to 3.84% by year-end 2019. The favourable interest rate environment led to the company's average indexed interest rate standing at 2.80% at the end of 2022. Interest rates rose in the last months of 2023 due to higher market rates, and at year-end the average indexed interest rate stood at 3.03%.

**The company's refinancing needs are limited in the coming years**, as no loans and bonds have a maturity date in 2024, and the refinancing need for 2025 is just over ISK 1.2bn.

# STRONG GROWTH ON A STRONG FOUNDATION

Rental income and EBITDA increase beyond price increases

## OPERATIONS



**13.2%** (10.9%)

Rental income increases between years



**12.4%** (10.0%)

EBITDA rises between years



**72%** (73%)

EBITDA as % of rental income



**97%** (98%)

Utilisation ratio

## PROFITABILITY



**ISK3.8bn** (ISK 2.9bn)

Post-tax profit



**ISK6.5bn** (ISK 6.0bn)

Valuation change of investment property



**5.3%** (5.0%)

Profitability of investment property



**7.1%** (5.5%)

Return on equity

## FINANCIAL POSITION



**ISK179.4bn** (ISK

170.4bn)

Group's investment property



**ISK116.3bn** (ISK 109.1bn)

Interest-bearing liabilities



**64.8%** (64.0%)

Leverage ratio



**30.0%** (29.8%)

Equity ratio

## SUSTAINABILITY



**36%**

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



**↓23%**

Carbon footprint\*



**↓7%**

Electricity consumption\*



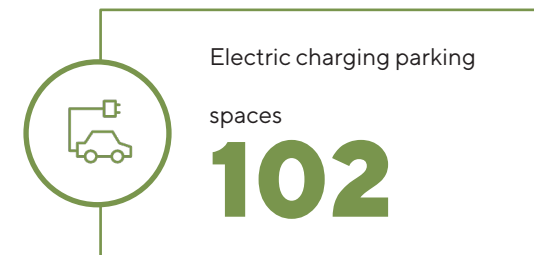
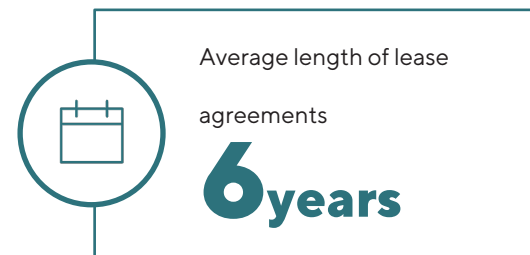
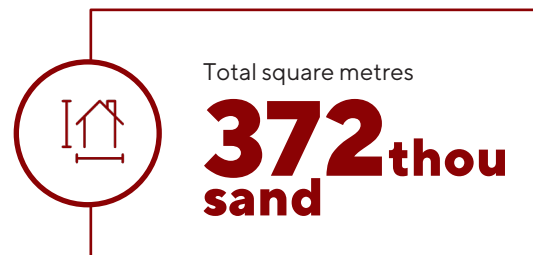
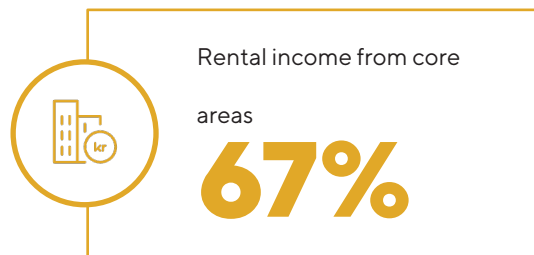
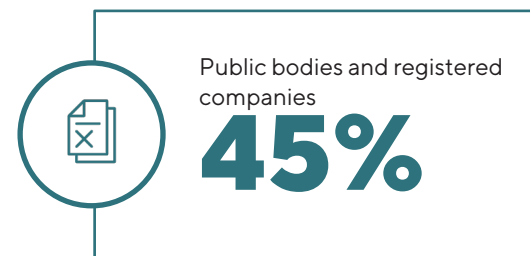
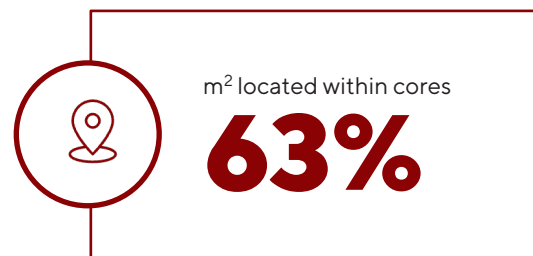
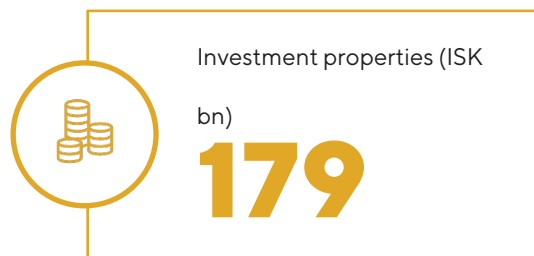
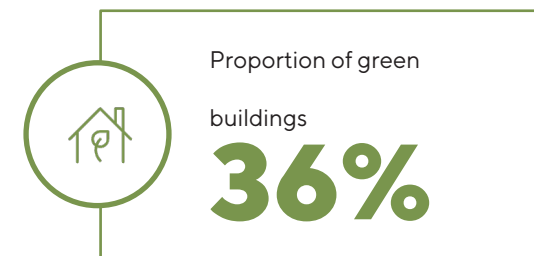
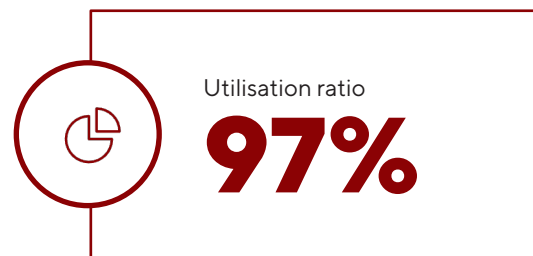
**↑6.5%**

Water use\*

\*Comparison year 2019

# TARGETED STEPS TOWARD SET GOALS

Reginn's policy priorities deliver measurable results



# OPTIONAL TAKEOVER BID FOR EIK REAL ESTATE COMPANY

## Main milestones in the past months

8 JUNE 2023

- Reginn announces the decision of the company's Board of Directors to submit **an optional takeover bid for the entire share capital of Eik**.
- The decision was made following a market sounding with all of Eik's largest shareholders.

29 AUGUST '23

- Reginn has submitted a merger register to the Competition Authority, which is in the legal process at the agency.

02 NOVEMBER '23

- The Competition Authority announces that it considers there is a reason for further investigation into the competitive effects of the merger between Reginn and Eik.

- Bid summary published publicly and sent to all Eik shareholders.
- The bid is subject to conditions for the approval of the Competition Authority and that holders of at least 75% of Eik's voting rights approve the bid.

10 JULY '23

- Reginn's Shareholders' Meeting confirms the Board of Directors' authorisation to increase the share capital of the company by up to ISK 1,670,351,049
- The authorisation comes as a result of the bid for Eik's share capital being increased, and subsequently, the exchange ratio is 48%.

12 OCTOBER '23

- The Competition Authority has returned the preliminary conclusion of the merger investigation.
- The company will endeavor to reach a consensus with the Competition Authority on acceptable conditions.
- The bid deadline extended to 15 April, 2024.

