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Media release

Zug, 16 November 2016

Varia US Properties AG launches IPO on SIX Swiss Exchange and sets price at CHF 35 per share

- **Varia US Properties AG (“Varia” or the “Company”), a real estate company domiciled in Zug, Switzerland, exclusively investing in U.S. multifamily housing with a main focus on secondary and tertiary markets, today announces the launch of its Initial Public Offering (IPO) on SIX Swiss Exchange with the publication of the Offering Circular and the start of the rights offering process.**
- **The IPO is an offering of up to 3,561,636 newly issued registered shares consisting of up to 3,097,074 new shares that are issued in an ordinary capital increase of the Company and, in case of the over-allotment option, of up to 464,562 over-allotment shares, issued by the Company based on an authorised capital increase. The Company intends to raise gross proceeds from the issuance and sale of offered shares in the amount of up to CHF 124.7 million.**
- **The offering comprises the rights offering and the share offering. In the rights offering, eligible existing shareholders will have pre-emptive rights to subscribe for offered shares. In the share offering, offered shares for which the rights have not been validly exercised will be offered. The offer price is the same for both existing and new shareholders.**
- **The price for the offered shares has been set at CHF 35 and reflects the calculated NAV of the Varia shares at the settlement of the IPO plus 5% to cover the transaction costs and the issuance tax in connection with the IPO.**
- **The first day of trading on SIX Swiss Exchange is expected to be on or around 8 December 2016.**
- **The Company generated total income of USD 33.0 million and an operating profit of USD 13.2 million during the accounting period ended 30 June 2016. As of 30 June 2016, it has a gross capitalisation rate of 14.9%¹ and a net capitalisation rate of 7.3%². The cash flow yield³ amounted to 10.2% as of 30 June 2016.**
- **On a mid-term vision, the Company targets a dividend distribution of 6 to 8% of the sum of the Company’s issued share capital and share premium from capital contributions.**

¹ The Company calculates the gross capitalisation rate as the total potential rent divided by the appraised value of the portfolio as of 30 June 2016.

² The Company calculated the net capitalisation rate as the annualised net operating income (annualised rental income plus other income less operating expenses) divided by the appraised value of the portfolio as of 30 June 2016.

³ The cash flow yield has been defined by the Company as the annualised total income (excluding income from fair value adjustments and income from bargain on purchase of subsidiary), less total operating expenses, less debt interest, less property management and ownership expenses, less other cost, less the asset management fee paid to the asset manager, divided by the equity attributable to the shareholders of the Company.



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Patrick Richard, executive member of the Board of Directors of Varia US Properties

AG: “As a real estate company exclusively investing in U.S. multifamily housing, our Company is well positioned to further benefit from the main trends, such as the shift from home ownership to renting in the U.S., the market demand for rented properties outpacing the supply, the strong rental income growth and high occupancy rates in multifamily housing as well as the strong economic growth in secondary and tertiary markets. Therefore, we plan to use the net proceeds to fund additional real estate acquisitions in the targeted markets where we have a significant near term acquisition pipeline of properties. We firmly believe that Varia continues to have promising potential for growth and will realise that potential as a listed Company.”

Jaume Sabater Martos, Vice Chairman of the Board of Directors of Varia US Properties

AG: “We are really excited about the prospect of becoming a listed residential property company mainly focused on U.S. multifamily housing. With our listing on SIX Swiss Exchange, we can offer Swiss investors the rare opportunity to invest in the attractive U.S. real estate market. Therefore, we aim to provide this investment opportunity to existing shareholders as well as to new shareholders seeking for a real estate investment abroad.”

Offer structure

The IPO is an offering of up to 3,561,636 newly issued registered shares of the Company with a nominal value of CHF 1.00 each. The base offering consists of up to 3,097,074 new shares. In addition, the Company has granted Bank Vontobel AG as the Sole Bookrunner an option to purchase up to 464,562 over-allotment shares at the offer price, exercisable within 30 calendar days after the first day of trading on SIX Swiss Exchange.

The Company has agreed to a lock-up period of 6 months after the first trading day, subject to certain limited exceptions.

The start of the rights exercise period in which the eligible holders of existing shares have the pre-emptive right to subscribe for offered shares begins today, 16 November 2016, and is expected to end on or around 2 December 2016. The start of the offer period also begins today, 16 November 2016, and is expected to end on or around 6 December 2016. The listing of the shares in accordance with the Standard for Real Estate Companies of SIX Swiss Exchange and commencement of trading in the shares on SIX Swiss Exchange is expected to take place on or around 8 December 2016.

The IPO consists of a public offering to investors in Switzerland as well as private placements in certain jurisdictions outside of Switzerland and outside of the United States of America, in each case in accordance with applicable securities laws and in reliance on



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Regulation S under the US Securities Act and on the basis of exemptions provided by the EU Prospectus Directive.

Bank Vontobel AG has been appointed as Sole Bookrunner for the envisaged IPO.

Attractive dividend policy – well experienced Board of Directors

Varia aims at distributing 6 to 8% of the sum of the Company's issued share capital and share premium from capital contributions.

The new Board of Directors of Varia is comprised of Manuel Leuthold as Chairman, Jaume Sabater Martos (Vice Chairman), Taner Alicehic, Alexandre Leviant, Dany Roizman and Dr. Beat Schwab as non-executive members and Patrick Richard as executive member. The new highly entrepreneurial Board contributes a broad experience in real estate and financial services.

Key financial figures

In USD million	Period from 28 September 2015 to 30 June 2016
Rental income	17.4
Other income	1.4
Bargain on purchase of subsidiary	4.2
Net gain from fair value adjustment on investment property	10.0
Total income	33.0
Total operating expenses	19.8
Operating profit	13.2
Net Asset Value per share (in USD)	32.46
Cash flow yield	10.2%
Gross capitalisation rate	14.9%
Net capitalisation rate	7.3%
Gross Loan-to-Value ratio	67%

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Key data

Listing	SIX Swiss Exchange (Standard for Real Estate Companies)
Ticker symbol	VARN
Swiss security number	30 528 529
ISIN	CH 030 528 529 5
Price	CHF 35 per share
Offered shares by Company	Base offer of up to 3,097,074 shares
	Over-allotment option of up to 464,562 shares
Indicative schedule	
Start of rights exercise period and start of offer period	On 16 November 2016
End of rights exercise period	On or around 2 December 2016
End of offer period	On or around 6 December 2016
Announcement of final number of offered shares sold in the Offering	On or around 7 December 2016
Listing and first day of trading	On or around 8 December 2016
Book-entry delivery of the offered shares against payment of the offer price	On or around 12 December 2016

The Varia shares are expected to be included in the SPI and its relevant sub-indices and the sector specific indices SXI Real Estate and SXI Real Estate Shares as of the first day of trading.

Additional information

Varia is holding a media conference **today starting at 12:00am CET**, taking place at **Zunfthaus zur Zimmerleuten**, Limmatquai 40, Zurich.



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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. The portfolio value of Varia amounts to USD 301 million invested in 39 properties in 14 states in the U.S. with approximately 5,000 units as of 30 June 2016. More information: www.variausproperties.com

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