

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

Zug, 28 November 2024

Expected market stabilization confirmed: Varia US Properties back to a positive result over the last three months. It also achieved a higher rental income, an improved operating margin, a higher EBITDA, and an increased EBITDA margin in Q3 2024

- NAV is stable over the last three months at USD 35.57 per share
- Like for like portfolio valuation is up 1.6% at USD 1.194 billion, compared to June 30, 2024
- Earnings per share up to a positive result at USD 0.1 quarter over quarter (compared to a loss of USD 0.6 for the three months ending June 30, 2024)
- Rental income (like for like) increased year to date by 3.7% to USD 77.1 million (Q3 2023: USD 74.3 million)
- Operating margin (excluding revaluation of properties) improved by 8.7% to 38.3% (Q3 2023: 29.6%)
- EBITDA (operating result less unrealized revaluation) was 21.0% higher at USD 39.4 million (Q3 2023: USD 32.6 million)
- EBITDA margin rose by 10.4% to 39.2% (Q3 2023: 28.8%)
- The monthly rent per unit came 2.0% higher at USD 1,248 (USD 1,223 as of December 31, 2023)
- Occupancy rate slightly climbed up by 0.6% to 92.8% (92.2% as of December 31, 2023)

Patrick Richard, Executive Member of the Board of Directors of Varia US Properties, said: *“We are back to a better market environment. Like in the previous quarters, Varia US Properties continued to further improve its operational results and performance. For the first time in almost two years, valuations are starting to improve and cap rates are slightly compressing. Inflation has continued to decelerate. Uncertainty surrounding the US Presidential election has now passed after an orderly voting process, while the full impact of the election on the commercial real estate market remains to be seen. All in all, the market and macroeconomic landscape seem to be improving, and the Board of Directors is confident that the Company is well positioned to benefit from the rebound.”*

For the first nine months of 2024, like for like rents have increased by 3.7% or USD 2.8 million compared to the first nine months of 2023. The operating margin excluding revaluation has improved over the first nine months of the year to 38.3% (29.6% for the same period in 2023). EBITDA is higher at USD 39.4 million (USD 32.6 million for the same period in 2023) and the EBITDA margin increased to 39.2% (28.8% for the same period in 2023).

Following the sale of four properties in the portfolio over the first nine months of the year, the portfolio value decreased from USD 1.300 billion as of 31 December 2023 to USD 1.194 billion as of 30 September 2024. However, when analyzed on a like-for-like basis, the value of the portfolio has decreased by just USD 4.1 million, or 0.3%, compared to the end of 2023; this suggests that the market may have reached its lowest point, as anticipated in the half year report 2024. The occupancy rate is up to 92.8% (as of 31 December 2023: 92.2%) and the average rent per unit per month on a like for like basis increased to USD 1,248 (compared to USD 1,226 as per the end of 2023).

On the sustainability side, Varia US scored 4 stars and achieved 87 points (2023: 83 points) on its third Global Real Estate Sustainability Benchmark (GRESB) submission, ranking 3rd among its peer group which is composed of eleven large US publicly traded multifamily companies and REITs. This excellent outcome demonstrates the capacity of the Company to report on actual data, as well as its clear leadership in sustainability initiatives.

Commenting on the ongoing business and future potential, Patrick Richard stated: *“The market sentiment is more positive as we approach 2025 and the political uncertainties have been reduced. Varia US will continue its strategy of improving the quality of its portfolio. It expects to sell older assets on a regular basis in the next few months and years and to start acquiring newer and better positioned assets. This is where we will find opportunities for future value. As opportunities appear in our pipeline, we look forward to cultivating organic growth and improvement, both quantitatively and qualitatively, for our Company in 2025 and beyond.”*

Q3 2024 key financial figures

(unaudited)	Jan-Sep 2024 (in USD)	Jan-Sept 2023 (in USD)	Δ in %
Rental Income	82.9 million	95.7 million	(13.4)
Rental Income like for like*	77.1 million	74.3 million	3.7
Total Realized Income (total income less unrealized valuation)	100.5 million	112.9 million	(11.0)
Net loss on revaluation of properties	(23.6) million	(120.0) million	(80.4)**
Revaluation of properties like for like*	(25.1) million	(119.2) million	(79.0)**
Total Income/(Loss)	75.4 million	(5.8) million	(1397.0)**
Operating Expenses	61.0 million	80.3 million	(24.0)
EBITDA (operating loss less unrealized revaluation)	39.4 million	32.6 million	21.0
Net Loss	(12.5) million	(91.9) million	(86.4)**
	As of 30 September 2024	As of 31 December 2023	
Properties	27	31	(12.9)
Units as of	7,728	8,518	(9.3)
Portfolio Value	1.194 billion	1.300 billion	(8.2)

Monthly rent per unit for the full month ending	USD 1,248	USD 1,223	2.0
Occupancy rate as of	92.8%	92.2%	0.6

* "like for like" compares assets that were held for the full periods of Q3 2024 and Q3 2023.

** Relative to Q3 2023, the loss for Q3 2024 decreased which represents income growth relative to the comparative period.

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

The Q3 2024 Report of Varia US Properties is available for download on the Company's website at <https://variausproperties.com/investors/quarterly-updates/>.

Key dates

Annual Report 2024 31 March 2025

Ordinary AGM 2025 30 April 2025

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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

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