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VIGA RE Q2 2022

September 28, 2022

Dear Viga RE Investors
Please find below our Q2 2022 results and investor net asset value (NAV) as of 30/6/2022.

Results and NAV

Margins on Net Operating Income (NOI) have increased in 2022, driven by improvements in existing properties and positive contributions from the newly acquired assets. New rental contracts signed in Q2 2022 were on average 8% higher than in Q1 2022. This was mainly attributable to churn at Teglholmen where we still have have rent potential. Structural vacancy was at 3.5% (above our long term assumption of 1%), which was expected due to the 11 new assets acquired in April 2022 (around 0% structural vacancy for existing assets). We expect structural vacancies in Q3 2022 to be below 1% for the entire portfolio as we have successfully stabilised the newly acquired assets.

The NAV index as of 30/6/2022 was at 125, which is an increase of 4% year-to-date and up 25% since inception (April 2021). Q2 2022 portfolio market value net yield was 3.3% excluding structural vacancy (~3.4% expected after January rental indexation). The continuous rise in interest rates has reduced the market value of 30-year fixed rate mortgage bonds further with an unrealised gain of around EUR 10mn. This is not included in the NAV as mortgages are valued at par according to accounting principles.

Q2 2022 result	Q1	Q2	YTD	Q2 2022 capital structure and NAV			DKK 1'000
Realized NOI *	6'642	12'518	19'160	Property value			1'768'438
Management and admin.	-1'972	-4'332	-6'304	Loan, long term mortgage	LTV	*59%*	-1'043'375
Value adjustment	-378	36'572	36'194	Cash		*-5%*	82'217
EBIT	4'292	44'758	49'050	Deferred tax and provisions		*6%*	-114'313
Interest and other financials	-1'847	-5'174	-7'021	Deposits		*1%*	-24'747
EBT	2'446	39'583	42'029	Other current assets/liabilities		*1%*	-9'526
Actual tax, 22%	-538	-1'733	-2'271	Equity+shareholder loan (NAV)*		*37%*	**658'694**
Deferred tax, provision	0	-11'182	-11'182	Commitment draw down			579'702
Result	**1'908**	**26'667**	**28'576**			**NAV index**	**125**
**NOI margin ex administration*	*75.0%*	*78.3%*	*77.1%*	**Of which Equity / Shareholder loan*		*217'079*	*441'615*

Mortgage loan structure	Loans	Interest range	Margin	Market value	Normalized Interest and margin in Q2	Repayment period	Normalized repayments in Q2
Loan, fixed 30 year	539'139	1,19% - 3.00%	0.70%	459'896	3'644	2021-2052	2'637
Loan, float (ref. 2023-2027)	514'519	0,03% - 0.08%	0.70%	525'790	935	2022-2052	816
Cost, loan amortization	-10'283			-10'283			
Total	**1'043'375**			**975'403**	**4'579**		**3'454**



Highlights

- ✓ The Many and Hexa transactions were successfully completed in April 2022. The acquisition of these 11 assets almost doubled the total portfolio to EUR 235mn in gross asset value.
- ✓ Newly acquired properties have been stabilised and we expect increased NOI for Q3 and Q4 2022.
- ✓ NOI for assets we have owned for at least 12 months has increased by 3%. *Does not include Baunegårdsvej due to its unit divestment business case.*
- ✓ We have strong liquidity reserves, high solvency ratio and a high share of 30 year fixed term loans in place to cushion further increases in interest rates.
- ✓ Higher short term interest rates are affecting liquidity negatively (~50% of mortgage loans are floating rates). This is expected to be offset in January where a rental indexation of around 4% will be implemented.
- ✓ 94% of all rental contracts in the Viga portfolio have an inflation linked indexation mechanism.
- ✓ Rent potential for the Viga portfolio is estimated at 9%.

