



VARIA
US PROPERTIES

2022 ANNUAL REPORT

Media & Analysts Presentation

March 30, 2023

MANAGED BY STONEWEG 

Important Notice

This presentation includes forward-looking information and statements, including statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including the economic conditions in the property markets relevant to us. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “outlook” or similar expressions.

There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others:

- business risks associated with the volatile economic environment and political conditions
- costs associated with natural disasters affecting our properties
- changes in governmental regulations
- changes in currency exchange and interest rates, and
- such other factors as may be discussed from time to time in prospectuses

Although the Company believes that expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved. This presentation contains non-IFRS measures of performance. We provide definitions of these measures and reconciliations between these measures and their IFRS counterparts as we believe are appropriate.

Agenda

1. Key achievements 2022
2. Financials
3. Portfolio and growth strategy
4. ESG
5. Outlook 2023
6. Q&A

TODAY'S SPEAKERS

MANUEL LEUTHOLD



- Chairman,
Varia US Properties AG

PATRICK RICHARD



- Executive Member of the Board of
Directors, Varia US Properties AG
- Founder and CEO of Stoneweg US, LLC



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Key achievements 2022

2022 Key Achievements (I/2)

Key Outcomes

- **Corporate activities and operations**
 - Strong results despite challenging market development
 - Significant increase of rental income and EBITDA
 - Portfolio value increased by 20.7%
 - Improved quality of Company portfolio along with reduced risks related to the location and year of construction of the assets due to strategic approach
 - Board of Directors proposes total dividend of CHF 3.20 per share to AGM 2023
 - Annual Shareholders Meeting to be held physically on 25 April 2023 in Zurich
- **Value-added implementation**
 - USD 28.4 million CAPEX invested (2021: USD 18.0 million)
- **ESG**
 - Meaningful ESG progress achieved
 - Full ESG 2022 report to be published separately at the end of June 2023

2022 Key Achievements (2/2)

Key Outcomes

- **Key Figures**
 - Rental income grew to USD 126.5 million (2021: 107.9 million)
 - Total realized income at USD 188.4 million (2021: USD 163.6 million)
 - Total income was USD 297.7 million (2021: USD 320.0 million)
 - EBITDA grew to USD 88.2 million (2021: USD 80.7 million)
 - Net Gain on revaluation of properties at USD 153.7 million (2021: USD 197.4 million)
 - Operating profit incl. revaluation was at USD 197.6 million (2021: USD 237.1 million)
 - Portfolio value increased to USD 1.704 billion (2021: 1.412 billion)
 - NAV per share increased to USD 60.13 (2021: USD 50.79)
- **Dividend for business year 2022**
 - Earnings per share of USD 12.11 (2021: USD 15.41)
 - Proposed total dividend of CHF 3.20 per share



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Financials

Consolidated Statement of Profit and Loss

In USD million	As of December 31, 2022	As of December 31, 2021
Rental income	126,548,336	107,920,005
Other income	16,912,347	13,065,619
Insurance proceeds	592,519	1,621,993
Net gain from fair value adjustment on invest. property	153,693,947	197,371,103
Total income	297,747,149	319,978,720
Total operating expenses	-100,179,872	-82,854,668
Operating profit	197,567,277	237,124,052
Finance costs	-45,590,723	-32,626,302
Profit before income tax	151,976,554	204,497,750
Income tax expense	-29,377,894	-48,490,042
Profit for the year	122,598,660	156,007,708
NAV & Earnings per share		
Net asset value (NAV) per share (in USD)	60.13	50.79
Basic and diluted earnings per share (in USD)	12.11	15.41

Consolidated Statement of Financial Position (1/2)

