

# QUARTERLY REPORT Q1 2023



**VARIA**  
US PROPERTIES



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## KEY FIGURES Q1/2023

### RENTAL INCOME

Q1 2022: USD 30.9 million

USD million **34.1**

### TOTAL INCOME

Q1 2022: USD 158.9 million

USD million **-11.1**

### EFFECTIVE GROSS INCOME (EGI)<sup>1</sup>

Q1 2022: USD 35.1 million

USD million **40.1**

### FAIR VALUE PORTFOLIO ADJUSTMENT

Q1 2022: USD 123.8 million

USD million **-51.2**

### OPERATING (LOSS) PROFIT

(including revaluation)  
Q1 2022: USD 138.7 million

USD million **-33.1**

### (LOSS) PROFIT FOR THE PERIOD

Q1 2022: USD 100.8 million

USD million **-34.0**

### NORMALIZED FFO PER SHARE

Q1 2022: USD 0.67

USD **0.49**

### EARNINGS PER SHARE

Q1 2022: USD 9.96

USD **-3.36**

### NAV PER SHARE<sup>4</sup>

December 31, 2022: USD 60.13

USD **56.68**

### EBITDA<sup>2</sup>

Q1 2022: USD 15.0 million

USD million **18.1**

### EBITDA MARGIN

(without revaluation)  
Q1 2022: 42.6%

**45.0%**

### NORMALIZED FFO<sup>3</sup>

Q1 2022: USD 6.8 million

USD million **4.9**

<sup>1</sup> EGI defined as total income less unrealized revaluation.

<sup>2</sup> EBITDA defined as operating profit less unrealized revaluation.

<sup>3</sup> Normalized FFO defined as FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items.

<sup>4</sup> NAV excluding distribution payable is USD 57.22 at March 31, 2023, USD 61.22 at December 31, 2022.

## SUMMARY PAGE OF KEY FIGURES

RESULTS (For the Three Months Ended)	Unit	March 31, 2023	March 31, 2022	Change
Rental Income	USD mio	34.1	30.9	10.3%
<i>Rental Income like for like*</i>	USD mio	29.0	26.4	9.9%
Other Income and Insurance Proceeds	USD mio	6.0	4.2	43.0%
Total Realized Income (total income less unrealized valuation)	USD mio	40.1	35.1	14.2%
Realized Gains on disposal of properties	USD mio	0.0	0.0	0.0%
Unrealized (Losses) Gains on revaluation of properties	USD mio	-51.2	123.8	-141.3%
Net (Loss) Gain on revaluation of properties	USD mio	-51.2	123.8	-141.3%
<i>Revaluation of properties like for like*</i>	USD mio	-46.9	107.2	-143.7%
Total Income	USD mio	-11.1	158.9	-107.0%

Operating Expenses	USD mio	22.1	20.1	9.5%
Operating (Loss) Profit incl. revaluation	USD mio	-33.1	138.7	-123.9%
Operating Margin <sup>1</sup>	%	N/A <sup>1</sup>	87.3	N/A <sup>1</sup>
EBITDA (Operating Profit less unrealized revaluation)	USD mio	18.1	15.0	20.7%
EBITDA Margin	%	45.0	42.6	2.3%
Normalized EBITDA (EBITDA less insurance proceeds)	USD mio	17.1	14.8	15.2%
Normalized EBITDA Margin	%	42.6	42.3	0.4%
Net (Loss) Profit before tax	USD mio	-45.9	133.0	-134.5%
Net (Loss) Profit	USD mio	-34.0	100.8	-133.7%
Funds from Operations (FFO) (net profit excluding fair value gain or loss and transaction costs, tax effected)	USD mio	4.4	8.0	-45.2%
Normalized FFO (FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items)	USD mio	4.9	6.8	-27.2%

BALANCE SHEET (As of)	Unit	March 31, 2023	December 31, 2022	Change
Total Assets	USD mio	1,747.3	1,798.8	-2.9%
Equity	USD mio	573.9	608.9	-5.7%
Equity ratio	%	32.8	33.9	-1.0%
Interest bearing Debt	USD mio	1,045.0	1,042.5	0.2%
Interest bearing Debt ratio	%	59.8	58.0	1.9%
Average interest of debt at the property level	%	4.5	4.5	0.0%
Average maturity of debt at the property level	years	6.8	7.1	-3.5%

PORTFOLIO	Unit	March 31, 2023	December 31, 2022	Change
Properties	number	41	41	0.0%
Units as of	number	11,042	11,042	0.0%
Units Like for Like as of**	number	11,042	11,042	0.0%
<i>Units Like for Like as of the Month Ending***</i>	number	11,042	11,042	0.0%
Portfolio value	USD mio	1,658.8	1,703.8	-2.6%
Portfolio Value Like for Like as of**	USD mio	1,658.8	1,703.8	-2.6%
Market value per unit	USD	150,230	154,297	-2.6%
Gross Potential Income (Market per Colliers)	USD mio	172.4	169.2	1.8%
Monthly rent per unit held for the full month ending	USD	1,152	1,134	1.6%
Monthly rent per unit Like for Like as of the Month Ending***	USD	1,152	1,134	1.6%
Occupancy rate as of	%	93.1%	93.1%	0.0%
<i>Occupancy rate Like for Like as of the Month Ending***</i>	%	93.1%	93.1%	0.0%

SHARE INFORMATION	Unit	2023	2022	Change
Market capitalization – March 31, 2023 and December 31, 2022	CHF mio	435.4	466.8	-6.7%
Earnings per share (EPS) – March 31, 2023 and 2022	USD / share	-3.36	9.96	-133.7%
NAV – March 31, 2023 and December 31, 2022	USD / share	56.68	60.13	-5.7%
NAV excluding deferred taxes – March 31, 2023 and December 31, 2022	USD / share	66.08	70.76	-6.6%
NAV excluding distribution payable – March 31, 2023 and December 31, 2022	USD / share	57.22	61.22	-6.5%
Share price – March 31, 2023 and December 31, 2022	CHF/ share	43.00	46.10	-6.7%
Funds from Operations (FFO) (net profit excluding fair value gain and transaction costs, tax effected) – March 31, 2023 and 2022	USD / share	0.43	0.79	-45.2%
Normalized FFO (FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items) – March 31, 2023 and 2022	USD / share	0.49	0.67	-27.2%

<sup>1</sup> Operating Margin is calculated as Operating Profit (Loss) including revaluation divided by Total Income. Operating Margin for the three months ended March 31, 2023 is not meaningful as an operating loss was incurred during the first quarter.

\* Like for Like compares assets that were held for the full periods of Q1 2022 and Q1 2023.

\*\* Like for Like as of compares assets that were on hand on the last day of the period presented.

\*\*\* Like for Like as of the Month Ending compares assets that were held for the last full month of the period presented.

Note: Some amounts above may not add due to rounding.

