

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

Zug, 28 May 2024

Varia US Properties with strong operational results in Q1 2024 despite still challenging macro-economic conditions for the US real estate industry

- **Rental income like for like increased by almost 4% to USD 28.1 million (Q1 2023: USD 27.1 million)**
- **Operating margin (excluding revaluation of properties) was stable at 44.3% (Q1 2023: 45.0%)**
- **Net loss for the period (USD 7.0 million) significantly lower compared to Q1 2023 net loss (USD 34.0 million)**
- **Portfolio value was slightly lower at USD 1.283 billion (end of 2023: USD 1.300 billion)**
- **Occupancy rate slightly higher at 92.5% (end of 2023: 92.2%)**
- **Post-period, one property with a fair value of USD 20.2 million was sold.**

Patrick Richard, Executive Member of the Board of Directors of Varia US Properties, said: *“Despite a generally strong US economy and a solid labor market, the macro-economic conditions for real estate remained challenging. Hence, thanks to the successful execution of our strategy, we achieved strong operational results in Q1 2024, demonstrated i.e. by the increased like for like rental income and the slightly higher occupancy rate”.*

With respect to the US multi-family housing sector, the increase in supply across major Sun Belt markets continued to put pressure on both rent growth (in absolute figures) and occupancy rate during Q1 2024. There is a trade-off between these two metrics, and the Board of Directors of Varia US Properties pushed to find the best balance between occupancy rate and rent growth. This strategy has been successfully implemented over the last few months, as the like for like rent grew by almost 4% and the occupancy rate increased slightly during the reporting period. On the insurance side, the market did stabilize at the beginning of the year and the capacity increased allowing better terms for the year to come.

The net loss for the reporting period is limited to USD 7.0 million (loss of USD 34.0 million for Q1 2023), and the loss per share amounts to USD 0.69 (loss of USD 3.36 in Q1 2023). These losses are driven by the unrealized fair value loss on investment property.

As anticipated in the 2023 Annual Report, valuations continued to decrease, yet at a slower pace than seen in the first quarter of 2023. At the end of Q1 2024, the total value of the portfolio was appraised at USD 1.283 billion, which represents a decrease of 1.3% compared to USD 1.300 billion as by the end of 2023. The appraisers have yet to take into consideration the increase of the 10 Year Treasury rate after 31 March 2024, and the Company expects the related impact to reflect in the second quarter of 2024. Post-period, one property (182 units) with a fair value of USD 20.2 million was disposed.

In the coming 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 capital expenditures. It will prepare Varia US Properties to be ready for its next phase of growth.

Commenting on the ongoing business year 2024, Patrick Richard stated: *“2024 is still considered to be a year of down cycle for the US real estate industry, while the rebound of market activities is currently expected to start in early 2025. In the coming quarters, the Board of Directors therefore anticipates continued pressure on portfolio valuations due to further expansion of capitalization rates. However, operations are expected to remain strong in a challenging market”.*

Q1 2024 key financial figures

(unaudited)	Q1 2024 (in USD)	Q1 2023 (in USD)	Δ%
Rental Income	28.1 million	34.1 million	(17.4)
Rental Income like for like*	28.1 million	27.1 million	3.9
Total Realized Income (total income less unrealized valuation)	33.1 million	40.1 million	(17.6)
Net loss on revaluation of properties	(20.8 million)	(51.2 million)	(59.3)**
Revaluation of properties like for like*	(20.8 million)	(48.1 million)	(56.7)**
Total Income/(Loss)	12.2 million	(11.1 million)	(210.6)**
Operating Expenses	18.4 million	22.1 million	(16.4)
EBITDA (operating loss less unrealized revaluation)	(14.6 million)	(18.1 million)	(19.0)
Loss for the Period	(7.0 million)	(34.0 million)	(79.4)**
	As of March 31, 2024	As of December 31, 2023	
Properties	31	31	0.0
Units as of	8,518	8,518	0.0
Portfolio Value	1.283 billion	1.300 billion	(1.3)
Monthly rent per unit for the full month ending	USD 1,230	USD 1,223	0.5
Occupancy rate as of	92.5%	92.2%	0.3

* “like for like” compares assets that were held for the full periods of Q1 2024 and Q1 2023.

** Relative to Q1 2023, the loss for Q1 2024 decreased which represents income growth relative to the comparative period.

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

The Q1 2024 Report of Varia US Properties is available for download on the Company’s website at <https://variausproperties.com/investors/quarterly-updates/>.



Key dates

ESG Report 2023	End of June 2024
Next quarterly dividend payment date	7 August 2024
Half-year results 2024	28 August 2024

Contact information

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

About Varia US Properties AG

Varia US Properties AG is a Swiss based real estate company exclusively investing in U.S. multifamily housing with a main focus on secondary and tertiary markets. Established in 2015, the Company acquires, holds, transitions and repositions properties in the boundaries of metropolitan regions of the U.S. in order to secure rental income and value growth. More information: www.variausproperties.com

Disclaimer

This communication expressly or implicitly contains certain forward-looking statements concerning Varia US Properties AG and its business. Such statements involve certain known and unknown risks, uncertainties and other factors, which could cause the actual results, financial condition, performance or achievements of Varia US Properties AG to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Varia US Properties AG is providing this communication as of this date and does not undertake to update any forward-looking statements contained herein as a result of new information, future events or otherwise.

This media release is also published in French and German. This English version is decisive.