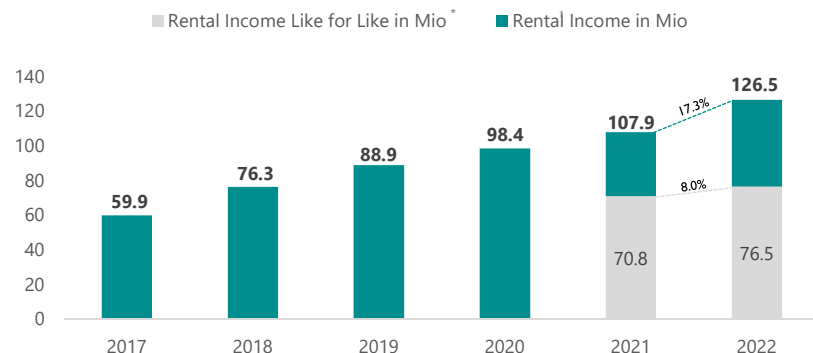
ASSETS	Notes	December 31, 2022 in USD	December 31, 2021 in USD
Current assets:			
Cash and cash equivalents	E	77,354,907	80,385,011
Rent and other receivables	F	907,076	1,223,469
Income tax receivable		3,503,773	2,764,006
Prepaid expenses and other current assets		2,078,469	1,961,452
Assets held for sale	G	65,250,000	–
Total current assets		149,094,225	86,333,938
Noncurrent assets:			
Investment property	G	1,638,500,000	1,412,010,000
Escrow accounts	E	5,763,624	6,917,980
Other assets		50,205	12,660
Derivative financial instruments	O	5,424,697	–
Total noncurrent assets		1,649,738,526	1,418,940,640
Total assets		1,798,832,751	1,505,274,578

Consolidated Statement of Financial Position (2/2)

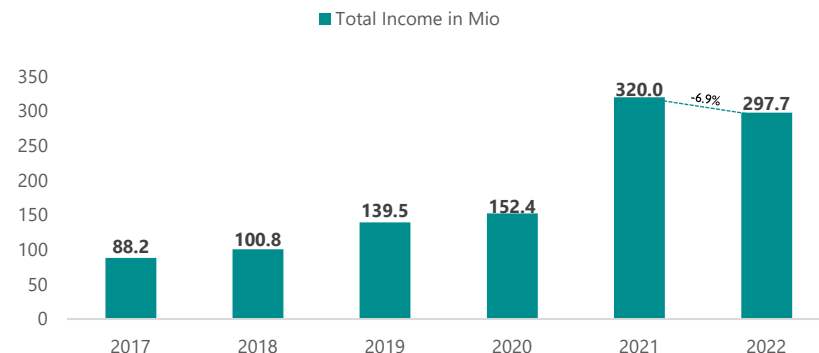
LIABILITIES AND EQUITY	Notes	December 31, 2022 in USD	December 31, 2021 in USD
Current liabilities:			
Current maturities of interest-bearing loans and borrowings	I	54,158,650	415,329
Trade and other payables	H	24,331,898	26,032,811
Distribution payable		10,968,229	11,101,275
Income tax payable		2,671,800	2,096,815
Rent received in advance		1,805,798	2,214,988
Liabilities associated with assets held for sale	G	29,022,000	–
Total current liabilities		122,958,375	41,861,218
Non-current liabilities:			
Interest-bearing loans and borrowings, net of current maturities	I	959,334,221	868,370,727
Deferred tax liability	M	107,623,154	80,693,472
Total noncurrent liabilities		1,066,957,375	949,064,199
Total liabilities		1,189,915,750	990,925,417
Equity:			
Issued share capital	J	10,297,221	10,297,221
Share premium from capital contributions	J	226,123,836	242,762,909
Legal reserves	J	4,481,011	2,936,192
Revaluation reserves	J	5,247,327	–
Retained earnings	J	362,767,606	258,352,839
Total equity		608,917,001	514,349,161
Total liabilities and equity		1,798,832,751	1,505,274,578

Financials 6-Year-Comparison (1/2)

