



VARIA
US PROPERTIES

**2023 ANNUAL RESULTS
AND 2024 OUTLOOK**
Media & Analyst Presentation

March 28, 2024

Important Notice (Disclaimer)

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 2023
2. Financials
3. Portfolio Development
4. ESG
5. Outlook 2024
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 2023

2023 Key Achievements (1/2)

Progress

- **Corporate activities and operations**

- Solid operating results despite challenging market development (increase of rental income (like for like) by 6.1%)
- Operating margin (operating profit divided by total income) excluding the (loss)/gain on revaluation of properties: 32.3% (2022: 30.5%)
- Strategic reduction of debt (reduction of mortgages, repayment of bond VAR19)
- Continuation of portfolio optimization strategy (e.g. selling ten non-strategic assets, CAPEX investments, ESG improvements)
- EGM approves extraordinary dividend of CHF 3.00 per share, paid in November 2023
- Portfolio value at USD 1.300 billion

- **ESG**

- Second portfolio rating by GRESB shows performance improved by 30%
- Additional ENERGY STAR® Performance Certifications and Green Globes Certificates awarded

- **Dividend for the period AGM 2024-AGM 2025**

- Board of Directors proposes to shareholders to continue the quarterly dividend program of CHF 0.50 per share and quarter (CHF 2.00 per share and year in total)

2023 Key Achievements (2/2)

Financials

- **Key Figures**

- Total income less the net (loss)/gain from fair value adjustment: USD 151.0 million (2022: USD 144.1 million)
- Total operating expenses: USD 102.2 million (2022: USD 100.2 million)
- Total finance costs: USD 55.1 million (2022: USD 45.6 million), including a currency loss of USD
- Net loss for the period: USD 139.0 million (2022: net profit of USD 122.6 million) – primarily driven by unrealized decreases in portfolio valuations
- Total assets: USD 1,367 billion (2022: USD 1,799 billion) – resulting primarily from property dispositions and unrealized decreases (9.69% like for like) in portfolio valuations as well as a net decrease in cash driven by the distribution of an extraordinary dividend
- NAV per share: USD 39.23 (2022: USD 60.13)
- EBITDA (operating profit less unrealized revaluation): USD 44.2 million (2022: USD 88.2 million)
- Normalized Funds From Operations (FFO): USD 13.9 million (2022: USD 20.1 million)



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Financials

Consolidated Statement of Profit and Loss

In USD million	As of December 31, 2023	As of December 31, 2022
Rental income	123,988,576	126,548,336
Other income	20,205,011	16,912,347
Insurance proceeds	6,801,990	592,519
Net (Loss) Gain on revaluation of properties	(174,258,265)	153,693,947
Total income	(23,262,688)	297,747,149
Total operating expenses	102,227,516	100,179,872
Operating profit (loss)	(125,490,204)	197,567,277
Finance costs	55,058,026	45,590,723
Profit before income tax	(180,548,230)	151,976,554
Income tax expense	(41,539,265)	29,377,894
Profit for the year	(139,008,965)	122,598,660
NAV & Earnings per share		
Net asset value (NAV) per share (in USD)	39.23	60.13
Basic and diluted earnings per share (in USD)	-13.73	12.11

Consolidated Statement of Financial Position (1/2)

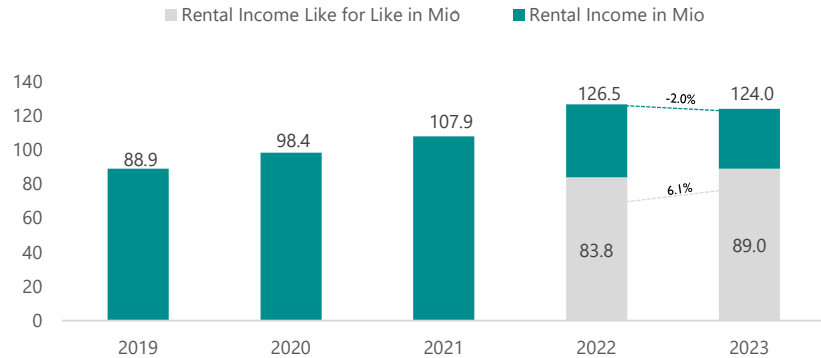
ASSETS	Notes	December 31, 2023 in USD	December 31, 2022 in USD
Current assets:			
Cash and cash equivalents	E	46,799,126	77,354,907
Rent and other receivables	F	5,282,492	907,076
Current portion of derivative financial instruments	O	2,833,857	–
Income tax receivable		12,600	3,503,773
Prepaid expenses and other current assets		2,311,101	2,078,469
Assets held for sale	G	–	65,250,000
Total current assets		57,239,176	149,094,225
Noncurrent assets:			
Investment property	G	1,300,010,000	1,638,500,000
Escrow accounts	E	9,523,176	5,763,624
Other assets		54,803	50,205
Derivative financial instruments	O	41,747	5,424,697
Total noncurrent assets		1,309,629,726	1,649,738,526
Total assets		1,366,868,902	1,798,832,751

