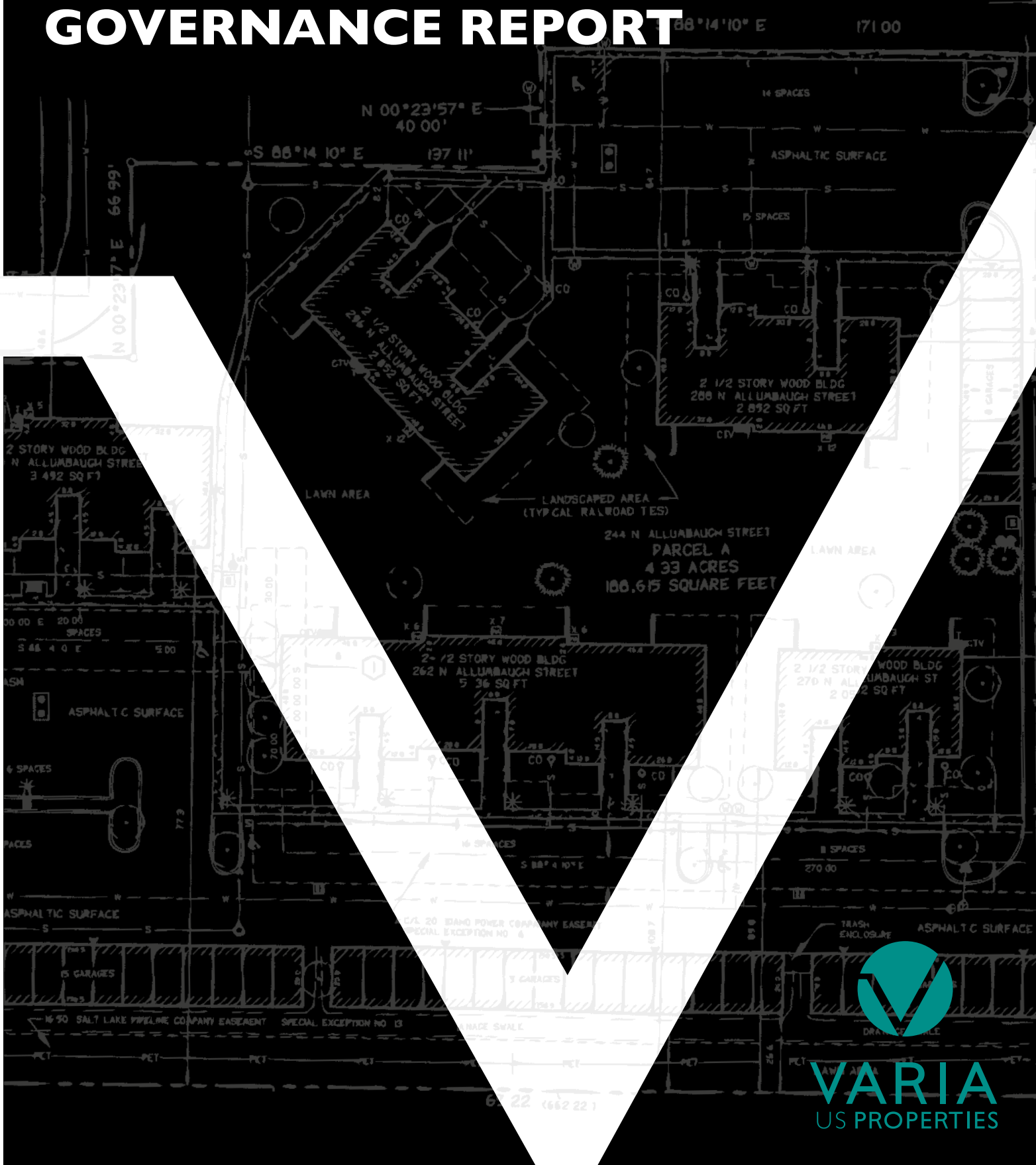
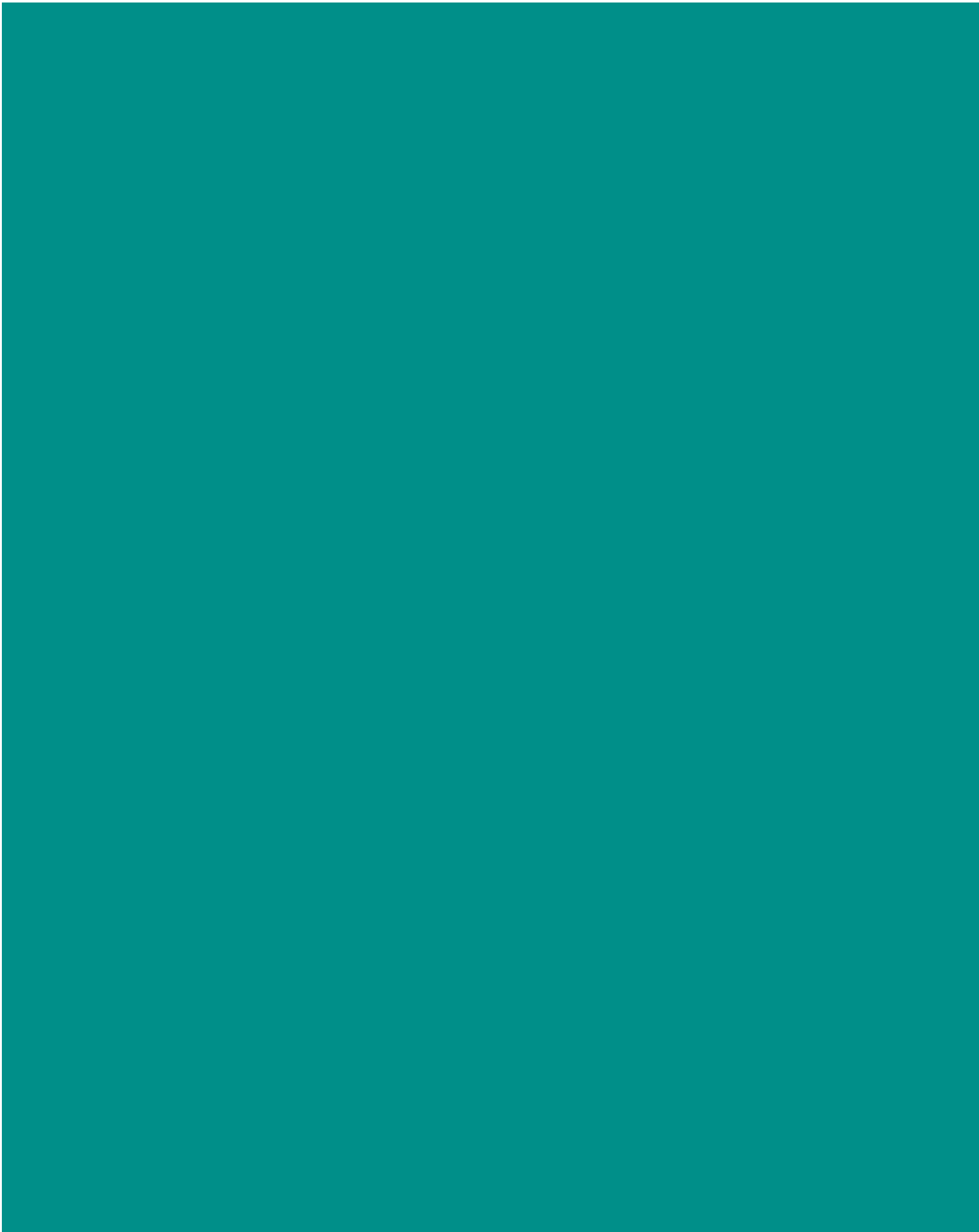