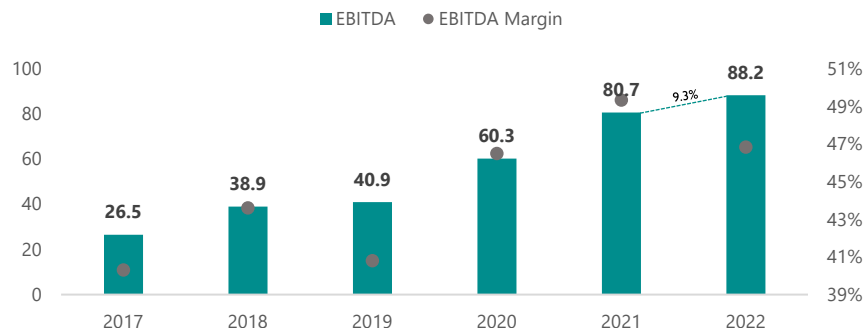
Rental Income in Mio



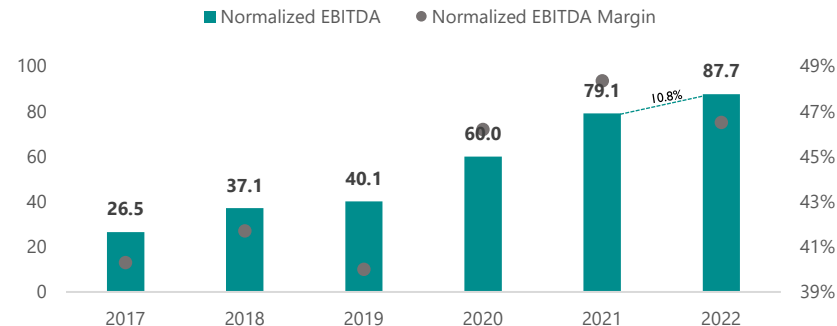
Total Income in Mio



EBITDA (Mio) and EBITDA Margin

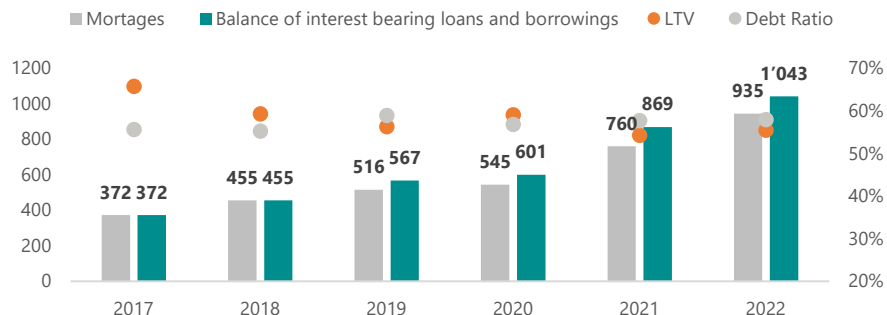


Normalized EBITDA (Mio) & Norm. EBITDA Margin

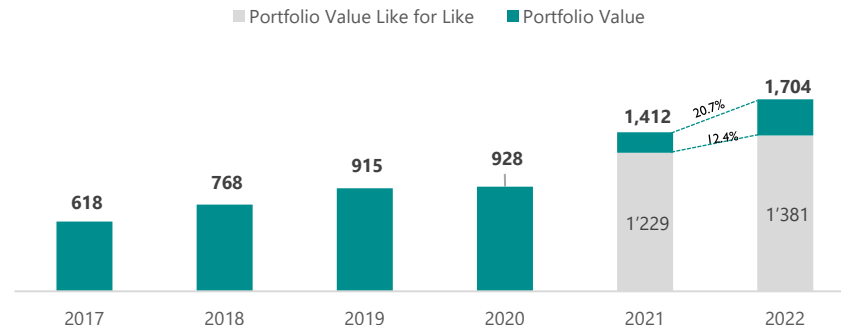


Financials 6-Year-Comparison (2/2)

