

Media release

Zug, 30 March 2021

Strong 2020 results for Varia US Properties AG – sharp increase of total income (+9%) and EBITDA (+47%) – portfolio value at record level (USD 928 million)

- In 2020, Varia US demonstrated the resilience and the strength of its portfolio, as well as its ability to buy and sell opportunistically in challenging times
- Total income of USD 152.4 million (+9.2%)
- Effective gross income of USD 109.8 million (+10.5%)
- Net gain from fair value adjustment on investment property of USD 42.5 million (+6.3%)
- EBITDA of USD 60.3 million (+47.4%)
- EBITDA margin of 46.5% (2019: 40.8%)
- Operating profit with revaluation of USD 83.0 million (2019: USD 80.1 million)
- Property portfolio value of USD 928.2 million as of 31 December 2020 (+1.4%)
- NAV per share growth up to USD 38.48 (2019: USD 37.36)
- Earnings per share of USD 3.91 (2019: USD 4.75)
- Successful private placement of 1,125 million new shares in December 2020
- Dividend distributed increased by CHF 2.9 million compared to 2019, with a total distribution of CHF 2.70 per share for those already outstanding at the last Shareholder meeting and of CHF 1.70 per share for the shares issued in December 2020.

Manuel Leuthold, Chairman of the Board of Directors for Varia US Properties, said: “We are very pleased with the positive business development of Varia US Properties in these challenging times. The strong 2020 results demonstrate the resilience and solidity of our growing portfolio in a demanding business year characterized by the COVID-19 pandemic. The multifamily housing sector has been one of the most resilient segments in the US real estate market. In addition, our markets in the Southeast, Midwest and Southwest were the ones that received the largest positive migration and were the less impacted by the downturn of the US economy. These fundamental changes supported at best the strategy adopted by Varia US. Based on the experiences in the unprecedented market conditions of last year, we are very confident to further expand our business and real estate portfolio, and to generate added value for all our stakeholders.”

Despite the COVID-19 pandemic, Varia US Properties performed very well in the 2020 business year and delivered strong results. Since the beginning of the pandemic in March 2020, Varia US focused on how to best serve the tenants, while maximizing rent collections and reducing costs. The Company not only demonstrated its resilience but also its capacity to buy, manage and sell properties with superior performances in the US multifamily housing sector. Varia US continued

to optimize its carefully compiled portfolio by targeting investments and executing the value-add strategy. Green initiatives also remained a priority across the portfolio. Overall, the full-year 2020 results underline the Company's good positioning in the multifamily housing sector and the successful execution of Varia US's strategy.

Effective gross income up to USD 109.8 million – EBITDA increased by nearly 50%

The Company portfolio, as of 31 December 2020, consisted of 44 properties totaling 10,269 units in 19 States, representing a real estate value of USD 928.2 million appraised by Colliers (2019: USD 915.1 million). The occupancy rate stood at 95.4% (2019: 95.3%).

In 2020, the portfolio generated a yearly effective gross income of USD 109.8 million (2019: USD 99.4 million). The increase is mostly the result of more efficient operations during the pandemic time and of portfolio growth. The total income amounted of USD 152.4 million (2019: USD 139.5 million). Total operating expenses were up to USD 69.4 million (2019: USD 59.4 million) due to higher operating expenses and non-ordinary transaction costs of the property sales operated in 2020.

Due to the sale proceeds, EBITDA increased by 47.4% to USD 60.3 million. EBITDA margin increased to 46.5% (2019: 40.8%) and funds from operations (FFO) were up to USD 35.8 million (2019: USD 17.9 million).

The net gain from fair value adjustment on investment property amounted to USD 42.5 million (2019: USD 40.0 million) and reflects the ongoing execution of the value-add strategy of Varia US Properties. This figure also includes the successful sale of the properties Stonegate and the Cardinal portfolio in 2020, resulting in a net IRR of 20% and 26% respectively.