CORPORATE GOVERNANCE REPORT



VARIA
US PROPERTIES



CORPORATE GOVERNANCE REPORT

This corporate governance report is written according to the Annex of the Directive on Corporate Governance published by SIX Swiss Exchange. The Articles of Incorporation of Varia US Properties AG may be downloaded on its website at <http://variausproperties.com/articlesofassociation>

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. GROUP STRUCTURE

Varia US Properties AG is a Swiss listed real estate company according to Article 77 of the Listing Rules. It solely invests in the US residential real estate market and generates all of its income from these real estate investments.

It is the strategy of the Company to invest in secondary and tertiary markets, in B and C types of multifamily properties.

As of December 31, 2016, the Company owned:

- 100% of the units of the Ariston Opportunity Fund, a Bahamas Fund purchased on February 23, 2016, with retroactive effect as of January 1, 2016.
- 100% of 11 limited liability companies called blockers.

The Fund as well as the blockers are equity members of property limited liability companies (propco, PC), each company being the owner of a property.

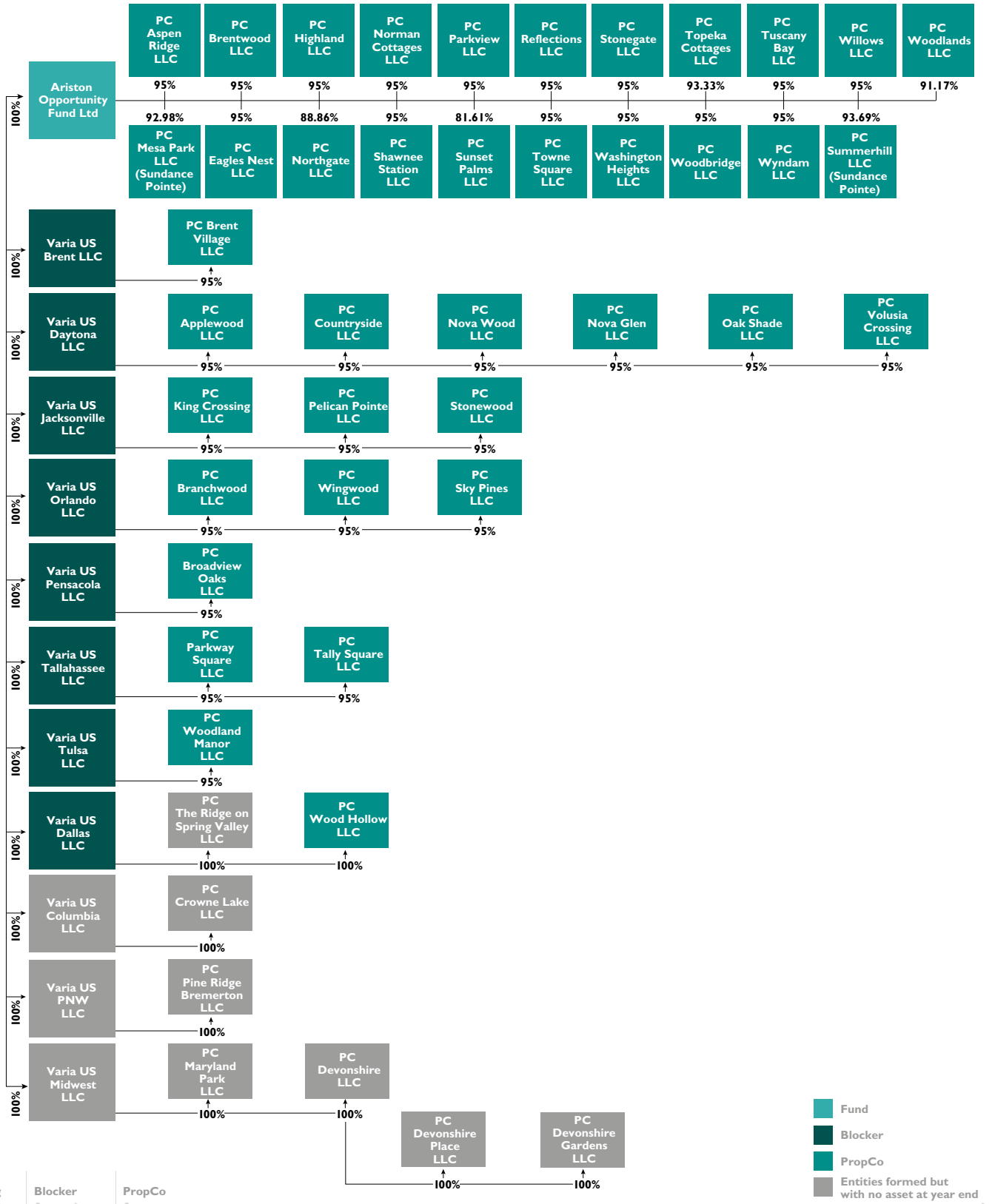
At the end of the period, Varia US Properties AG held 38 properties through that structure. 37 of these properties were co-investments with a local sponsor called Peak Capital Partners, which usually owns 5% of the equity of each property (see chart below for exact figures). The 38th property was purchased without a co-investor on December 28, 2016, after the December capital increase.