9 FEBRUARY '24

# **FINANCIAL POSITION AND OPERATIONS**

# STRONG INCOME GROWTH DESPITE FEWER PROPERTIES

Profit increased by 31% between years

## PROFIT AND LOSS ACCOUNT

	2023	2022	Δ %
Rental income	13,026	11,508	13%
Other income	751	689	9%
<b>Operating revenue</b>	<b>13,777</b>	<b>12,197</b>	<b>13%</b>
Operating costs of investment properties	-2,613	-2,325	12%
Property operations	-1,032	-879	17%
Administrative expenses	-723	-626	15%
<b>Operating profits before valuation change</b>	<b>9,408</b>	<b>8,368</b>	<b>12%</b>
Operating profits before valuation change of rental income	72%	73%	
Valuation change of investment property, sales profit, and depreciation	6,398	6,098	
<b>Operating profits after valuation change</b>	<b>15,806</b>	<b>14,466</b>	
Net financial expenses	-11,566	-10,970	5%
Share of affiliate earnings	581	205	
<b>Profits before taxes</b>	<b>4,821</b>	<b>3,701</b>	<b>30%</b>
Income tax	-1,004	-787	
<b>Profits for the period</b>	<b>3,818</b>	<b>2,914</b>	<b>31%</b>

ISK millions

### Rental income - ISK millions

2022 - 2023 (Δ %)



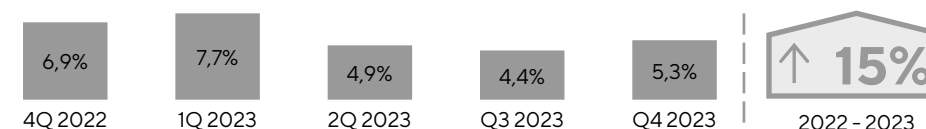
### Operating profits before valuation change - ISK million



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



### Administrative costs - % of income

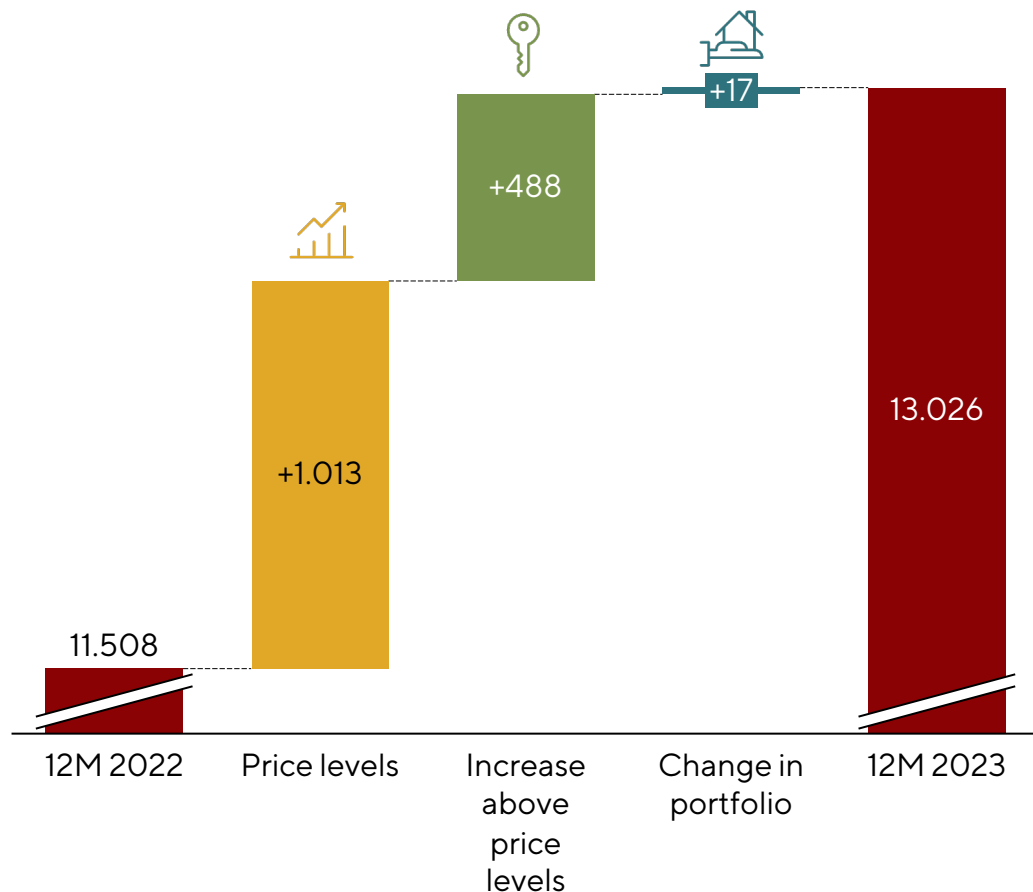


# RENTAL INCOME INCREASED BY 4.2% ABOVE PRICE LEVELS

Good results in leasing

## INCOME DEVELOPMENT

2022-2023



**PRICE LEVELS**

- Rental income increased by 13.2% in 2023 from the previous year.
- Prices have risen by 9.0% in the same period.

**INCREASE ABOVE PRICE LEVELS**

- Lease agreements were signed for 27,147m<sup>2</sup> during the year, which is comparable to the year 2022.
- There is a high demand for commercial real estate, and demand was steady and strong in all quarters of last year. The company's goals regarding leasing and rental prices during the year were successfully achieved.
- Income from new lease agreements and better utilisation of the portfolio increase rental income during the period.

**CHANGE IN PORTFOLIO**

- The utilisation rate of income-bearing properties remains high and is currently 97.0%, which is comparable to past months.
- The total square metres of the portfolio has decreased by 2.4% since the beginning of 2022. In the fourth quarter of 2023, new commercial spaces in Silfursmári and Sunnusmári were added to the portfolio.

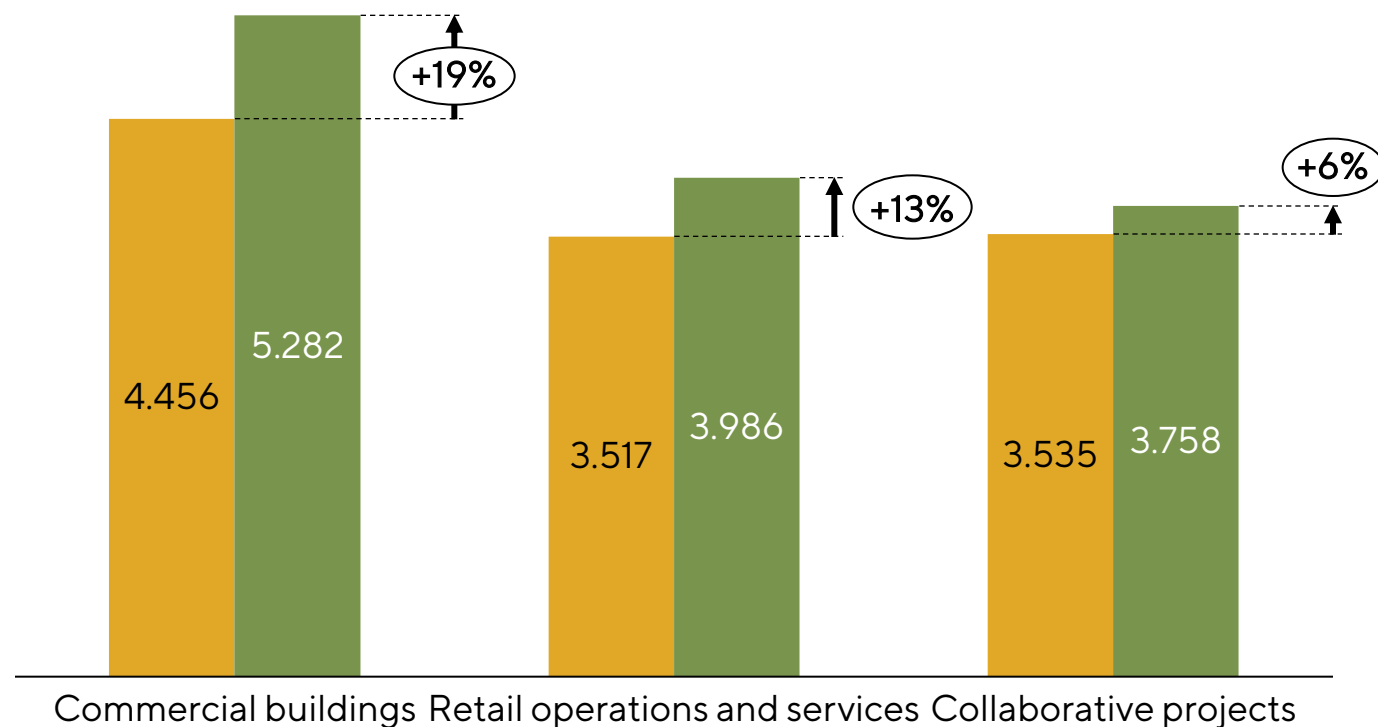


# HEALTHY GROWTH OF RENTAL INCOME IN ALL SEGMENTS

## SEGMENTS: REVENUE FROM LEASES

ISK million

2022 2023



### Commercial buildings

Purchase of Hotel Konsúlat and other properties in Reginn's core area in downtown Reykjavík. New leases, e.g. in the Höfðatorg tower, Ármúla 4-6, and hotel rental income, are the reason for the positive income growth in 2023.

