VARIA U.S. PROPERTIES

INFORMATION ABOUT THE 3rd QUARTER 2020 - Issued Nov. 10, 2020

HIGHLIGHTS

Exceptional financial results for Q3-2020 in spite of COVID-19 headwinds with increases in Effective Gross Income*, Net Operating Income (NOI) and related operating margins.**

Occupancy rate increases to over 95% for the portfolio, exceeding company expectations.

Rent collections during Q3-2020 and thereafter have been at or above pre-pandemic levels.

At the property level for Q3-2020:

- **Effective Gross Income: $27.6 million ($25.1 million for Q3-2019)**
- **NOI: $13.4 Million ($11.9 million in Q3-2019)**
- **NOI margin: 48.3% (47.3% in Q3-2019)**

Like for like increases for Q3 2020 vs. Q3 2019 include :

- **Rental income up 5.0%**
- **NOI up 9.0%**
- **NOI Margin up 1.8%**

As of September 30, 2020 :

Total Units: 10,896

Number of properties: 53

Occupancy rate: 95.4%

**** Effective Gross Income (includes rental and other income)***
*****Net Operating Income (NOI) Operating profit less unrealized appreciation***

INTRODUCTION

Dear Investors,

This report provides an update regarding the latest developments and performance of the Company during Q3-2020. All figures are operating results in USD at the property level (unless otherwise indicated), which have neither been consolidated nor audited. This report is not intended to restate the Half Year Report of 2020 that was released on August 27, 2020, but rather focus on activities since the beginning of July. Further information about the Company can be found at variausproperties.com.

Since the beginning of March 2020, the COVID-19 pandemic has spread throughout the United States. The Company has pivoted quickly both at the property and corporate levels. At the property level, processes have been completely redesigned and refined as virtual touring, leasing and significant direct communication with property residents through the third party property managers have become the new norm. In addition, cost saving measures have been implemented at the properties to control spending.

In spite of the pandemmic challenges, the third quarter of 2020 produced exceptional financial results compared to Q3-2019 with increases in Rental income of 9.9% and Net Operating Income of 12.4%. Net Operating Income margin increased to 48.3% while occupancy inceased to 95.4% as the Company continued its focus on operations and the value-add strategy. Like for like* properties (those properties that were held for both full periods) performed exceptionally well as Net Operating Income Margin like for like* increased to 48.8% and occupancy like for like increased to an outstanding 96.1%. Additionally, the Company continued to maintain a very solid balance sheet during Q3-2020.

While acquisition and disposition activity was initially interupted as a result of the pandemic, the Company sees an abundance of emerging opportunities as the initial shock of the pandemic subsides. In fact, the Company is pleased to announce the October 2020 acquisition of Harrison Point apartments located in Indianapolis, Indiana. The property consists of 342 units and represents the first acquisition since the beginning of the pandemic. On the disposition side, since quarter end, the Company completed the sale of one small property in Colorado and is under contract for the sale of ten Cardinal construction properties in Florida which is expected to close before the end of the year.

As previously announced, the Company is exploring issuing additional shares in the near term to fund future growth.

Q3-2020 PORTFOLIO PERFORMANCE REVIEW

A preliminary summary of the Varia portfolio Q3 operating results for 2020 and 2019 is provided below.

These figures are calculated at the property level and have not been consolidated at the Company level. They are unaudited and provided on a purely indicative basis. They do not correspond in all respects to IFRS figures. They are subject to change and the Company shall not be responsible for investment decisions based on them. Only the figures presented in the 2019 Annual Report or the 2020 Half Year Report should be considered.

RESULTS (for the quarter ended)	Unit	Q3 2020	Q3 2019	Change %
Effective Gross Income	USD Mio	27.6	25.1	10.2%
*Effective Gross Income like for like**	USD Mio	24.9	23.7	5.2%
Rental Income	USD Mio	24.9	22.6	9.9%
*Rental Income like for like**	USD Mio	22.4	21.3	5.0%
Operating Expenses	USD Mio	14.3	13.2	8.2%
NOI	USD Mio	13.4	11.9	12.4%
*NOI like for like**	USD Mio	12.1	11.1	9.0%
NOI less Finance Cost	USD Mio	7.9	6.8	16.7%
NOI Margin	%	48.3%	47.3%	1.0%
*NOI Margin like for like**	%	48.8%	47.0%	1.8%
Properties as of September 30th	Number	53	54	-1.9%
Units as of September 30th	Number	10,896	10,970	-0.7%
*Potential Rent per Month per Unit like for like**	USD	838	819	2.3%
Occupancy Rate – quarterly average	%	95.4%	94.3%	1.1%
*Occupancy Rate like for like**	%	96.1%	94.2%	1.9%

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

Note: Some amounts and percentages don’t directly calculate due to rounding.

General Overview

At the end of Q3-2020, the Company portfolio had 53 properties for a total of 10,896 units. Overall, Q3-2020 reflected strong performance on the income side while expenses were effectively controlled and optimized due in part to cost cutting measures during the pandemic. Occupancy rates have increased significantly from Q3-2019 continuing the growth trend in place prior to the outbreak of the COVID-19 pandemic.