## PORTFOLIO SUMMARY

as of March 31, 2023

### PORTFOLIO VALUE\*

December 31, 2022: USD 1,703.8 million

USD  
million **1,658.8**

### NUMBER OF PROPERTIES

December 31, 2022: 41

**41**

### NUMBER OF UNITS

December 31, 2022: 11,042

**11,042**

### AVERAGE MONTHLY RENT PER UNIT\*

December 31, 2022: USD 1,134

USD **1,152**

### INTEREST- BEARING DEBT RATIO

December 31, 2022: 58.0%

**59.8%**

### GROSS POTENTIAL INCOME\*

December 31, 2022: USD 169.2 million

USD  
million **172.4**

### AVERAGE MARKET VALUE PER UNIT

December 31, 2022: USD 154,297

USD **150,230**

### OCCUPANCY RATE

December 31, 2022: 93.1 %

**93.1 %**

### EFFECTIVE GROSS INCOME\*

December 31, 2022: 158.1

USD  
million **160.9**

# DEAR SHAREHOLDERS,

The first quarter of 2023 has proven volatile with harsh conditions continuing to roil the US real estate market. The Fed continued to raise rates in response to persistently elevated inflation partly driven by a tight job market where wages are continuing to increase. This overall dynamic contributed to the difficulties faced in the US banking sector with large US regional banks recently forced to be rescued one way or another. However, on a positive note the pace of Fed rate increases is starting to slow as the Fed sees indications inflation is beginning to moderate.

At the property level, insurance premiums have significantly increased across the US in response to structural challenges as well as exposure to climate risk. But even in this tumultuous environment, underlying operations have continued to improve.

As anticipated in our previous communications, overall valuations have started to suffer from a continued trend of higher capitalization rates beginning to outweigh increases in Net Operating Income.

Rental income is up 10.3% at USD 34.1 million and up 9.9% on a like for like basis. EBITDA is up 20.7% at USD 18.1 million and EBITDA margin sits at 45.0% (42.6% as of Q1 2022). Funds from Operations (FFO) are lower at USD 4.4 million (USD 8.0 million in Q1 2022), and normalized FFO are at USD 4.9 million (USD 6.8 million in Q1 2022).

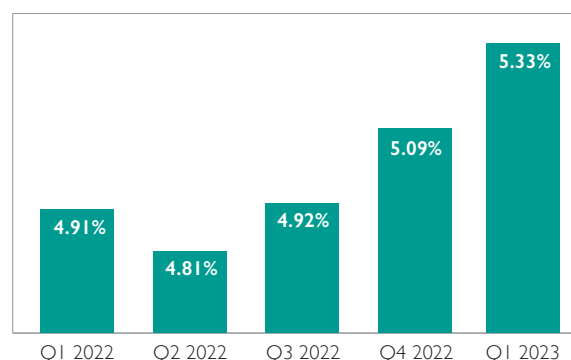
It is meaningful to note that the primary driver of decreased FFO and normalized FFO is interest expense; USD 1.4 million of the USD 1.9 million decrease in normalized FFO is attributable to interest rate increases on variable interest debt, with the remainder driven by new borrowing used to grow the portfolio.

At the end of Q1 2023, the total value of the portfolio was appraised at USD 1.659 billion (USD 1.704 billion as of December 31<sup>st</sup> 2022).

This unrealized loss of 2.6% of the portfolio value impacts the income statement of the Company with a total loss for the quarter of USD 34 million (profit of USD 101 million for Q1 2022), and a loss per share of USD 3.36 (profit of USD 9.96 in Q1 2022). Unrealized losses on fair market value adjustments are market driven and do not affect the underlying operating performance of the Company.

The weighted average cap rate continues to trend upward at 5.33%, compared to 5.09% as of December 31<sup>st</sup> 2022 as shown below:

**Cap rate variations total portfolio**



As a result of these changes, the NAV per share is down to USD 56.68 (USD 60.13 as of December 31, 2022). Simultaneously, the share price of Varia US Properties decreased from CHF 46.10 as of December 31, 2022 to CHF 43.00 on March 31, 2023.

In the coming weeks and months, the Company will continue to pursue its strategy to dispose of older and more remote assets. This institutionalization of the portfolio will contribute to achieving better ESG performance, mitigate future insurance premium increases and significantly reduce future CAPEX requirements.

Varia US is currently submitting its utility consumption data as well as other key indicators for the whole portfolio to GRESB for the second year in a row. The 2022 ESG report will be published by the end of June 2023.

In the coming quarters, the Board of Directors expects continued pressure on portfolio valuations due to continuation of the capitalization rate trend discussed above. However, operations are expected to remain strong. The Board of Directors confirms that dividend payments decided by the last Annual General Meeting of shareholders in April 2023 will be paid as per the defined quarterly payment dates.

The Board of Directors would like to thank its shareholders for their trust and confidence.

Sincerely yours,



Manuel Leuthold  
Chairman  
of the Board

Jaume Sabater  
Vice-Chairman  
of the Board

Patrick Richard  
Executive Member  
of the Board





Varia US Properties AG and Subsidiaries

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION MARCH 31, 2023 AND DECEMBER 31, 2022

ASSETS	Notes	March 31, 2023 in USD	December 31, 2022 in USD
<b>Current assets:</b>			
Cash and cash equivalents		68,886,690	77,354,907
Rent and other receivables		1,302,122	907,076
Income tax receivable		4,156,857	3,503,773
Prepaid expenses and other current assets		3,138,922	2,078,469
Assets held for sale	I	169,120,000	65,250,000
<b>Total current assets</b>		<b>246,604,591</b>	<b>149,094,225</b>
<b>Noncurrent assets:</b>			
Investment property	I	1,489,720,000	1,638,500,000
Escrow accounts		6,482,577	5,763,624
Other assets		50,455	50,205
Derivative financial instruments	8	4,464,231	5,424,697
<b>Total noncurrent assets</b>		<b>1,500,717,263</b>	<b>1,649,738,526</b>
<b>Total assets</b>		<b>1,747,321,854</b>	<b>1,798,832,751</b>
<b>LIABILITIES AND EQUITY</b>	<b>Notes</b>	<b>March 31, 2023 in USD</b>	<b>December 31, 2022 in USD</b>
<b>Current liabilities:</b>			
Current maturities of interest-bearing loans and borrowings	2	73,204,550	54,158,650
Trade and other payables		25,122,331	24,331,898
Distribution payable		5,523,697	10,968,229
Income tax payable		595,388	2,671,800
Rent received in advance		1,965,408	1,805,798
Liabilities associated with assets held for sale	I	80,711,000	29,022,000
<b>Total current liabilities</b>		<b>187,122,374</b>	<b>122,958,375</b>
<b>Noncurrent liabilities:</b>			
Interest-bearing loans and borrowings, net of current maturities	2	891,083,026	959,334,221
Deferred tax liability		95,190,766	107,623,154
<b>Total noncurrent liabilities</b>		<b>986,273,792</b>	<b>1,066,957,375</b>
<b>Total liabilities</b>		<b>1,173,396,166</b>	<b>1,189,915,750</b>
Issued share capital		10,297,221	10,297,221
Share premium from capital contributions		226,123,836	226,123,836
Legal reserves		4,481,011	4,481,011
Revaluation reserves	3	4,250,517	5,247,327
Retained earnings		328,773,103	362,767,606
<b>Total equity</b>		<b>573,925,688</b>	<b>608,917,001</b>
<b>Total liabilities and equity</b>		<b>1,747,321,854</b>	<b>1,798,832,751</b>

