

Media release - Ad hoc announcement pursuant to Art 53. LR

Zug, 17 November 2022

Varia US Properties AG delivers strong results through the first three quarters of 2022 – rental income up 18.7% compared to the prior period (Q1-Q3 2021) and a significant increase of net profit to USD 163.9 million

- **Rental income up 18.7% to around USD 93.5 million (Q1-Q3 2021: USD 78.8 million)**
- **Net gain from fair value adjustment up to USD 207.2 million (Q1-Q3 2021: USD 124.8 million)**
- **Profit for the period significantly increased to USD 163.9 million (Q1-Q3 2021: USD 100.1 million)**
- **Promising portfolio development with higher portfolio value and increased average monthly rent**
- **Varia US expects to see a stabilisation in same store valuation despite ongoing complications in the market before a rebound in the second quarter of 2023, when interest rates are expected to begin stabilizing.**

Varia US Properties' total realized income increased to USD 147.6 million during Q1-Q3 2022, compared to USD 125.4 million in Q1-Q3 2021. Rental income grew year to date by 18.7% to USD 93.5 million (Q1-Q3 2021: USD 78.8 million), and by 7.5% on a like for like basis. EBITDA (defined as operating profit less unrealized revaluation) grew to USD 71.0 million in Q1-Q3 2022 from USD 64.2 million in Q1-Q3 2021. Profit significantly increased to USD 163.9 million (Q1-Q3 2021: USD 100.1 million) mainly due to a further increase in portfolio value.

Average monthly rent grew 16% to USD 1,082/unit compared to USD 932/unit at the end of 2021. Average occupancy slightly decreased to 92.7% (compared to 94.6% at the end of 2021) due to implementation of revenue optimization pricing as well as increased renovations conducted. The value of the total portfolio recorded an increase of 17.5% to USD 1.65 billion compared to USD 1.41 billion at the end of 2021.

Patrick Richard, Executive Member of the Board of Directors of Varia US, said: "Although the US continues to see high inflation, rapidly rising interest rates, it still has a strong economy with GDP growth of approximately 2.6% in Q3 2022, and a low unemployment rate. In view of these challenging times, Varia is very satisfied with the strong business performance achieved in the reporting period."

Patrick Richard added: "As already communicated, we also achieved an outstanding outcome of our first GRESB submission that demonstrates our strong positioning in sustainability initiatives. We also closed our second agency credit facility, this time with Freddie Mac. As a result, Varia US is the first real estate investment company with a credit facility with each of

the two US governmental agencies, providing a significant competitive edge for future acquisitions and for portfolio rotation.”

Q3 2022 Key figures (unaudited)	Q1-Q3 2022 In USD	Q1-Q3 2021 In USD	Δ%
Rental Income	93.5 million	78.8 million	18.7
Rental Income like for like*	58.5 million	54.5 million	7.5
Total Realized Income (total income less unrealized revaluation)	147.6 million	125.4 million	17.8
Operating Expenses	76.6 million	61.2 million	25.1
EBITDA (operating profit less unrealized revaluation)	71.0 million	64.2 million	10.7
Profit for the Period	163.9 million	100.1 million	63.7
	As of September 30, 2022	As of December 31, 2021	
Properties	40	43	(7.0)
Units	11,008	11,887	(7.4)
Portfolio Value	1,66 billion	1,41 billion	17.5
Average Monthly Rent per Unit	USD 1,082	USD 932	16.1
Average Occupancy Rate	92.7%	94.6%	(1.9)

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

Note: Some amounts and percentages do not directly calculate due to rounding.

Current market environment favoring Company short-term development

Despite challenging markets, with high inflation rates and rapidly rising interest rates in the US, the supply and demand equation is further developing in favor of Varia US. The increasing interest rates place more appeal on renting rather than buying property. This combination of inflation, supply chain issues as well as the current interest rate developments make it more difficult to build which further increases the pressure on the rental sector.

During Q3 2022, the Company disposed of four properties and acquired two new ones, which are already clearly contributing to the improvement of the portfolio.

With reference to the outlook for FY 2022, the Varia US Board of Directors expects a slow-down in the rate of net operating income growth as well as further cap rate expansion, subsequently affecting portfolio value. Nevertheless, in the longer term and once interest rates start to stabilize again, a rebound of the market is expected.



Varia US' complete and fully consolidated Q3 2022 Report is available for download on the Company's website at <https://variausproperties.com/investors/quarterly-updates/>.

Financial calendar

Next fixed quarterly dividend payment	10 February 2023
Full Year 2022 Results/Annual Report 2022	30 March 2023
Ordinary Annual Shareholder Meeting 2023	25 April 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

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