



VARIA
US PROPERTIES

Half-Year Results 2023

31 August 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 we believe that its 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-GAAP 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
2. Financials HY 2023
3. Portfolio update
4. Outlook

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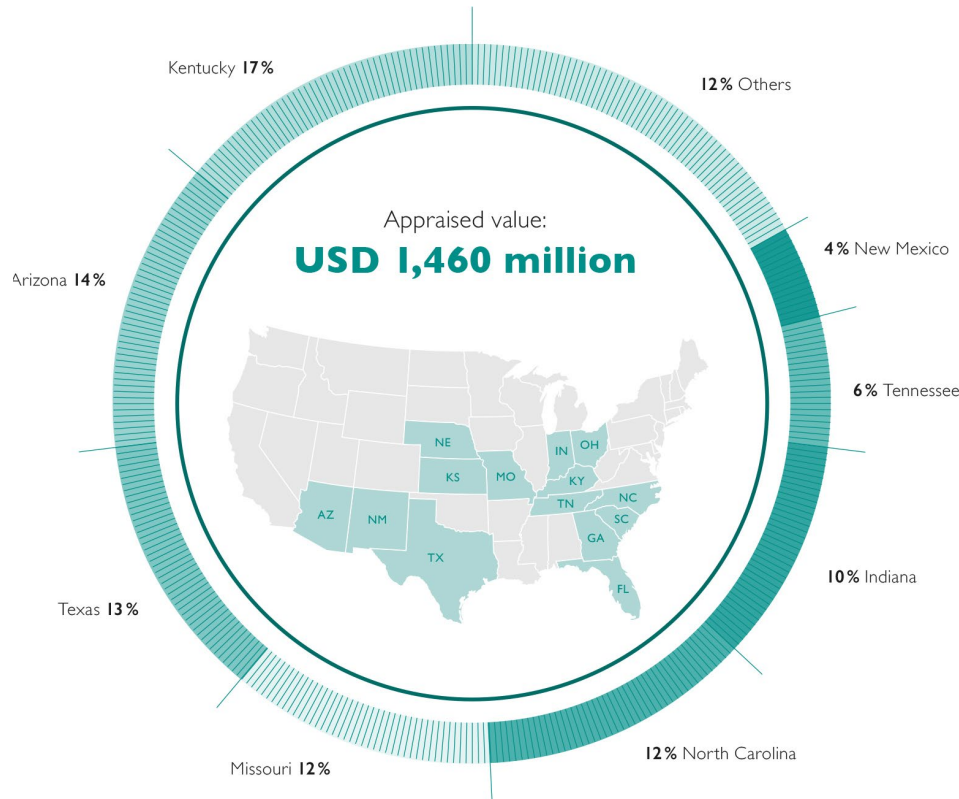
Achievements HY 2023

Key Figures

- Rental income up 8.1% to USD 67.0 million (H1 2022: USD 62.0 million)
- Total realized income at USD 85.3 million (H1 2022: USD 91.1 million)
- Total income was USD 22.4 million (H1 2022: USD 248.9 million)
- EBITDA was lower at USD 27.9 million (H1 2022: USD 45.5 million)
- Net Loss of USD 57.2 million on revaluation of properties (H1 2022: Net Gain of USD 178.4 million)
- Operating result (incl. revaluation) of USD -35.1 million (H1 2022: USD 203.4 million)
- Portfolio value at USD 1.460 billion (as per end of 2022: USD 1.704 billion)
- NAV per share USD 51.87 (as per end of 2022: USD 60.13)
- Earnings per share of USD -4.64 (H1 2022: USD 14.37)

Varia US Properties at a Glance

Geographic breakdown as of 30 June 2023



Portfolio value of USD 1,460 billion
(end of 2022: USD 1,704 billion)

33 assets

9,170 units

13 different States in the US

Regionally balanced strategy

Well positioned in markets where population and job growth are very strong

Climate resilience of full portfolio further improving

ESG Progress in HY 2023

Certifications and pilot projects

- “Green Globes” sustainable building certifications as well as five „Energy Star” building performance certifications gathered in HY 2023
- Completion of the second annual submission to the “Global Real Estate Sustainability Benchmark” (GRESB) with expected results for October 2023
- Stoneweg on behalf of Varia US joined the United Nations-supported Principles for Responsible Investment (PRI) and will start reporting later this year
- Implementation of programmatic program to replace Heating, Ventilation, and Air Conditioning (HVAC) systems with significantly more energy efficient heat pump systems in selected properties. This pilot seeks to pair building performance data collection with our extensive building attribute inventory to make strategic improvements.