Varia US Properties AG and Subsidiaries

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	Notes	Three Months Ended March 31, 2023 in USD	Three Months Ended March 31, 2022 in USD
Rental income	I	34,063,141	30,882,419
Other income	I	5,092,489	4,110,862
Insurance proceeds		956,996	120,185
Net gain from fair value adjustment on investment property	I	(51,175,096)	123,771,344
<b>Total (loss) income</b>		<b>(11,062,470)</b>	<b>158,884,810</b>
Real estate operating expenses	6	9,940,146	9,046,405
Expenses for third-party on-site workforces		4,269,158	3,927,441
Repairs, maintenance and minor replacements		2,715,315	2,408,349
Property management fees		1,149,328	1,048,585
Other expenses		3,980,843	3,718,653
<b>Total operating expenses</b>		<b>22,054,790</b>	<b>20,149,433</b>
<b>Operating (loss) profit</b>		<b>(33,117,260)</b>	<b>138,735,377</b>
Interest expense	4	11,843,761	7,820,908
Net foreign currency exchange losses (gains)	4	930,098	(2,046,700)
<b>Total finance costs</b>		<b>12,773,859</b>	<b>5,774,208</b>
<b>(Loss) profit before income tax expense</b>		<b>(45,891,119)</b>	<b>132,961,169</b>
Income tax (benefit) expense	5	(11,896,616)	32,129,064
<b>(Loss) profit for the quarter</b>		<b>(33,994,503)</b>	<b>100,832,105</b>
<b>Earnings per share:</b>		<b>(3.36)</b>	<b>9.96</b>
Basic and diluted earnings, on (loss) profit for the quarter			
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge	3	(1,443,522)	—
Cost of hedging	3	446,712	—
<b>Other comprehensive (loss) income for the quarter</b>		<b>(996,810)</b>	<b>—</b>
<b>Total comprehensive (loss) income for the quarter</b>		<b>(34,991,313)</b>	<b>100,832,105</b>

Varia US Properties AG and Subsidiaries

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	Notes	Issued Share Capital in USD	Share Premium from Capital Contribution in USD	Legal Reserves in USD	Revaluation Reserves in USD	Retained Earnings in USD	Total Equity in USD
<b>Balance at December 31, 2021</b>		10,297,221	242,762,909	2,936,192	–	258,352,839	514,349,161
Profit for the period		–	–	–	–	100,832,105	100,832,105
<b>Total comprehensive income</b>		–	–	–	–	<b>100,832,105</b>	<b>100,832,105</b>
<b>Balance at March 31, 2022</b>		<b>10,297,221</b>	<b>242,762,909</b>	<b>2,936,192</b>	<b>–</b>	<b>359,184,944</b>	<b>615,181,266</b>

<b>Balance at December 31, 2022</b>		10,297,221	226,123,836	4,481,011	5,247,327	362,767,606	608,917,001
Loss for the period		–	–	–	–	(33,994,503)	(33,994,503)
Changes in cash flow hedging reserve	3	–	–	–	(1,443,522)	–	(1,443,522)
Changes in cost of hedging reserve	3	–	–	–	446,712	–	446,712
<b>Other comprehensive loss</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(996,810)</b>	<b>–</b>	<b>(996,810)</b>
<b>Total comprehensive loss</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>(996,810)</b>	<b>(33,994,503)</b>	<b>(34,991,313)</b>
<b>Balance at March 31, 2023</b>		<b>10,297,221</b>	<b>226,123,836</b>	<b>4,481,011</b>	<b>4,250,517</b>	<b>328,773,103</b>	<b>573,925,688</b>

Varia US Properties AG and Subsidiaries

## CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	Notes	Three Months Ended March 31, 2023 in USD	Three Months Ended March 31, 2022 in USD
<b>Cash flows from operating activities:</b>			
(Loss) profit before income tax		(45,891,119)	132,961,169
<b>Adjustments to reconcile profit before income tax to net cash provided by operating activities:</b>			
Net loss (gain) from fair value adjustment on investment property	1	51,175,096	(123,771,344)
Finance costs	4	12,773,859	5,774,208
		<b>18,057,836</b>	<b>14,964,033</b>
<b>Working capital adjustments:</b>			
(Increase) decrease in rent and other receivables		(395,046)	23,199
Increase in prepaid expenses and other current assets		(1,060,453)	(4,240,893)
(Increase) decrease in escrow accounts		(718,953)	1,868,958
Increase in other assets		(250)	(30,851)
Increase (decrease) in trade and other payables		656,746	(4,924,392)
Increase in rent received in advance		159,610	34,674
<b>Cash generated from operating activities</b>		<b>16,699,490</b>	<b>7,694,728</b>
Income taxes received		54,061	–
Income taxes paid		(3,308,873)	(1,770,437)
<b>Net cash provided by operating activities</b>		<b>13,444,678</b>	<b>5,924,291</b>
<b>Cash flows from investing activities:</b>			
Capital expenditure on investment property	1	(6,265,096)	(4,188,656)
<b>Net cash used in investing activities</b>		<b>(6,265,096)</b>	<b>(4,188,656)</b>
<b>Cash flows from financing activities:</b>			
Payments of principal on interest bearing loans and borrowings		–	(11,144,882)
Interest paid		(11,816,127)	(7,361,400)
Counterparty payments received on interest rate cap option contracts		558,220	–
Payments of debt issuance costs		–	(361,727)
Proceeds from interest-bearing loans and borrowings	2	1,213,391	17,550,000
Payment of capital distribution and retained earnings		(5,514,055)	(5,475,489)
<b>Net cash used by financing activities</b>		<b>(15,558,571)</b>	<b>(6,793,498)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(8,378,989)</b>	<b>(5,057,863)</b>
Cash and cash equivalents at beginning of year		77,354,907	80,385,011
Exchange (loss) gain on cash and cash equivalents		(89,228)	387,088
<b>Cash and cash equivalents at end of period</b>		<b>68,886,690</b>	<b>75,714,236</b>

Varia US Properties AG and Subsidiaries

## NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### Organization and Activities

Varia US Properties AG (the "Company") was created on September 17, 2015, and registered with the Zug register of commerce on September 28, 2015, under UID number CHE 320748.468. The Company is a Swiss Company limited by shares established under the relevant provisions of the Swiss code of obligations. Its address is Gubelstrasse 19, CH-6300 Zug, Switzerland.

As a Swiss real estate investment Company, Varia's purpose is to acquire, hold and sell properties in the United States of America. Accordingly, the Company is fully dedicated to investments in the U.S. multifamily real estate market. Since 2015, it has assembled a portfolio currently held through Varia's subsidiaries that mainly comprise low-moderate income and workforce multifamily housing properties. The Company and its subsidiaries (the "Group") pursue a long-term growth strategy aimed at offering investors risk adjusted access to the U.S. multifamily real estate market.

The Board of Directors of the Company is ultimately responsible for the policies, the valuations, and the management of the activities. In preparing the condensed consolidated interim financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern and accordingly to use the going concern basis of accounting. Varia has no employees as of March 31, 2023, and has never employed any staff. Common shares are listed on the SIX Swiss Stock Exchange under the symbol VARN. The accompanying condensed consolidated interim financial statements of Varia US Properties AG and subsidiaries (collectively, the Group) as of March 31, 2023, and for the three months then ended were authorized by the Board of Directors for issue on May 22, 2023. These condensed consolidated interim financial statements are presented in U.S. dollars (USD) and all values are rounded to the nearest dollar, except when otherwise indicated.

The following exchange rates have been applied to translate the foreign currencies of significance for the Company:

<b>USD/CHF average exchange rate for the period January 1, 2023 to March 31, 2023</b>	0.92496
<b>USD/CHF exchange rate at March 31, 2023</b>	0.91660
<b>USD/CHF average exchange rate for the period January 1, 2022 to March 31, 2022</b>	0.92291
<b>USD/CHF exchange rate at March 31, 2022</b>	0.92487

### Basis of Preparation and Significant Accounting Policies

The condensed consolidated interim financial statements for the interim reporting period as of March 31, 2023 and for the three months then ended have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting and the Directive on Financial Reporting ("DFR") of the SIX Swiss Exchange. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report as of December 31, 2022 and for the year then ended and any public announcements made by Varia US Properties AG during the interim reporting period. The preparation of condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The critical accounting estimates and judgments have been set out in detail in note C of the Company's audited consolidated annual financial statements for the year ended December 31, 2022. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. No new accounting standards relevant for Varia US Properties AG came into force as of January 1, 2023.