Consolidated Statement of Financial Position (2/2)

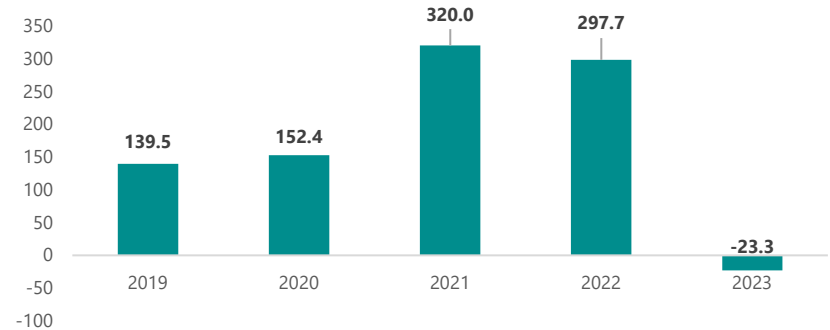
LIABILITIES AND EQUITY	Notes	December 31, 2023 in USD	December 31, 2022 in USD
Current liabilities:			
Current maturities of interest-bearing loans and borrowings	I	14,463,391	54,158,650
Trade and other payables	H	21,520,008	24,331,898
Distribution payable		12,083,423	10,968,229
Income tax payable		2,505,790	2,671,800
Rent received in advance		2,100,458	1,805,798
Liabilities associated with assets held for sale	G	–	29,022,000
Total current liabilities		52,673,070	122,958,375
Non-current liabilities:			
Interest-bearing loans and borrowings, net of current maturities	I	853,921,771	959,334,221
Deferred tax liability	M	63,021,178	107,623,154
Total noncurrent liabilities		916,942,949	1,066,957,375
Total liabilities		969,616,019	1,189,915,750
Equity:			
Issued share capital	J	10,297,221	10,297,221
Share premium from capital contributions	J	191,058,954	226,123,836
Legal reserves	J	6,764,557	4,481,011
Revaluation reserves	J	2,721,938	5,247,327
Retained earnings	J	186,410,213	362,767,606
Total equity		397,252,883	608,917,001
Total liabilities and equity		1,366,868,902	1,798,832,751

Financials 5-Year-Comparison (1/2)

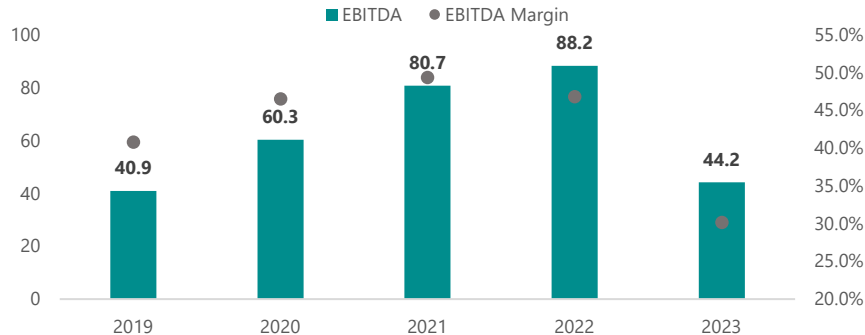
Rental Income in Mio.