Agenda

1. Key achievements

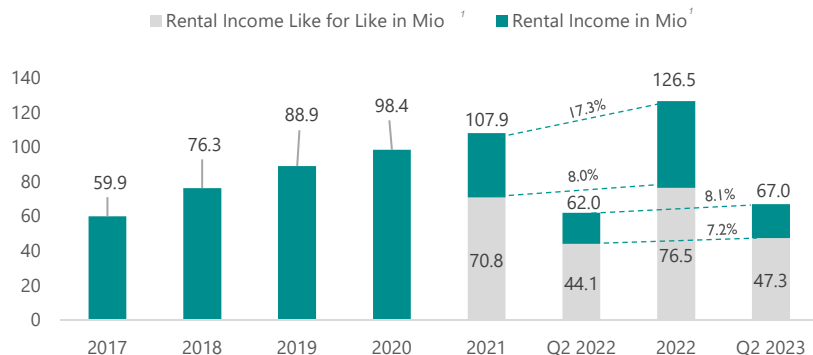
2. Financials HY 2023

3. Portfolio update

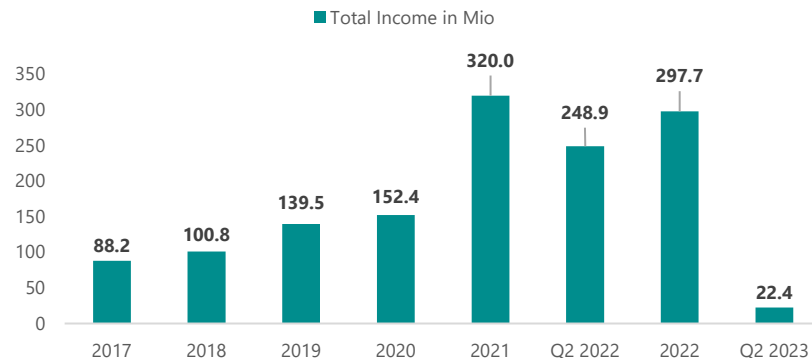
4. Outlook

HY 2023 Key Figures (I/2)

