

## Media release

### Ad hoc announcement pursuant to Art 53. LR

Zug, 29 August 2022

#### **Very strong half-year results for Varia US: Total income more than doubled to new record level – portfolio value tops at 1.6 billion**

- **Total income of USD 248.9 million (June 30, 2021: USD 113.2 million; +119.9%)**
- **Total realized income of USD 91.1 million (June 30, 2021: USD 71.1 million; +28.1%)**
- **Net gain from fair value adjustment of USD 178.4 million (June 30, 2021: USD 54.8 million; +225.6%)**
- **Realized gain on disposal of properties of USD 20.6 million**
- **Property portfolio value tops USD 1.602 billion as of June 30, 2022 (December 31, 2021: USD 1.412 billion; +13.5%)**
- **Operating profit with revaluation of USD 203.4 million (June 30, 2021: USD 75.6 million; +168.9%)**
- **Profit for the period of USD 145.5 million (June 30, 2021: USD 48.7 million; +198.9%)**
- **EBITDA of USD 45.5 million (June 30, 2021: USD 33.5 million; +35.7%)**
- **Funds from operations (FFO<sup>1</sup>) of USD 13.3 million (June 30, 2020: USD 11.8 million; +13.2%)**
- **Earnings per share of USD 14.37 (June 30, 2021: USD 4.81; 198.9%)**
- **NAV per share of USD 62.05 (December 31, 2021: USD 50.79; + 22.2%)**
- **Varia US is well positioned and equipped with its strategy of growth to face the next months and to benefit from the current unbalance of supply and demand in property**

Manuel Leuthold, Chairman of the Board of Directors of Varia US, said: “We are very pleased to present excellent results, and a strong performance in the first half of 2022 to Varia US’ investors. These results reflect the strong and growing financial performance of the portfolio despite the complicated times we have collectively experienced since the beginning of the year. We intend to continue our strategy of organic growth in the portfolio over the next few months, and Varia US is well positioned and equipped to do so.”

#### **Total income at record level – rental income up 19.1%**

The Company portfolio, as of 30 June 2022, consisted of 42 properties totaling 11,323 units in 15 US states. The real estate value appraised by third party appraisers tops 1.6 billion with USD 1.602 billion (December 31, 2021: USD 1.412 billion). The occupancy rate is at 94.3% (December 31, 2021: 94.6%). Total income more than doubled to USD 248.9 million and reached a new record high (June 30, 2021: USD 113.2 million). In the first six months of 2022,

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<sup>1</sup> FFO defined as net profit excluding fair value gain and transaction costs, tax effected.

the portfolio generated a total realized income<sup>2</sup> of USD 91.1 million (June 30, 2021: USD 71.1 million). The average rent per unit was USD 990 per month (December 31, 2021: USD 932 per month). Rental income like for like between January and June 2022 increased by 7.1% compared to the corresponding period in 2021.

The fair value of the portfolio was up USD 178.4 million for the first half of the year, of which USD 157.9 million was unrealized gain or portfolio appreciation.

Total operating expenses amounted to USD 45.6 million (June 30, 2021: USD 37.5 million). The operating profit with revaluation amounted to USD 203.4 million (June 30, 2021: USD 75.6 million). After deduction of the finance cost and the income tax provision, the profit for the period is USD 145.5 million (June 30, 2021: USD 48.7 million). Funds from operations (FFO) improved to USD 13.3 million (June 30, 2021: USD 11.8 million).

Varia US also increased its profitability, as the EBITDA increased by 35.7% to USD 45.5 million (June 30, 2021: USD 33.5 million). EBITDA margin improved to 50.0% compared to 47.2% the year before. Earnings per share for the first half of 2022 were up to USD 14.37 (June 30, 2021: USD 4.81) – a new record level as well as the Net asset value (NAV) per share at USD 62.05 (June 30, 2021: USD 40.19).

### **Further portfolio optimization**

After June 30, 2022, Varia US sold the asset Cinnamon Tree in Albuquerque, NM, consisting of 398 units. The Company plans to sell another four properties in the next few months and to continue rotating the portfolio to improve its quality.

Also post reporting period, in July 2022, Varia US closed on a deal in Houston called Ashford Apartments. It is the first investment of the Company in that market. It is located along the Energy corridor and was acquired at a very attractive basis. Three more acquisitions are under contract and should be closed around the end of Q3 2022: One property is located in Highland Village, a community North of Dallas. One property is located in Kansas City in a very good neighborhood and the third one will complement the existing Cincinnati portfolio.

### **First GRESB application completed**

During the first half of 2022, Varia US ran an affordability analysis of the portfolio to measure how affordable it is, based on specific location of each asset and the applicable Average Median Income (AMI) of the household of each unit. The result shows that Varia US has a low to moderate income portfolio, trending to a workforce housing portfolio.

The second major achievement in terms of ESG in the reporting period is the completion of its GRESB application. This is the first time Varia US has submitted its portfolio to this real estate

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<sup>2</sup> Total realized income defined as total income less unrealized revaluation.

industry ESG benchmark; the results of this application are expected by the end of Q3 2022 or the beginning of Q4 2022.

### Key financial figures half-year 2022

In USD million	As of and for the half year June, 30 2022	As of and for the half year June, 30 2021	Δ%
Rental income	62.0	52.0	19.1
Other income and insurance proceeds	8.5	6.4	34.1
Total realized income	91.1	71.1	28.1
Net gain/(loss) from fair value adjustment on investment property	178.4	54.8	225.6
Total income	248.9	113.2	119.9
Total operating expenses	45.6	37.5	21.3
Operating profit with revaluation	203.4	75.6	168.9
Profit for the period	145.5	48.7	198.9
Rental income like for like	42.7	39.8	7.1
EBITDA (Operating profit less unrealized revaluation)	45.5	33.5	35.7
EBITDA margin (in %)	50.0	47.2	2.7
FFO (EBITDA less interest expense)	13.3	11.8	13.2
Earnings per share (EPS) (in USD)	14.37	4.81	198.9
Net asset value (NAV) per share (in USD)	62.05	40.19	54.4

### Outlook

The first semester 2022 has been very strong, and the Company expects the second semester 2022 to be consistent at the operational level. Varia US expects some volatility in the property valuations which may impact income statement and balance sheet. The Company is very confident with the solidity and the positioning of its portfolio, as the fundamentals supporting the investment strategy have been confirmed and the continuous implementation of ESG principles and values will raise the attractiveness of the portfolio for all stakeholders.

Patrick Richard, Delegate of the Board of Directors of Varia US, said: "Our basic scenario is that the economy will slow down in the next few months, that inflation will come down by the end of the year, and that the economy will slowly rebound in 2023. We anticipate a moderate impact on our valuations and a slight one on our operational results. Hence, more and more people are moving into the markets where we operate and job growth is very strong in the Southern States, especially in the Southwest, Southeast and Midwest. The unbalance of



supply versus demand continue to play in favor of Varia US. We are well prepared and equipped to face this new period and to continue producing strong results for our investors.”

### **Additional information**

The H1 2022 analyst presentation, the H1 2022 report as well as a German summary are available on Varia US' website at [www.variausproperties.com/investors/financial-statements/](http://www.variausproperties.com/investors/financial-statements/).

### **Key dates**

Next fixed dividend payment	November 10, 2022
Quarterly Report, Q3 2022	November 17, 2022
Full-year results 2022	March 30, 2023
Annual General Meeting	April 25, 2023

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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)

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