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Market

- ✓ Higher inflation (NPI is 8% in Denmark as of 30/6/2022) and interest rates are dominating the headlines. 4% indexation is expected to be passed through to relevant residential tenants in the Danish market.
- ✓ Higher interest rates have increased uncertainty although the Danish economy remains robust. In general, leverage has been reduced further in new transactions compared to Q1 2022.
- ✓ Fewer buyers in the market but transaction volume year-to-date is close to record levels. This is mainly driven by international investors that are allocating capital into the Nordic region (safe-haven). Transaction volume is expected to slow down during H2 2022.
- ✓ The home-owner market is under pressure due to higher borrowing cost which has lead to an increase in demand for rental properties.
- ✓ New supply of residential properties is slowing down due to increases in construction costs and uncertain financing conditions.
- ✓ Inflation and interest rate uncertainty are to a large extent offset by the following four factors, which help stabilise the investment property market in Copenhagen: 1) High solvency ratios and low leverage in the professional investment property market, 2) Undersupply and increased tenant demand, 3) High capital allocation demand from international investors into the safe-haven Nordic market, 4) Inflation indexation of rental contracts in the Danish market.

Viga Strategy

Viga recently announced a EUR 40-60mn capital increase that will close in October 2022 in order to continue our expansion strategy while creating additional investor value. The aim is to reach a portfolio size of EUR 500mn before the end of 2023. This is likely to create a meaningful portfolio premium.

We are currently in advanced due diligence phases for three potential acquisitions, while building a strong pipeline. The current market conditions are offering interesting opportunities for Viga with fewer competitors.

Please don't hesitate to contact us should you have any questions and remember to check out our website for more information on each property: vigarealestate.com and follow us on LinkedIn for news updates.

Note: Mortgage loans are valued at par according to accounting principles. Property valuations are based on 30/6/2022 appraisals by Colliers according to the RICS Appraisal and Valuation Standards (any potential portfolio premium is not included).

Kind regards

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VIGA RE Q2 2022 - PROPERTY OVERVIEW

Property overview Asset	Residential units	Commercial units	Parking / basement units	Sqm. Residen-tial	Sqm. Com-mercial	Rent/sqm. DKK	Net initial yield	Property value TDKK	Value share of portfolio	Value/sqm. DKK
Kildegårdsvej ApS	6	0	0	*1'195*	*0*	2'003	3.1%	66'027	3.7%	55'252
Baunegårdsvej 73 ApS	*8*	*0*	*0*	*1'075*	*0*	2'363	1.9%	*66'062*	3.7%	61'453
Nørrebrogade 32 ApS	*28*	*3*	*2*	*2'852*	*304*	1'972	3.3%	*159'852*	9.0%	50'650
Ejd. selskabet Amagerbrogade 56 ApS	*8*	*4*	*4*	*1'050*	*461*	1'590	3.7%	*57'339*	3.2%	37'948
Vigerslev Allé 122-124 ApS	9	5	3	*827*	*543*	1'200	3.6%	34'854	2.0%	25'441
ApS Bolig Teglhuset København	*91*	*1*	*0*	*3'281*	*113*	2'429	3.3%	206'995	11.7%	60'989
Ejendomsselskabet Rådhusvej 11 ApS	*8*	*3*	*0*	*1'375*	*464*	1'689	3.4%	82'014	4.6%	44'597
Ejd. selskabet Strandlodsvej ApS (svanen)	*49*	*2*	*35*	*4'765*	*343*	1'952	3.3%	249'498	14.1%	48'845
CPH Flats ApS (single units)	17	0	0	1'710	*0*	1'722	3.7%	67'947	3.8%	39'735
HCØ Ejendom ApS	*26*	*1*	*0*	*902*	*124*	2'358	3.3%	58'847	3.3%	57'355
Linde Allé 48 ApS	*20*	*2*	*10*	*2'080*	*333*	1'519	3.6%	85'066	4.8%	35'253
Bispevej 1 ApS	23	0	2	*2'354*	*0*	1'830	3.4%	110'895	6.3%	47'109
Messinavej A/S	12	1	0	*1'171*	*680*	1'496	3.3%	67'707	3.8%	36'579
Ejd. selskabet Ålekistevej 36-40 ApS	*27*	*6*	*0*	*1'784*	*803*	1'104	3.4%	66'274	3.7%	25'618
Ejd. selskabet Godthåbsvej 229 ApS	*30*	*14*	*0*	*2'347*	*1'888*	1'246	3.2%	117'758	6.7%	27'806
Ejd. Selskabet Rådhusstræde 8 & 10 ApS	7	7	0	*741*	*636*	1'527	3.1%	60'817	3.4%	44'166
Ejd. Selskabet Frederikssundsvej 160 og 16	*14*	*3*	*11*	*1'166*	*493*	1'224	3.4%	55'019	3.1%	33'164
Ejd. selskabet Christiansborggade 2 ApS	*18*	*7*	*29*	*3'140*	*924*	1'108	2.3%	155'467	8.8%	38'255
Total	**401**	**59**	**96**	**33'815**	**8'109**	**1'757**	**3.27%**	**1'768'438**	**100%**	**42'182**
Total inc. Structural vacancy of 1%							***3.23%***			