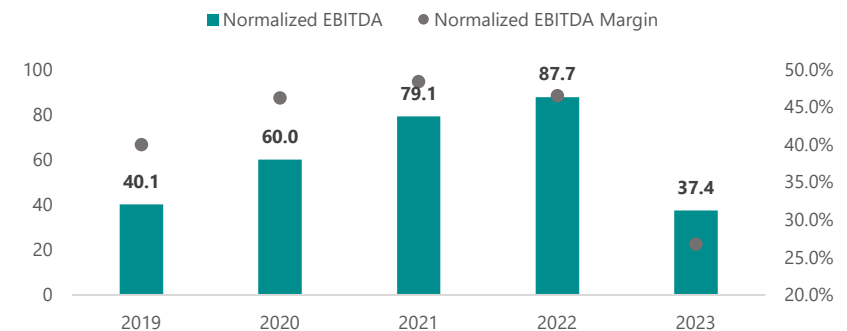
Total Income in Mio.



EBITDA (Mio) / EBITDA Margin

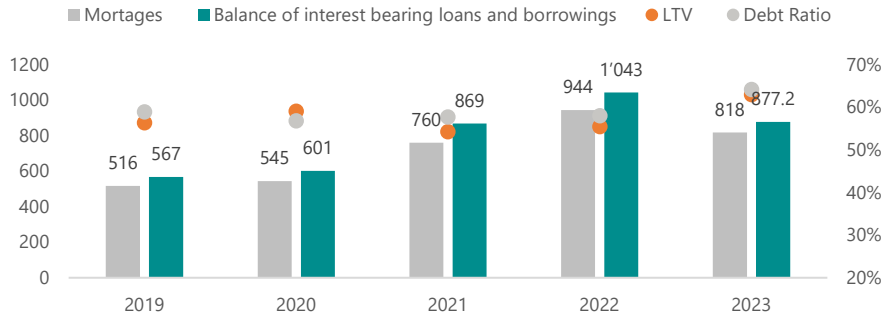


Normalized EBITDA (Mio) / Norm. EBITDA Margin

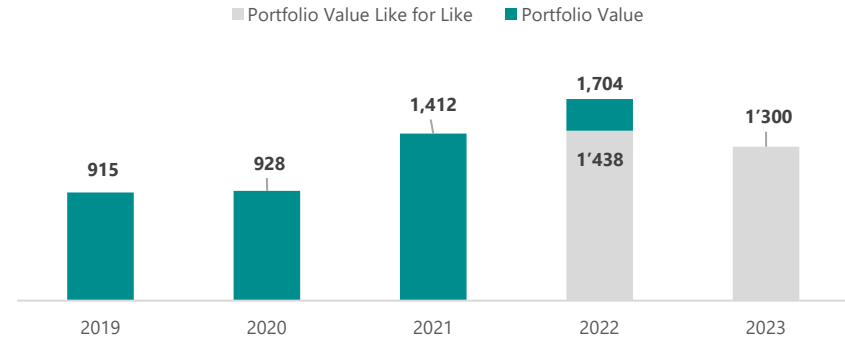


Financials 5-Year-Comparison (2/2)

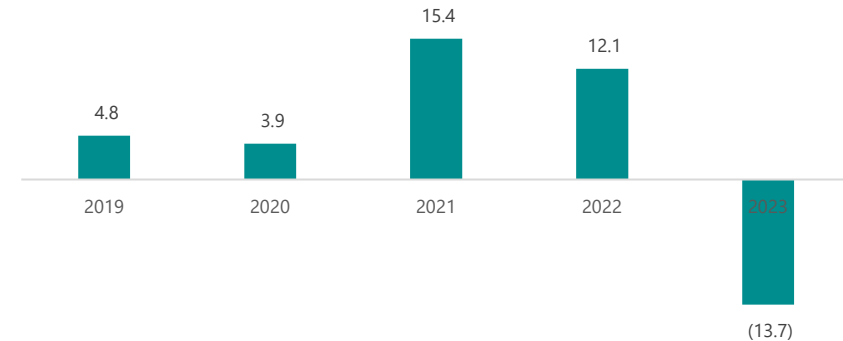
Debt in Mio.