In the 37 properties with Peak Capital Partners or its affiliates as co-investor, Peak Capital Partners is the the propco manager, the asset manager and, often, the property manager. The 38th propco is managed by Stoneweg US LLC, an affiliate of Stoneweg SA, asset manager of Varia US Properties AG.

On the following chart, please note that the entities in grey were formed at the end of the period, but the corresponding properties were not definitely acquired at the end of the year. It is usual to proceed that way in the US, as the purchase and sale agreement (PSA) is signed before the due diligence period and, therefore, property companies are formed for the signing of the PSA, about 2 months ahead of closing.

The list of the non-listed entities belonging to the Group can be found with their head office and the percentage of shares held by Varia on pages 112 and 113 in the full report.

Varia US Properties AG



1.2. SIGNIFICANT SHAREHOLDERS

Varia US Properties AG was listed on December 8, 2017, right after its capital increase, but before the exercise of the greenshoe option.

On December 31, the number of shares issued by Varia US Properties AG (464,562 greenshoe shares were issued only later) was 6,194,148. At that time, the main shareholder in the Company was Varia SPC, a Cayman Island fund grouping 38 nominee investors and representing 57.2% of the issued shares.

On January 6, 2017, the greenshoe option was exercised and the total number of shares issued was 6,658,710. At that time, Varia SPC represented 53.2% of the issued shares.

In Varia SPC, none of the shareholders represents more than 3% of the issued shares. Outside of Varia SPC, only Dreyfus Soehne represents 8% of the share capital with 497,705 registered shares in their name on December 31, 2016. This figure declined to 7.5% after exercise and implementation of the greenshoe option. No other investor represents more than 3% of the issued shares.

The disclosures made during 2016 may be found at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=VARIA>

1.3. CROSS-SHAREHOLDINGS

Varia US Properties AG has no cross-shareholdings.

2. CAPITAL STRUCTURE

A) CAPITAL AS OF DECEMBER 31, 2016

Type of capital	Number of shares	Value per share	Time limit if any
Ordinary capital	6,194,148	1.00	
Authorized capital (greenshoe option)	464,562	1.00	
Authorized capital (general purpose)	665,871	1.00	November 13, 2018

B) EXERCISE OF THE GREENSHOE OPTION

The greenshoe option was exercised on January 6, 2017 and the total number of shares issued after this date is 6,658,710. The authorized capital for the purpose of the greenshoe option was therefore used and is, after January 6, 2017, no longer available.

C) ADDITIONAL AUTHORIZED CAPITAL

According to Article 2.3 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the Board of Directors is authorized to increase the share capital at any time until November 13, 2018 by a maximum amount of CHF 665,871 by issuance of a maximum of 665,871 registered shares, of a par value of CHF 1.00 each, to be fully paid up.

Increases through firm underwriting or in partial amounts are permitted. The Board of Directors shall determine the issue price, the date from which the shares carry the right to dividends and how the shares may be paid up.

The Board of Directors is authorized to exclude the pre-emptive rights of the shareholders and to allocate them to third parties in the event of the use of the new shares for the purpose of: (1) acquiring real estate (whether in the form of direct acquisition of real estate or the acquisition of interests in a real estate company); (2) mergers, acquisitions of enterprises or participations, financing and/or refinancing of such mergers and acquisitions and of other investment projects; or (3) broadening the shareholder constituency.

The subscription as well as the acquisition of registered shares out of authorized share capital for general purposes and any further transfers of registered shares shall be subject to the transfer restrictions specified in Article 2.6 of the Articles of Association (<http://variausproperties.com/articlesofassociation>).

D) CHANGES IN CAPITAL

Date of entry into daily register	Number of shares	Share nominal value	Comments
17.09.2015	100,000	1.00	Formation of the company
11.11.2015	1,182,464	1.00	1 st capital increase (initial part)
18.01.2016	3,097,074	1.00	1 st capital increase (second part)
07.12.2016	6,194,148	1.00	2 nd capital increase (initial part)
10.01.2017	6,658,710	1.00	2 nd capital increase (greenshoe option)

Varia US Properties AG was formed on September 17, 2015 with an initial share capital of 100,000 registered shares.

