Dear Viga RE Investors

Please find below our Q4 2022 results and 31/12/2022 investor net asset value (NAV) **in EUR**.



Results and NAV

Earnings before value adjustments and taxes increased slightly in Q4 2022 which is mainly attributed to an increase in revenue from active asset management. In particular, structural vacancy levels were reduced in Q4 to meet budgetting (underwriting) expectations. Rent indexation of 4% for residential units was implemented on January 1 2023 (up from 2.6% in January 2022) and will have a positive impact on earnings in Q1 2023.

High inflation and increasing interest rates have implied a yield expansion across all sectors in the Danish market. Yield requirements in the Viga portfolio were adjusted from 3.3% in Q2 to 3.6% in Q4 (stabilised yield of 3.9%) based on Colliers valuations. Despite NOI growth this resulted in a negative value adjustment from Q2 to Q4. However, this was fully offset by value gains from refinancing of fixed-rate loans (EUR 6.6 million), corresponding to an EBT of EUR 1.7 million for Q4.

Earnings before taxes for the year is EUR 7.7 million despite adverse market conditions. This is mainly attributed to successful active asset and liability management of the Viga portfolio. The NAV index for Q4 2022 was 126, which is up 5% for the year and 0.8% for Q4.

Q4 2022 result	Q1	Q2	Q3	Q4	YTD
Realized NOI	893	1,683	1,602	1,744	5,922
Management and admin.	-265	-582	-456	-781	-2,085
Value adjustment	-51	4,918	-169	-5,868	-1,170
EBIT	577	6,019	976	-4,905	2,668
Interest and other financials	-248	-696	-585	6,604	5,075
EBT	329	5,323	391	1,700	7,742
Actual tax, 22%	-72	-233	-122	-17	-444
Deferred tax, provision	0	-1,504	0	-1,015	-2,519
Result	**257**	**3,586**	**269**	**668**	**4,779**

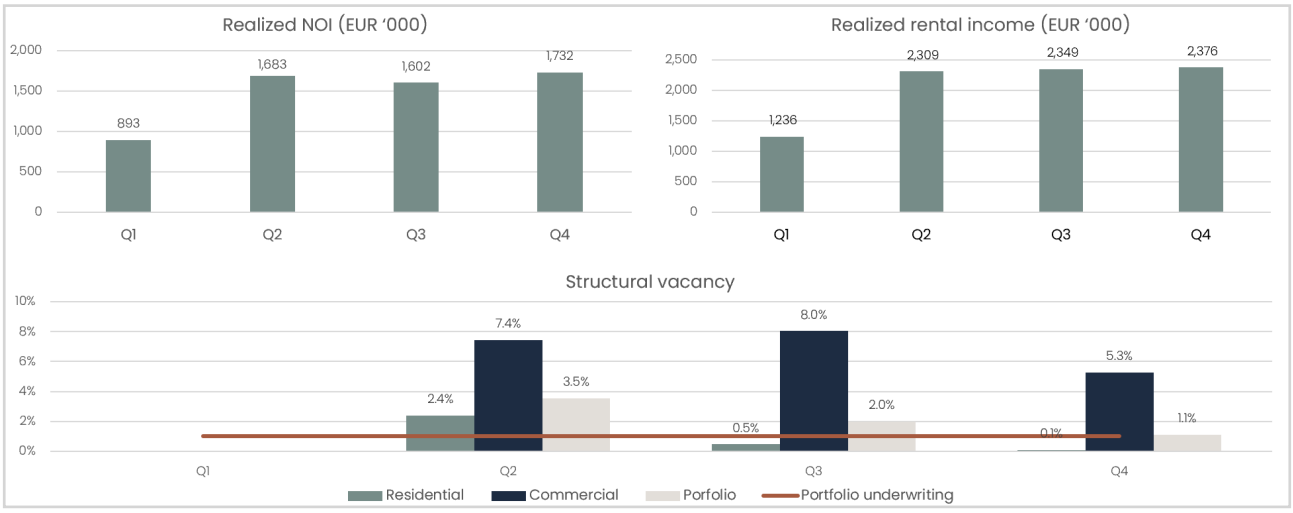
Q4 2022 capital structure and NAV			EUR 1'000
Property value			258,677
Loan, long term mortgage*	LTV	*53%*	-135,860
Cash		*-3%*	8,001
Deferred tax and provisions		*6%*	-16,253
Deposits		*2%*	-4,465
Other current assets/liabilities		*1%*	-3,458
Equity & shareholder loan (NAV)**		***41%***	**106,643**
Commitment draw down			95,119
		NAV index	**126**
***Of which Equity / Shareholder loan*		*35,749*	*70,893*
***Price Shares / Bonds*		*0.6757*	*13.45*