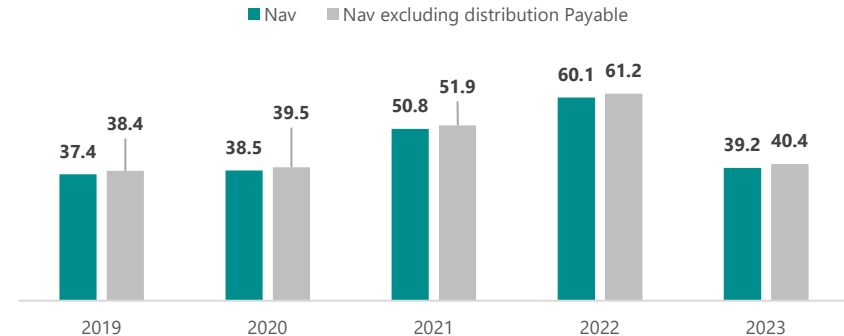
Portfolio Value



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



NAV



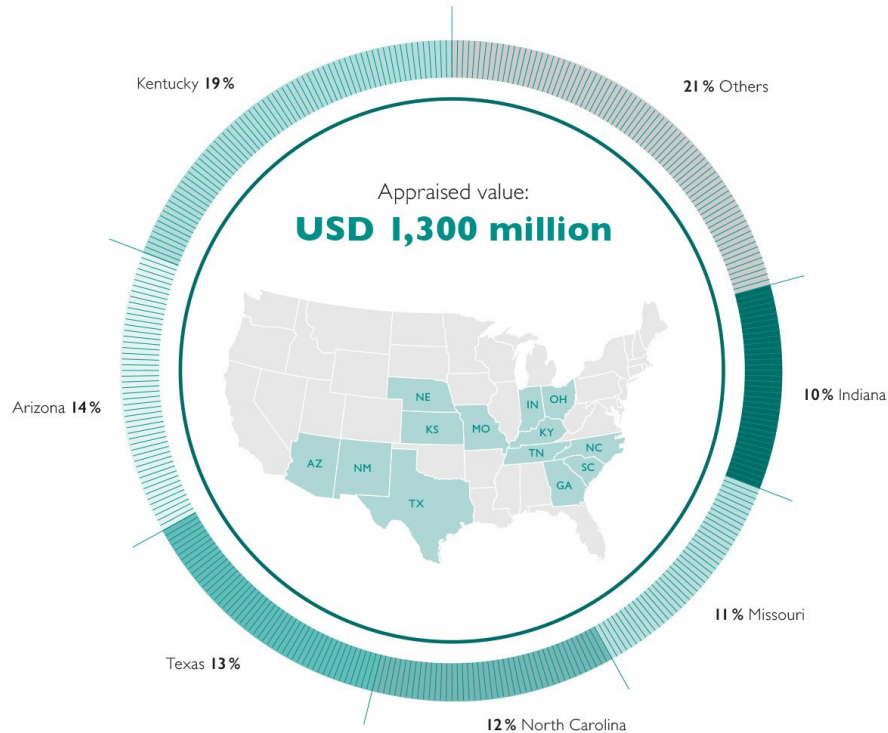


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Portfolio Development

Portfolio Development

Overview



- Portfolio value of USD 1,300 billion (2022: USD 1,703 billion)
- 31 properties (2022: 41)
- 8,518 units/apartments (2022: 11,042)
- 13 different States in the US (2022: 14)
- Locations regionally well balanced – not only supporting Varia US’ business during economic volatility, but also representing an advantage in terms of climate resilience

