Dear Viga RE Investors

Please find below our Q2 2023 results and 30/06/2023 investor net asset value (NAV).



Results and NAV

In Q2 2023 realized net operating income (NOI) increased by approx. EUR 500,000. This is mainly attributed to an increase in revenue from a number of successful acquisitions as well as active asset management. In particular, structural vacancy levels were reduced to meet underwriting expectations in the last three quarters. Improvements in NOI was offset by increasing cost in short term interest rates.

Third party valuation of the Viga RE portfolio as of 30/06/2023 yielded a total reduction of EUR 2.9mn due to a continuous yield expansion in the Danish real estate market. Yield requirements in the Viga portfolio increased from 3.87% in Q1 2023 to 3.89% in Q2 2023 (stabilised yield of 4.14%).

Despite another successful quarter of value creation through active asset management, the market yield expansion resulted in the first negative NAV result since Viga RE's inception. The NAV index decrease from 126 in Q1 2023 to 124 in Q2 2023, which was anticipated. We remain optimistic that we can continue to improve NOI and have unrealised rent potential of around 9% and unrealised gains on the fixed rate mortgages of around EUR 4mn (not included in NAV).

Income statement	Q2 2023	Q1 2023	YTD Q2 2023	YTD Q2 2022
Net operating income	2,450	1,931	4,381	2,573
Management and admin.	-587	-373	-960	-846
Value adjustment	-2,888	-38	-2,926	4,860
EBIT	-1,025	1,520	495	6,586
Interest and other financials	-1,915	-1,172	-3,087	-943
EBT	-2,940	347	-2,592	5,643
Actual tax, 22%	35	-1,804	-1,768	-305
Deferred tax, provision	665	1,645	2,311	-1,501
Result	**-2,239**	**189**	**-2,050**	**3,837**

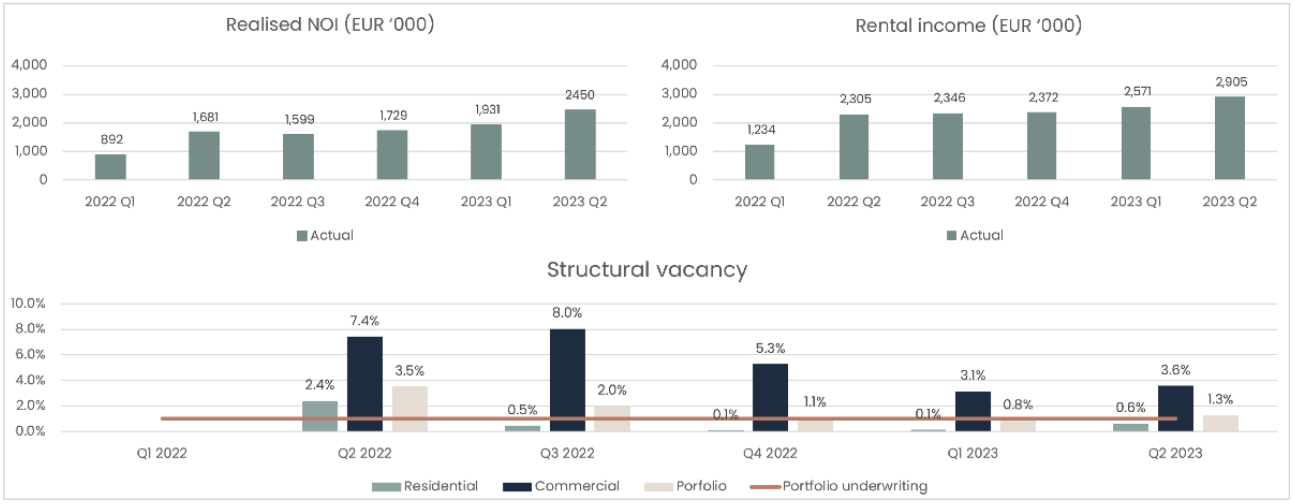
Q2 2023 capital structure and NAV			EUR 1'000
Property value			306,646
Loan, long term mortgage	LTV	*57%*	-174,742
Cash		*-5%*	14,424
Deferred tax and provisions		*5%*	-15,358
Deposits		*2%*	-5,474
Other current assets/liabilities		*1%*	-3,637
Equity & shareholder loan (NAV)*		***40%***	**121,860**
Commitment draw down			112,123
		NAV index	**124**
**Of which Equity / Shareholder loan*		*39,578*	*82,283*
**Price Shares / Bonds*		*0.65*	*13.43*

Mortgage loan structure	Mortgages book value	Actual interest range	Margin	Interest cover ratio	Mortgages market value	Normalized quarterly interest and margin	Normalized quarterly repayments	Repayment period
30-year loan, fixed 30 year	33,685	2.60% - 3.00%	0.70%		29,468	300	97	2021-2052
30-year loan, fixed 3 - 5 year	59,173	2.00% - 3.60%	0.78%		59,050	628	141	2021-2053
30-year loan, fixed 3 months	82,799	3.50%	0,70%		82,841	879	92	2021-2054
Cost, loan amortization	-915							
Total	**174,742**	**3.31%**	**0.71%**	**1.2**	**171,359**	**1,807**	**330**	

Note: Mortgage loans are valued at par according to accounting principles. Property valuations are based on 30/06/2023 appraisals by Colliers according to the RICS Appraisal and Valuation Standards (any potential portfolio premium is not included). Constructions loans (EUR 18mn) have a floating interest rate of 5.50%.