## NOTE I INVESTMENT PROPERTY

No investment properties were purchased or disposed during the three months ended March 31, 2023. Total investment property at fair value decreased from USD 1,703,750,000 as of December 31, 2022 to USD 1,658,840,000 including assets held for sale as of March 31, 2023 resulting in a loss from fair value adjustment on investment property of USD 51,175,096 for the three months ended March 31, 2023. The decrease in value was driven by capitalization rate expansion during the three months ended March 31, 2023.

The components of changes in value related to investment properties are as follows as of March 31, 2023:

	in USD
Investment property including assets held for sale at December 31, 2022	1,703,750,000
Capital improvements	6,265,096
Net loss from fair value adjustment on investment property	(51,175,096)
Fair value of investment property at March 31, 2023	1,658,840,000
Investment property held for sale	(169,120,000)
<b>Investment property excluding assets held for sale at March 31, 2023</b>	<b>1,489,720,000</b>

As of March 31, 2023, the Company had approximately USD 3.0 million of contractual obligations related to repairs, maintenance, or enhancements.

The valuation of investment properties as of March 31, 2023 was carried out by Colliers International Valuation & Advisory Services. The external valuations were used to calculate the net loss from fair value adjustment on investment property for the three months ended March 31, 2023. See NOTE 8 – FINANCIAL RISK MANAGEMENT for additional information on valuation techniques and inputs.

### Assets Held For Sale

The Company classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts primarily through sale rather than through continuing use. To meet the criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition, and must be actively marketed for sale at a price that is reasonable in relation to their current fair value. The Company must be committed to a plan to sell the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Seven properties met all five IFRS assets held for sale criteria as of March 31, 2023 with a total fair value of USD 169.1 million. Balances for these non-current investment properties and the associated non-current mortgage liabilities have been reclassified to assets held for sale and liabilities associated with assets held for sale, respectively, as of March 31, 2023.

The following table summarizes the recognized amounts of assets and liabilities held for sale as of March 31, 2023:

	in USD
Investment Property	169,120,000
<b>Total assets held for sale</b>	<b>169,120,000</b>
Interest bearing loans and borrowings	80,711,000
<b>Total liabilities associated with assets held for sale</b>	<b>80,711,000</b>

### Income Related to Investment Properties

The components of income related to investment properties are as follows:

	Three Months Ended March 31, 2023 in USD	Three Months Ended March 31, 2022 in USD
Rental income (in accordance with IFRS 16)	34,063,141	30,882,419
Net (loss) gain from fair value adjustment on investment property	(51,175,096)	123,771,344
<b>Other income (revenues from contracts with customers):</b>		
Monthly and one-time fees	2,932,575	2,221,407
Utility fees charged through to tenants	2,159,914	1,889,455
Total other income	5,092,489	4,110,862
<b>Total (loss) income related to investment properties</b>	<b>(12,019,466)</b>	<b>158,764,625</b>

### NOTE 2 INTEREST BEARING LOANS AND BORROWINGS

The Company's subsidiaries maintain mortgages with various financial institutions against investment property, collateralized by the investment property and net of debt issuance costs. During the three months ended March 31, 2023, the Company did not enter into any new loans, and one property took an additional draw on its current loan in the amount of USD 1.2 million.

Mortgages are secured by investment properties including assets held for sale in the amount of USD 1,658,840,000 as of March 31, 2023.

	in USD
<b>Balance of mortgages as of December 31, 2022, including liabilities associated with assets held for sale</b>	<b>935,050,082</b>
<b>Cash movements:</b>	
Proceeds from new loans	1,213,391
<b>Noncash movements:</b>	
Amortization of debt issuance costs	366,846
Liabilities associated with assets held for sale	(80,711,000)
<b>Balance of mortgages as of March 31, 2023</b>	<b>855,919,319</b>
<b>Balance of bonds as of December 31, 2022</b>	<b>107,464,789</b>
<b>Noncash movements:</b>	
Amortization of debt issuance costs	121,665
Effect of foreign currency translation adjustment	781,803
<b>Balance of bonds as of March 31, 2023</b>	<b>108,368,257</b>
<b>Balance of interest-bearing loans and borrowings as of March 31, 2023</b>	<b>964,287,576</b>



The fixed and variable advance terms on the credit facilities are as follows as of March 31, 2023:

Credit Facility Loans	Lender	Interest Rate	Advance Amount in USD	Maturity Date
Fixed	Fannie Mae	2.44%	20,881,000	January 1, 2030
Fixed	Fannie Mae	2.95%	41,765,000	February 1, 2031
Variable	Fannie Mae	30 Day Average SOFR + 2.1%	10,000,000	January 1, 2030
Variable	Fannie Mae	30 Day Average SOFR + 2.45%	21,350,000	February 1, 2031
Variable	Fannie Mae	30 Day Average SOFR + 2.65%	7,085,000	May 1, 2031
Fixed	Fannie Mae	2.82%	15,990,000	August 1, 2028
Fixed	Fannie Mae	2.70%	43,540,000	September 1, 2028
Variable	Fannie Mae	30 Day Average SOFR + 2.14%	24,083,000	October 1, 2031
Variable	Fannie Mae	30 Day Average SOFR + 2.11%	68,250,000	November 1, 2031
Variable	Fannie Mae	30 Day Average SOFR + 2.18%	42,510,000	December 1, 2031
Fixed	Fannie Mae	3.06%	17,550,000	February 1, 2029
Fixed	Fannie Mae	4.40%	46,053,000	July 1, 2032
Fixed	Fannie Mae	4.90%	111,924,000	July 1, 2032
Fixed	Fannie Mae	5.45%	20,442,000	July 1, 2032
Fixed	Freddie Mac	5.04%	125,000,000	November 1, 2029

Future scheduled principal payments based upon contractual amounts owed under the term notes, excluding any additional payments that may be required, consist of the following as of March 31, 2023:

Years Ending March 31,	in USD
2024	73,204,550
2025	22,665,391
2026	84,372,310
2027	25,527,657
2028	85,767,314
Thereafter	762,895,769
<b>Total future scheduled principal payments</b>	<b>1,054,432,991</b>
Loan costs and accumulated amortization	(9,434,415)
Liabilities associated with assets held for sale	(80,711,000)
<b>Total interest-bearing loans and borrowings</b>	<b>964,287,576</b>

### NOTE 3 EQUITY

Changes to equity during the three months ended March 31, 2023 compared to the 2022 annual report include a change in revaluation reserves related to the interest rate cap derivatives and a decrease in retained earnings due to the net loss for the three months ended March 31, 2023.