Income

Effective Gross Income increased $2.6 million (or 10.2%) from $25.1 million in Q3-2019 to $27.6 million in Q3-2020, driven by a focus on capturing rental income increases, and boosted by increased non-rental income such as utility reimbursements, parking place and garage income, renters insurance income, cable income and acquisitions.

Rental Income, defined as gross potential rent less economic/physical vacancy, increased $2.3 million (or 9.9%) from $22.6 million in Q3-2019 to $24.9 million in Q3-2020. Like for like* rental income increased $1.1 million (or 5.0%) from $21.3 million in Q3-2019 to $22.4 million in Q3-2020, driven mostly by a constant push for higher rental rates and occupancy across the portfolio while managing concessions.

Occupancy exceeded expectations in Q3-2020 climbing 1.1% to 95.4% compared to Q3-2019 at 94.3%. Same store occupancy was very strong climbing 1.9% to 96.1%. This is the result of the renewal strategy put in place at the beginning of the pandemic, as well as of the lesser amount of units that have been rehabbed in the last few months, due to the COVID-19 situation.

Operating Activity and Overall Results

Operating Expenses increased from $13.2 million in Q3-2019 to $14.3 million in Q3-2020. The increases on the expense side generally result from additional expenses from 2019 acquisitions, higher real estate taxes and insurance costs in certain markets, property maintenance investments to drive tenant retention, the timing of incurring certain operating expenses, partially offset by cost reduction strategies during the pandemic.

NOI increased $1.5 million (or 12.4%) from $11.9 million in Q3-2019 to $13.4 million in Q3-2020.

NOI Margin increased from 47.3% in Q3-2019 to 48.3% in Q3-2020. Same store results were exceptional increasing from 47.0% in Q3-2019 to 48.8% in Q3-2020 reflecting the continued push to increase overall profitability of the portfolio.

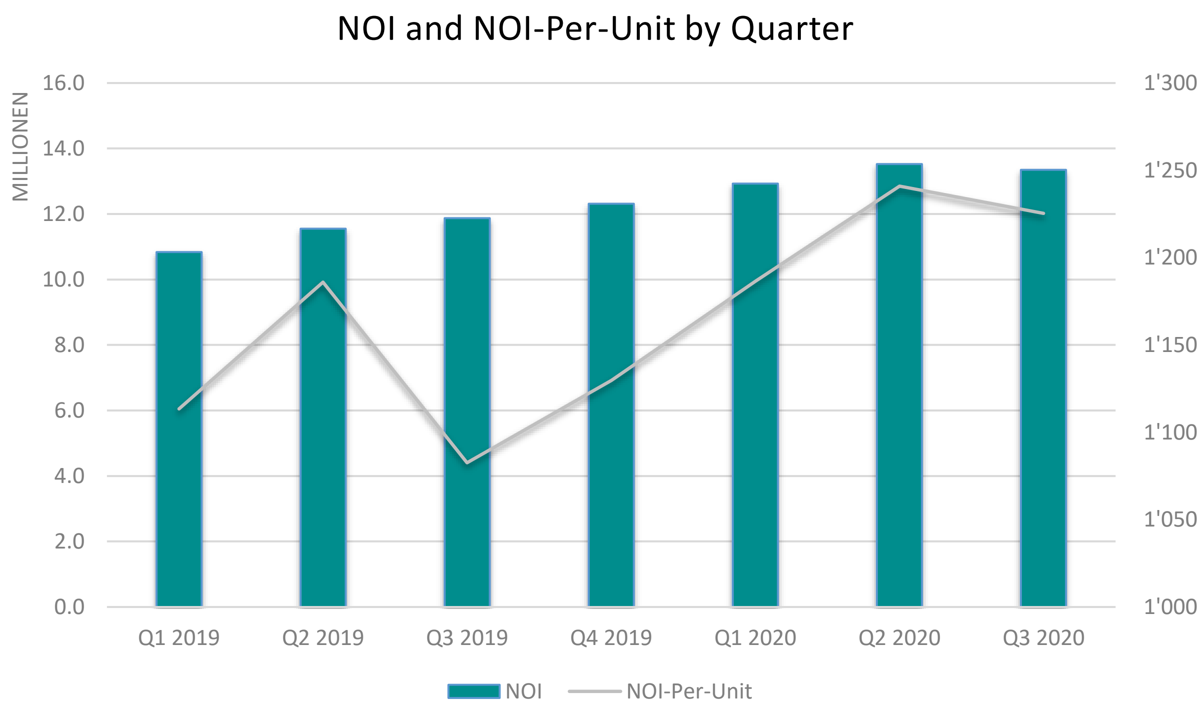
Remarkably, and in general, COVID-19 did not have a material impact on the financial position or results of operations as of or for the quarter ended September 30, 2020.