A first capital increase was conducted at the end of 2015, beginning of 2016.

A second capital increase was conducted at the end of 2016, beginning of 2017.

E) PARTICIPATION CERTIFICATES AND DIVIDEND-RIGHT CERTIFICATES

Varia US Properties AG has neither participation certificate nor dividend-right certificates.

F) LIMITATION ON TRANSFERABILITY

According to Article 2.6 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the registration of acquirers of shares as shareholders with voting rights is in any case subject to the approval by the Board of Directors.

A person who has acquired registered shares will, upon application, be entered in the share register as shareholder with voting rights, provided that he or she expressly states that he or she has acquired the shares concerned in his or her own name for his or her own account. Any person not providing such statement will

be registered as nominee into the share register only if he or she declares in writing that he or she is prepared to disclose the name, address and shareholding of any person for whose account he or she is holding shares or he or she immediately discloses this information in writing upon first demand. The vast majority of shares are unregistered and under nominee names.

The Company may, after consulting with the affected shareholder, cancel entries in the share register if such entry was based on untrue information given by the acquirer. The acquirer shall be informed of the cancellation immediately.

Varia US Properties AG has implemented no other limitation on transferability. The above limitations may be removed by a majority vote of the General Meeting of shareholders.

However, a change in the group control would have to be announced to the lenders in the US and would entail an estimated financial cost of 1 % of the aggregate loan value.

G) CONVERTIBLE BONDS AND OPTIONS

At the end of the period, no convertible bonds and no options with the shares of Varia US Properties AG as underlying were outstanding.

3. BOARD OF DIRECTORS

A) COMPOSITION

The Board is composed of the following members:

Board Member	Function	First appointed	End of term	Nationality	Executive (E) Non-Executive (NE)*
Manuel Leuthold	Chairman	2016	2017	Swiss	NE
Jaume Sabater	Vice Chairman	2015	2017	Swiss	E
Taner Alicehic	Member	2015	2017	Swiss	E
Alexander Leviant	Member	2015	2017	US	NE
Patrick Richard	Delegate of the Board of Directors	2016	2017	Swiss	E
Dany Roizman	Member	2015	2017	Brazil	NE
Beat Schwab	Member, Chairman of the Risk and Audit Committee, sole member of the Compensation Committee	2016	2017	Swiss	NE

* Executive members are those active for or within Stoneweg SA, which is the Asset Manager of Varia US Properties AG:

- Jaume Sabater is CEO of Stoneweg SA
- Patrick Richard is Head of US Investments for Stoneweg SA (advisory position)
- Taner Alicehic is in charge of investor relations for Stoneweg SA (advisory position)

None of the non-executive members held an operational management position at the Company or one of its subsidiaries during the last three years preceding the period under review.

None of the non-executive members has significant business connections with the Company or with any of its subsidiaries.

B) PROFESSIONAL BACKGROUND, EDUCATION, OTHER ACTIVITIES AND INTERESTS

i MANUEL LEUTHOLD

Professional background

2012–2015: Edmond de Rothschild Group
 1984–2011: UBS SA, various positions,
 Member of the Swiss executive committee

Education

- University of Geneva: Master of Law
- University of Geneva: Master of Economics

Other activities and interests

- Chairman of Compenswiss (Swiss Federal Social Security Fund), Berne
- Chairman of the Economic Development Board – Canton of Vaud, Lausanne
- Board member of the Clinique Générale Beaulieu Holding SA, Geneva, listed at Berne eXchange BX (Bern Stock Exchange)

ii **JAUME SABATER**

Professional background

2015–Now: Founding partner and CEO of Stoneweg SA
 2003–2014: Edmond de Rothschild Group, various positions, Head of Real Estate Investments

Education

- Community of European Management Schools, St. Gallen University, and ESADE Barcelona: Master in international management

Other activities and interests

- No other activities
- No other interests

v **PATRICK RICHARD**

Professional background

2016–Now: Head of US Investments for Stoneweg SA
 2007–2015: Co-founder and managing partner of Procimmo SA, a Swiss real estate asset manager

Education

- University of Geneva: Law degree
- Geneva Bar: Attorney at law
- Board education program: IMD, Swiss Board Institute

Other activities and interests

- Chairman of the Board of Procimmo SA

iii **TANER ALICEHIC**

Professional background

2008–Now: Founder and CEO of Real Estate Investment Solutions SA
 2000–2008: Banque Cantonale Vaudoise, various positions

Education

- EPFL: Master's degree in physics
- HEC Geneva: MBA

Other activities and interests

- No other activities
- No other interests

vi **DANY ROIZMAN**

Professional background

2003–Now: Founder and CEO of Brainvest Wealth Management SA
 1996–2002: JP Morgan (Sao Paulo, New York, Geneva)

Education

- PUC Sao Paulo: Bachelor in economics

Other activities and interests

- No other activities
- No other interests

iv **ALEXANDER LEVIANT**

Professional background

2002–Now: ICD Group, President of ICD Group International Inc

Education

- Georgetown University: Bachelor's

Other activities and interests

- Member of the Young Presidents Organization (YPO)
- Trustee of the French Institute/Alliance Française

vii **BEAT SCHWAB**

Professional background

2012–Now: Credit Suisse, various positions, Head of Global Real Estate
 2006–2012: CEO of Wincasa AG

Education

- University of Bern: PhD
- Columbia University: MBA

Other activities and interests

- Chairman of the Board of Zug Estates Holding
- Member of the Board of CFF/SBB (Swiss national railway company)
- Member of the Board of Credit Suisse Asset Management (Switzerland) AG
- Member of the Board of pom+ Consulting AG

C) NUMBER OF AUTHORIZED ACTIVITIES IN ACCORDANCE WITH ARTICLE 12, PARAGRAPH 1, ITEM 1 OAEC

According to Article 4.7 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the members of the Board of Directors and the persons whom the Board of Directors has entrusted with the executive management shall not assume more than (i) 15 additional remunerated mandates, of which not more than 5 in companies listed at a stock exchange, and (ii) 10 additional non-remunerated mandates, whereas a reimbursement of expenses is not considered remuneration.

