

## Media release

Zug, 13 May 2020

### **Excellent financial results with increased effective gross income (+17.7%) and net operating income (+19.4%) in the first quarter 2020 – strong rent collection for April and May despite Covid-19 pandemic**

- **Q1 2020 is the best quarter Varia ever had so far**
- **Rental income up 16.3% to USD 24.3 million**
- **Occupancy rate remained strong at 93.1%**
- **Strong rent collections in April and early May with 96% of total budgeted income collected for April and 87% for May (as of May 11, 2020)**
- **Update on Covid-19 pandemic impact to be provided at the Annual General Meeting on June 26, 2020**

### **Q1 2020 Portfolio Performance Review**

In Q1 2020, effective gross income reached USD 27.2 million, a 17.7% increase from Q1 2019. Rental income was up by 16.3% to USD 24.3 million. On a like for like basis\*, rental income grew by 5.8% to USD 21.9 million. Net Operating Income (NOI) amounted to USD 12.9 million compared to USD 10.8 million (+19.4%) in Q1 2019. NOI less finance cost amounted to USD 7.6 million, an increase of more than 25%. The occupancy rate remained strong at 93.1% in Q1 2020 (Q1 2019: 93.3%).

Patrick Richard, Executive Member of the Board of Directors of Varia, said: “The first quarter of the year produced excellent financial results and overall portfolio performance. This is the result of all the work done in 2019 and of a strong portfolio. The pandemic will surely affect the future quarters but the Company is at best to face these particular times and to rebound at the earliest. Our strong cash position, as well as an experienced organization, allow us to be in the best position possible to face this extraordinary situation. While acquisition and disposition activity has paused in the United States as a result of Covid-19, real estate professionals are expecting to see attractive investment opportunities emerging in the next few months as the crisis lifts. Varia US Properties is well prepared to further proceed with its value-add strategy.”

<b>Q1 2020 Portfolio Performance Snapshot</b> (preliminary, unaudited figures)	<b>Q1 2020</b> <b>In USD</b>	Q1 2019 In USD	Δ%
Effective Gross Income (EGI)	<b>27.2 million</b>	23.1 million	17.7
Effective Gross Income like for like*	<b>24.4 million</b>	22.9 million	6.6
Rental Income	<b>24.3 million</b>	20.9 million	16.3
Rental Income like for like*	<b>21.9 million</b>	20.7 million	5.8
Operating Expenses	<b>14.3 million</b>	12.3 million	16.3
Net Operating Income (NOI)	<b>12.9 million</b>	10.8 million	19.4
NOI like for like*	<b>11.9 million</b>	10.7 million	11.2
NOI less Finance Cost	<b>7.6 million</b>	6.0 million	26.7
Properties	<b>53</b>	52	1.9
Units	<b>10,896</b>	9,737	11.9
Potential Rent per Month per Unit like for like*	<b>820</b>	803	2.1
Occupancy Rate	<b>93.1%</b>	93.3%	-0.2
Occupancy Rate like for like*	<b>93.9%</b>	93.3%	0.6

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

Please find more detailed information about Varia's Q1 2020 Report on the Company's website: <http://variausproperties.com/investors/quarterly-updates/>.

### **Covide-19 update: Rent collection above initial expectations**

The main focus of Varia US Properties since the middle of March has primarily been successfully managing the operations and financial performance of the properties during the Covid-19 pandemic outbreak. The first priorities have been to protect the health of the employees and the residents, to maximize rental collection and reduce expenses, to maintain the physical condition of each property and to communicate with the tenants on a daily basis to support them during these challenging times. In addition, the Company has been following the latest local, regional, state and federal regulations across the United States.

In April 2020, the Company made very well and collected 96% of the total budgeted income for the month, the equivalent of 97% of the March total monthly income. As of May 11, 2020, already 87% of total budgeted income has been collected for May business, the equivalent of 88% of the March total monthly income. Industry wide, recent data shows the average collection for April was about 92-93%. Varia US Properties currently expects future months to be more challenging in terms of rent collection and has therefore put in place a cost reduction program of USD 1.1 million for the second quarter that should at least partially compensate

the potentially reduced income and to maintain the solid cash position. For all those reasons, the Company feels it is in a strong position to weather the storm.

The Company will provide a further update on the consequences of Covid-19 to its business at the Annual General Meeting on June 26, 2020.

Varia will held a **webinar** to give an update about the latest developments and the Q1 2020 performance of the Company on May 14, 2020, 3pm CET. Please register in advance for the webinar: [https://us02web.zoom.us/webinar/register/WN\\_bC3r8zz6QYqTGQvX0ChZ3w](https://us02web.zoom.us/webinar/register/WN_bC3r8zz6QYqTGQvX0ChZ3w)

### **Financial calendar**

Annual General Meeting 2020	26 June 2020
Half-Year 2020 Results	27 August 2020
Q3 2020 Report	10 November 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](http://www.variausproperties.com)

### **Disclaimer**

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