Mortgage loan structure	Mortgages book value	Interest range	Margin	Interest cover ratio Q4	Mortgages market value	Normalized quarterly interest and margin	Normalized quarterly repayments	Repayment period
Loan, fixed 30 year	34,086	2,0% - 3.00%	0.70%		30,132	299	96	2022-2052
Loan, fixed 3Y & 5Y	30,665	2,0% - 3.60%	0,7% - 0,8%		30,697	321	142	2023-2053
Loan, floating	72,088	3,2% - 3.70%	0.70%		72,108	526	92	2022-2052
Cost, loan amortization	-979				-979			
Total	**135,860**	**2.75%**	**0.72%**	**1.1**	**131,958**	**1,146**	**329**	

Note: Mortgage loans are valued at par according to accounting principles. Property valuations are based on 31/12/2022 appraisals by Colliers according to the RICS Appraisal and Valuation Standards (any potential portfolio premium is not included). The debt conversion to improve balance sheet (through a debt reduction) and liquidity completed on 03.01.2023 is included in the Q4 2022 NAV.
****When Strynøgade is operational and fully financed, the LTV for the portfolio will increase to 57%.***

Asset management highlights

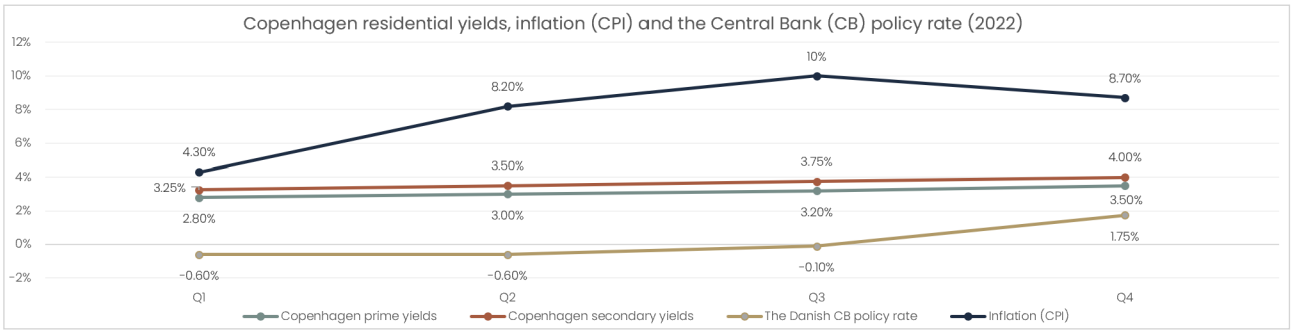
- ✓ With 19 properties in operation by the end of 2022 we are beginning to see the performance of a stabilised core+ portfolio. With reductions in both residential and commercial structural vacancy in Q4, the total portfolio vacancy of 1.1% at the end of 2022 is in line with underwriting budgeted expectations (1.0%).
- ✓ In November we finalised the transaction of Strynøgade 5 - a residential property with 103 micro living units (fully vacant at closing), which are currently being modernised and optimised. The modernisation and lease uptake are expected to be finalised in Q2 2023, whereafter the property will be fully operational.
- ✓ YTD churn rate for 2022 is 18% on a portfolio level. The market rent properties churned at a rate of 13% which is below underwriting expectations of 20%-33% (+30% comprise only student housing). The cost regulated units churned at a rate of 32% YTD thereby exceeding underwriting expectations of 8%-20%. In Q4 Viga succeeded in increasing the rent by 14% on churned units, corresponding to a portfolio level rental increase of 0.35%.
- ✓ No new operational assets were added to the portfolio in Q4 2022, but Roskildevej 33 on Frederiksberg was closed in Q1 2023 (47 residential units and 2,360sqm). We are currently working on a refurbishment of a regulated unit on Ålekistevej and the modernisation of Strynøgade. In addition, we are planning the development of a new residential unit of 157sqm attic space at H.C. Andersens Boulevard.
- ✓ Investments will be included in NAV reporting when they are finalised.