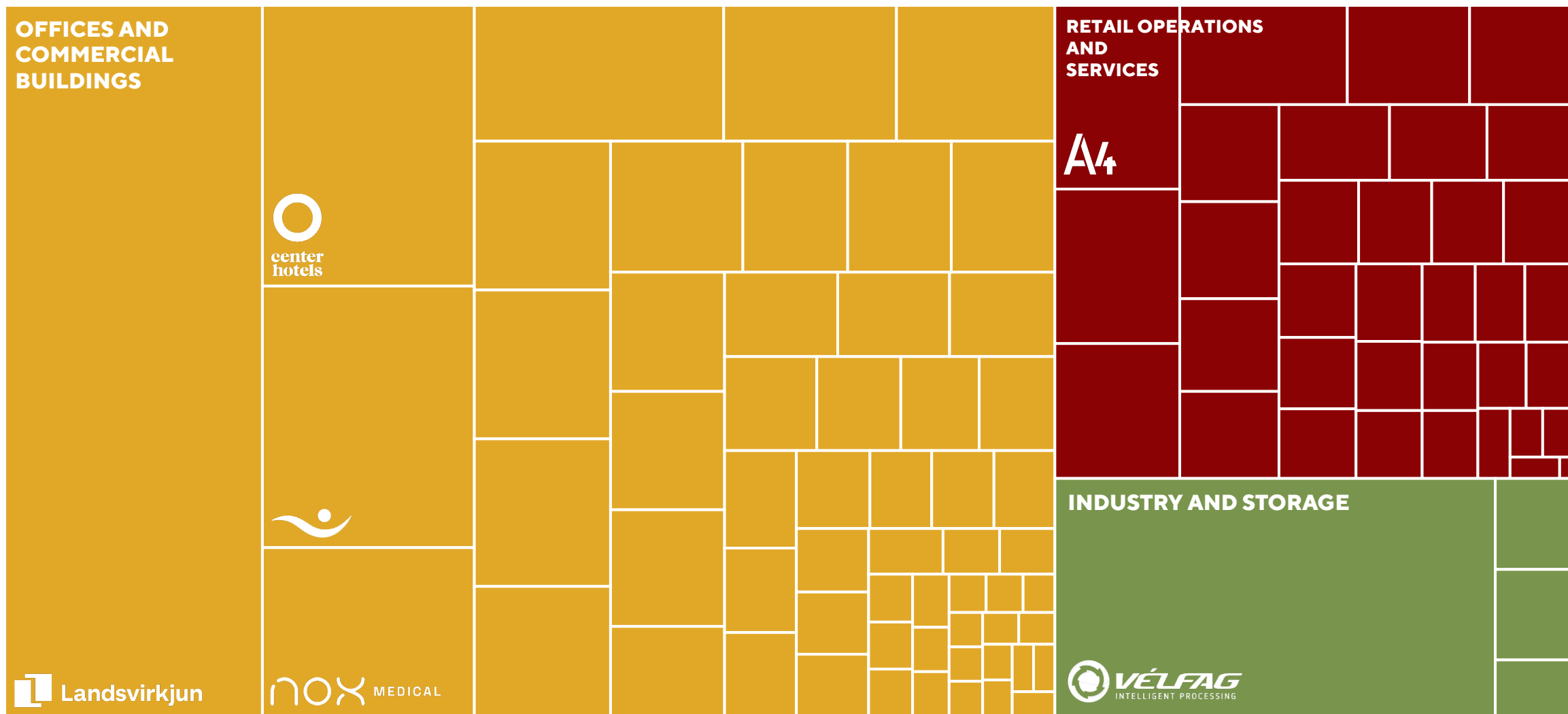
### Retail operations and services

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 2023.

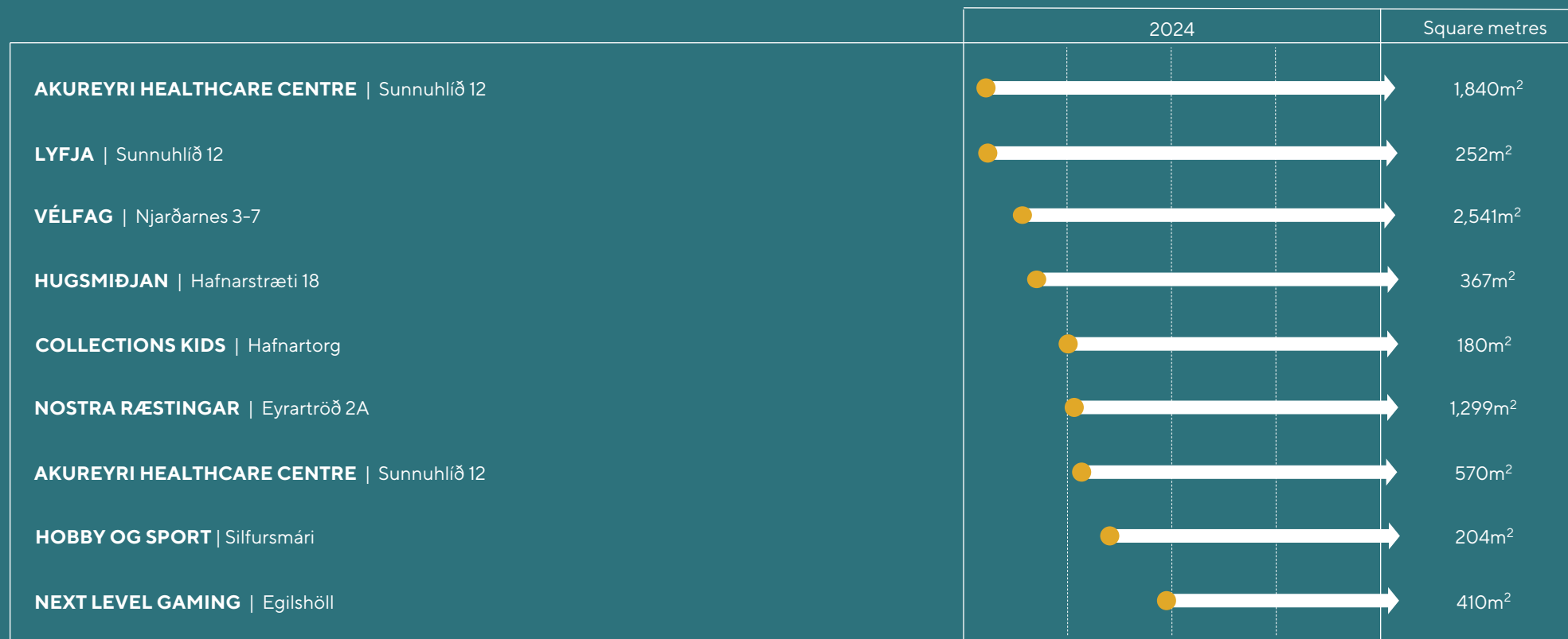
### Collaborative projects

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

# NEW LEASES 2023 – 27 THOUSAND SQUARE METRES



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



7,663m<sup>2</sup>

● Date when the agreement becomes profitable

# NEW RENTAL SPACES FOR DELIVERY IN CORE AREAS

Examples of spaces delivered to new customers



## SUNNUHLÍÐ 12 - AKUREYRI

- The new healthcare centre of the North Iceland Health Institute will open at Sunnuhlíð 12 on February 19th.
- The new premises will be a revolution for the staff and town residents.
- The healthcare centre leases the entire 2nd floor of the building, plus support spaces in the basement, a total of about 1,840m<sup>2</sup>.
- Work is now underway to set up a space for Sjúkrahjálfun Akureyrar, which is expected to start operating by the middle of the year.



## HAFNARSTRÆTI 18

- At the end of the year, Hugsmiðjan began operations in high-quality office premises on the 2nd floor of Hafnarstræti 18.
- Hafnarstræti 18 is a newly renovated building in the heart of the city centre.



## NJARÐARNES 3-7

- During the quarter, Vélfag began leasing Njarðarnes 3-7 in Akureyri. Njarðarnes is a 2,541m<sup>2</sup> industrial housing.
- Vélfag will move its headquarters and production to the premises at the beginning of 2024.