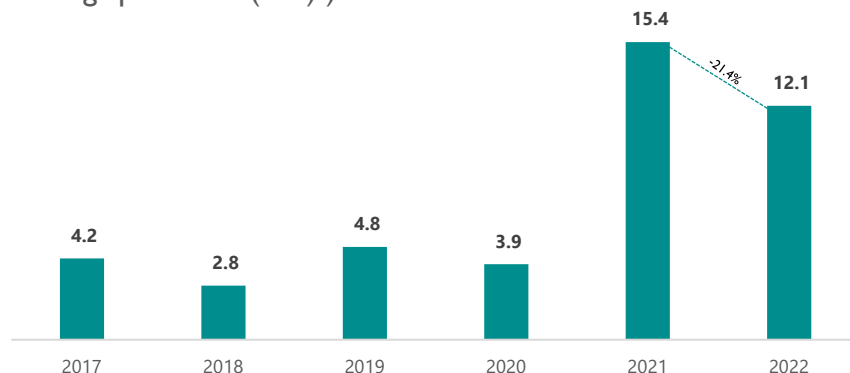
Debt in Mio



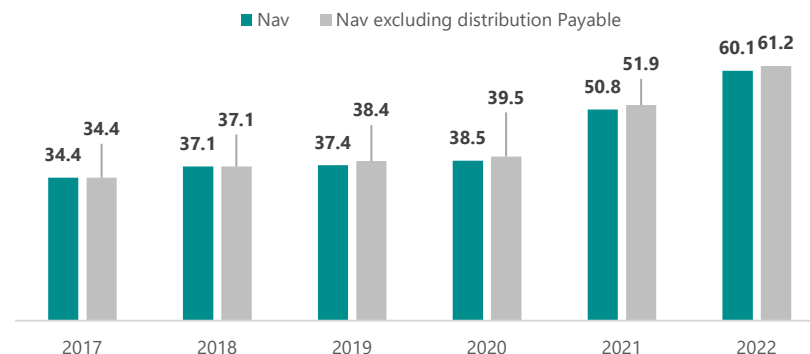
Portfolio Value



Earnings per share (EPS)) for the Year ended December 31



NAV



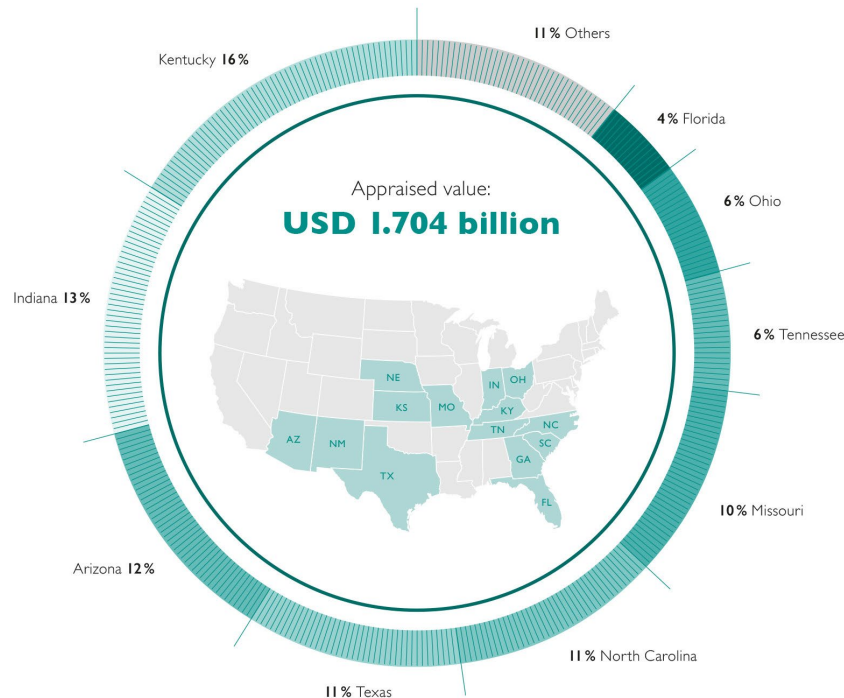


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Portfolio Development

2022 Portfolio Development

Geographic breakdown of Varia Properties as of December 31, 2022



- Portfolio value of USD 1.704 billion (2021: USD 1.412 billion)
- 41 properties
- 11,042 units
- 14 different States in the US
- Geographical diversification:
- Regionally balanced strategy
- 16% of the properties are located in Kentucky
- Indiana and Arizona follow with a proportion of 13% and 12% respectively
- Well positioned in markets where Varia already had a presence, are generally larger and closer to metropolitan areas