Indexation method	Portfolio	Market rent properties	Cost regulated properties
Increase in cost (cost regulated units not refurbished)	6%	0%	21%
100 % NPI (market rent units and refurbished units)	87%	93%	70%
NPI with min and/or max (commercial units)	7%	7%	7%
Other	1%	0%	2%
Total	100%	100%	100%



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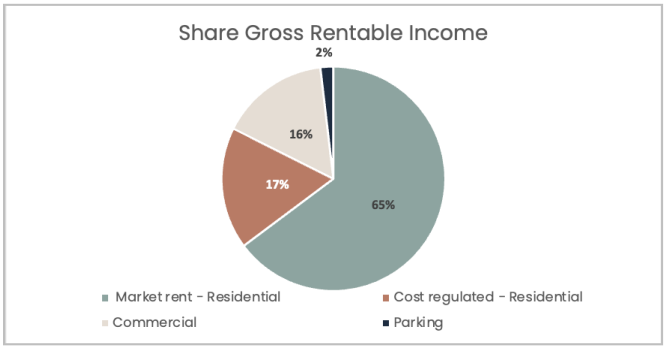
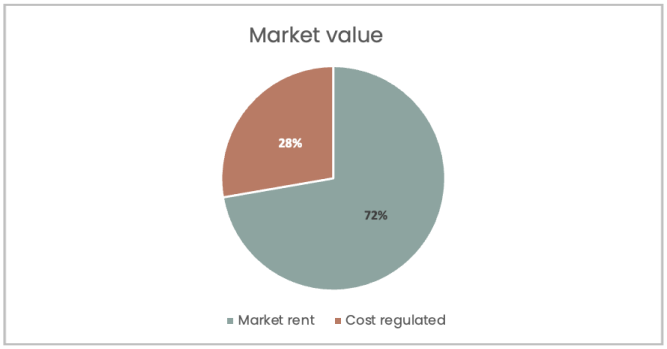
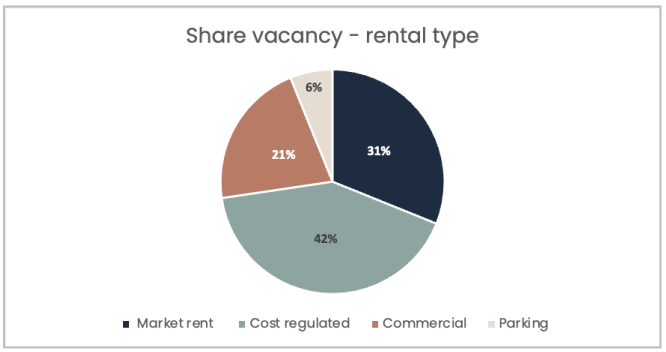
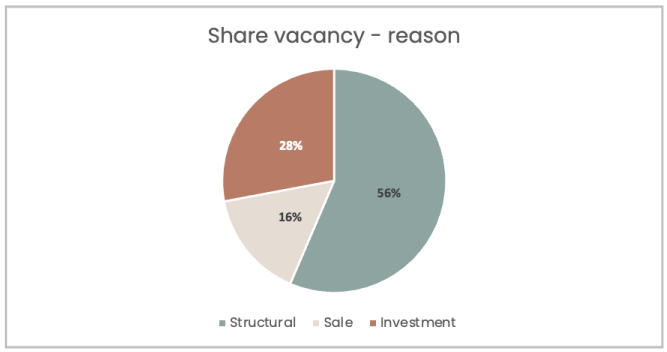
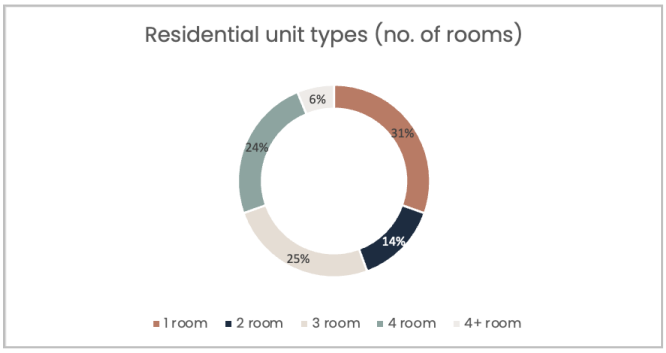
VIGA RE Q2 2022 - PORTFOLIO SNAPSHOT