# A STRONG FOUNDATION IS THE BASIS OF CONTINUED GROWTH

## Balance Sheet

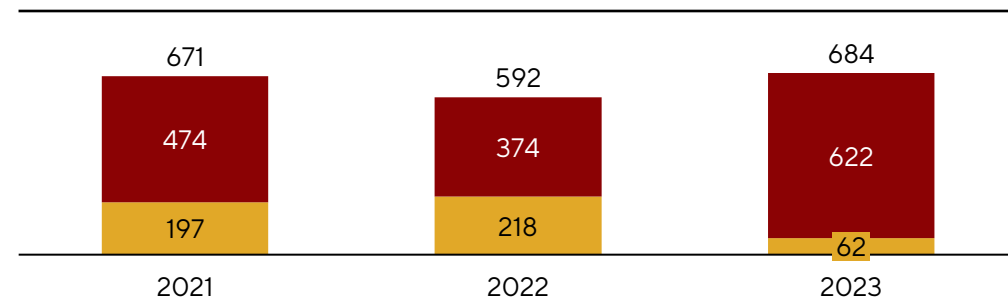
	2023	2022
Investment property	182,737	173,739
Shareholdings in associates	5,031	4,552
Other fixed assets	826	772
<b>Fixed assets</b>	<b>188,593</b>	<b>179,063</b>
Accounts receivable and other receivables	1,101	905
Cash and cash equivalents	3,171	1,369
<b>Total assets</b>	<b>192,865</b>	<b>181,337</b>
<b>Equity</b>	<b>57,778</b>	<b>53,960</b>
Interest-bearing liabilities	112,551	101,262
Income tax liability	13,910	12,907
Other long-term liabilities	3,105	4,030
<b>Long-term liabilities</b>	<b>129,566</b>	<b>118,200</b>
Interest-bearing liabilities	3,771	7,826
Other current liabilities	1,750	1,351
<b>Current liabilities</b>	<b>5,521</b>	<b>9,177</b>
<b>Total equity and liabilities</b>	<b>192,865</b>	<b>181,337</b>

ISK millions

## ACCOUNTS RECEIVABLE

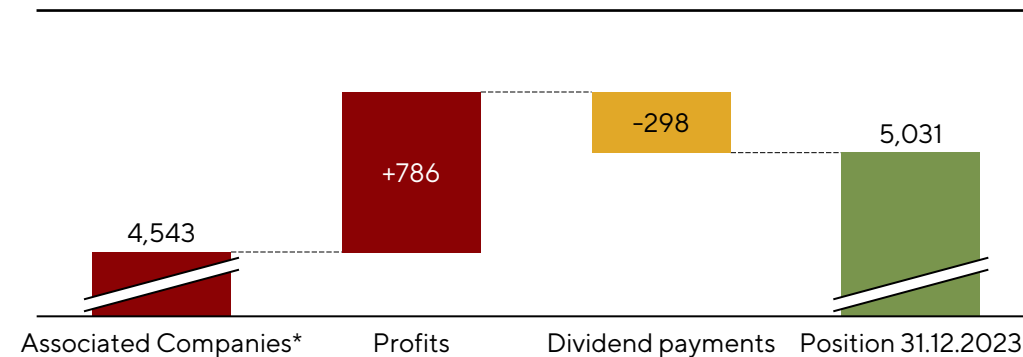
ISK millions

Commercial claims <30 days    Due >30 days



## ASSOCIATED COMPANIES: 33% share in Klasi ehf. and 20.6% in Grunnur ehf.

ISK millions



\*Effects in the year 2022, holding in Klasi ehf. from 30.8.2022, holding in Grunnur ehf. throughout 2022

# FEWER PROPERTIES NEVERTHELESS RESULT IN INCREASED INCOME

Rental income increases above price levels



## RISK DISTRIBUTION

- The composition of Reginn's portfolio is the key to a solid revenue base.
- Division between business categories within defined limits distributes risk.

99

## PROPERTIES

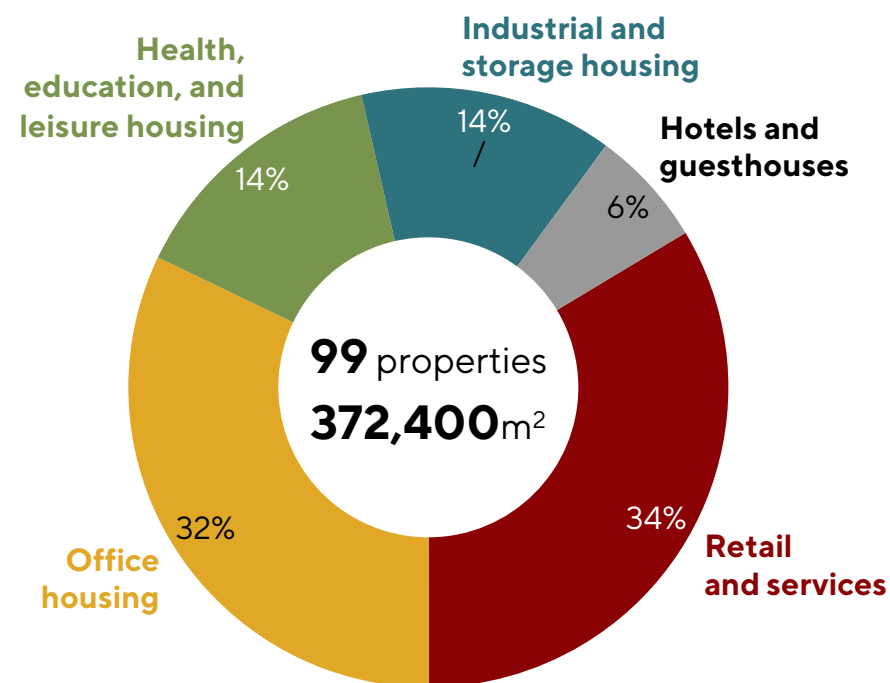
- From year-end 2021, the number of properties has decreased from 110 to 99.
- During the same period, the number of square metres has decreased from 381,600 to 372,400 or about 2.4%.

+25.6%

- Rental income has increased by 25.6% since 2021, while prices have increased by 18.0%.

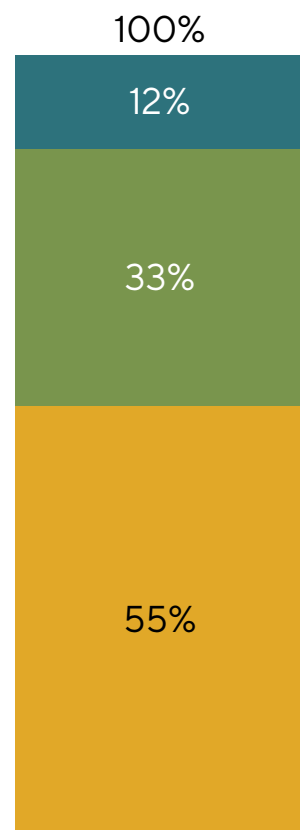
## PORTFOLIO

Square metres, % by type of housing



# REGINN'S CUSTOMERS ARE MANY OF ICELAND'S LARGEST COMPANIES AND PUBLIC BODIES

**CLASSIFICATION OF CUSTOMERS**  
% of total rental income



**LARGEST CLIENTS**  
in each category

Registered companies and banks



Public bodies



General lessees



# POSITIVE VALUATION CHANGES IN THE FIRST PART OF THE YEAR

Price levels and interest rate increases in the second half of the year are the main influencing factors of valuation changes

- There was a negative valuation change in the second half of 2023 due to the increase in interest rates.
- The main influencing factor of the year's valuation changes is the increase in price levels.
- The required rate of return at year-end 2023 is 6.38%, but was 6.09% at the end of 2022.

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.

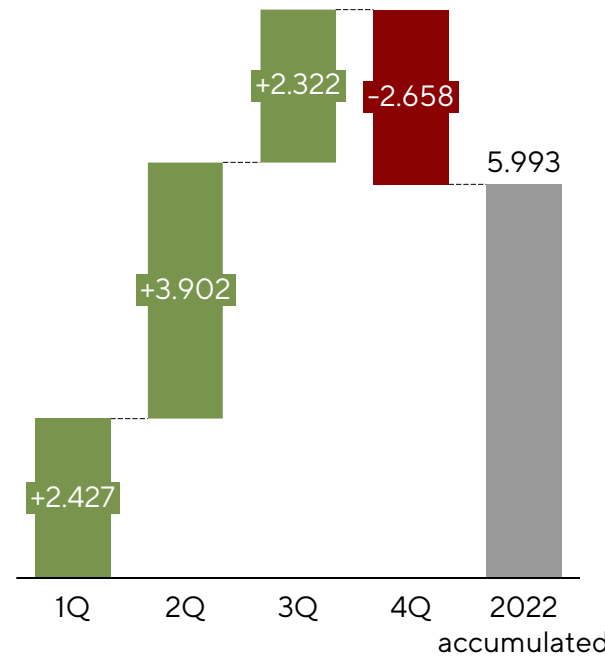
Cash flow assumptions are re-evaluated within a year if there have been changes in the assumptions of lease agreements or costs.

