

## Media release

Zug, 9 May 2019

### **Varia US Properties: Continuous successful business development in Q1 2019 despite a rigorous winter season – focus on improving the performance of the promising portfolio in the US**

- **Increase of effective gross income from USD 22.9 million in Q4 2018 to USD 23.1 million (+1.1%)**
- **Rental income up from USD 20.7 million in Q4 2018 to USD 20.9 million (+0.8%)**
- **Total operating expenses amounted to USD 12.3 million (+1.4%) compared to USD 12.1 million in Q4 2018**
- **Net operating income up 0.6% to USD 10.8 million (USD 10.8 million in Q4 2018)**
- **Focus on continuing to implement the value-add strategy**

The main focus of Varia US Properties in the first quarter 2019 was on the continuous implementation of the value-add strategy as well as on the optimization of the overall operating performance of the portfolio. The focus was also on the green initiative and the transition of the Low Income Housing Tax Credit (LIHTC) properties into local market conditions and will also be for the upcoming quarters of the year. During the first quarter 2019, one of the LIHTC properties (Tuscany Bay in Lawrenceburg, Indiana) came out of the program and transitioned to local market rents.

On the acquisition front, Varia continues to actively explore properties that meet the Company's investment criteria and is poised to execute on these targets when the conditions are right. The US multifamily housing market remains to be strong with a favorable supply of attractive properties in suburban markets. Also, interest rates remain stable which is expected to continue throughout the full year 2019. The portfolio, as of 31 March 2019, consisted unchanged of 52 properties totalizing 9,737 units.

Kepler Cheuvreux published another coverage research in mid-April. It recommends a Hold position and a target price of CHF 39.

### **Q1 Portfolio Performance Review**

During Q1 2019, effective gross income reached USD 23.1 million, a USD 0.2 million or 1.1% increase from Q4 2018. Net operating income (NOI) was USD 10.8 million in Q1 2019 and Q4 2018 (+0.6%). NOI less interest expenses amounted to USD 6.0 million, a USD 0.1 million or 1.9% increase from Q4 2018. Total operating expenses amounted to USD 12.3 million (+1.4%) compared to USD 12.1 million in Q4 2018. The winter season is always an expensive time of

the year due to snow storms and other weather related events. That explains the increase of operating expenses and impact the overall positive performance of the portfolio. Occupancy rate stood at 93.3% in Q1 2019 due to the implementation of the value-add strategy.

Patrick Richard, Delegate of the Board of Directors of Varia, said: “The first quarter 2019 results show the progress of the implementation of our value-add strategy combined with the further optimization of our portfolio. We will continue to focus on these main areas and selecting the markets where our investment criteria will be met. Based on the ongoing strong US multifamily housing market and our strategic initiatives, we are confident that we will provide strong results for the full year 2019.”

<b>Q1 2019 Portfolio Performance Snapshot</b> (preliminary, unaudited figures)	<b>Q1 2019</b> <b>In USD</b>	Q4 2018 In USD	Δ%
Effective Gross Income (EGI)	<b>23.1 million</b>	22.9 million	1.1
Rental Income	<b>20.9 million</b>	20.7 million	0.8
Total Operating Expenses	<b>12.3 million</b>	12.1 million	1.4
Net Operating Income (NOI)	<b>10.8 million</b>	10.8 million	0.6
NOI Margin	<b>46.8%</b>	47.1%	(0.6%)
NOI less Interest Expenses	<b>6.0 million</b>	5.9 million	1.9
Properties	<b>52</b>	52	-
Units	<b>9,737</b>	9,737	-
Potential Rent per Month per Unit	<b>792</b>	784	1.1
Occupancy Rate	<b>93.3%</b>	93.4%	(0.1)

Please find more detailed information about Varia’s First Quarterly Report on the Company’s website: <http://variausproperties.com/investors/quarterly-updates/>.

## Financial calendar

Half-year results 2019

29 August 2019

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## **About Varia US Properties AG**

Varia US Properties AG is a Swiss based real estate company exclusively investing in U.S. multifamily housing with a main focus on secondary and tertiary markets. Established in 2015, the Company acquires, holds, transitions and repositions properties in the boundaries of metropolitan regions of the U.S. in order to secure rental income and value growth. More information: [www.variausproperties.com](http://www.variausproperties.com)

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