Note: In Q2 Viga added 11 new properties to the portfolio which significantly increased the NOI. In Q3 NOI was reduced slightly due to negative contributions from increase in utility costs and one-off maintenance costs.

Market highlights

- ✓ Q4 was characterised by high inflation rates ending at 8.9% for the year in December 2022. The European Commission expects a mild recession for Denmark with forecasted inflation rates of 4.4% in 2023 and 2.5% in 2024.
- ✓ To accommodate the high inflation the Danish central bank has, from July 2022 until year-end, implemented four interest rate hikes, raising it from -0.60% to 1.75%.
- ✓ Copenhagen residential prime yield went up 70 bps in 2022 to land at 3.50% in Q4.
- ✓ During Q4 a new Danish government was elected which is politically centred around the middle with parties from both wings represented. Most significantly, the new government has rolled back a pending legislation to impose taxation on unrealised gains on properties. All else equal this is positive for the real estate market.
- ✓ In 2022 the housing expenditure share of total household income in the owner occupier market in Copenhagen has risen from 54% to 68%. In the same period, the housing expenditure share of household income in the Copenhagen rental market has remained unchanged at 38%. This development increases the relative attractiveness of the rental market in Copenhagen, and at the same time new supply has slowed down significantly which is putting upwards pressure on rent levels.



Strategy

The objective for Viga is to grow the portfolio value to EUR 500 million in the short term and EUR 1 billion+ in the long term. To achieve these targets Viga is working towards a new potential capital increase in Q2 2023. Existing investors have the right of first participation and will be informed about the condition in due time.

New commitments will allow Viga to follow the outlined growth strategy, further diversify its asset base, execute on the value creation plan and further enhance the portfolio value effect by obtaining a portfolio premium.

