

ANNUAL IMPACT REPORT





Introduction

On March 31st 2020 Reginn published its first green financing framework. Reginn developed the Green Financing Framework (the “Framework”) in order to issue Green Financing Instruments (“Green Financing Instruments”) such as Green Bonds, Green Commercial Papers, Green Loans and other types of debt instruments where the use of proceeds will be exclusively applied to fully or partly finance or refinance eligible Green Assets.

To ensure full transparency, Reginn publishes an Annual Impact Report as long as it has Green Financing Instruments outstanding. This is the first such Annual Impact Report under the Framework (see section 4 in the Framework) and is published in English on Reginn’s website for Green Financing, <https://www.reginn.is/en/investors/green-financing>

Reginn and Green Financing

Real estate is responsible for about a third of global greenhouse gas emission, including emissions generated from the operation of the properties. As a real estate company that also manages about a third of its property portfolio, the company is in a unique position to reduce the negative environmental impact of its properties. A major factor in meeting these negative consequences is the environmental

certification of properties. In March 2020, the company registered a Green Financing Framework with the aim of financing environmentally certified properties and environmentally friendly investments. The Green financing framework is based on Green Bond Principles (GBP) with the independent opinion of CICERO, the International Centre for Climate and Environmental Research.

Green Assets, Green financing and allocations

Reginn's Green Asset Pool amounted to ISK 21bn as of December 31st 2020 and is comprised of Green Asset Category 1: Green buildings. Total outstanding Green Financing Instruments amounted to ISK 16bn and thus the Green borrowing capacity amounted to

ISK 5bn at year end. All proceeds from Green Financing Instruments issued in 2020 were used for refinancing and all the proceeds have been allocated to the Green Asset Pool.

Green Asset Pool

Category 1: Green buildings	ISK	21,0 bn
Total Green Asset pool	ISK	21,0 bn

Outstanding Green Financing Instruments

Reginn 50 GB ISIN: IS0000032019	ISK	12,5 bn
Reginn 23 GB ISIN: IS0000032415	ISK	2,0 bn
Green Loan 505 200885	ISK	1,5 bn
Total outstanding Green Financing Instruments	ISK	16,0 bn
Green Borrowing Capacity	ISK	5,0 ma

Green Buildings

Full list of buildings under Green Buildings Category

Property	Built	Function	Size (sqm)	Sustainable Energy %	Certification category	Energy usage (kwh/m ²)	Carbon footprint (kg/m ²)	Water usage (m ³ /m ²)
Smáralind	2001	Retail	62.200	100%	BREEAM In-Use Very Good	414	237	6,56



Smáralind Shopping Center

Smáralind is Reginn's largest property, in total about 62.200 m² and was also the first building to obtain the BREEAM In - Use certification in Iceland, in January 2020. Extensive emphasis has been placed on environmental matters and sustainability in Smáralind's operations including comprehensive waste sorting, installations of charging stations, roofed bicycle parking for guests and employees with bicycle stands and new

building management systems. With new building management systems better control is achieved such as for ventilation, floor heating systems, lighting, smoke extraction and snow melting systems. Renovation of these systems increases both energy savings and work optimisation. Installation of smart waste in Smáralind is in progress as a measure to increase percentage of sorted waste in the building.

** The referred Smáralind energy consumption, carbon footprint and water usage includes all energy consumption, waste and water usage in the property and on site including the usage and carbon footprint of the tenants in the property from these elements. Further information regarding the methodology can be found in the Sustainability Report for the year 2020 (in Icelandic) at <https://www.reginn.is/2020/sjalfbaerni/>*

Auditor's Limited Assurance Report

To Reginn hf.

Introduction

We have been engaged by the Board of Directors of Reginn hf. (the Company) to undertake a limited assurance engagement of selected information in the Company's Annual Impact Report, concerning the Green Financing Framework issued in March 2020.

Assurance scope

The scope of our work was limited to providing assurance of *"whether the Green Asset Pool exceeds the total amount of outstanding Green Financing Instruments"* as described on page 3 of the Company's Annual Impact Report ("the selected information"). The reporting criteria against which this information was assessed are relevant parts of the Company's Green Financing Framework, available on the Company's website.

Our assurance does not extend to any other information in the Annual Impact Report.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report

The Board of Directors and the Executive Management are responsible for evaluating and selecting eligible assets, to allocate to the Green Asset Pool, and for preparing the Annual Impact Report that is free of material misstatements, whether due to fraud or error, in accordance with the Company's Green Financing Framework.

Responsibilities of the Auditor

Our responsibility is to express a limited assurance conclusion on the selected information specified above based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information issued by IAASB. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the management of assets and the process for selection of eligible assets, and

Ernst & Young ehf.
Borgartúni 30
105 Reykjavík



applying analytical and other limited assurance procedures, including inspection of documentation, and limited sample testing of the selected information.

The procedures performed in a limited assurance engagement vary in nature from, and are less in scope than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards. The procedures performed, consequently, do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance conclusion.

Our independence and quality control

Ernst & Young ehf. applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Reginn hf. in accordance with professional ethics for accountants and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Conclusion

Based on the limited assurance procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information disclosed in the Company's Annual Impact Report has not been prepared, in all material respects, in accordance with the reporting criteria.

Reykjavík, 12 May 2021

Ingunn H. Hauksdóttir
Authorized Public Accountant