2023 Portfolio Key Figures

AVERAGE MONTHLY RENT PER UNIT

2022: USD 1,134

1,223

GROSS POTENTIAL INCOME¹

2022: USD 169.2 million

USD
million

141.8

EFFECTIVE GROSS INCOME¹

2022: USD 158.1 million

USD
million

132.7

AVERAGE MARKET VALUE PER UNIT

2022: USD 154,297

USD **152,619**

OCCUPANCY RATE

2022: 93.1 %

92.2 %

LOAN-TO- VALUE

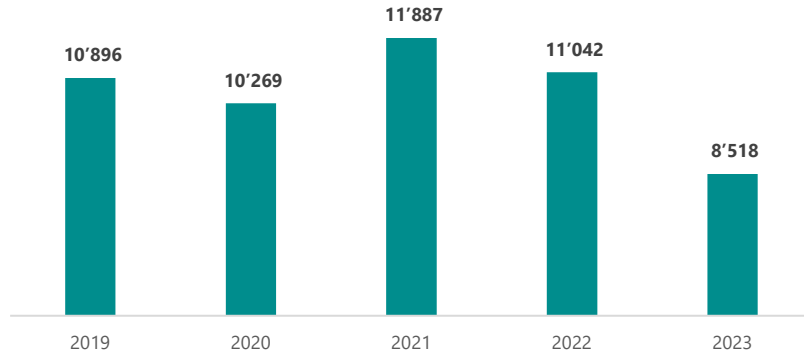
2022: 55.41 %

62.92 %

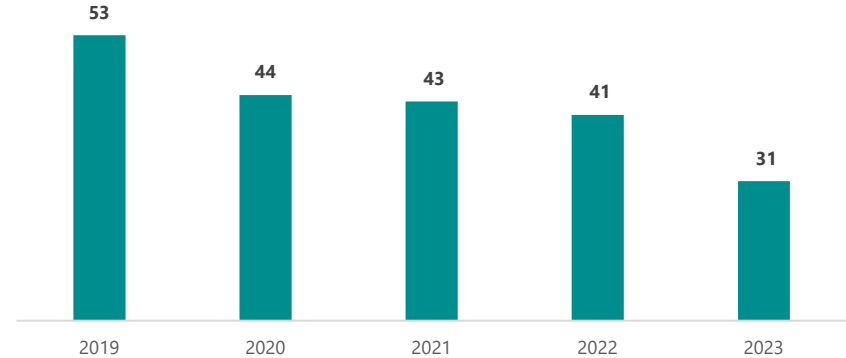
¹ According to Colliers International, appraiser of the Company's investments

Portfolio 5-Year-Comparison

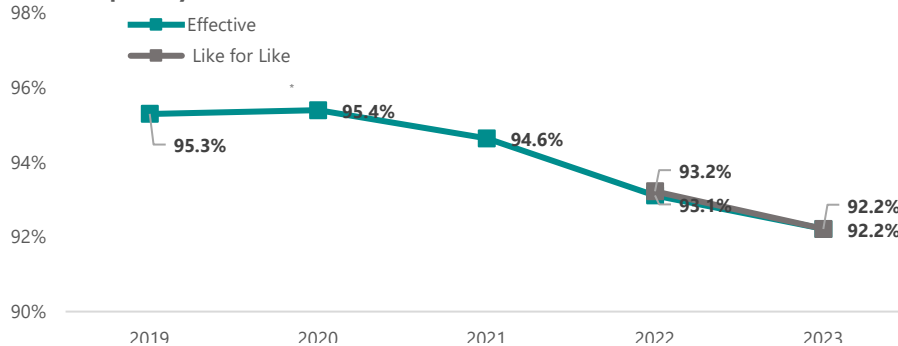
Number of Units



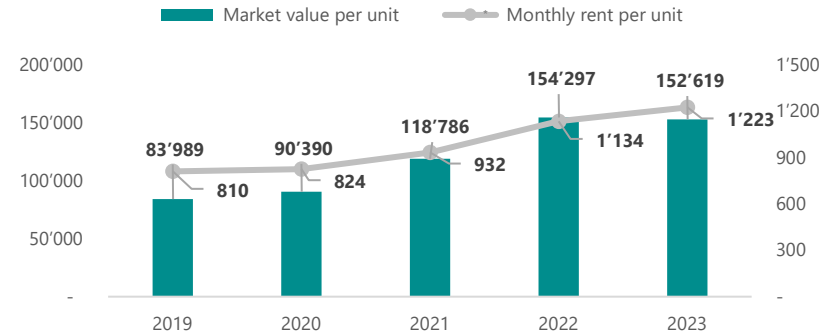
Number of Assets



Occupancy Rate



Average market value and monthly rent per unit



Portfolio Development (1/2)

- In 2023, the Company sold ten properties with a total of 2,524 units for total proceeds of USD 266.3 million. The average gross internal rate of return (IRR) was 17.6% and the average gross multiple was 1.8.