2022 Portfolio Key Figures

AVERAGE MONTHLY RENT PER UNIT

2021: USD 932

1,134

GROSS POTENTIAL INCOME ¹

2021: USD 147.4 million

USD
million

169.2

EFFECTIVE GROSS INCOME ¹

2021: USD 138.0 million

USD
million

158.1

AVERAGE MARKET VALUE PER UNIT

2021: USD 118,786

USD

154,297

OCCUPANCY RATE

2021: 94.6%

93.1%

LOAN-TO- VALUE

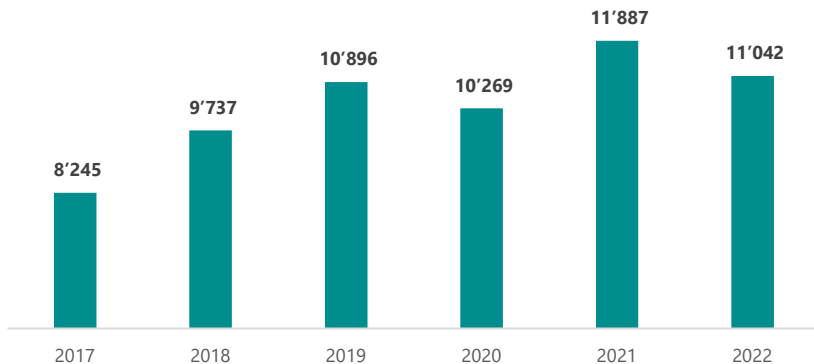
2021: 54.27%

55.41%

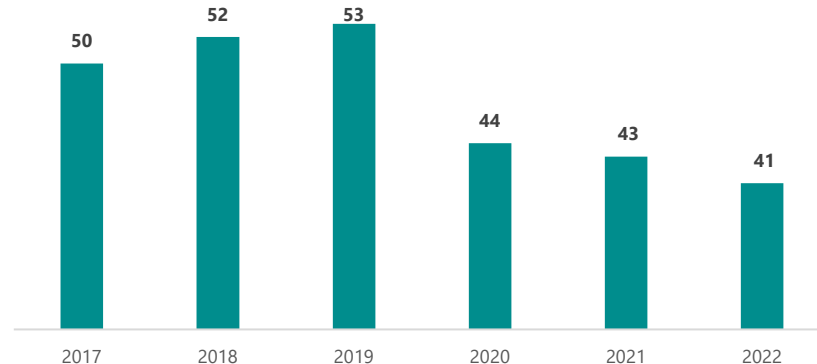
¹ According to Colliers International, appraiser of the Company's investments

Portfolio 6-Year-Comparison

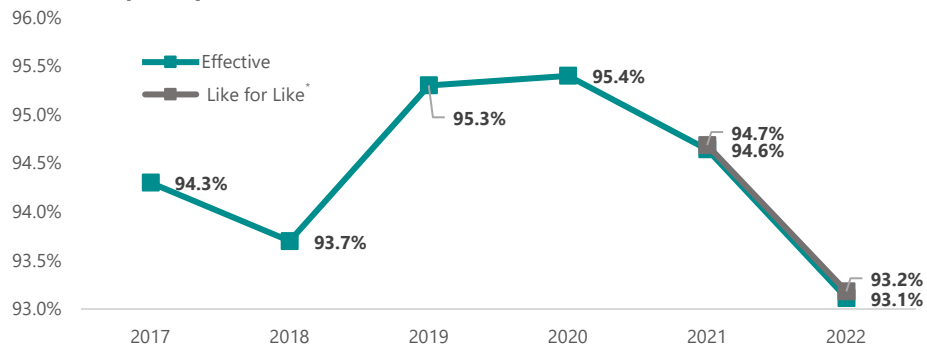
Number of Units



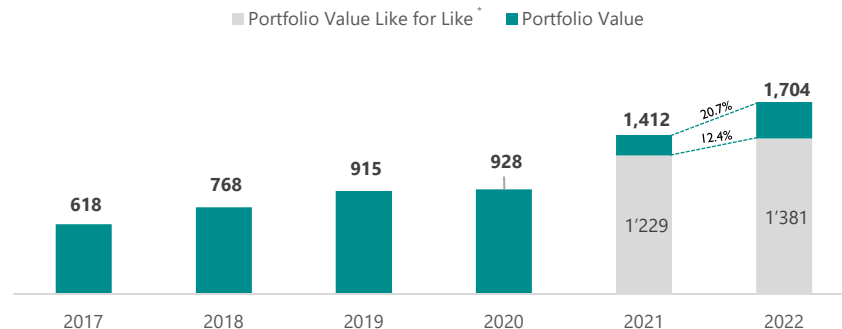
Number of Assets



Occupancy



Portfolio Value (USDm)



Portfolio Development - Dispositions

- In 2022, the Company disposed seven properties.
- The Company intends to pursue its strategy of disposing of older, smaller and not best located assets, in order to continue improving the quality and decrease the risk of the portfolio.

