

Media release

Zug, 7 November 2019

Continuous strong business development with sustainable increase of effective gross income (+12.5%) and net operating income (+7.0%) in the third quarter 2019

- **Swift investment of new capital raised of USD 50 million with three acquisitions totalling 1,263 units**
- **Increase of effective gross income from USD 22.3 million in Q3 2018 to USD 25.1 million (+12.5%)**
- **Rental income up from USD 20.2 million to USD 22.6 million (+12.0%)**
- **Net operating income up 7.0% to USD 11.9 million (USD 11.1 million in Q3 2018)**
- **Confirmation of CHF 2.60 dividend per share for the business year 2019**

The main focus of Varia US Properties in the third quarter 2019 was on further acquisitions and the continuous implementation of its value-add strategy. Varia swiftly deployed the capital raise of USD 50 million from a bond issue in May 2019 and acquired three properties in the States Missouri and Tennessee with a total of 1,263 units. Value-added improvements in internal and external renovations of about USD 10.7 million are currently underway for all three properties. Varia also sold a non-strategic property with 30 units in Colorado. The resulting portfolio, as of 30 September 2019, consisted of 54 properties totalizing 10,970 units.

In September, Varia confirmed the targeted total distribution of CHF 2.60 per share for the business year 2019 planned to be paid on a quarterly basis between August 2019 and May 2020.

Q3 2019 Portfolio Performance Review

During Q3 2019, effective gross income reached USD 25.1 million, a USD 2.8 million or 12.5% increase from Q3 2018. Rental income was up by 12% to USD 22.6 million. On a like for like basis, rental income grew by 6.6% to USD 21.0 million. Operating profit amounted to USD 13.2 million compared to USD 12.0 million (+9.6%) in Q3 2018. Net operating income (NOI) was up by 7.0% to USD 11.9 million. NOI less finance cost amounted to USD 6.7 million, a USD 0.3 million or 5.9% increase. Total operating expenses amounted to USD 11.9 million (+15.9%) compared to USD 10.3 million in Q3 2018. Higher real estate taxes in certain markets, property maintenance investments and additional costs for the newly acquired properties led to the increase of operating expenses. Occupancy rate remained strong at 94.3% in Q3 2019 (Q3 2018: 93.9%).

Patrick Richard, Delegate of the Board of Directors of Varia, said: “Varia is pleased with the strong third quarter 2019 results. We further optimized our promising portfolio with targeted acquisitions while continuing to implement our value-add strategy. The ongoing increase of our key figures underpins the efficiency of our strategy. The US multifamily housing market remains strong and offers further interesting opportunities for our shareholders. Overall, we are confident that we will provide solid results for the full year 2019.”

Q3 2019 Portfolio Performance Snapshot (preliminary, unaudited figures)	Q3 2019 In USD	Q3 2018 In USD	Δ%
Effective Gross Income (EGI)	25.1 million	22.3 million	12.5
Rental Income	22.6 million	20.2 million	12.0
Rental Income like for like*	21.0 million	19.7 million	6.6
Total Operating Expenses	11.9 million	10.3 million	15.9
Operating Profit	13.2 million	12.0 million	9.6
Net Operating Income (NOI)	11.9 million	11.1 million	7.0
NOI less Finance Cost	6.7 million	6.4 million	5.9
Properties	54	52	3.8
Units	10,970	9,581	14.5
Potential Rent per Month per Unit like for like*	799	773	3.4
Occupancy Rate	94.3%	93.9%	0.5

* Like for like compares assets that were held for the full periods presented.

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

Financial calendar

Full-year results 2019

26 March 2020

Annual General Meeting

23 April 2020

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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

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