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.

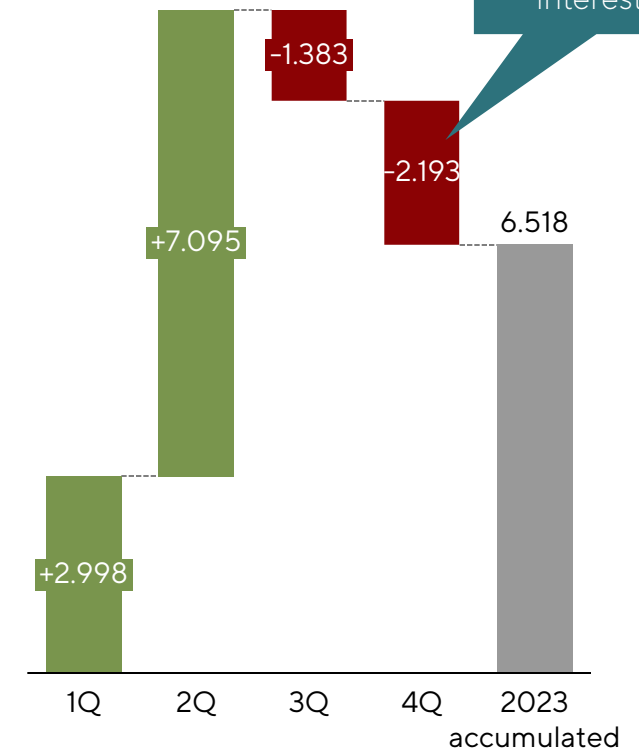
## VALUATION CHANGE 2022

ISK millions



## VALUATION CHANGE 2023

ISK millions



The decrease is explained by the increase in the interest rate



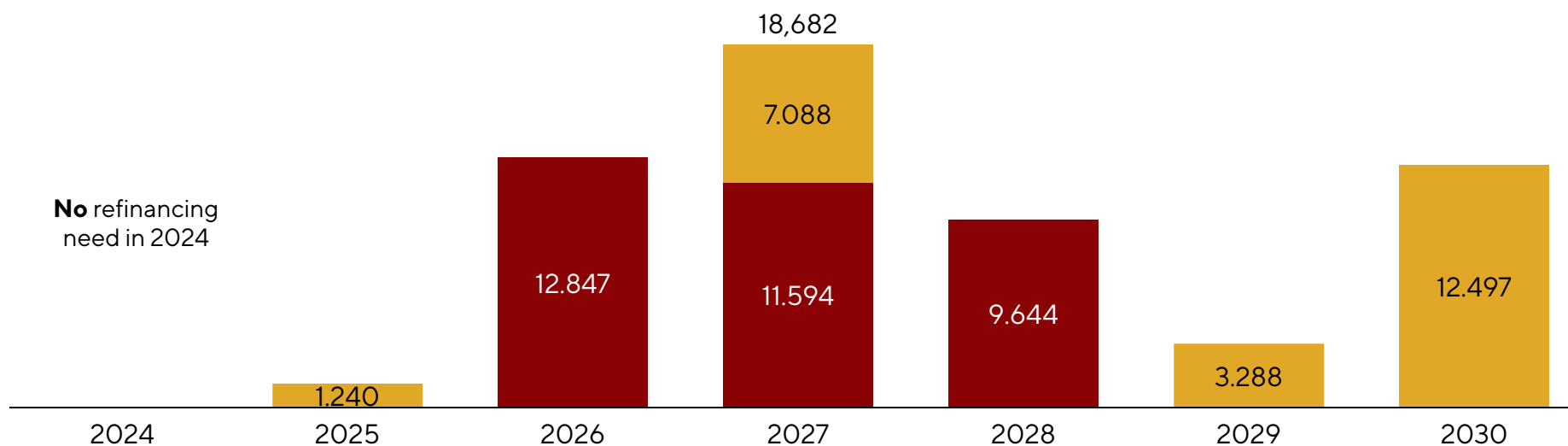
# LIMITED REFINANCING NEED IN THE COMING YEARS

Green financing is 40% of total interest-bearing debt

## REFINANCING NEED IN COMING YEARS

ISK millions

■ Bonds ■ Bank loans



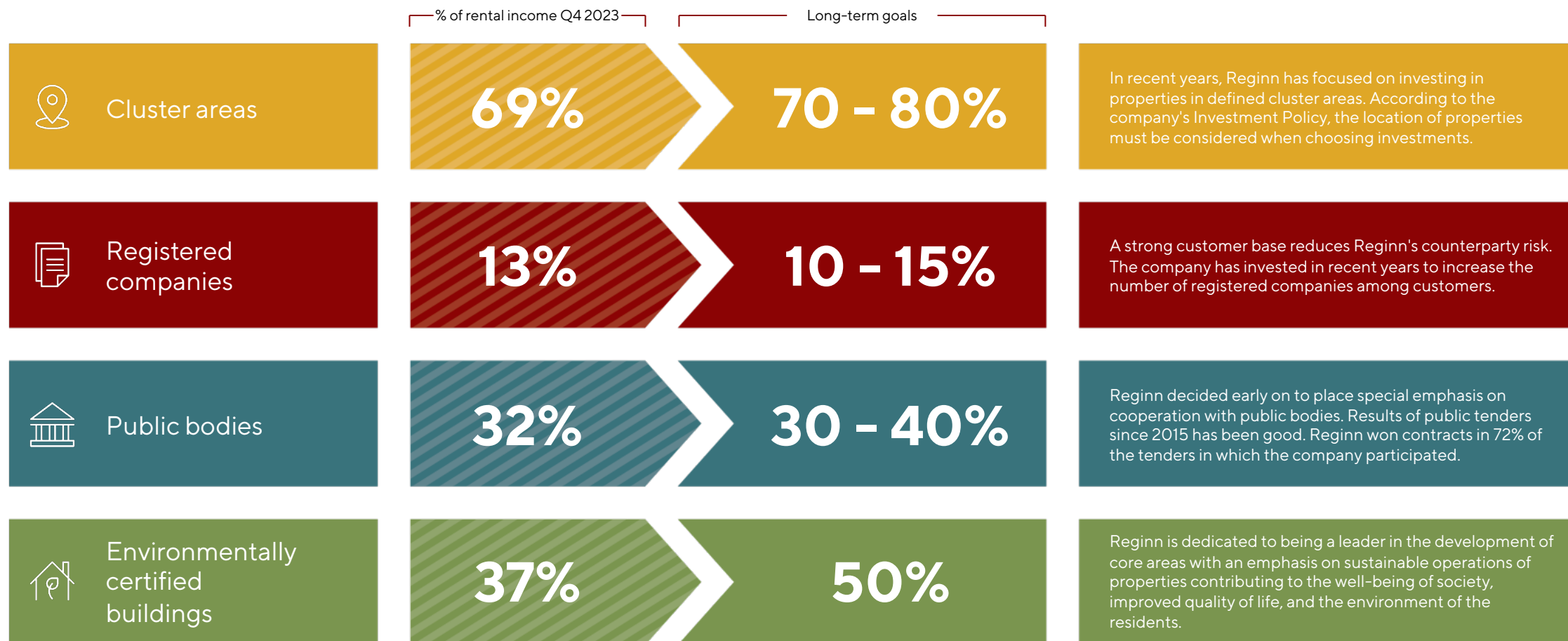
No refinancing need in 2024

About 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 3.03% at the end of December 2023.

# TARGETED STEPS TOWARDS LONG-TERM GOALS

Reginn is a leader in shaping cluster areas



# **ENVIRONMENTAL STATEMENT**

# MEASURABLE RESULTS TOWARDS SUSTAINABILITY

Greenhouse gas emissions have been reduced by 23% compared to the comparison year 2019

Reginn's environmental statement covers six properties where the company is responsible for day-to-day operations. They correspond to about 36% of the company's total portfolio.