Property	Tuscany Bay	Aura	Parkway Square	Tally Square	Devonshire
Location	Lanrenceburg, Indiana	Indianapolis, Indiana	Tallahassee, Florida	Tallahassee, Florida	Evansville, Indiana
Year of recapitalization* / Year of Purchase	2018*	2021	2018*	2018*	2017
Number of units	96	125	277	228	245
Acquisition price at recap (in USD)	6,370,000	13,200,000	23,000,000	21,250,000	12,619,000
Disposition price (in USD)	13,750,000	14,600,000	32,750,000	30,000,000	19,600,000
Price per unit (in USD)	143,229	116,800	118,231	131,579	80,000
Gross IRR	41.4%	0.7%	20.0%	17.6%	19.5%
Gross Multiple	3.51x	1.02x	2.30x	2.16x	2.43x

* All deals were recapitalized in January 2018, when the Company bought out previous Non-Controlling Interests holder. All numbers are based on the performance of the assets after January 2018.

Portfolio Development (2/2)

Property	860 East	Woodridge	Harrison Point	Lynnfield	Maryland Park
Location	Cincinnati, Ohio	Fairfield, Ohio	Indianapolis, Indiana	Memphis, Tennessee	Maryland Heights, Missouri
Year of recapitalization* / Year of Purchase	2018	2018	2020	2019	2017
Number of units	223	336	342	400	252
Acquisition price at recap (in USD)	21,500,000	23,520,000	21,700,000	34,550,000	19,232,400
Disposition price (in USD)	29,000,000	32,250,000	29,750,000	40,625,000	24,000,000
Price per unit (in USD)	130,045	95,982	86,988	74,375	95,238
Gross IRR	15.9%	19.8%	31.8%	1.6%	5.6%
Gross Multiple	1.87x	2.03x	1.95x	1.05x	1.31x

All numbers are based on the performance of the assets after January 2018.



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ESG

MANAGED BY STONEWEG 

Achievements

- Varia US again submitted its portfolio to GRESB. Compared to the initial rating in 2022, there was a 30% improvement, 4 stars and 83 points achieved.
- 21 additional properties were awarded with ENERGY STAR® Performance Certifications and 4 received Green Globes Certificates.
- Stoneweg on behalf of Varia US became a signatory of the UN-supported Principles for Responsible Investment (PRI).
- For 2024, it is planned to establish a comprehensive GHG inventory and to develop science-based targets to further reduce CO2 emissions.
- Publication of separate and comprehensive ESG Report 2023 foreseen for the end of June 2024 (executive summary included in the Annual Report 2023).



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Outlook 2024

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Outlook 2024

Transition Year

- Operating results to remain strong throughout the portfolio, despite further pressure on rents.
- Property valuations are still expected to go down, at least in the first two or three quarters of 2024. So far, the market started very slow in terms of activities and transactions.
- The United States presidential election in November will also have an impact on 2024, as the transaction volume is always slowing down in the months leading up to the event.
- At the same time, the insurance market started to recover with more capacity and stability.
- We also see more stability on the interest rates side (10-year treasury at around 4%) and the market expects the US Fed to decrease interest rates later in 2024.
- Varia US plans to continue selling non-strategic assets. At the same time, Varia US is committed to pursuing its strategy of improving the quality and ESG performance of the portfolio. Thus, the Company should be well positioned to benefit significantly when the market rebounds.

Investor Information

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

Financial Calendar

Annual General Meeting	24 April 2024
Q1 2024 Update	28 May 2024
ESG Report 2023	End of June 2024
Half-Year Results 2024	28 August 2024

Contact Information

Juerg Staehelin, IRF Reputation
Investor Relations / Corporate
Communications
Phone: +41 43 244 81 51
E-mail: investors@variausproperties.com

Quarterly Dividend Payment Dates

Forth and final quarterly distribution for 2023:
May 2024

**Upcoming quarterly distributions for 2024
(subject to approval at the AGM on 28 April):**
August 2024, November 2024, February 2025,
May 2025



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Q&A

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