

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

Zug, 31 March 2025

Varia US Properties achieves promising operational results in 2024

- Rental income “like for like” increased to USD 102.8 million (2023: USD 99.2 million)
- Operating margin (excluding property revaluation) amounted to 38.0% (2023: 32.3%)
- Strategic sale of portfolio assets generated USD 104.2 Mio. and IRR of 14.8%
- Total portfolio value came slightly down at USD 1,194 billion (2023: USD 1,300 billion)
- Portfolio optimization continued also due to additional ESG improvements
- NAV was at USD 35.13 per share (2023: USD 39.23)
- EPS of USD -1.73 (2023: USD -13.73)
- Intention to refinance bond “VAR21” due in November 2025
- Organizational changes at Stoneweg, the asset manager of Varia US

Manuel Leuthold, Chairman of the Board of Directors of Varia US Properties, said: *“The U.S. real estate market concluded 2024 with cautious optimism for 2025, eagerly awaiting the beginning of the next real estate cycle. The reporting year saw continued interest rate volatility with both inflation and interest rates remaining elevated and, as a result, suppressed transaction volume relative to the historical average. Higher interest rates have slowed new multifamily construction starts after a peak in supply that affected the market nationwide. The recent slowdown of construction starts should allow more time for record new supply to absorb over the course of 2025 and 2026. It should also likely setting the stage for corresponding increases in rent growth and higher occupancy rate, as renter demand remains strong later in 2026 and 2027”.*

Financial development

Overall, operating results in 2024 were promising. Rental income like for like – which considers assets that were held for the full business years 2024 and 2023 – was up 3.6% to USD 102.8 million (2023: USD 99.2 million). Net Operating Income (NOI) increased by 1.4% on a like for like basis, resulting in nearly flat valuations in 2024 relative to 2023. This is a positive development given inflation levels over the last several years as well as the challenging market conditions. EBITDA grew to USD 50.7 million (2023: USD 44.2 million).

The Company supported total operating expenses of USD 80.3 million (2023: USD 102.2 million), of which USD 4.3 million are transaction costs (2023: USD 15.5 million). Overall operating expenses decreased because of the decrease in property count. Transaction costs in particular decreased because ten properties were sold in 2023 while only four were sold in 2024.

Funds From Operations (FFO) increased from USD 10.6 million in 2023 to USD 15.3 million in 2024, primarily because of the foreign exchange gain in 2024 and a decrease in the above mentioned operating expenses as well as interest expense from the disposition of properties

and related mortgage repayments. As a result, operating profit increased to a gain of USD 13.5 million (2023: operating loss of USD 125.5 million) while operating margin excluding the gain or loss on revaluation of properties increased to 38.0% (2023: 32.3%).

After considering the income tax benefit of USD 5.9 million (2023: USD 41.5 million), Varia US concluded the reporting period with a net loss of USD 17.5 million (2023: loss of USD 139.0 million). This translates to a loss per share of USD 1.73 per share (2023: loss of USD 13.73 per share), demonstrating the positive momentum of the Company moving into 2025.

Portfolio development

Varia US took advantage of the sluggish market development in 2024 by fortifying its existing portfolio with a two-prong approach. First, it continued its strategic disposition plan of selling older vintage properties located outside of target markets to improve the quality of its portfolio. In that regard, the Company sold four assets (790 units) for total gross proceeds of USD 104.2 million; this translated to a blended gross Internal Rate of Return (IRR) of 14.8%. Second, it continued to focus on investing in capital improvements, including ESG initiatives with a strong Return on Investment (ROI), to improve the portfolio's overall condition and resiliency.

At the end of 2024, Varia US's portfolio comprised a total of 27 properties in eleven US states (2023: 31 properties in 13 states). 21% of the property portfolio is located in Kentucky, 15% in Arizona, 14% in North Carolina and 14% in Texas. This diversification is crucial to minimising the Company's vulnerability to concentrated economic or climate risks.

The total value of the portfolio at the end of the reporting year, as per the appraisal of Collier International, was USD 1.194 billion (2023: USD 1.300 billion). The occupancy rate increased to 93.7% (2023: 92.2%).

ESG achievements

In the reporting year, Varia US began installing solar panels on suitable properties; this is expected to lead to significant energy savings in 2025 and beyond. Another first in 2024 was the completion of two BREEAM certifications for ongoing operations. This enables the Company to assess the sustainability of properties according to an international framework, compare them and evaluate further opportunities for improvement.

In 2024, Varia US had its portfolio assessed by the real estate sustainability standard GRESB for the third time and achieved a 4-star result, corresponding to a benchmark score of 87/100. This is an improvement of 36% compared to the first submission just two years ago and an improvement of 5% compared to 2023. Varia US thus moved up to third place among the eleven comparable companies. In addition, additional 17 properties were certified with the ENERGY STAR label and the Company received nine Kingsley Excellence Awards in recognition of the high level of resident satisfaction.