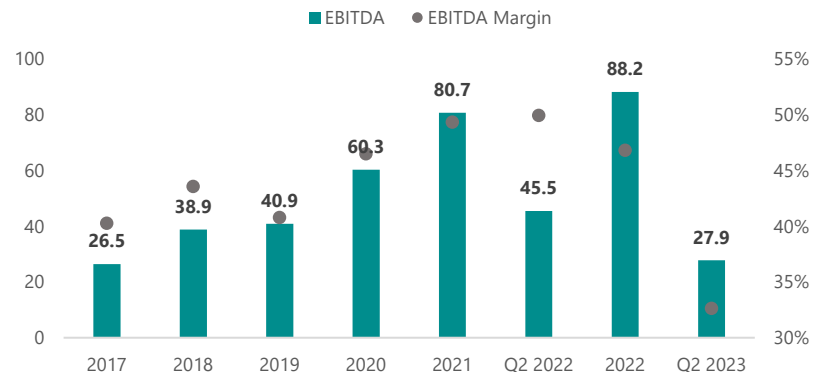
Rental Income in Mio



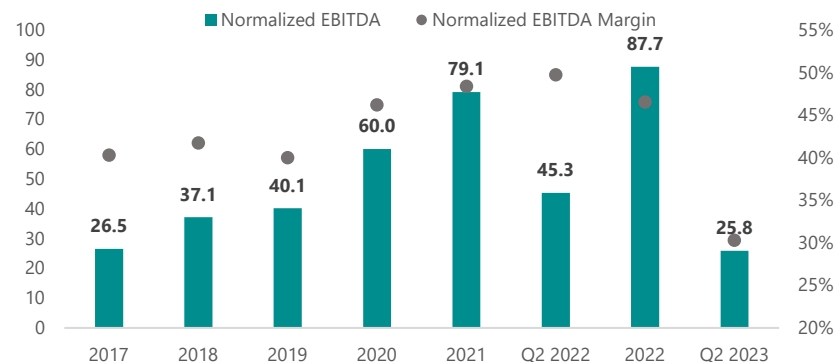
Total Income in Mio



EBITDA (Mio) and EBITDA Margin

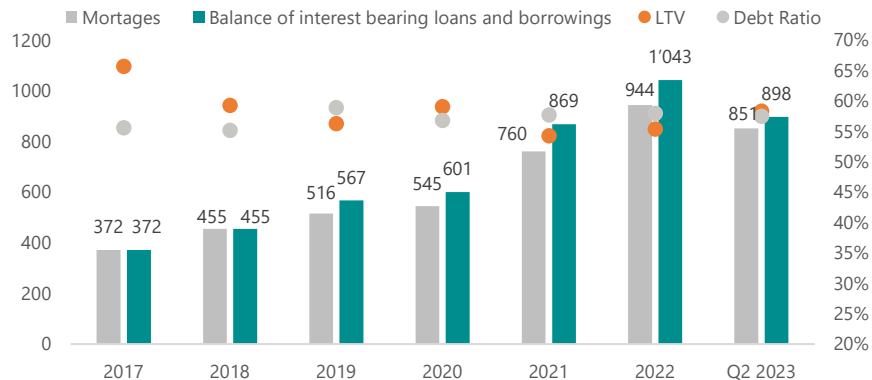


Normalized EBITDA (Mio) & Norm. EBITDA Margin

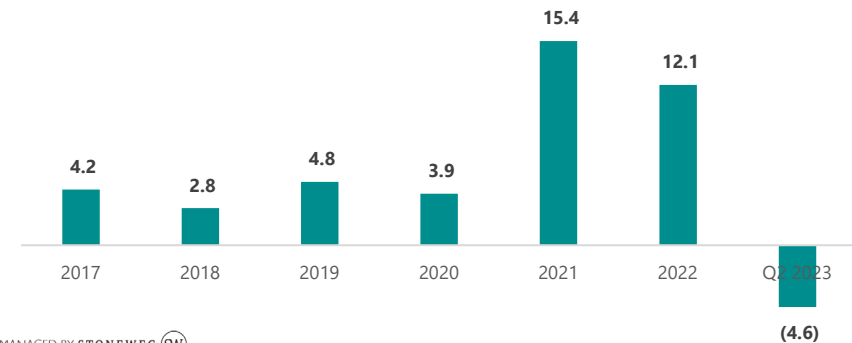


HY 2023 Key Figures (2/2)