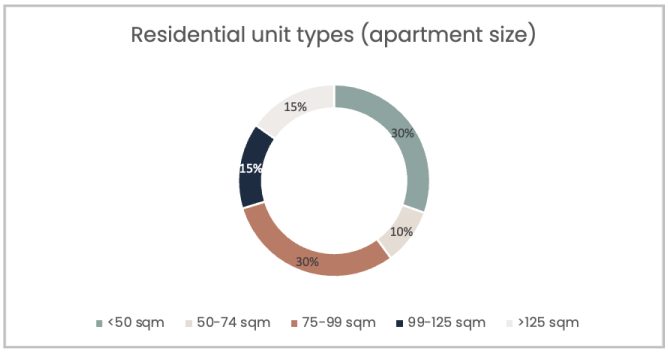


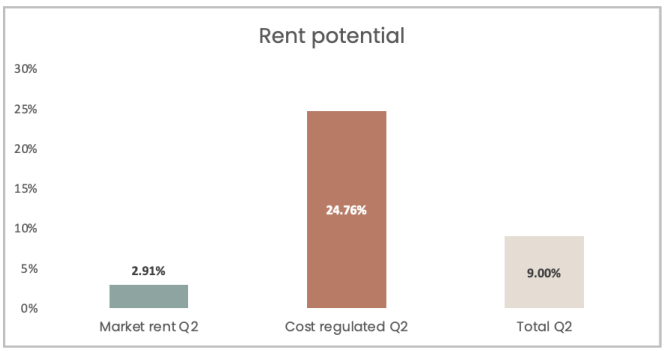


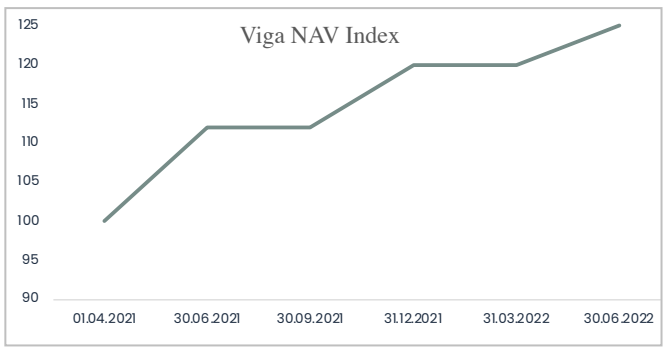












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