Asset management highlights

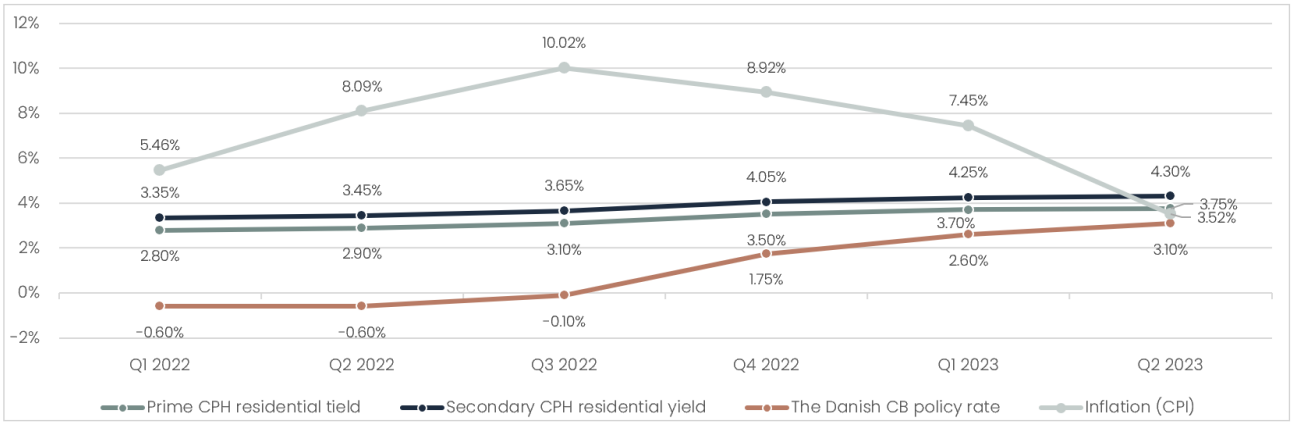
- ✓ The modernisation of Strynøgade was completed in Q2 2023 and all of the 100 available units have been let. We are currently awaiting the municipality to approve the remaining three converted units. The project is deemed a great case study for Viga's value creation competencies. In place rent increased by estimated 70% and even exceeded our underwriting expectations by nearly 10%.
- ✓ In April we finalised the acquisition of Gammel Jernbanevej 27-31 comprising 106 newly renovated residential units (3,480 sqm) and one commercial unit (3,495 sqm). The residential units are all converted from hotel rooms and let at market rent. By the end of Q2 2023 we have 22 properties in operation.
- ✓ In Q2 2023 structural vacancy on a portfolio level was 1.27%.
- ✓ The market rent properties churned at a rate of 27% which is in line with underwriting expectations of 20%-33% (+30% comprise only micro-living). The cost regulated units churned at a rate of 19%. In Q2 Viga increased rent levels by 4% on churned units, corresponding to a portfolio rental increase of 0.18%.
- ✓ Refurbishment of a regulated residential unit on Ålekistevej 38 has been finalised in Q2 resulting in a rental increase of 81%. We are currently negotiating a new commercial lease on Ålekistevej 36 where the unit will be refurbished to fit the new tenants' needs. This will result in a rental increase of around 95% with an expected yield on investment of approx. 16%.



Note: In Q2 2022 Viga added 11 new properties to the portfolio, which significantly increased the NOI. In Q3 2022 NOI was reduced slightly due to negative contributions from increase in utility costs and one-off maintenance costs. In Q1-Q2 2023, Roskildevej and Gammel Jernbanevej were acquired, increasing NOI and rental income.

Market highlights

- ✓ In the second quarter of 2023 Danish inflation continued to slow down to land at 3.5% in June 2023 (annualised).
- ✓ To accommodate the high inflation the Danish central bank has, from July 2022 until June 2023, implemented eight hikes to the leading rate raising it from -0.60% to 3.10%.
- ✓ As seen on the graph below, inflation seems to be converging toward the central bank's the long term target of 2.0%.
- ✓ The market is expecting the leading interest rates to peak in Q3 2023 and subsequently decrease.
- ✓ Copenhagen residential prime yield went up 110 bps since Q1 2022 to land at 3.90% in Q2 2023.
- ✓ According to Colliers, transaction activity has dropped 70% in the first six months of 2023 compared to the same period last year. The transaction activity is currently on a par with the level in the immediate years following the financial crisis.
- ✓ Danish GDP and employment increased by 0.30% and 0.20% in Q2 2023, respectively. This suggest that the Danish economy is more resilient to the ongoing economic turmoil than comparable countries.