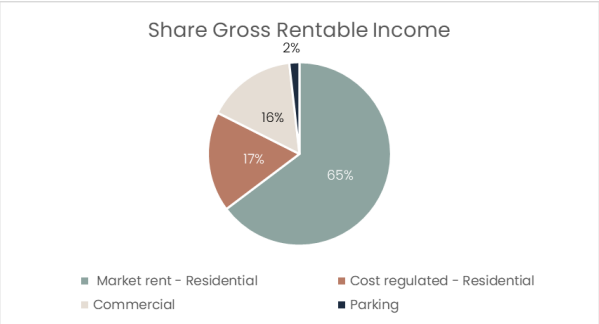


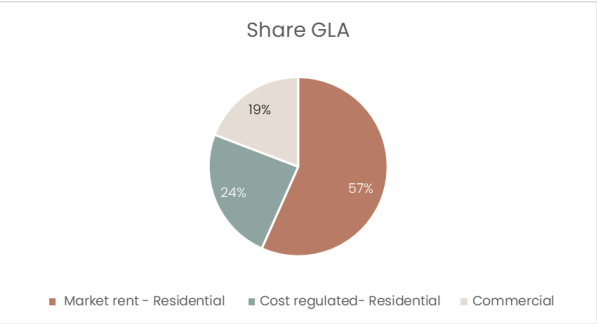
Property overview Asset	Residen-tial units	Commer-cial units	Parking / basement units	Sqm. Residen-tial	Sqm. Com-mercial	Rent/sqm. EUR	Net initial yield	Property value tEUR	Value share of portfolio	Value/sqm. EUR
Kildegårdsvej	6	0	0	1,195	0	286	3.5%	8,540	3.3%	7,146
Baunegårdsvej	7	0	0	926	0	326	3.2%	6,737	2.6%	7,275
Nørrebrogade	28	3	2	2,852	304	272	3.6%	21,041	8.1%	6,667
Amagerbrogade	8	4	4	1,050	461	225	3.5%	8,869	3.4%	5,870
Vigerslev Allé	9	5	3	827	543	164	3.5%	4,267	1.6%	3,115
Teglhuset København, Teglholmsgade	91	1	0	3,281	113	329	3.6%	26,216	10.1%	7,724
Rådhusvej	8	3	0	1,287	464	239	3.9%	10,369	4.0%	5,922
Strandlodsvej (svanen)	49	2	35	4,765	343	274	3.6%	31,236	12.1%	6,115
CPH Flats (17 single units)	17	0	0	1,710	0	232	4.1%	9,210	3.6%	5,386
H.C. Ørstedsvej	26	1	0	902	124	322	3.6%	8,198	3.2%	7,990
Linde Allé	20	2	10	2,080	333	205	3.7%	11,528	4.5%	4,777
Bispevej	23	0	2	2,354	0	247	3.6%	15,038	5.8%	6,388
Messinavej	12	1	0	1,171	680	201	4.0%	8,423	3.3%	4,550
Ålekistevej	27	6	0	1,784	803	148	3.3%	8,975	3.5%	3,469
Godthåbsvej, Sallingvej & Jernbane Alle	30	14	0	2,347	1,888	167	3.4%	16,298	6.3%	3,848
Rådhusstræde	7	7	0	741	636	206	3.0%	8,254	3.2%	5,994
Frederikssundsvej	14	3	11	1,166	493	165	3.7%	7,163	2.8%	4,318
Christiansborggade	18	7	29	3,140	924	206	3.1%	20,821	8.0%	5,123
Strynøgade	102	0	0	3,988	0	317	4.1%	27,494	10.6%	6,894
Total	**502**	**59**	**96**	**37,566**	**8,109**	**252**	**3.59%**	**258,677**	**100%**	**5,663**
Stabilised yield							***3.88%***			

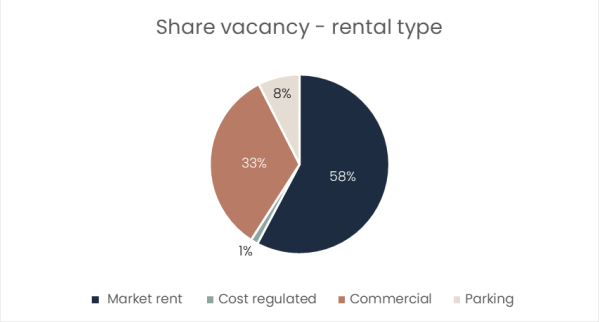
Indexation method	Portfolio	Market rent properties	Cost regulated properties
Increase in cost (cost regulated units not refurbished)	5%	0%	22%
100% NPI (market rent units and refurbished units)	88%	94%	70%
NPI with min and/or max (commercial units)	6%	6%	7%
Other	1%	0%	2%
Total	100%	100%	100%