Property	Eastwood Crossings	Kings quarters	Cinnamon Tree	Bridge Hollow	Woodstone	Aspen Ridge*	Woodland Manor*	Total/ Average
Location	Kansas City MO	Kansas City MO	Albuquerque NM	Fort Worth TX	Fort Worth TX	Albuquerque NM	Tulsa OK	
Year of recapitalization*/ Year of Purchase	2019	2019	2018	2017	2017	2018	2018	2018
Number of units	455	408	398	280	200	96	305	2,142
Acquisition price at recap (in USD)	31,100,000	31,975,000	21,500,000	17,600,000	11,500,000	6,921,646	17,450,000	138,046,646
Disposition price (in USD)	42,500,000	48,500,000	42,000,000	35,000,000	25,000,000	9,000,000	26,500,000	228,500,000
Price per unit (in USD)	93,407	118,873	105,528	125,000	125,000	93,750	86,885	106,676
Gross IRR	6.02%	33.78%	35.02%	25.93%	24.88%	11.97%	28.94%	25.32%
Gross Multiple	1.17x	2.12x	3.32x	3.18x	3.05x	1.32x	2.93x	2.24x

Portfolio Development - Acquisitions

- In 2022, the Company acquired five new assets.
- These additions to the portfolio are in line with the strategy put in place over the last 18-24 months.

Property	Amaze @ Noda	Ashford	Wild Oak	JRG Lofts	Varia at Highland Village	Total/ Average
Area	Charlotte NC	Houston TX	Kansas City MS	Covington KY	Highland Village TX	
Units	298	312	348	178	161	1,297
Year of Construction	2019	2015	2000	2021	2015	2014
Acquisition price (in USD)	90,890,000	65,500,000	64,410,000	62,000,000	51,000,000	333,800,000
Price per unit (in USD)	305,000	209,936	185,086	348,315	316,770	257,363



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ESG

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Key Achievements 2022 (1/2)

ESG Progress

- ESG Committee at Board level formed in 2022
- Launch of new section of the Company's website dedicated to ESG information.
- The company participated for the first time in the real estate industry's leading ESG assessment GRESB, achieving strong results compared to its peers
- Recycling is now offered as part of local waste management in more than 55% of apartment communities (2021: 21%) The goal is to offer such a recycling solution for residents in all such communities by the end of 2023
- Full 2022 ESG report will be published at the end of June 2023 and is based on the Sustainability Accounting Standard Board (SASB) reporting index



Key Achievements 2022 (2/2)

ESG Progress

- 8 Communities received “ENERGY STAR® Performance Certifications” in 2022 demonstrating superior energy efficiency compared to similar buildings
- Stoneweg, on behalf of Varia US, is pleased to have been named as a “Freddie Mac Multifamily Impact Sponsor”
- 4 “Green Globes Building Certifications” achieved in 2022
- Stoneweg was recognized in 2022 by the St. Petersburg Downtown Partnership and the Environmental Defense Fund at its inaugural “Sustainable Leadership Awards” ceremony for sustainability best practices and initiatives in commercial real estate





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Outlook 2023

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OUTLOOK 2023

- Varia US looks forward to a successful but challenging 2023. The Board of Directors expects strong operating results but lower valuations due to expanded cap rates.
- It is expected that during the first half of the year the market should continue to be somewhat uncertain and slow. However, more certain terms of interest rates and capitalization rates will hopefully allow for the start of a recovery after the first six months. The multifamily housing sector, especially the B segment, remains the most resilient real estate sector in the US along with the industrial sector.
- In 2023, the Company again expects significant investments to maintain the existing portfolio and improve its ESG performance. It will also continue the repositioning of the portfolio depending on opportunities.
- The repayment of the first corporate bond is due in June 2023. Varia US currently expects these liabilities and projects to be largely paid for through additional sales proceeds. However, if the corporate bond is refinanced, the sales proceeds will be used for distributions and new acquisitions.

Investor Information

Listing: SIX Swiss Exchange
Currency: USD
Ticker symbol: VARN
ISIN: CH 030 528 529 5
Listing date: December 8, 2016

Financial Calendar

AGM 2023	April 25, 2023
Q1 Report 2023	May 31, 2023
ESG Report 2022	End of June 2023
Half-Year Report 2023	August 31, 2023

Contact Information

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Communications
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E-mail: investors@variausproperties.com

Quarterly Dividend Payment Dates

Proposed true-up and confirmed final quarterly distribution for 2022:

May 10, 2023

Quarterly distributions for 2023 (proposed):

August 9, 2023; November 9, 2023; February 9, 2024;

May 9, 2024



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Q&A

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