Strategy

The objective for Viga is to grow the portfolio within the course of the next twelve months to a portfolio value of over EUR 500 million subject to market conditions and a long-term target of EUR 1 billion.

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.



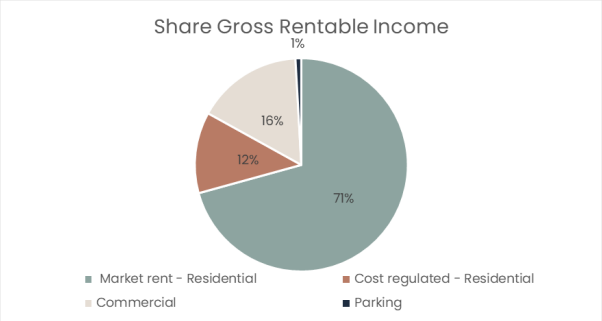
VIGA RE Q2 2023 – PROPERTY OVERVIEW

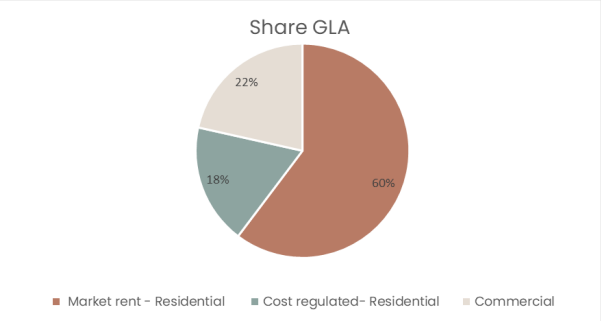
Property overview Asset	Residen-tial units	Commer-cial units	Parking / basement units	Sqm. Residen-tial	Sqm. Com-mercial	Rent/sqm. EUR	Net initial yield	Property value tEUR	Value share of portfolio	Value/sqm. EUR
Kildegårdsvej	6	0	0	1,195	0	286	3.5%	8,616	2.8%	7,210
Baunegårdsvej	7	0	0	838	0	325	3.5%	6,029	2.0%	7,194
Nørrebrogade	28	3	2	2,852	304	273	3.7%	20,294	6.6%	6,430
Amagerbrogade	8	4	4	1,050	461	251	3.7%	8,367	2.7%	5,537
Vigerslev Allé	9	5	3	827	543	164	3.7%	4,198	1.4%	3,064
Teglhuset København, Teglholmsgade	91	1	0	3,316	113	329	3.8%	25,252	8.2%	7,364
Rådhusvej	8	3	0	1,375	489	236	4.1%	9,840	3.2%	5,279
Strandlodsvej (svanen)	49	2	35	4,765	343	274	3.8%	30,155	9.8%	5,904
CPH Flats (16 single units)	16	0	0	1,613	0	231	4.1%	8,710	2.8%	5,400
H.C. Ørstedsvej	26	1	0	902	124	321	3.7%	7,946	2.6%	7,744
Linde Allé	20	2	10	2,080	333	204	3.8%	11,152	3.6%	4,622
Bispevej	23	0	2	3,005	0	247	3.6%	14,848	4.8%	4,941
Messinavej	12	1	0	1,171	680	201	4.2%	8,121	2.6%	4,388
Ålekistevej	27	6	0	1,784	803	152	3.6%	8,843	2.9%	3,418
Godthåbsvej, Sallingvej & Jernbane Alle	30	14	0	2,456	1,888	172	3.7%	15,365	5.0%	3,537
Rådhusstræde	7	7	0	805	484	238	3.3%	7,737	2.5%	6,003
Frederikssundsvej	14	3	11	1,166	493	171	3.9%	6,865	2.2%	4,138
Christiansborggade	15	10	29	2,612	1,449	238	3.2%	19,860	6.5%	4,890
CPH Micro Living, Roskildevej & Strynøgade	150	0	8	6,088	0	350	3.9%	49,327	16.1%	8,102
Gammel Jernbanevej	106	1	25	2,930	3,495	316	5.1%	35,120	11.5%	5,466
Total	**652**	**63**	**129**	**42,830**	**12,002**	**274**	**3.89%**	**306,646**	**100%**	**5,592**
Stabilized yield							***4.14%***			