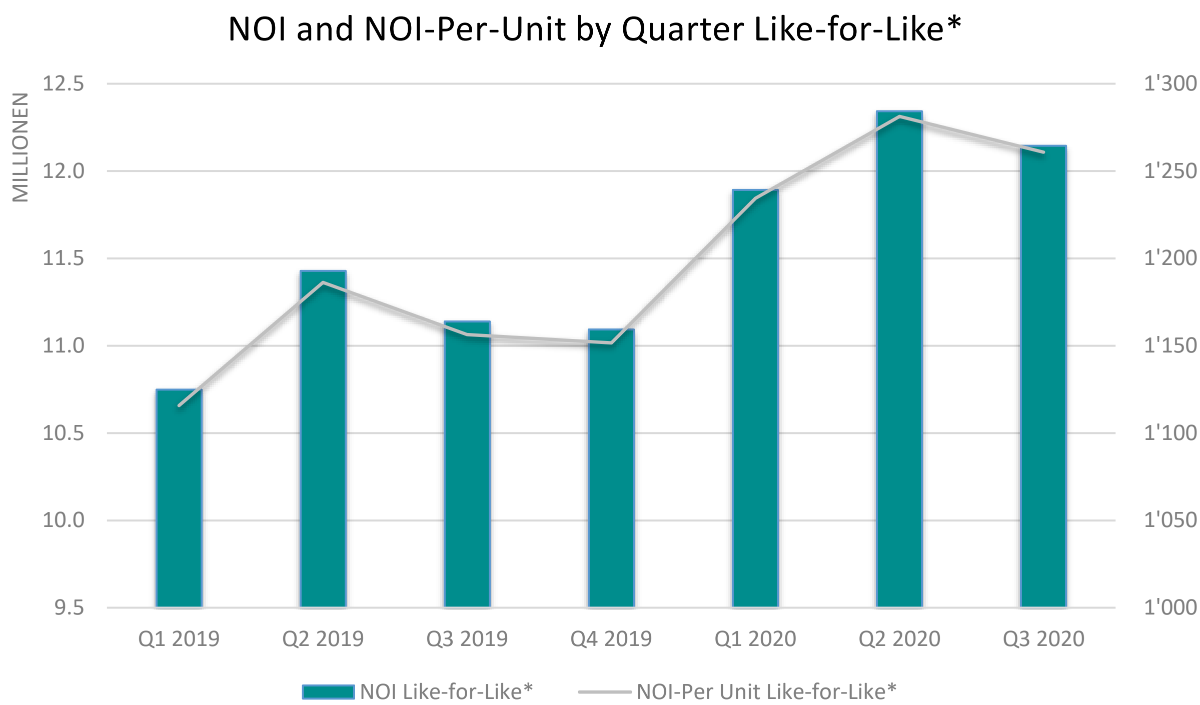
Portfolio Trajectory and Resilience During COVID-19 Pandemic

Now that two full quarters of operations in the COVID-19 environment have passed by, we're better able to reflect on recent operating trends and the impact of the pandemic to date.

As demonstrated in the graphs below, NOI has been steadily increasing since Q1-2019. Q2-2020 reflects lower than normal operating costs at the property level as the pandemic fully set in with Q3-2020 returning to normal levels. The overall trend reflects strong growth through acquisitions as well as healthy operational returns on our value-add strategy on existing properties.

Further insight into our ability to transform financial performance via our value-add strategy can be seen in the graph of NOI per unit below; three large properties representing 1,263 units were acquired in Q3-2019 causing NOI per unit to initially drop as these new units were brought online. After only two quarters (Q4-2019 and Q1-2020) NOI per unit was back up to Q2-2019 levels. The final two quarters (Q2-2020 and Q3-2020) include the COVID-19 pandemic but also show the highest NOI per unit results in the series.





Q4 OUTLOOK

Since March 2020, the US economy has been facing a major disruption in business due to the COVID-19 crisis. All aspects of our lives and work have been and still are affected in a significant way. At this stage it is too early to estimate the overall negative impact of the crisis or its length.

The strong balance sheet of the Company as well as a very experienced organization allow us to be in the best position to face this extraordinary situation. Since the beginning of March, the Company has taken all measures it could to comply with the guidance of the US Centers for Disease Control, as well as with the latest local, regional, state and federal regulations. Our top priorities have been:

i) to protect the health of the onsite employees and of the residents,
ii) to maximize rent collection and reduce expenses, and
iii) to communicate on a routine basis with the residents through our third-party property managers to help and support them during these complicated times.

After the end of Q3-2020, rent collections have remained at or above levels which is a very positive sign as to the stability of the portfolio. In October, the Company collected 96% of its total budgeted income and 100% of the March collected income (March being used as the benchmark during this pandemic time).

We expect fourth quarter rent collections to be consistent with what was experienced in the second and third quarter.

As we work on various stress scenarios and monitor the situation on a daily basis, we feel very confident in our ability to make it through the COVID-19 crisis successfully; however, we also remain appropriately humble and cautious. We will continue to communicate regularly on any developments in the current context.

NEXT REPORT

The next report will be the 2020 Annual Report that will be published on March 30, 2021.

TERMS

Structure	Real Estate Company	**Life duration**	Unlimited
Incorporation	Switzerland	**Market Cap on 30.9.2020**	CHF 349.24M
Inception	September 2015	**SIX ticker**	VARN
Asset Manager	Stoneweg SA	**ISIN**	CH0305285295

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