Main conclusions when comparing 2023 with the comparison year 2019:

- Total greenhouse gas emissions have been reduced by 23% per square metre.
- Electricity consumption has decreased by 7% per square metre.
- Hot water consumption has increased by 6.5% per square metre.

## SUSTAINABILITY



**36%**

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



↓ **23%**

Carbon footprint



↓ **7%**

Electricity use



↑ **6.5%**

Water use

# DOUBLE MATERIALITY ASSESSMENT WAS PERFORMED DURING THE YEAR IN COLLABORATION WITH EXPERTS

- A double materiality assessment is conducted to identify the most important sustainability issues for the company and which risks and opportunities affect the company's sustainability issues.
- The assessment examines both the company's impact on the environment, people and society, and how different sustainability issues have a financial impact on the company.
- The double materiality assessment will influence long-term sustainability priorities and strategy and will be reviewed regularly.

## Umhverfis undirviðfangsefni

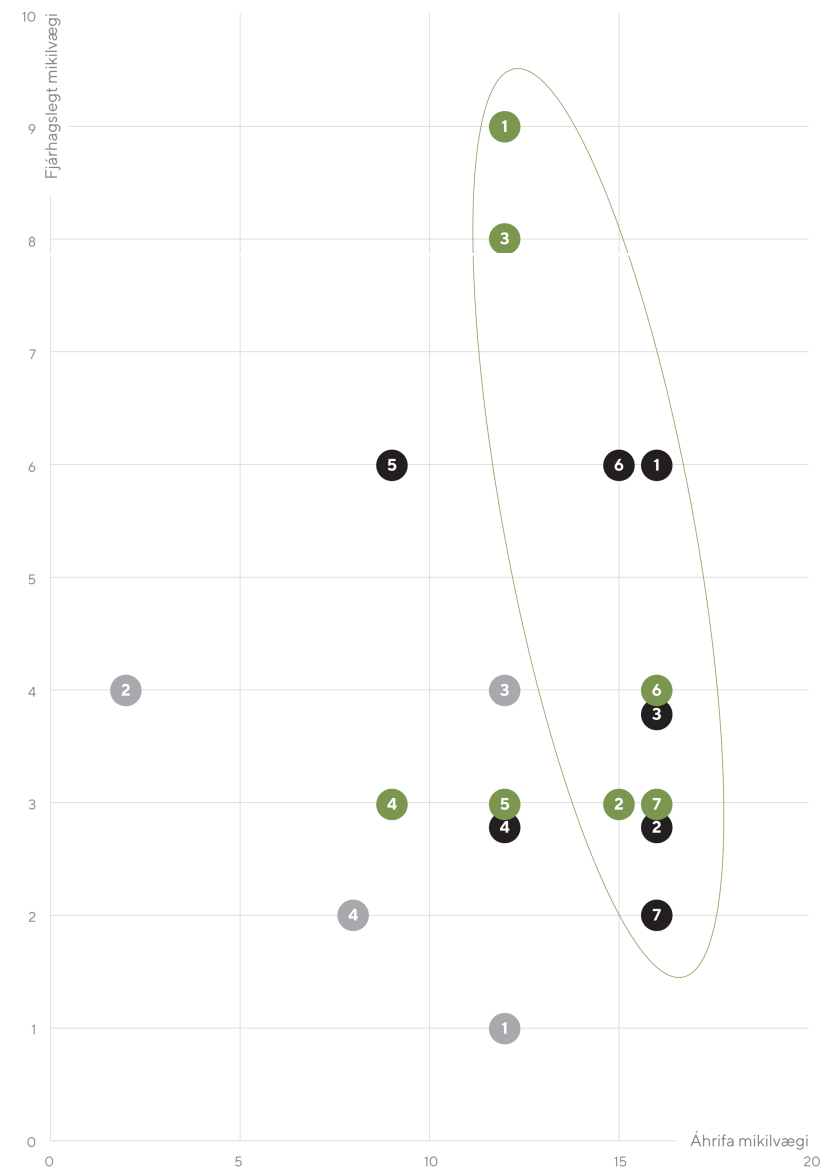
- 1 Orka
- 2 Mildun loftslagsbreytinga
- 3 Aðlögun að loftslagsbreytingum
- 4 Líffræðilegur fjölbreytileiki
- 5 Vatnsnotkun
- 6 Hringrásarhagkerfi
- 7 Úrgangur

## Félagsleg undirviðfangsefni

- 1 Heilsa og öryggi
- 2 Jafnvægi milli vinnu og einkalífs
- 3 Djálfun og færniþróun
- 4 Jafnrétti kynjanna
- 5 Tengsl við samfélagið
- 6 Upplýsingagjöf
- 7 Persónuvernd

## Stjórnarhættir undirviðfangsefni

- 1 Fyrirtækjamenning
- 2 Spilling og mútur
- 3 Birgjatengsl
- 4 Pólitísk þátttaka og hagsmunagæsla



# TEMPORARY EXEMPTION FROM THE IMPLEMENTATION OF ENERGY PERFORMANCE CERTIFICATES FOR REAL ESTATE

There is an impossibility regarding Reginn's disclosure in connection with the EU Taxonomy.

EU Taxonomy entered into force in Iceland on 1 June, 2023 and is valid for the entire financial year 2023, and Reginn publishes information in accordance with the regulation as part of non-financial information in the Annual Accounts.

For the purchase and ownership of buildings to be considered a significant contribution to mitigating climate change, buildings must have an energy performance certificate, but Iceland has a temporary exemption from the implementation of energy performance certificates for real estate.

For this reason, there is an impossibility regarding Reginn's and other Icelandic companies' disclosure that relates to showing the percentage of turnover, operating fees and investment fees that is taxonomy aligned.

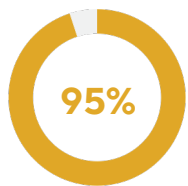
- In December 2023, Reginn submitted a proposal for an addition to the current technical criteria in the European Union's consultation portal, so that the company's environmentally certified properties can be covered, and a conclusion is expected in 2024.
- Work has also begun to ensure that BREEAM environmental certifications are aligned with the requirements of the taxonomy.

	MITIGATION	ADAPTATION
Significant contribution	Energy performance certificate Buildings should meet criteria in aspect 7.1 Monitoring and evaluation of energy performance	Implementation of adaptation solutions that reduce climate risks Climate risk and vulnerability assessment Climate projections Adaptation solutions implemented
Do not cause significant damage	The operations in accordance with the criteria in the classification of climate-related risks	Energy performance certificate Buildings should meet criteria in aspect 7.1
Minimum protective measures	Core subject based on requirements in Article 18, 2020/852/EU Human rights Corruption and bribery Taxation Fair competition	