Revaluation reserves included in equity relate to the following hedging instruments:

	Cost of Hedging Reserve in USD	Intrinsic Value of Interest Rate Cap Options in USD	Total Revaluation Reserves in USD
Opening balance January 1, 2023	59,175	5,188,152	5,247,327
Change in fair value of hedging instruments recognized in OCI	–	(1,443,522)	(1,443,522)
Costs of hedging deferred and recognized in OCI	446,712	–	446,712
Counter party payments accrued or received from hedging instruments recognized in OCI	–	651,141	651,141
Counter party payments accrued or received from hedging instruments reclassified from OCI to profit or loss	–	(651,141)	(651,141)
<b>Closing Balance March 31, 2023</b>	<b>505,887</b>	<b>3,744,630</b>	<b>4,250,517</b>

For the three months ended March 31, 2023, counter-party payments accrued or received in the amount of USD 651,141 related to the interest rate cap option contracts were reclassified from the cash flow hedging

reserve to the statement of profit or loss as a reduction of interest expense. See NOTE 8 – FINANCIAL RISK MANAGEMENT for further information on cash flow hedging.

<b>Earnings per share as of March 31:</b>	<b>2023</b> in USD	<b>2022</b> in USD
<b>Earnings per share attributable to equity holders for the period:</b>		
<b>(Loss) profit for the period attributable to ordinary equity holders of the Company</b>	<b>(33,994,503)</b>	<b>100,832,105</b>
<b>Calculation of weighted-average number of shares:</b>		
Shares outstanding December 31, 2022	10,126,018	10,126,018
Weighted-average number of ordinary shares outstanding – basic for the period	10,126,018	10,126,018
Weighted-average number of ordinary shares outstanding – fully diluted for the period	10,126,018	10,126,018
(Loss) profit per share attributable to the ordinary equity holders of the Company from continuing operations – basic (calculated on the weighted-average number of ordinary shares outstanding, see above)	(3.36)	9.96
(Loss) profit per share attributable to the ordinary equity holders of the Company from continuing operations – fully diluted (calculated on the weighted-average number ordinary shares outstanding, see above)	(3.36)	9.96
<b>NAV per share:</b>	<b>as of March 31, 2023</b> in USD	<b>as of December 31, 2022</b> in USD
Equity attributable to Varia US Properties AG Shareholders	573,925,688	608,917,001
Number of shares	10,126,018	10,126,018
<b>NAV per share</b>	<b>56.68</b>	<b>60.13</b>
Equity attributable to Varia US Properties AG Shareholders (excluding deferred taxes)	669,116,454	716,540,155
Number of shares	10,126,018	10,126,018
<b>NAV per share (excluding deferred taxes)</b>	<b>66.08</b>	<b>70.76</b>

## NOTE 4 FINANCE COSTS

The finance costs for the three months ended March 31, 2023 and 2022 amounted to approximately USD 12.8 million and USD 5.8 million, respectively, and include mainly interest paid and accrued on interest-bearing loans and borrowings of approximately USD 11.8 million and USD 7.8 million, respectively, and the foreign exchange loss of USD 930,098 (gains of USD 14,884

less losses of USD 944,982) and foreign exchange gain of USD 2.0 million (gains of USD 2,177,569 less losses of USD 130,870) respectively, resulting from the change of the exchange rate between the CHF and USD currency rates on foreign currency bank accounts and bonds which are payable in CHF.

## NOTE 5 INCOME TAX

Income taxes are composed of the following:

	Three Months Ended March 31, 2023 in USD	Three Months Ended March 31, 2022 in USD
<b>Provision for income tax (benefit) expense:</b>		
Deferred U.S. federal and state income tax (benefit) expense	(12,461,234)	31,520,611
Current Swiss federal, cantonal and communal income tax expense	564,618	608,453
<b>Total income tax (benefit) expense</b>	<b>(11,896,616)</b>	<b>32,129,064</b>

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for US federal and state income tax expense is 25% for the three months ended March 31, 2023 and 2022. Due to the net loss incurred during the three months ended March 31, 2023, which was driven by the fair value loss on investment property, the Company recorded approximately

USD 12.5 million of US federal and state income tax benefit on the Consolidated Statement of Profit or Loss and Other Comprehensive Income. USD 31.5 million of US federal and state income tax expense was deferred for the three months ended March 31, 2022. There was no current US federal and state income tax expense for the three months ended March 31, 2023 and 2022, respectively. All Swiss income taxes are current for the three months ended March 31, 2023 and 2022.

## NOTE 6 REAL ESTATE OPERATING AND OTHER EXPENSES

Real estate operating expenses and other expenses consist of the following:

	Three Months Ended March 31, 2023 in USD	Three Months Ended March 31, 2022 in USD
Utility expenses	3,159,733	3,282,528
Property and other taxes	4,001,420	3,554,856
Property insurance	1,679,307	1,178,181
Contract services at property level	522,239	628,333
Advertising expenses	577,447	402,507
<b>Total real estate operating expenses</b>	<b>9,940,146</b>	<b>9,046,405</b>
Legal, audit, and accounting fees	355,175	282,692
Professional fees	183,803	138,970
Asset management fees	1,805,480	1,609,820
General and administrative	1,636,385	1,687,171
<b>Total other expenses</b>	<b>3,980,843</b>	<b>3,718,653</b>

## NOTE 7 RELATED-PARTY TRANSACTIONS

Related parties include the following parties that have the ability, directly or indirectly, to control or to exercise significant influence over the other party in making financial and operating decisions.

- Board of Directors of Varia US Properties AG
- Stoneweg SA, Geneva (Switzerland)
- Stoneweg US, LLC

Stoneweg remuneration fees for services provided to Varia subsidiaries and underlying investments during the reporting periods were as follows:

For the three months ended March 31:	2023 in USD	2022 in USD
Asset management fees charged to Varia direct subsidiaries	1,805,480	1,609,820
Refinancing fees	—	87,750
Construction management fees	179,634	—

Varia US Properties AG is party to an Asset Management Agreement with Stoneweg SA and Stoneweg US, LLC (Stoneweg) to manage the investments and the administration activities of the Company. Outstanding amounts due to Stoneweg as of March 31, 2023 and December 31, 2022, are comprised of accrued asset management fees of USD 1,805,480 and USD 1,896,806, respectively.

**Key management compensation:** The Board of Directors is considered key management. Expense in the amount of CHF 139,043 was paid or accrued as of March 31, 2023 (as of March 31, 2022: CHF 128,816). There were no outstanding amounts due to the Board of Directors as of March 31, 2023 and December 31, 2022.

## NOTE 8 FINANCIAL RISK MANAGEMENT

The Group's currency positions at March 31, 2023 and December 31, 2022, are predominately in USD as presented on the Consolidated Statements of Financial Position except for those carried and to be settled in CHF as follows:

Assets	March 31, 2023 in USD	December 31, 2022 in USD	Liabilities	March 31, 2023 in USD	December 31, 2022 in USD
Cash and cash equivalents	20,953,737	1,219,982	Trade and other payables	2,665,634	3,825,219
Rent and other receivables	56,894	46,132	Distribution payable	5,523,697	10,968,229
<b>Total assets</b>	<b>21,010,631</b>	<b>1,266,114</b>	Bond borrowing	109,099,100	108,317,300
			<b>Net liabilities</b>	<b>(96,277,800)</b>	<b>(121,844,634)</b>

The maturity analysis of financial liabilities, actual cash flows including interest, is as follows as of March 31, 2023:

	Within 12 Months in USD	From 1–4 Years in USD	Later Than 5 Years in USD	Total in USD
Trade and other payables, less accrued real estate and other taxes	17,368,646	–	–	17,368,646
Distribution payable	5,523,697	–	–	5,523,697
Interest bearing loans and borrowings, including interest	61,762,072	323,770,822	862,827,101	1,248,359,995
Interest bearing bond, including interest	56,936,093	57,686,149	–	114,622,242
	<b>141,590,508</b>	<b>381,456,971</b>	<b>862,827,101</b>	<b>1,385,874,580</b>

### Derivative financial instruments utilized for hedging of interest rate risk on variable borrowings

The Company has the following derivative financial instruments in the following line items in the balance sheet:

Non-current assets	in USD
Interest rate cap option contracts – cash flow hedges	4,464,231
<b>Total non-current derivative financial instrument assets</b>	<b>4,464,231</b>

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

The amounts accumulated within equity relating to the effective portion of the interest rate cap contracts are recognized in profit or loss within finance cost in the same period as the interest expense on the hedged borrowings.