All these 2024 achievements and initiatives not only benefit tenants and society but also create added value for the shareholders of the Company.

AGM 2025

The Company is hopeful that a new real estate cycle is approaching which will allow it to enter the market from an acquisition standpoint once again. In the meantime, Varia US will adopt a prudent position, limiting its dispositions and controlling its cash reserves. Based on these factors and out of a sense of reasonable precaution, the Board of Directors will propose to forgo any dividend at the upcoming AGM 2025 on April 30 in order to secure greater flexibility as it navigates this unpredictable and volatile market. However, the Board confirms its commitment to a strong distribution strategy and will reassess this decision at or before the AGM 2026.

Organizational changes at Stoneweg, Varia US' asset manager

In the context of the acquisition of the Cromwell European platform in December 2024, the asset manager of Varia US, Stoneweg SA Group, has decided to fully consolidate its operations and integrate them all under a single umbrella. Among other participations, this new umbrella will have economical interests, directly and indirectly, of ca. 20% of the shares of Varia US Properties AG. It will also hold all the operating companies of Stoneweg group including full ownership of Stoneweg US.

Following this organizational change and after almost 10 years of dedication, Patrick Richard has decided not to stand for re-election as Director and Delegate of the Board of Directors of Varia US Properties at the upcoming AGM 2025 on 30. April. He will also leave his position as CEO of Stoneweg US, once the necessary consents and approvals have been obtained. Patrick Richard will be replaced by Matthew Levy, former Head of Acquisitions and CIO of Stoneweg US.

Jaume Sabater Martos, Vice Chairman of the Board of Directors of Varia US Properties and Founding Partner and Group-CEO of Stoneweg, commented: *“As a result of this reorganization to strengthen and align our global operations, Stoneweg will be even more committed to the US real estate market in the future. The portfolio of Varia US will continue to be managed, with the same level of service and based in Florida, by Stoneweg US and its leadership team. We would like to thank Patrick for his valuable work in developing Stoneweg US and Varia US Properties. We wish him all the best for his personal and professional future. At the same time, we are pleased that Matthew will take over the management of Stoneweg US”.*

Key financial figures 2024

In USD million	As of 31 December 2024	As of 31 December 2023	Δ in %
Rental income “like for like”	102.8	99.2	3.6
Total income/(loss)	93.8	(23.3)	-503.2

Net gain/(loss) from fair value adjustment on investment property	(35.6)	(174.3)	-79.3
Operating margin excluding revaluation of properties (in %)	38.0	32.3	5.7
Operating profit/(loss) incl. revaluation	13.5	(125.5)	-110.8
EBITDA (operating profit less unrealized revaluation)	50.7	44.2	14.7
EBITDA margin (in %)	38.7	30.2	8.5
Net profit/(loss) for the period	(17.5)	(139.0)	-87.4
Normalized FFO (Funds from operations less debt cost amortization, insurance proceeds, foreign exchange gain/(loss), and other non-cash items)	10.9	13.9	-21.9
Earnings per share (in USD)	(1.73)	(13.73)	-87.4
Net asset value per share (in USD)	35.13	39.23	-10.4

2025 Outlook

Patrick Richard, Executive Member of the Board of Directors of Varia US Properties, commented: *“We expect one or more interest rate cuts by the US Federal Reserve in 2025, which will depend to a large extent on the key inflation figures. Government bonds will certainly be influenced by the policies of the new administration, but we expect interest rates to become less volatile by the time Varia US’s mortgages next come up for renewal in 2027. The increase in transaction volume in the fourth quarter of 2024 gives us some confidence that the market will at least partially recover in 2025. In the first quarter of 2025, we have already successfully sold two properties for a gross sales price of USD 48.9 million and hope to dispose of one more in the months to come”.*

Richard added: *“Our upcoming priorities include assessing and funding non-discretionary capital improvements required for older assets, addressing the bond maturity and its refinancing in October 2025, and revisiting our disposition strategy on a case by case basis to best manage available cash. The Company is hopeful that a new real estate cycle is approaching which will allow it to enter the market from an acquisition standpoint once again. In the meantime, Varia US will adopt a prudent position, limiting its dispositions and controlling its cash reserves”.*

Additional information

The Annual Report 2024 and the corresponding investor presentation as well as a separate leaflet summarizing the report in German are available for download on Varia US’ website at <https://variausproperties.com/investors/financial-statements/>.

Key dates



Annual General Meeting	30 April 2025
Q1 2025 Update	28 May 2025
Half-year results 2025	28 August 2025
Q3 2025 Update	27 November 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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