D) ELECTIONS AND TERMS OF OFFICE

According to Article 4.1 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the Board of Directors shall consist of a minimum of three and a maximum of nine members, who do not need to be shareholders. The Board of Directors organizes itself, subject to election by the General Meeting of shareholders of the Chairman and the members of the Compensation Committee. The Board of Directors may designate a Vice Chairman and a Secretary. The Secretary does not have to be shareholder or a member of the Board of Directors.

The members of the Board of Directors shall be elected by the General Meeting of shareholders for a term of one year, beginning with the day of their election. Directors shall hold their offices until they are replaced or not re-elected, unless they retire or are removed earlier. If a director is replaced, his successor shall continue in office until the end of his predecessor's term.

E) INTERNAL ORGANIZATIONAL STRUCTURE

On November 14, 2016, the Board of Directors approved the Organizational Regulations of Varia US Properties AG, which then entered into force on December 8, 2016. These regulations mainly contain provisions with regard to:

- General organization of the Board meetings
- Rights and duties of the members of the Board
- Duties of the Board and delegation to the Delegate of the Board of Directors
- Additional regulations for the Chairman and the Delegate of the Board of Directors
- Provisions regarding the committees of the Board

Since inception, the Board of the Company met on 6 occasions and 2 resolutions were taken by circular resolution.

Unless otherwise specifically accepted by the Board members, the Board is convened by its chairman, at least 10 days prior to the meeting day. Supporting documentation is sent with the invitation or at least five days before the meeting. If a Board member cannot participate in person, a conference call or video conference will be organized in order to make participation possible. If a Board member is not available, he will speak with the chairman before the meeting in order to make his points known. In case of a strong disagreement, a decision may be postponed if needed.

Representatives of the Asset Manager always participate in the Board meetings as elected members of the Board. It has however been the will of the Company to have a majority of non-executive Board members. Currently, the Board counts 4 non-executive members and 3 executive members.

The agenda of the Board is discussed by the chairman and the delegate of the Board, in order to take into consideration all needed information.

Board resolutions shall be adopted by a majority vote of all members present. In case of a tie, the chairman shall have the casting vote.

In its duties, the Board is helped by two committees:

- The Risk and Audit Committee
- The Compensation Committee.

i. Risk and Audit Committee:

The members of the Risk and Audit Committee are appointed by the Board of Directors for a term of office of up to one year ending at the next ordinary shareholders' meeting. The Risk and Audit Committee consists of at least one member of the Board of Directors. For the year 2016/2017, Beat Schwab is chairperson and Taner Alicehic is member of the Risk and Audit Committee.

The Risk and Audit Committee has the following general duties and competencies:

- Assisting the Board in fulfilling its duties of supervision of management in organizing the accounting, financial control and financial planning activities;

- Reviewing the outcome of the annual accounts and audit with the external auditor as well as issuing the necessary proposals or recommendations to the Board;
- Examining and submitting proposals to the Board regarding the approval of the annual and interim accounts of the Company (including significant off balance sheet positions);
- Clearing of any differences of opinion between the Asset Manager, the external real estate appraiser and the auditors which may evolve in connection with the preparation of the annual financial statements;
- Evaluating the external auditors with regard to the fulfilment of the necessary qualifications and independence according to the applicable legal provisions and making proposals for the attention of the Board concerning the choice of the external auditors at the General Meeting of shareholders;
- Assessing the work done by the external auditors in office and approving the budget submitted by the external auditors for the audit work;
- Assessing the work done by the Asset Manager and the external real estate appraiser;
- Approving the necessary non-auditing services provided by the external auditors;
- Examining, reviewing and approving the accounting policies and the external auditing plan;
- Reviewing the Company's compliance with financial laws, regulations and reporting requirements;
- Setting the guidelines for the Company's risk management system and internal control system and assessing the effectiveness of the risk management system and the internal control system;
- Questioning the external auditor as to the significant risks, contingent liabilities and other fundamental obligations of the Company as well as assessing the measures taken by the Company to handle them;
- Making a summary assessment of the annual business expenses incurred by the members of the Board and the Asset Manager.

The Risk and Audit Committee is entitled to conduct investigations in all matters of its competence. It may also request the services of independent advisors and experts to the extent required for the accomplishment of its duties.

ii. Compensation Committee:

The Compensation Committee consists of at least one member of the Board of Directors. Its sole member and chairperson is Beat Schwab. For the year 2016/2017, all members of the Compensation Committee are individually elected by the shareholders' meeting for terms of one year. Re-election is permitted. The chairperson of the Compensation Committee is appointed by the Board of Directors (Article 4.5 of the Articles of Association – <http://variausproperties.com/articlesofassociation>).

The Compensation Committee assists the Board of Directors in remuneration-related matters, namely by:

- Presenting motions to the Board in view of the next ordinary General Meeting of shareholders with respect to the remuneration of the members of the Board;
- Assisting the Board in the preparation of the remuneration report;
- Implementing the resolutions passed by the General Meeting of shareholders with respect to the remuneration of the members of the Board;
- Assessing the principles of remuneration and presenting corresponding motions to the Board (in view of the next ordinary General Meeting of shareholders);
- Presenting motions to the Board regarding the issuance of compensation rules to be submitted to the General Meeting of shareholders for approval.