The effects of the interest rate cap contracts on the Company's financial position and performance are as follows:

Interest Rate Cap Option Contracts	March 31, 2023 in USD	December 31, 2022 in USD
Carrying Amount (non-current asset)	4,464,231	5,424,697
Notional Amount	188,741,000	188,741,000
Maturity Dates	Jan I – Dec I 2024	Jan I – Dec I 2024
Hedge Ratio	1:1	1:1
Weighted average hedged rate for the period	5.31%	5.31%

### Valuation Methods, Standards and Principles

The properties are valued using the income capitalization approach (direct capitalization). Derivative financial instruments (interest rate cap option contracts) are valued using options pricing models (e.g., Black-Scholes model). The same valuation methods, standards and principles described on pages 105–107 of the 2022 annual report were applied as of March 31, 2023.

### Fair Value

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to fair value measurements are observable and the significance of the inputs to fair value measurement in its entirety, which are described as follows:

- 1) **Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- 2) **Level 2:** Inputs, other than quoted prices included in within Level 1, that are observable for the asset or liability either directly or indirectly; and

- 3) **Level 3:** Inputs are unobservable inputs for the asset or the liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

Derivative financial instruments (interest rate cap option contracts) are valued using options pricing models (e.g., Black Scholes model) and are included in level 2 of the fair value hierarchy.

At March 31, 2023, Varia's investment properties and derivative financial instrument assets are measured at fair value on a recurring basis by the above fair value hierarchy level as follows:

	Level 1 in USD	Level 2 in USD	Level 3 in USD	Total in USD
Investment property including assets held for sale at December 31, 2022	–	–	1,703,750,000	1,703,750,000
Capital improvements	–	–	6,265,096	6,265,096
Net change in fair value (unrealized)	–	–	(51,175,096)	(51,175,096)
Investment property held for sale	–	–	(169,120,000)	(169,120,000)
<b>Investment property at March 31, 2023</b>	<b>–</b>	<b>–</b>	<b>1,489,720,000</b>	<b>1,489,720,000</b>
Derivative financial instruments at December 31, 2022	–	5,424,697	–	5,424,697
Net change in fair value	–	(309,325)	–	(309,325)
Reclassification of counterparty payments earned	–	(651,141)	–	(651,141)
<b>Derivative financial instruments at March 31, 2023</b>	<b>–</b>	<b>4,464,231</b>	<b>–</b>	<b>4,464,231</b>

There were no transfers between Levels 1 and 2 and Level 3. The investment property valuations were determined using significant unobservable inputs. These inputs as of March 31, 2023, include:

<b>Future Rental Cash Inflows</b>	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
<b>Estimated Occupancy Rates</b>	Based on current and expected future market conditions after expiry of any current lease. The occupancy rates applied range from 83.7% to 100.0%.
<b>Maintenance Costs</b>	Including necessary investments to maintain functionality of the property for its expected useful life.

<b>Capitalization Rates</b>	Based on actual location, size and quality of the properties and taking into account market data at the valuation date. The capitalization rates range from 4.25% to 6.50%.
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On the basis of a sensitivity analysis of investment real estate as of March 31, 2023, with fair value as of the Consolidated Statement of Financial Position date of USD 1,658,840,000, an isolated increase in the capitalization rates by 50 basis points would lead to a decrease of approximately USD 135 million in value while a decrease in the capitalization rate by 50 basis points would lead to an increase of approximately USD 183 million as illustrated by the following table in increments of 10 basis points:

Average Capitalization Rate	Change in Fair Value %	Change in Fair Value in USD	Fair Value in USD
4.8%	11.0 %	182,732,000	1,841,572,000
4.9%	8.8 %	145,149,000	1,803,989,000
5.0%	6.6 %	109,070,000	1,767,910,000
5.1%	4.5 %	74,405,000	1,733,245,000
5.2%	2.5 %	41,073,000	1,699,913,000
5.3% (valuation at March 31, 2023)	0.0 %	–	1,658,840,000
5.4%	(1.3) %	(21,887,000)	1,636,953,000
5.5%	(3.1) %	(51,649,000)	1,607,191,000
5.6%	(4.8) %	(80,349,000)	1,578,491,000
5.7%	(6.5) %	(108,042,000)	1,550,798,000
5.8%	(8.1) %	(134,780,000)	1,524,060,000

#### Financial instruments not measured at fair value

Cash and cash equivalents, rent and other receivables, and trade and other payables are either short-term in nature or denominated in USD, therefore, the carrying amount is deemed to be fair value at March 31, 2023. Escrow accounts consist of cash accounts held by third-party lenders in USD, and therefore the carrying amount is deemed to be fair value at March 31, 2023. Interest-bearing loans and borrowings are initially measured at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortized cost.

The fair value (Level 2) of interest-bearing loans and borrowings, based on the risk-free rate at the end of the period using the Daily Treasury Yield rates published by the United States Treasury based on the remaining term of the loan and applying the interest rate spread at inception of the loan, is approximately USD 917 million and USD 900 million at March 31, 2023 and December 31, 2022, respectively. The fair value of the listed bonds is determined based on the price at SIX (Level 1) and amounts to USD 107.1 million and USD 107.1 million as of March 31, 2023 and December 31, 2022, respectively.

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**NOTE 9**  
**SUBSEQUENT EVENTS**

On April 25, 2023, the general meeting of the shareholders approved the appropriation of the available earnings at December 31, 2022, comprising dividends for a total of USD 36,340,254 (CHF 32,403,258), out of the share premium from capital contributions for USD 18,170,127 (CHF 16,201,629) and out of the retained earnings for USD 18,170,127 (CHF 16,201,629). A first dividend of CHF 1.20 per share of CHF 12,151,222 was paid on May 10, 2023. The additional dividend of CHF 20,252,036 (CHF 2.00 per share) is payable in four quarterly installments. The installments will be paid on August 9, 2023, November 9, 2023 and February 9, 2024, and May 9, 2024.

After the balance sheet date, one asset held for sale was disposed (comprising 96 total units and a fair value of USD 10.9 million as of March 31, 2023). Four additional properties were placed for sale with a total fair value of USD 115.3 million (1,176 units). Two of these properties with a total fair value of USD 69.7 million (742 units) were under contract as of the date the financial statements were available to be issued.

There were no other subsequent events which would require adjustment to or disclosure in the accompanying condensed consolidated interim financial statements.





