

Media release

Zug, 26 March 2020

Varia US Properties AG with significant increase of total income (+38%) and profit (+72%) in 2019 – portfolio value at record level

- **Total income of USD 139.5 million (+38.4%)**
- **Effective gross income of USD 99.4 million (+15.6%)**
- **Net gain from fair value adjustment on investment property of USD 40.0 million (+ 172.1%)**
- **EBITDA of USD 40.9 million (+5.1%)**
- **Profit for the financial year 2019 of USD 42.8 million (+71.9%)**
- **Property portfolio value of USD 915.1 million as of 31 December 2019 (+19.2%)**
- **NAV growth to USD 37.36 (2018: USD 37.14)**
- **Earnings per share of USD 4.75 (2018: USD 2.79)**
- **Shareholder meeting postponed to 26 June 2020**

Varia closed the business year 2019 with very positive results. The Company focused on further promising investments and the optimization of the portfolio by improving operations and the consistent implementation of the value-add strategy. It also implemented the Company's green initiative program by executing the water conservation program across the portfolio and progressing the energy saving initiative. Overall, the full-year results are in-line with the guidance delivered and underline the effectiveness of Varia's strategy.

Manuel Leuthold, Chairman of the Board of Directors of Varia, said: "We are very satisfied with the strong ongoing business development of Varia. These solid results represent the continued improved quality of our portfolio and its performance. We created further value in the existing properties and the assets we purchased last year by implementing our value-add strategy and the various green programs. We will continue to work hard in order to offer our investors an interesting and high yielding investment opportunity."

Total income up to USD 139.5 million

The Company portfolio, as of 31 December 2019, consisted of 53 properties totalizing 10,896 units in 19 states, representing a real estate value of USD 915.1 million appraised by Colliers (2018: USD 767.5 million). The occupancy rate stood at 93.8% (2018: 93.7%). In 2019, the portfolio generated a yearly effective gross income of USD 99.4 million (2018: USD 86.0 million). The increase is mostly the result of the growing portfolio and the higher rents that are in place compared to the previous year. The total income amounted of USD 139.5 million (2018: USD 100.8 million). Total operating expenses were up to USD 59.4 million (2018: USD 50.2 million)

due to higher operating expenses and repair and maintenance. As a result of these higher expenses, Varia's EBITDA margin decreased to 40.9% (2018: 43.6%).

The net operating profit amounts of USD 80.0 million (2018: USD 50.6 million). After deduction of the finance cost and the income tax provision, the profit for the period is USD 42.8 million (2018: USD 24.9 million).

Accordingly, the earnings per share was at USD 4.75 (2018: USD 2.79). The increase of the earnings per share were positively impacted by the fair value adjustment of USD 40.0 million. It represents the translation of the value-add strategy of Varia in the properties acquired. This number also include the lower cap rate of the assets purchased and the successful sale of the properties Eagle's Nest and Brentwood Oaks in 2019, resulting in a net IRR of 34.1% respectively of 78.9%.

Full deployment of raised capital from bond issue

In June 2019, the Company issued its first unsecured corporate bond in the amount of CHF 50 million. Varia fully deployed the proceeds from the bond issue and acquired three properties in the states Missouri and Tennessee comprising 1,261 units. All properties are located in strong demographic and employment markets offering promising prospects to the Company's shareholders. At the same time, Varia sold two non-strategic properties with total 104 units in Colorado and Texas.

Distribution and next AGM

Following the quarterly distribution made in August 2019, November 2019 and February 2020, the Company will distribute CHF 0.50 per share on 12 May 2020, as decided by the 2019 Shareholder meeting.

Due to the global spread of the coronavirus and its impact on economic conditions, the Board of Directors has decided to postpone the Shareholder meeting to 26 June 2020.

Key financial figures 2019

In USD million	As of 31 December 2019	As of 31 December 2018	Δ%
Total income	139.5	100.8	38.4
Effective gross income	99.4	86.0	15.6
Net gain from fair value adjustment on investment property (including USD 0.85 million of realized gain on properties sold)	40.0	14.7	172.1
Operating profit	80.0	50.6	58.1

EBITDA (Defined as operating profit less unrealized revaluation)	40.9	38.9	5.1
Profit for the period	42.8	24.9	71.9
Repair, maintenance and minor replacements	8.2	5.9	39.0
Year 1 capex invested	16.8	11.9	41.2
Earnings per share (in USD)	4.75	2.79	70.3
Net asset value per share (in USD)	37.36	37.14	0.6
Net asset value per share (excluding deferred taxes) (in USD)	40.58	39.07	3.9

2020 Outlook

2020 will be impacted by the coronavirus crisis and the whole economy will suffer from this pandemic. At that stage, it is impossible to measure the severity of this impact. The Company closely monitors its income and expense levels to remain on track, as well as the valuation of its portfolio in this particular market.

The real estate industry was aiming globally positive for the year 2020, especially for the workforce multifamily sector. For the first two months of the year, the economy was strong with full employment and wages growth. Varia will remain focused in its workforce housing strategy, selecting the markets where job and population growth continues to be expected. The Company will keep investors informed about the consequences of the crisis and will do everything it can to reduce its impact on the financial results. If economic conditions allow, the Company intends to propose a capital increase to its shareholders. More information will be shared in due time.

In addition, Varia will pursue its various green initiatives. It will also work on a more accurate and adequate structure and analysis of the Company's utility invoices in order to better understand current saving programs and to develop reporting tools.

Patrick Richard, Executive Member of the Board of Directors of Varia, said: "We remain very confident in Varia US's business model and potential, despite the current impact of the coronavirus crisis. Over the coming weeks and months, our focus is on maintaining rental income and reducing non essential costs. As soon as conditions return to normal, Varia will be back on track with its objectives and targets."

Additional information

The media release, the analyst presentation of the results and the 2019 annual report are available on the website of Varia at www.variausproperties.com/investors/financial-statements/.



Due to the current environment and the implemented measures to protect against Covid-19, Varia will held a conference call for media and analysts at 2pm CET today. The presentation at Haus zum Rüden in Zurich has been cancelled.

Dial-in number:

+41 (0) 58 810 70 00 (Switzerland)

PIN: 0278054

Manuel Leuthold, Chairman, and Patrick Richard, Delegate of the Board of Directors, will be available by telephone to answer your questions.

Key dates

Annual General Meeting 2020	26 June 2020
Half-year results 2020	27 August 2020

Contact information

Juerg Staehelin, IRF

Phone: +41 43 244 81 51, E-mail: investors@variausproperties.com

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

Disclaimer

This communication expressly or implicitly contains certain forward-looking statements concerning Varia US Properties AG and its business. Such statements involve certain known and unknown risks, uncertainties and other factors, which could cause the actual results, financial condition, performance or achievements of Varia US Properties AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Varia US Properties AG is providing this communication as of this date and does not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.