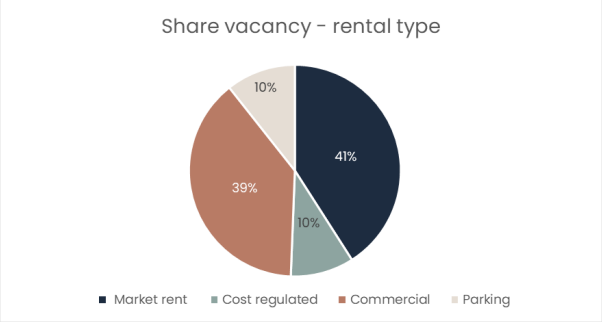
Indexation method	Portfolio	Market rent properties	Cost regulated
Increase in cost (cost regulated units not refurbished)	4%	0%	22%
100 % NPI (market rent units and refurbished units)	86%	90%	71%
NPI with min and/or max (commercial units)	9%	10%	5%
Other	0%	0%	2%
Total	100%	100%	100%

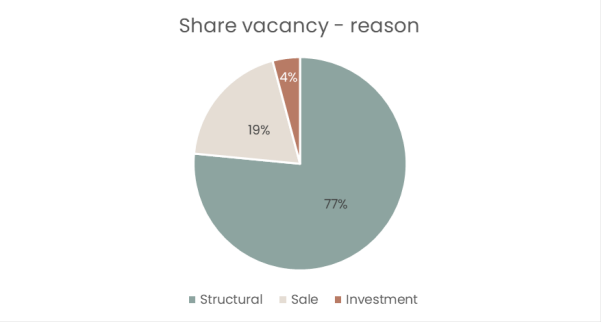


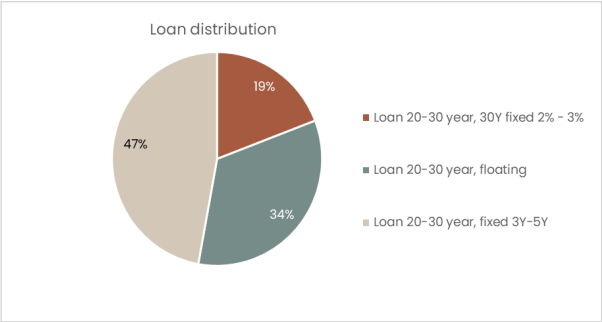
VIGA RE Q2 2023 – PORTFOLIO SNAPSHOT

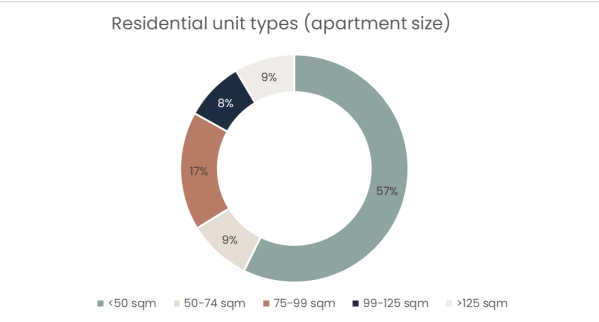


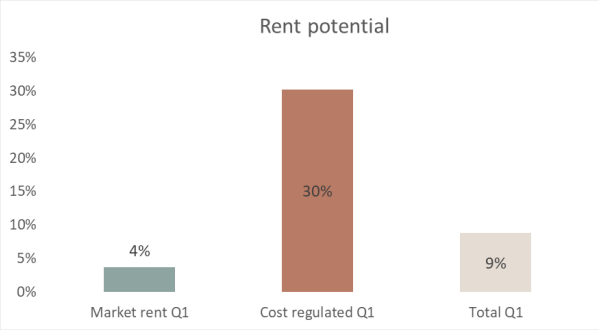


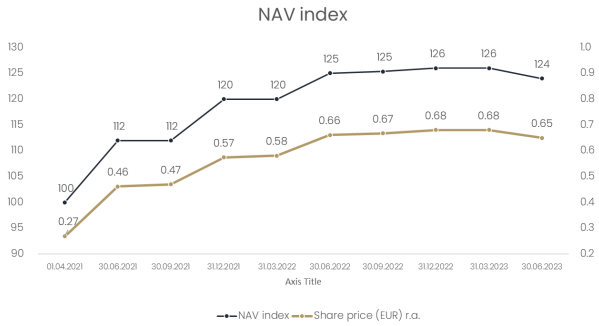












Definition: The NAV index measures the relationship between equity and invested capital. It is calculated by adding earnings to commitments over time and thereby reflects the quarterly value growth of the Viga portfolio. Due to the nominal discrepancy occurring between equity and shareholder bonds at 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 denoted in EUR using the DKK/EUR close exchange rate at each reporting date ii) Bonds are denoted 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 temporary construction loan of mEUR 5.5 related to the refurbishment of Strynøgade is included in the book value share of fixed 3Y-5Y loans.

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