The Compensation Committee is entitled to conduct investigations in all matters of its competence. In particular, it has full access, to the extent required for the accomplishment of its duties, to the employees, books and records of the Company and its subsidiaries. It may also request the services of independent advisors and experts to the extent required for the accomplishment of its duties.

Since the entry into force of the Organizational Regulations, the two committees have been involved in the preparation of the compensation report, as well as in the supervision of the preparation of the financial statements. They made recommendations to the Board for the preparation of the General Assembly.

F) MANAGEMENT CONTRACT RELATIONSHIP WITH STONEWEG SA

Stoneweg SA has been appointed by the Company as its exclusive Asset Manager according to a contract signed most recently on November 15, 2016. According to this contract, Stoneweg SA's main missions are:

- Execute acquisitions and divestments according to the investment strategy fixed by the Board
- Manage the portfolio according to agreed targets
- Interact with local counterparts such as brokers, lenders, mortgage brokers, appraisers, local or regional asset managers, property managers, accounting firms, auditors, lawyers
- Report to the Board and its committees
- Investor relations
- Capital increase organization and coordination, equity financing.

To help fulfil its mission, Stoneweg SA uses a company called Stoneweg US LLC, which is currently based in Florida.

For these activities, Stoneweg SA or its affiliates are entitled to a fee of up to 1% of the purchase price of the acquisitions closed.

In case of divestments, Stoneweg SA or its affiliates are entitled to a disposal fee up of 1% or alternatively to a performance fee, calculated on the basis of the profit realized after a specific hurdle.

For its portfolio activities, the Asset Manager or any of its affiliates will be entitled to a fee (the "Management Fee") per financial year (and so in proportion for any part of a financial year), which is calculated as one percent (1.00%) of the rolling invested equity value. The equity value is calculated every half-year as the addition of the NAV of the last two semesters divided by two. A semester shall be equal to six (6) months. Stoneweg SA has decided to charge the fee only on the equity invested and not on the full equity raised by the Company.

For its activities related to equity financing, the Asset Manager or any of its affiliates shall be entitled to a fee of up to three percent (3.00%) of new capital raised for the purpose of equity financing (the "Placement Fee"). For the 2015 and 2016 capital increases Stoneweg SA received placement fees of CHF 2,000,710.

For the 2016/2017 capital increase, Stoneweg SA received a placement fee of CHF 249,314.50.

Stoneweg SA is a Geneva-based international real estate platform serving various clients and managing investments, currently mainly in Spain, Italy and the US.

Stoneweg SA or its affiliates have offices in Milano, Barcelona, Madrid and St Petersburg (FL).

Jaume Sabater (Swiss) is founding partner and CEO of Stoneweg SA. The other members of the management team are Rui Inacio (Portuguese) and Joaquin Castellvi (Spanish).

Before joining Stoneweg SA, Rui Inacio has worked for 10 years at Edmond de Rothschild (Suisse) SA as a real estate fund analyst and portfolio manager for the real estate multimanager mandates. During these years he co-managed the EDR real estate SICAV with more than CHF 800 million of assets under management. Rui Inacio has a degree in economics from the University of Geneva.

Patrick Richard (Swiss) is Head of US Investments for Stoneweg SA. He is currently under mandate with Stoneweg SA and majority shareholder of Stoneweg US LLC. Co-owner of Stoneweg US LLC is Thomas Buckley (US citizen). Thomas Buckley has over 30 years of experience in developing and executing investment strategies in real estate, manufacturing and petroleum. Prior to working with Stoneweg, he spent 9 years working as an independent contractor in the multifamily investment sector. He was educated at the University of Colorado and completed an Executive Leadership Program at Harvard University.

Patrick Richard is in charge of all legal, financial and reporting activities, whilst Thomas Buckley is in charge of acquisitions and portfolio management. Both are supported by the team of Stoneweg SA based in Geneva and dedicated to the US market.

None of the people involved in the US activities of Stoneweg SA has a political mandate or posts and none has any other relevant activities other than the ones mentioned above.

4. COMPENSATION, SHAREHOLDINGS AND LOANS

The compensation of the Board of Directors is detailed in the compensation report and the information regarding the compensation of the Asset Manager is provided above.

No loans or credit facilities were granted to any member of the Board or any member of the Asset Manager or other related parties during the period under review.

In terms of shareholdings, the table below indicates the number of shares directly or indirectly held by each member of the Board.

Board member	Number of shares directly held
Manuel Leuthold	none
Jaume Sabater	none
Taner Alicehic	3,000
Alexander Leviant	none
Dany Roizman	none
Patrick Richard	30,000
Beat Schwab	1,853

At the end of the period under review, there was no participation or shareholding program in place, nor had any options been distributed to Board member or related parties.

The Board members have a fixed compensation only. That compensation is evaluated by the Compensation Committee based on compensation paid to Board members of companies of a similar size. The proposal is then submitted to the Board for discussion and approval. Finally, it is presented to the General Meeting of the shareholders. The fees paid to the Asset Manager are not variable, except for the performance fee, when applicable, which can vary depending on the performance of assets at the time of divestment.

5. COMPENSATION RULES

A) STATUTORY RULE ON COMPENSATION

According to Article 4.4 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the members of the Board of Directors and the persons whom the Board of Directors has entrusted with the executive management are entitled to remuneration commensurate with their activities. The remuneration may be paid by the Company or by a subsidiary, provided it is covered by the total remuneration approved by the General Meeting.

The members of the Board of Directors are paid a fixed remuneration and other applicable elements of remuneration that are not dependent on performance.