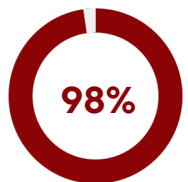
# **DEVELOPMENT OF THE PORTFOLIO**

# REGINN'S CORE AREAS

## Greater Reykjavík Area

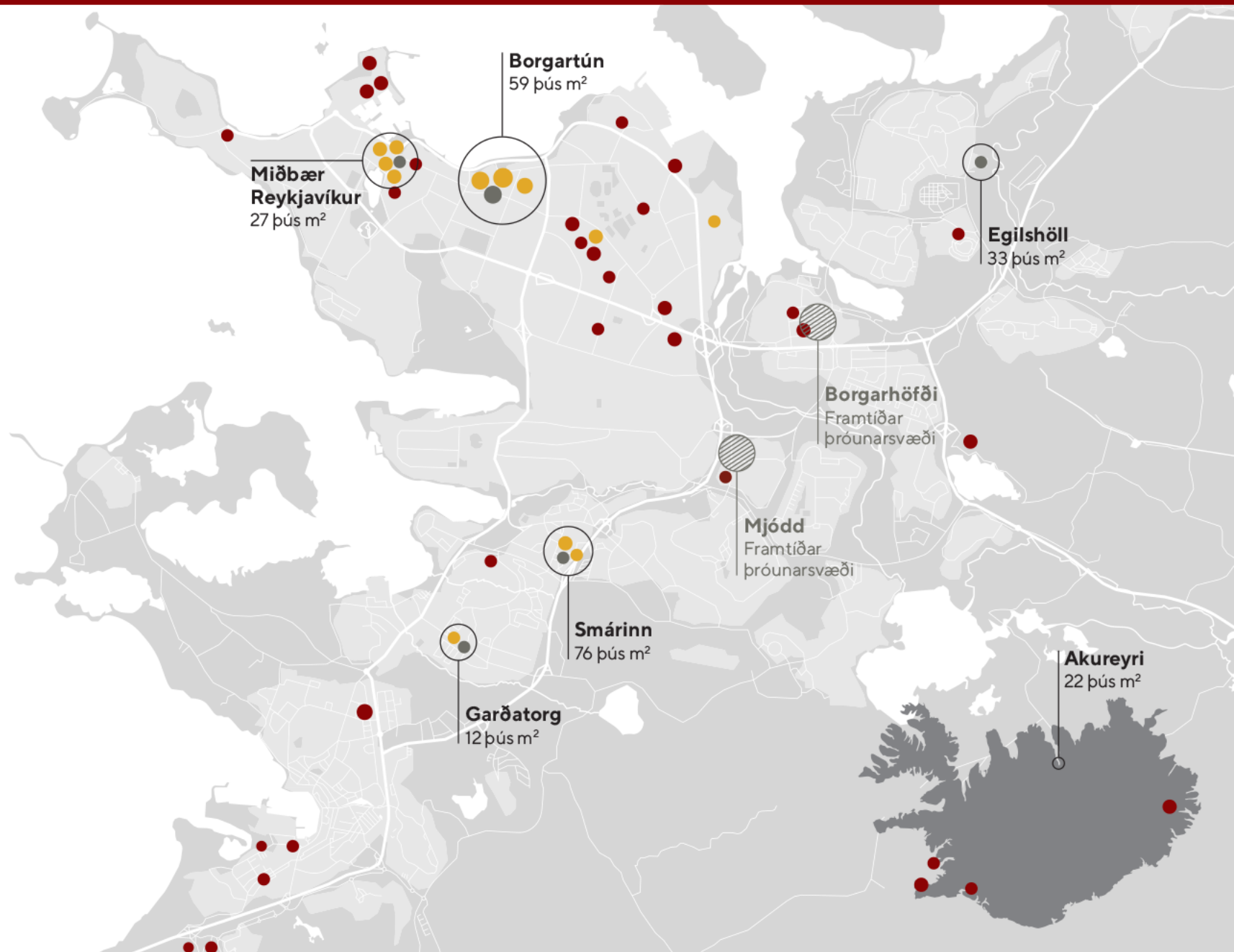


**95%**  
Purchased assets  
Within core areas



**98%**  
Sold assets  
outside core areas

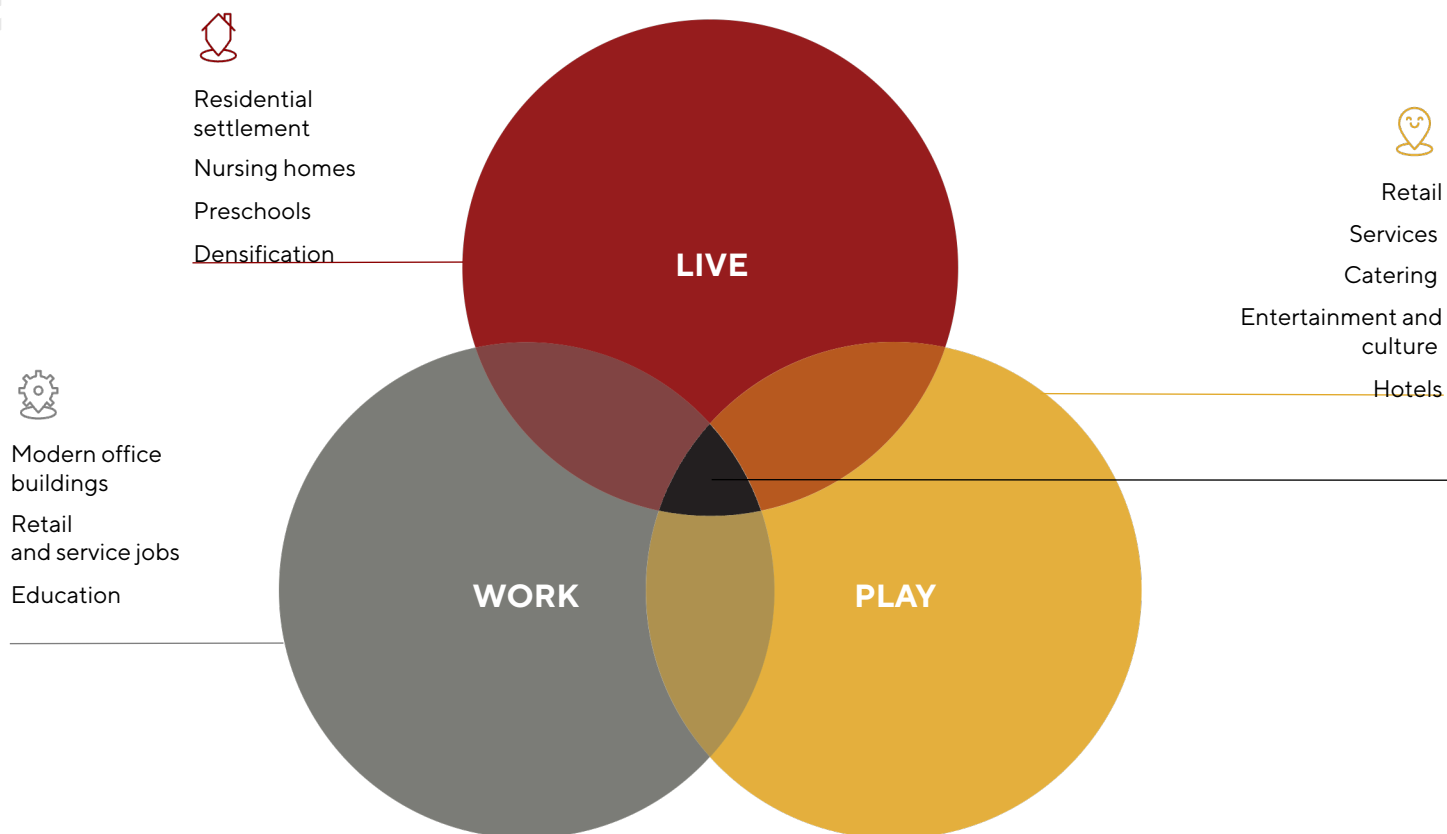
- Purchased properties since 2018  
**60 thousand m<sup>2</sup> | 13 properties**
- Sold properties since 2018  
**32 thousand m<sup>2</sup> | 37 properties**
- Properties in core areas  
Purchased/sold before 2018





# DIVERSITY AND DENSITY

The foundation for a strong core area



## BENEFITS



### FOR RESIDENTS

A diverse and lively area increases the quality of life

A selection of services within easy reach reduces travel time

Reduces the need for car ownership



### FOR THE ENVIRONMENT

Less driving

Shared parking and electric charging stations around the clock

Promotes public transport

Better utilisation of infrastructure



### FOR REGINN

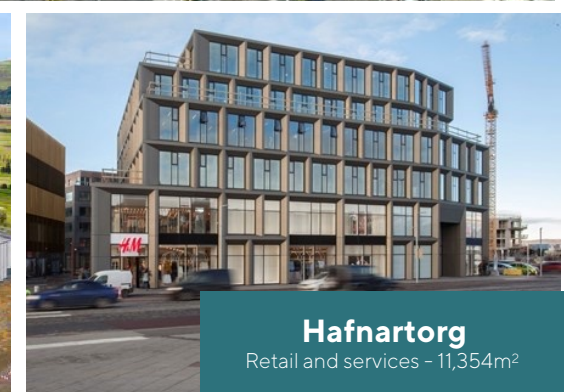
Investment in the cluster supports other properties in the cluster area

A better selection of restaurants supports residents, offices, and retail operations

Recreation such as fitness centres supports shops, restaurants, and offices

# REGINN'S LARGEST PROPERTIES IN THE HEART OF THE CLUSTER AREAS

## Key properties in the Greater Reykjavík Area



# OTHER IMPORTANT PROPERTIES

High quality properties in sought-after locations



# DIVERSE KEY PROPERTIES IN CLUSTER AREAS

Reginn has experience in managing diverse properties for public bodies



## SCHOOLS

Primary school:

- Áslandsskóli in Hafnarfjörður

Preschools:

- Tjarnarás in Hafnarfjörður
- Hörðuvellir in Hafnarfjörður
- Sjáland Garðabær
- Múlaborg Reykjavík



## SPORTS FACILITIES

Egilshöll in Reykjavík:

- Football stadium
- Gymnastics hall
- Comprehensive ball building
- Ice skating rink
- Shooting range
- Athletics

In addition to leasing housing, Reginn handles all operations and staffing in Egilshöll.