**Property Portfolio as of March 31, 2023**

based on Colliers figures

Property	Address	City	State	Zip Code	Fair Value in USD
<b>860 East Apartments and Townhouses</b>	860 Deerfield Boulevard	Cincinnati	Ohio	45245	27,300,000
<b>Amaze @ NoDa</b>	3750 Philemon Avenue	Charlotte	North Carolina	28206	83,300,000
<b>Ashford</b>	1200 North Dairy Ashford Road	Houston	Texas	77079	58,300,000
<b>Avenue 8 Apartments</b>	1050 West 8th Avenue	Mesa	Arizona	85210	42,000,000
<b>Beau Jardin</b>	10347 Sannois Drive	St. Louis	Missouri	63146	20,400,000
<b>Bellevue Hills Apartments</b>	11829 Amerado Boulevard	Bellevue	Nebraska	68123	27,220,000
<b>Breckinridge Square</b>	203 Breckinridge Square	Louisville	Kentucky	40220	34,100,000
<b>Brent Village</b>	1409 Buck Drive	Bellevue	Nebraska	68005	18,600,000
<b>Brookwood Apartments</b>	201 South Kolb Road	Tucson	Arizona	85710	31,100,000
<b>Cordova Creek</b>	7965 Humphrey Hill Drive	Memphis	Tennessee	38016	28,600,000
<b>Devonshire Place and Devonshire Gardens</b>	815 Erie Avenue & 1237 Devonshire Place	Evansville	Indiana	47715	19,570,000
<b>JRG Lofts</b>	437 West 6th Street	Covington	Kentucky	41011	60,000,000
<b>Harrison Point Apartments</b>	9093 Bourbon Street	Indianapolis	Indiana	46235	28,500,000
<b>Lochwood Apartments</b>	55 Lochwood Court	New Albany	Indiana	47150	20,200,000
<b>Lynnfield Place</b>	1400 Lynnfield Road	Memphis	Tennessee	38119	41,200,000
<b>Maryland Park</b>	2170 McKelvey Road	Maryland Heights	Missouri	63043	25,200,000
<b>Mayfield Apartments</b>	919 Aintree Park Drive	Mayfield	Ohio	44143	38,400,000
<b>Mission Palms Apartments</b>	951 West Orange Grove Road	Tucson	Arizona	85704	69,100,000
<b>Parkway Square</b>	2855 Apalachee Parkway	Tallahassee	Florida	32301	34,050,000
<b>Residences at Echelon Apartments</b>	3500 SW Hollywood Drive	Lee's Summit	Missouri	64082	67,300,000
<b>Retreat Northwest</b>	1130 Racquet Club North Drive	Indianapolis	Indiana	46260	46,500,000
<b>Ridge on Spring Valley</b>	5704 Spring Valley Road	Dallas	Texas	75254	32,900,000
<b>River Oaks Apartments</b>	7730 East Broadway Boulevard	Tucson	Arizona	85710	38,400,000
<b>Rolling Hills Apartments</b>	9100 Rainbow Springs	Louisville	Kentucky	40241	52,200,000
<b>Shawnee Station</b>	6405 Maurer Road	Shawnee	Kansas	66217	31,700,000
<b>St. Matthews Apartments</b>	400 Mallard Creek Road	Louisville	Kentucky	40207	112,600,000
<b>Tally Square</b>	1112 S. Magnolia Drive	Tallahassee	Florida	32301	31,200,000
<b>The Aura</b>	3035 West 39th Street	Indianapolis	Indiana	46228	13,800,000

1 The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service

2 As percentage of the total gross potential income as calculated by Colliers

3 Total potential rental revenue assuming the existing rents in place, as well as market rent values for all vacant units.

4 As of March 31, 2023, 100 % of the lettable area of the properties was for residential use.

	Ownership Form	Year of Construction	Net Operating Income <sup>1</sup> in USD	Units	Occupancy Rate	Vacancy Rate <sup>2</sup>	Cap Rate	Gross Potential Income <sup>3</sup> in USD	Site Size in sq. ft.	Net Lettable Area <sup>4</sup> in sq. ft.
	Sole-Ownership	1988	1,706,927	223	96.00%	4.00%	6.25%	3,420,732	827,248	211,684
	Sole-Ownership	2019	3,748,500	298	95.00%	5.00%	4.50%	6,316,650	431,680	221,270
	Sole-Ownership	2015	2,770,122	312	92.30%	7.70%	4.75%	6,359,700	135,579	260,852
	Sole-Ownership	1986	2,311,883	194	93.30%	6.70%	5.50%	3,612,480	385,158	213,400
	Sole-Ownership	1965	1,226,427	182	95.10%	4.90%	6.01%	2,480,200	470,012	159,520
	Sole-Ownership	1974	1,633,033	264	92.00%	8.00%	6.00%	3,890,645	788,000	243,960
	Sole-Ownership	1970	1,877,734	294	92.90%	7.10%	5.51%	4,513,083	695,261	332,090
	Sole-Ownership	1971	1,117,220	180	91.10%	8.90%	6.01%	2,426,945	404,236	147,869
	Sole-Ownership	1973	1,868,465	272	92.60%	7.40%	6.01%	3,630,040	432,586	206,784
	Sole-Ownership	1986	1,645,774	196	95.90%	4.10%	5.75%	3,127,395	851,162	214,038
	Sole-Ownership	1978	1,271,989	245	96.30%	3.70%	6.50%	2,728,768	464,629	237,460
	Sole-Ownership	2021	2,700,000	178	90.40%	9.60%	4.50%	4,070,904	60,952	131,543
	Sole-Ownership	1974	1,638,140	342	97.10%	2.90%	5.75%	3,794,700	1,116,159	286,050
	Sole-Ownership	1972	1,214,283	200	91.50%	8.50%	6.01%	2,612,200	615,938	268,800
	Sole-Ownership	1974	2,370,580	400	86.50%	13.50%	5.75%	5,557,348	1,263,545	465,350
	Sole-Ownership	1971	1,516,193	252	83.70%	16.30%	6.02%	3,357,960	538,614	193,284
	Sole-Ownership	1966	2,497,788	252	91.30%	8.70%	6.50%	4,756,252	778,194	275,575
	Sole-Ownership	1979	3,801,573	360	97.20%	2.80%	5.50%	6,142,680	1,258,842	372,918
	Sole-Ownership	1975	2,080,194	277	94.90%	5.10%	6.11%	4,077,400	574,121	224,330
	Sole-Ownership	2020	2,860,250	243	95.90%	4.10%	4.25%	4,860,730	485,471	235,552
	Sole-Ownership	1973	2,555,752	336	90.80%	9.20%	5.50%	4,974,416	2,044,532	347,620
	Sole-Ownership	1978	1,642,595	207	95.20%	4.80%	4.99%	3,621,060	324,091	166,194
	Sole-Ownership	1982	2,206,468	300	89.67%	10.33%	5.75%	3,944,360	448,958	212,074
	Sole-Ownership	1972	2,998,796	400	93.30%	6.70%	5.74%	6,094,188	1,120,157	504,640
	Sole-Ownership	2001	1,584,120	228	96.50%	3.50%	5.00%	3,359,460	673,873	210,648
	Sole-Ownership	1988 & 1991	5,350,897	600	90.70%	9.30%	4.75%	9,759,911	1,571,035	587,718
	Sole-Ownership	1972	1,916,739	228	89.90%	10.10%	6.14%	3,836,560	838,966	277,656
	Sole-Ownership	1970	756,555	125	96.00%	4.00%	5.48%	1,924,080	327,859	150,867