Remuneration of the persons whom the Board of Directors has entrusted with the executive management consists of a fixed compensation, which may be complemented by a variable component. The amount of the variable remuneration paid to the persons whom the Board of Directors has entrusted with the executive management depends on the qualitative and quantitative targets and parameters defined by the Board of Directors. The Board of Directors defines and assesses the targets and their achievement or delegates this task to the Compensation Committee. Variable remuneration may be paid in cash or in the form of equity instruments, conversion or option rights or other rights to equity instruments.

The Board of Directors determines the respective amounts of remuneration within the remuneration framework approved by the General Meeting of shareholders upon proposal by the Compensation Committee.

If remuneration of the Board of Directors or of the persons whom the Board of Directors has entrusted with the executive management takes the form of shares, option rights or similar instruments, the Board of Directors shall set out the conditions and requirements that are to apply in one or more plans or regulations. These plans or regulations may stipulate the time of allocation, valuation, holding, vesting and exercise periods (including their alteration or revocation under certain circumstances), the maximum number of shares, option rights or other instruments that may be allocated, potential claw-back mechanisms and discounts at allocation.

For members of executive management who are appointed by the Board of Directors after the annual total compensation has been approved, an additional amount per new member as defined by Article 19 of the Ordinance Against Excessive Compensation in Stock Companies of no more than 100% of the total annual compensation last approved for the persons whom the Board of Directors has entrusted with the executive management shall be available should the approved total compensation for the approval period in question prove to be insufficient.

B) LOANS AND CREDIT FACILITIES

According to Article 4.6 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), loans and credits in favor of a member of the Board of Directors or of persons whom the Board of Directors has entrusted with the executive management may only be granted at market conditions (at arm's length). The total amount of loans and credits granted directly or indirectly to members of the Board of Directors or persons whom the Board of Directors has entrusted with the executive management shall not exceed CHF 10 million.

C) APPROVAL BY THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting of shareholders approves the proposals of the Board of Directors regarding the maximum amounts separately every year with binding effect as follows:

1. for the compensation of the Board of Directors for the term of office until the next General Meeting of shareholders;
2. for the compensation of the persons whom the Board of Directors has entrusted with the executive management annually in advance until the next General Meeting of shareholders or retroactively for the period described in the proposal of the Board of Directors.

No vote is required for the remuneration of the Asset Manager.

If a compensation proposal is rejected by shareholders, the Board of Directors may make new proposals at the same General Meeting of shareholders or call for an extraordinary meeting of shareholders for that purpose.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

A) VOTE AND PROXY

According to Article 3.4 of the Article of Association (<http://variausproperties.com/articlesofassociation>), each share entitles to one vote. Voting by proxy is permitted under a written proxy. The Board of Directors shall decide whether a proxy is to be accepted.

The General Meeting of shareholders shall elect an Independent Proxy, who may be an individual, a legal entity or a partnership. The independence of the Independent Proxy shall be construed in accordance with Article 728 CO. The term of the Independent Proxy shall end with the closing of the next ordinary General Meeting of shareholders following the General Meeting of shareholders that elected the Independent Proxy. Re-election is permissible. The Independent Proxy shall exercise his, her or its responsibilities in accordance with the provisions of the law. The Board of Directors shall ensure that the shareholders have the opportunity to give instructions to the Independent Proxy with respect to each agenda point mentioned in the notice to the meeting. In addition, the shareholders shall be given the opportunity to give general instructions with respect to motions made at the meeting concerning an agenda item or with respect to an agenda item not previously announced in the invitation (Article 700 para. 3 CO). The Board of Directors shall ensure that the shareholders may give their proxy or instructions, also electronically, to the Independent Proxy until 4:00 p.m. (local time) on the second business day before date of the General Meeting. The Independent Proxy shall exercise the voting rights granted to him, her or it by the shareholders in accordance with their instructions. If no instructions have been given, the Independent Proxy shall abstain from voting.

Unless otherwise provided by law or the Articles of Incorporation, the General Meeting of shareholders passes its resolutions with the absolute majority of the votes cast. If a resolution cannot be passed upon the first voting there shall be a second voting at which the relative majority shall decide, unless otherwise stipulated by law or the Articles of Incorporation.

B) ORGANIZATION OF THE GENERAL MEETING

General Meetings of shareholders are called by the Board of Directors and, if necessary, by the auditors. The liquidators are also entitled to call a General Meeting of shareholders.

The Annual General Meeting of shareholders shall be held within six months following the close of the business year; at least twenty days prior to the Annual General Meeting of shareholders, the annual business report and the auditors' report must be submitted for examination by the shareholders at the Company's registered office. Any shareholder may request that a copy of these documents be immediately sent to him. The shareholders are to be notified hereof by letter.

A General Meeting of shareholders is also to be called upon demand of one or more shareholders representing at least ten percent of the share capital. The demand to call a meeting shall be in writing and shall specify the items and the proposals to be submitted to the meeting.

The General Meeting of shareholders shall be called not less than twenty days prior to the meeting. The notice shall be given in writing or by email.

The notice shall specify the place, date and time of the meeting, as well as the items and proposals of the Board of Directors and the shareholders who demanded that a General Meeting of shareholders be called.

According to Article CO 699 §3, shareholders together representing shares with a nominal value of 1 million francs or holding at least 10% of the share capital may demand that an item be placed on the agenda.

Shareholders or their proxies representing all shares issued may hold a meeting of shareholders without complying with the formalities required for calling a meeting unless objection is raised. At such meeting, discussion may be held and resolutions passed on all matters within the scope of the powers of a General Meeting of shareholders for so long as the shareholders or proxies representing all shares issued are present.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

According to Article 2.7 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), an acquirer of shares in the Company shall not be bound by the obligation to make a public takeover offer in accordance with Articles 135 and 163 of the Federal Act on Financial Market Infrastructures and Market Conduct on Securities and Derivatives Trading (Financial Market Infrastructure Act).