The operating profit with revaluation amounts to USD 83.0 million (2019: USD 80.0 million). After deduction of the finance cost and the income tax provision, the profit for the period is USD 35.5 million (2019: USD 42.8 million). The decrease of the profit is impacted among others by a non-ordinary expense of debt defeasance of USD 6.7 million related to the property sales in 2020 (2019: USD 0.4 million) and a currency exchange loss of USD 6.3 million (2019: USD 1.4 million).

Portfolio optimization through acquisitions and dispositions

In 2020, Varia US acquired two properties in the States of Indiana and Kentucky comprising 636 units. Both properties are located in strong demographic and employment markets offering promising prospects to the Company's shareholders. At the same time, Varia US sold eleven non-strategic properties with total 1,264 units in Florida and Colorado. In December 2020, the Company also successfully completed a private placement with total commitments of CHF 40.4 million. Varia US swiftly started to deploy the proceeds from the capital increase and acquired a three property portfolio in Indiana in January 2021.

Distribution and next AGM

For the business year 2020, Varia US intends to increase the total dividend paid by CHF 2.9 million or 12.4% to CHF 26.3 million. The Company will pay a 4th installment and a true up of CHF 1.26 per share with the approval of the Shareholder meeting to be held on April 29, 2021. If approved, the total distribution for the year 2020 will be CHF 2.70 per share for those already outstanding at the last Shareholder meeting and CHF 1.70 per share for those issued in December 2020.

Key financial figures 2020

In USD million	As of 31 December 2020	As of 31 December 2019	Δ%
Total income	152.4	139.5	9.2
Effective gross income	109.8	99.4	10.5
Net gain from fair value adjustment on investment property (including USD 19.9 million of realized gain on properties sold)	42.5	40.0	6.3
Operating profit with revaluation	83.0	80.1	3.6
EBITDA (Defined as operating profit less unrealized revaluation)	60.3	40.9	47.4
EBITDA margin	46.5%	40.8%	5.7
Profit for the period	35.5	42.8	(17.0)
Funds from operations (FFO; EBITDA less interest expense)	35.8	17.9	99.9
Repair, maintenance and minor replacements	8.3	8.2	1.2
Year 1 capex invested	12.9	16.8	(23.2)
Earnings per share (in USD)	3.91	4.75	17.7
Net asset value per share (in USD)	38.48	37.36	3.0
Net asset value per share (excluding deferred taxes) (in USD)	42.26	40.58	4.1

2021 Outlook

The US multifamily industry is extremely optimistic about 2021, especially for the workforce multifamily sector in US suburban markets. Thus, Varia US will stick to its workforce housing

strategy, selecting the markets where job and population growth continues to be expected and will keep its low-leverage policy. It will closely monitor the situation and developments related to COVID-19 on a daily basis and adjust its operational mode as soon as needed.

In addition, Varia US will pursue its various green initiatives with the goal to fulfill a Global Real Estate Sustainability Benchmark (GRESB) report in 2022.

Patrick Richard, Executive Member of the Board of Directors of Varia US, said: “We remain very confident in Varia US’ business model and positioning to master well the current situation. The existing diversification of the portfolio will continue to allow Varia US to navigate successfully through these unprecedented times. Our workforce housing strategy appears, even more today than before the pandemic, to be right and performing. As we experienced a strong beginning in 2021, we expect to continue to see good investment opportunities in our target markets throughout the year further strengthening our promising portfolio.”

Additional information

The media release, the analyst presentation of the results and the 2020 annual report are available on Varia US’ website at www.variausproperties.com/investors/financial-statements/.

Varia US will hold a video call for media and analysts at 2pm CET today. Manuel Leuthold, Chairman, and Patrick Richard, Executive Member of the Board of Directors, will be available to answer your questions. Please register via seifried@irf-reputation.ch in order to get the dial-in details.

Key dates

Annual General Meeting 2021	29 April 2021
Q1 Newsletter at portfolio level	12 May 2021
Half-year results 2021	31 August 2021

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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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