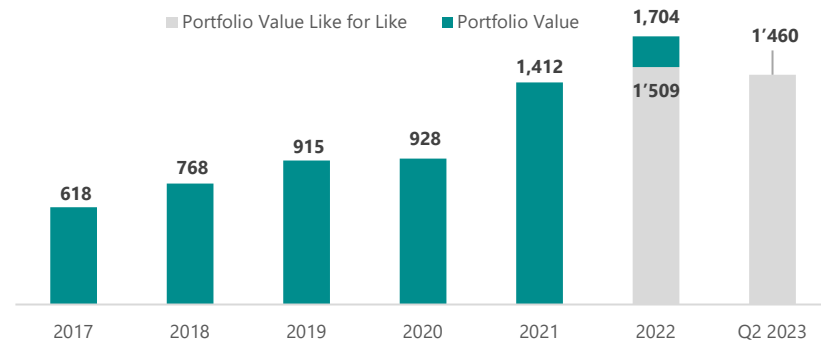
Debt in Mio



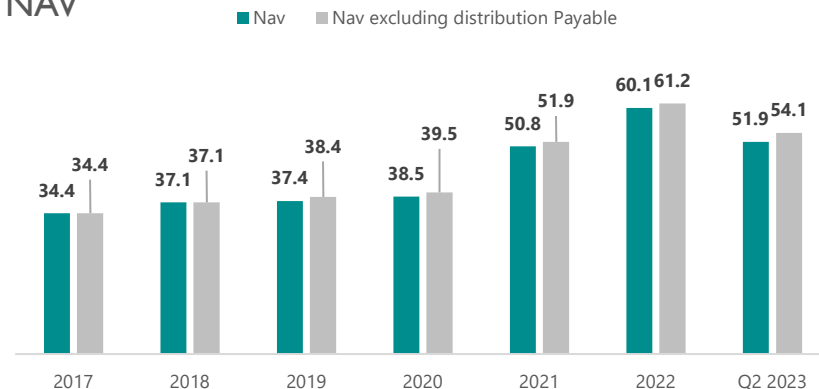
Earnings per share (EPS)



Portfolio Value (USD Mio)



NAV



Consolidated Statement of Profit and Loss

RESULTS (For the Period Ended)	Unit	June 30, 2023	June 30, 2022
Rental Income	USD mio	67.0	62.0
<i>Rental Income like for like*</i>	USD mio	47.3	44.1
Other Income and Insurance Proceeds	USD mio	12.6	8.5
Total Realized Income (total income less unrealized valuation)	USD mio	85.3	91.1
Realized Gains on disposal of properties	USD mio	5.8	20.6
Unrealized (Losses) Gains on revaluation of properties	USD mio	-62.9	157.9
Net (Loss) Gain on revaluation of properties	USD mio	-57.2	178.4
<i>Revaluation of properties like for like*</i>	USD mio	-59.6	134.4
Total Income	USD mio	22.4	248.9
Operating Expenses	USD mio	57.4	45.6
Operating (Loss) Profit incl. revaluation	USD mio	-35.1	203.4
Operating Margin ¹	%	N/A	81.7
EBITDA (Operating Profit less unrealized revaluation)	USD mio	27.9	45.5
EBITDA Margin	%	32.7	50.0
Normalized EBITDA (EBITDA less insurance proceeds)	USD mio	25.8	45.3
Normalized EBITDA Margin	%	30.3	49.7
Net (Loss) Profit before tax	USD mio	-63.4	187.7
Net (Loss) Profit	USD mio	-46.9	145.5
Funds from Operations (FFO) (net profit excluding fair value gain or loss and transaction costs, tax effected)	USD mio	6.3	13.7
Normalized FFO (FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items)	USD mio	7.9	9.2

* Like for Like compares assets that were held for the full periods of HY 2023 and HY 2022

Consolidated Statement of Financial Position (1/2)

ASSETS	Notes	June 30, 2023 in USD	December 31, 2022 in USD
Current assets:			
Cash and cash equivalents		78,259,422	77,354,907
Rent and other receivables		1,263,531	907,076
Current portion of derivative financial instruments	8	71,315	—
Income tax receivable		831,481	3,503,773
Prepaid expenses and other current assets		6,670,431	2,078,469
Assets held for sale	1	86,900,000	65,250,000
Total current assets		173,996,180	149,094,225
Noncurrent assets:			
Investment property	1	1,373,200,000	1,638,500,000
Escrow accounts		9,457,710	5,763,624
Other assets		51,222	50,205
Derivative financial instruments	8	4,979,580	5,424,697
Total noncurrent assets		1,387,688,512	1,649,738,526
Total assets		1,561,684,692	1,798,832,751

Consolidated Statement of Financial Position (2/2)