No other clause on changes of control is included in the Articles of Association.

Changes of control have to be announced to US lenders and loan servicers as it may trigger a transfer fee according to each of the respective loan agreement signed by the subsidiaries of the Company.

8. AUDITORS

KPMG has been the auditor of the Company since its inception in 2015. At that time today's lead auditor also took office. The lead auditor of the Company must be replaced after a period of seven years as set forth in Article 730a(2) CO. The mandate of the auditor lasts from one General Assembly to the next one and has to be confirmed at each General Assembly.

Since inception, the audit company has issued the following invoices:

Date	Amount	Topic
11.03.16	6,372	Capital increase november 2015
11.03.16	28,080	Capital increase February 2016
21.12.16	167,400	Mid year 2016 financial statements
31.12.16	120,960	Prospectus revision
31.01.17	208,440	Mid year 2016 financial statements
31.01.17	5,400	Greenshoe option exercise review

These invoices do not include the 2016 full year audit, which was accrued in the financial statements for CHF 300,000

The auditors were invited to the following two Board meetings:

- January 16, 2017
- April 24, 2017.

During the January meeting, the auditor made some general comments about the June 30, 2016 financial statements review and presented the audit plan for the year-end results.

During the April meeting, the auditor presented the year-end audit and the report of the auditors to the Board of Directors.

9. INFORMATION POLICY

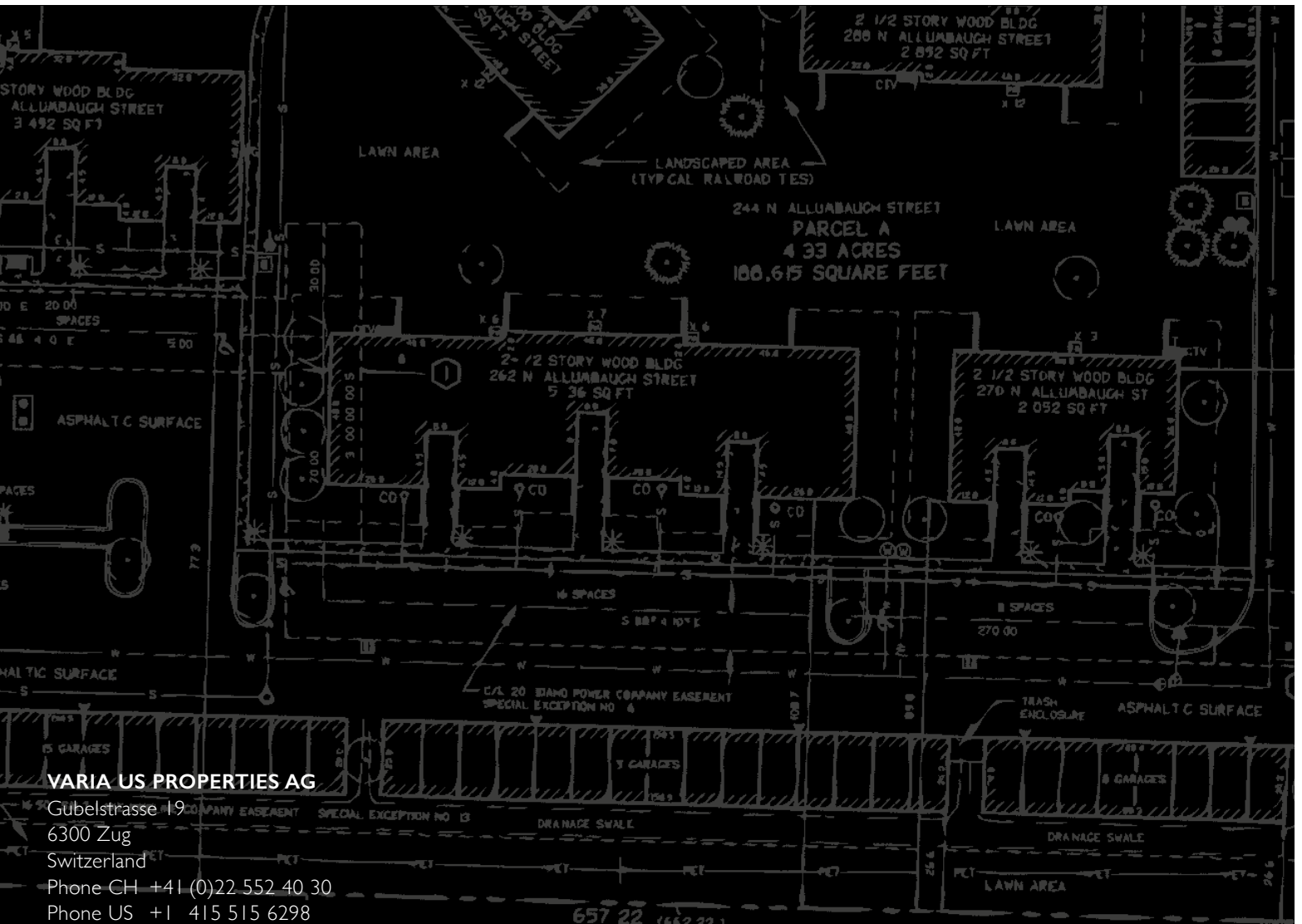
The Company issues quarterly reports on real estate performance of the last quarter. Usually these reports are published less than two months after the end of the quarter.

The Company publishes half-year results within three months after the closing of the half-year period and a full-year report within four months after the closing of the yearly period.

Quarterly and half-year results are neither reviewed nor audited, whilst full-year reports are audited.

The Company is subject to ad hoc publicity according to Article 53 of the Listing Rules.

All information is also available on the website **www.variausproperties.com**



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