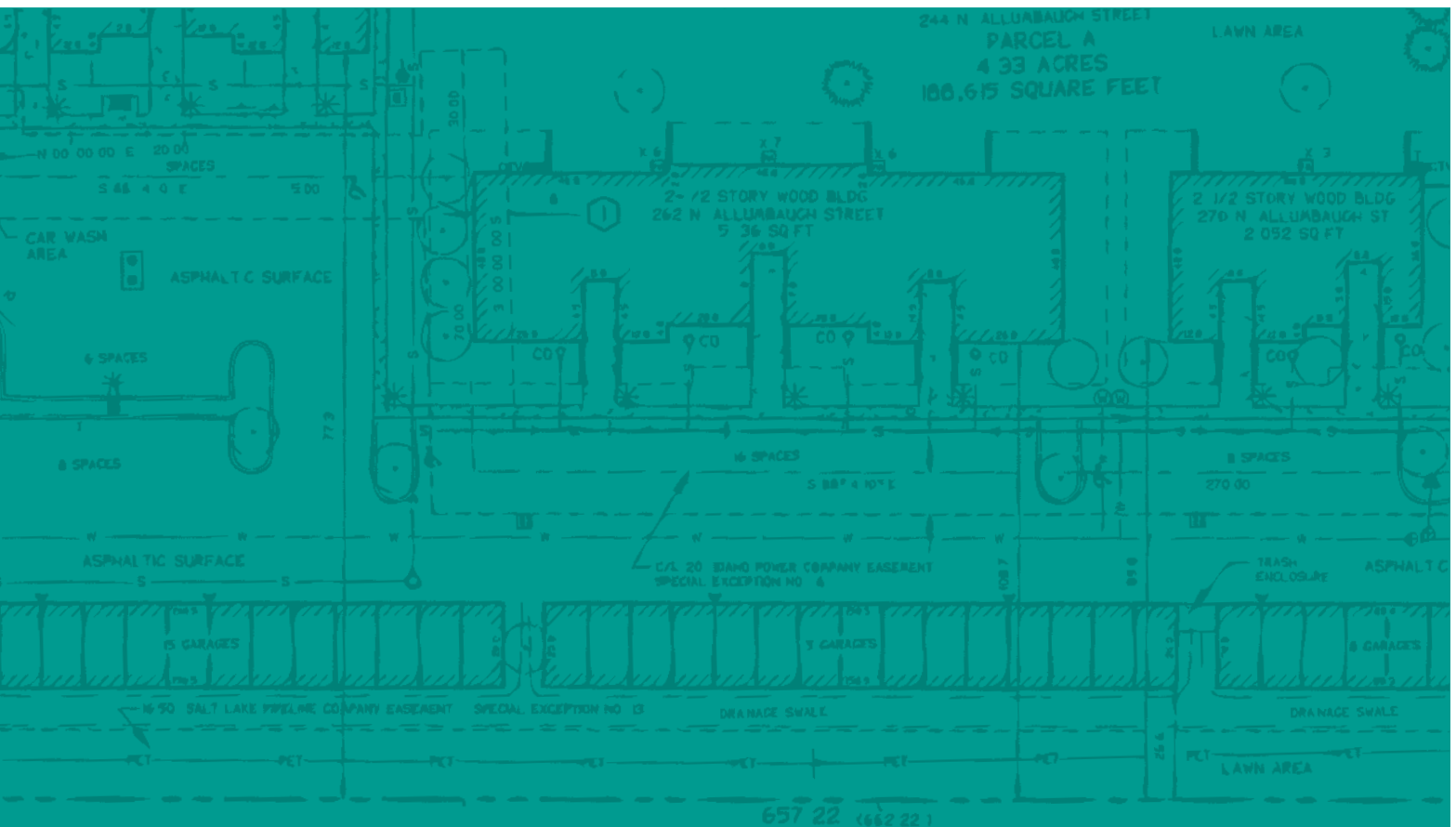
Property	Address	City	State	Zip Code	Fair Value in USD
The M Club	7007 Courthouse Drive	Indianapolis	Indiana	46226	44,100,000
The Meadows Apartment Homes	2154 Meadow Glade Lane	Memphis	Tennessee	38134	24,500,000
The Wylde at Eagle Creek	6612 Eagle Pointe Drive North	Indianapolis	Indiana	46254	33,000,000
Tierra Pointe Apartments	6801 & 6901 Los Volcanes Road NW	Albuquerque	New Mexico	87121	50,700,000
Tuscany Bay Apartments	100 River Road	Lawrenceburg	Indiana	47025	10,900,000
Varia at Oakcrest Apartments	1310 Oakcrest Drive	Columbia	South Carolina	29223	36,300,000
Varia at Highland Village	120 Main Street	Highland Village	Texas	75077	51,300,000
West End at Fayetteville	3050 Plantation Garden Boulevard	Fayetteville	North Carolina	28303	90,600,000
Wild Oaks	7987 NE Flintlock Road	Kansas City	Missouri	64158	65,700,000
Willows of Cumming	225 Nancy Lane	Cumming	Georgia	30040	19,700,000
Wood Hollow Apartments	3875 Post Oak Boulevard	Fort Worth (Euless)	Texas	76040	47,000,000
Woodridge Apartments	3840, 3849, 3975 and 3977 Woodridge Boulevard and Providence Drive	Fairfield	Ohio	45014	32,300,000
Zona Village	2855 West Anklam Road	Tucson	Arizona	85745	19,000,000
Total					1,658,840,000

- 1 The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service
- 2 As percentage of the total gross potential income as calculated by Colliers
- 3 Total potential rental revenue assuming the existing rents in place, as well as market rent values for all vacant units.
- 4 As of March 31, 2023, 100 % of the lettable area of the properties was for residential use.

	Ownership Form	Year of Construction	Net Operating Income <sup>1</sup> in USD	Units	Occupancy Rate	Vacancy Rate <sup>2</sup>	Cap Rate	Gross Potential Income <sup>3</sup> in USD	Site Size in sq. ft.	Net Lettable Area <sup>4</sup> in sq. ft.
	Sole-Ownership	1979	2,313,627	388	91.50%	8.50%	5.25%	4,505,580	1,686,441	303,544
	Sole-Ownership	1986	1,408,111	200	91.00%	9.00%	5.75%	2,659,663	625,522	191,200
	Sole-Ownership	1987	1,732,552	256	93.00%	7.00%	5.25%	3,827,660	835,350	202,000
	Sole-Ownership	1985	2,786,133	352	91.20%	8.80%	5.50%	4,697,406	521,784	211,720
	Sole-Ownership	1998	678,647	96	97.90%	2.10%	6.23%	1,427,175	392,040	104,160
	Sole-Ownership	2000	1,812,735	272	91.90%	8.10%	4.99%	4,642,320	838,351	299,102
	Sole-Ownership	2015	2,438,533	161	94.40%	5.60%	4.75%	4,227,440	615,593	195,115
	Sole-Ownership	2012	4,756,073	360	93.10%	6.90%	5.25%	7,178,580	1,870,902	425,784
	Sole-Ownership	2000	2,955,754	348	95.70%	4.30%	4.50%	5,819,150	329,964	325,488
	Sole-Ownership	1996	1,130,958	156	100.00%	0.00%	5.74%	2,158,584	554,519	147,148
	Sole-Ownership	1985	2,349,604	346	89.90%	10.10%	5.00%	5,594,980	535,374	251,639
	Sole-Ownership	1985	2,021,389	336	94.90%	5.10%	6.26%	4,238,694	864,495	254,650
	Sole-Ownership	1969	1,142,365	183	95.60%	4.40%	6.01%	2,134,240	249,075	98,868
			<b>88,395,478</b>	<b>11,042</b>				<b>172,362,319</b>	<b>29,846,268</b>	<b>10,370,164</b>

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