LIABILITIES AND EQUITY	Notes	June 30, 2023 in USD	December 31, 2022 in USD
Current liabilities:			
Current maturities of interest-bearing loans and borrowings	2	18,655,000	54,158,650
Trade and other payables		23,392,132	24,331,898
Distribution payable	8	22,482,494	10,968,229
Income tax payable		1,593,758	2,671,800
Rent received in advance		1,768,300	1,805,798
Liabilities associated with assets held for sale	1	45,434,500	29,022,000
Total current liabilities		113,326,184	122,958,375
Noncurrent liabilities:			
Interest-bearing loans and borrowings, net of current maturities	2	833,502,897	959,334,221
Deferred tax liability		89,576,450	107,623,154
Total noncurrent liabilities		923,079,347	1,066,957,375
Total liabilities		1,036,405,531	1,189,915,750
Equity:			
Issued share capital		10,297,221	10,297,221
Share premium from capital contributions		207,953,714	226,123,836
Legal reserves		6,764,557	4,481,011
Revaluation reserves	3	4,885,203	5,247,327
Retained earnings		295,378,466	362,767,606
Total equity		525,279,161	608,917,001
Total liabilities and equity		1,561,684,692	1,798,832,751

* Include realized gain on disposal of properties

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Portfolio HY 2023

Key Figures

PORTFOLIO VALUE¹

End of 2022: USD 1,704 billion

USD
billion

1,460

NUMBER OF PROPERTIES

End of 2022: 41

33

NUMBER OF UNITS

End of 2022: 11,042

9,170

MARKET VALUE PER UNIT

End of 2022: USD 154,297

USD **159,226**

OCCUPANCY RATE

End of 2022: 93.1 %

92.3%

AVERAGE MONTHLY RENT PER UNIT

End of 2022: USD 1,134

USD

1,192

INTEREST-BEARING DEBT RATIO

End of 2022: 58.0 %

57.5 %

POTENTIAL GROSS INCOME¹

End of 2022: USD 169.2 million

USD
million

148.6

EFFECTIVE GROSS INCOME¹

End of 2022: USD 158.1 million

USD
million

138.8

¹ Data appraised by third party appraisers

Portfolio Development – Dispositions

- During HY 2023, the Company disposed of eight non-strategic assets:

Property	Location	Year of acquisition	Number of units	Acquisition price	Disposition price	Gross IRR	Gross Multiple
Tuscany Bay	Cincinnati	2016	96	5,400,000	13,750,000	41.4%	3.51
Tally Square	Tallahassee	2016	230	19,000,000	30,000,000	17.6%	2.16
Parkway Square	Tallahassee	2016	277	21,750,000	32,750,000	19.9%	2.30
Devonshire Gardens	Evansville	2017	139	7,340,000	11,900,000	20.0%	2.60
Devonshire Place	Evansville	2017	106	5,279,000	7,700,000	18.7%	2.22
860 East	Cincinnati	2018	223	21,500,000	29,000,000	15.9%	1.87
Woodridge	Cincinnati	2018	336	23,520,000	32,250,000	19.7%	2.02
Harrison Point	Indianapolis	2020	342	21,700,000	29,750,000	31.8%	1.95
Aura	Indianapolis	2021	125	13,200,000	14,600,000	0.7%	1.02

- As at 30 June 2023, the Company had three more dispositions pending, one in Memphis (TN) and two in St Louis (MO). Closings are expected to take place respectively in Q3 and Q4 2023

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Outlook 2023 (2nd half)

- The market is expected to be slow until the end of the year. As a result, valuations will likely continue to come down
- At the same time, Varia US expects to continue seeing further operational progress like the increase in rental income that was achieved in HY 2023
- The further improved ESG-balance of the portfolio will also be a key driver for further value creation
- The Board of Directors confirms that dividend payments decided by the last Ordinary AGM in April 2023 (prospective for the financial year 2023) will be paid as per the defined quarterly payment dates (in August and November 2023 as well as in February and May 2024).

Information

Investor Information

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

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Financial Calendar

Q3 2023 Update	27 November 2023
Annual Report 2023	28 March 2024
Ordinary AGM 2024	24 April 2024

Next Quarterly Dividend Payment Dates

9 November 2023, 9 February 2024