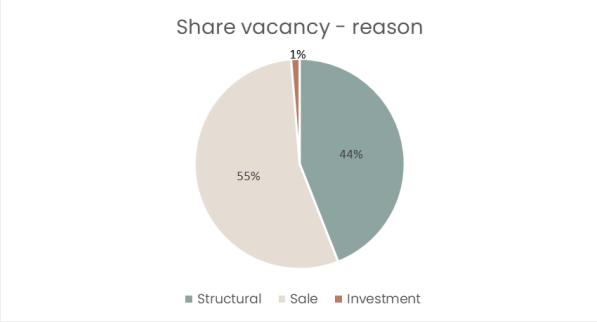


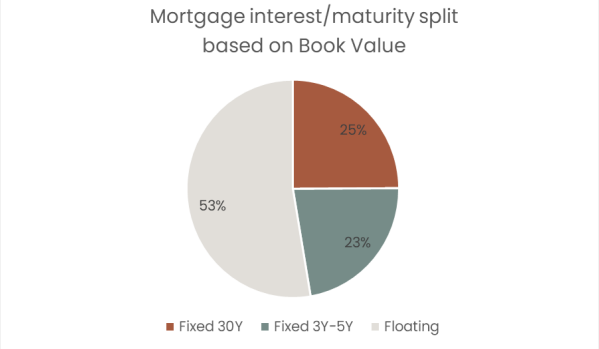
VIGA RE Q4 2022 – PORTFOLIO SNAPSHOT

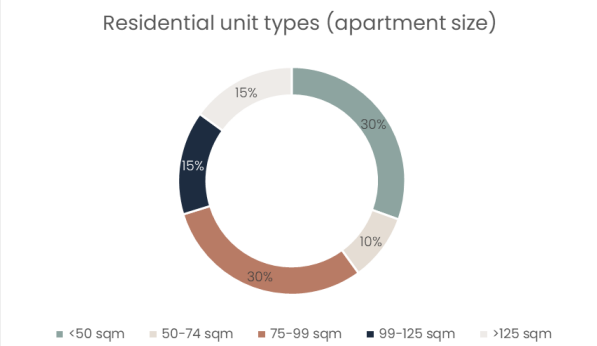


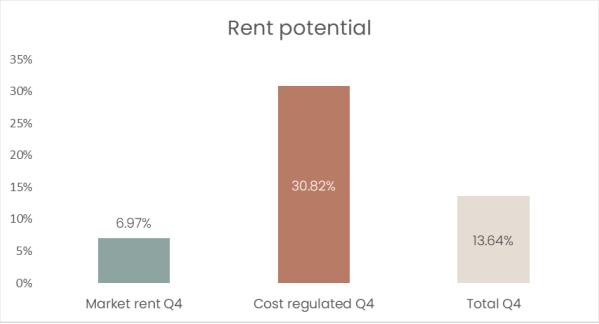


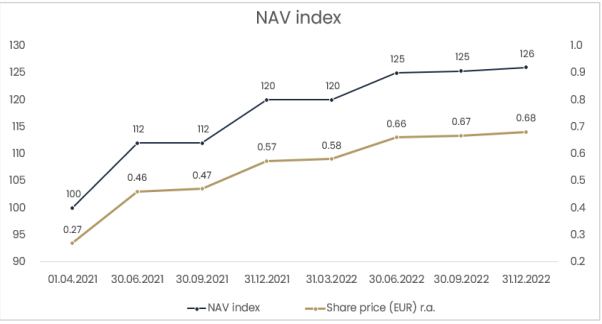












Definition: The NAV index measures the relationship between equity and invested capital. It is calculated by adding earnings to commitments over time and thereby reflects the quarterly value growth of the Viga portfolio. Due to the nominal discrepancy occurring between equity and shareholder bonds at capital increases, the NAV index is not an exact measure of the actual value growth.

Note: i) Committed but undrawn capital is included in the share price. The share price is denominated in EUR using the DKK/EUR close exchange rate at each reporting date ii) Bonds are denominated at a nominal price of DKK 100. Apply the DKK/EUR close exchange rate at reporting date to get the corresponding price in EUR. iii) A bridge loan of EUR 5.5 million on Strynøgade is included in the book value of floating rate loans.

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