## OFFICES

A number of organisations rent offices from Reginn for their activities:

- City of Reykjavík
- Akureyri Township
- Landsvirkjun
- Vegagerðin [Icelandic Road and Coastal Administration]
- The General Commissioner of the Greater Reykjavík Area



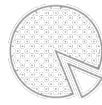
## OTHER

- The National Museum of Iceland – Conservation & research centre Tjarnarvöllum 11
- Hostel for refugees and asylum seekers.
- The Museum of Design and Applied Art, Garðabær
- Sóltún Nursing Home

# A RECORD YEAR IN SMÁRALIND



**Record turnover of operators**



**99%**  
Rental ratio



**Record sales of gift cards**



**37%**  
better waste sorting with a smart waste sorting system



**The gift card on your phone**



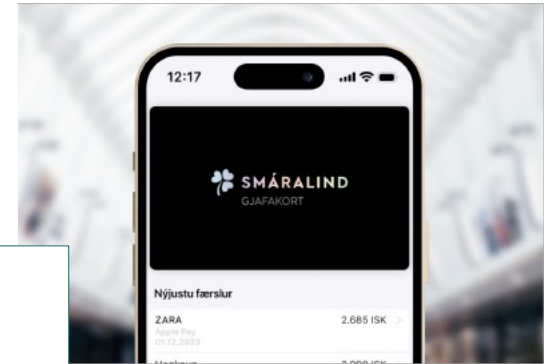
**Increase in electric charging stations and a new fast charging station**



**2 new operators**



**Mathilda**



## Transformation of Vetrargarðurinn

A transformation of the Winter Garden is planned, with increased entertainment and a wider selection of restaurants.



# STRONG INCOME GROWTH AT HAFNARTORG



**36%**

Increase in operator turnover



**60%**

Increase in rental income



**528**

**thousand**

Visitors to Hafnartorg Gallery

**5** new operators

COLLAGE

THE SHOP

M I

SMJÖR  
Bistro  
& Bar

K A

D O

K O F I

GALLERÍ

iurie | fine art



**Collage the shop** opened with labels like Gucci and Burberry

The design store **Mikado** opened, with products from labels including Le labo

Ahead is the opening of **Collections kids** in March 2024 and the expansion of **The Icelandic Phallogical Museum**



# **OPERATING PLAN 2024**

# OPERATING PLAN 2024

Based on the company's portfolio at the end of 2023 and a 6% increase in price levels between years, it is estimated that the company's rental income in 2024 will be between ISK 13,700 - 13,900m.

Estimated rental income in 2024

ISK **13.7-13.9** bn



Furthermore, it is expected that the operating profit before valuation change and depreciation (EBITDA) will be around ISK 9,800-10,000m in the year 2024.

Estimated EBITDA in 2024

ISK **9.8-10.0** bn

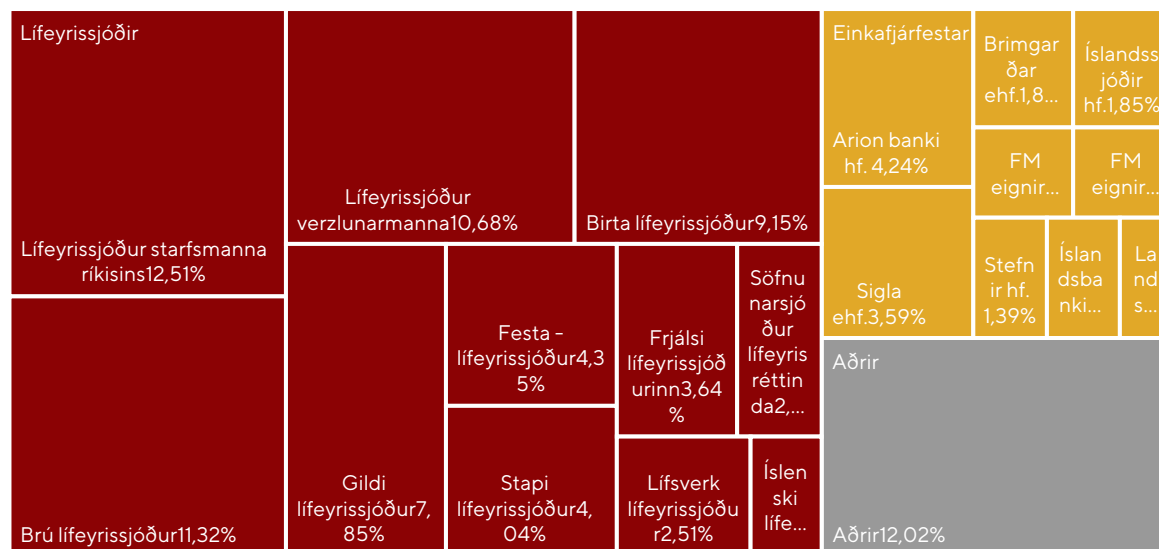




**SHAREHOLDERS**

# 20 LARGEST SHAREHOLDERS

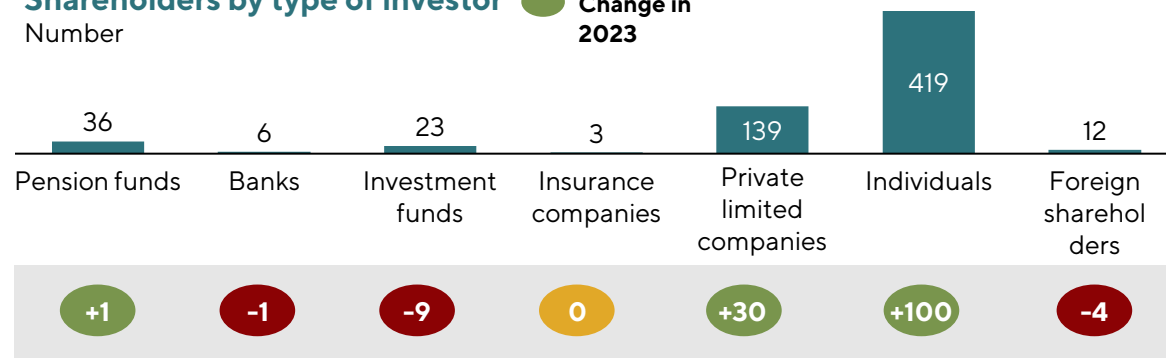
## Proportional distribution and increase of shareholders



### Shareholders by type of investor

Number

Change in 2023



No.	Name	Shares	%
1	The Pension Fund for State Employees (LSR)	228,300,000	12.62%
2	Brú Pension Fund	204,907,018	11.32%
3	The Commercial Workers' Pension Fund (LV)	193,445,661	10.69%
4	Birta Pension Fund	164,844,411	9.11%
5	Gildi Pension Fund	142,088,488	7.85%
6	Arion Bank	78,342,509	4.33%
7	Festa - Pension Fund	77,794,234	4.30%
8	Stapi Pension Fund	76,473,701	4.23%
9	Sigla ehf.	65,000,000	3.59%
10	The Free Pension Fund	60,151,684	3.32%
11	Lífsværk Pension Fund	45,467,650	2.51%
12	Söfnunarsjóður lífeyrisréttinda	44,441,779	2.46%
13	Íslandssjóðir hf.	34,186,716	1.89%
14	Brimgarðar ehf.	33,569,349	1.86%
15	FM eignir 1 ehf.	25,771,241	1.42%
16	FM eignir 2 ehf.	25,771,240	1.42%
17	The Icelandic Pension Fund	24,305,650	1.34%
18	Íslandsbanki hf.	23,022,693	1.27%
19	Stefnir hf.	22,083,481	1.22%
20	Landsbréf hf.	19,106,389	1.06%
<b>Total</b>		<b>1,589,073,894</b>	<b>87.82%</b>

Shareholders compared to 8.2.2024



# FINANCIAL CALENDAR

Annual General Meeting 2024	12 March, 2024
First quarter results	7 May, 2024
Second quarter results	21 August, 2024
Third quarter results	6 November, 2024
Annual results 2024	12 February, 2025

Reginn  
FASTEIGNAFÉLAG

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