

## Media release

Zug, 24 May 2018

### **Varia announces today ongoing successful business development in the first quarter 2018 – full deployment of new equity raised in capital increase in January 2018**

- **Swift investment of new capital raised with four acquisitions for USD 81.5 million – two more properties under contract**
- **Non-controlling interests transfer of the former Peak Capital Partners portfolio near completion**
- **Increase of Effective Gross Income from USD 12.7 million to USD 18.7 million**
- **Net Operating Income up from USD 7.0 million to USD 10.2 million**

The main focus of Varia US Properties in the first quarter 2018 was on further acquisitions as well as on the transfer of the non-controlling interests of the initial portfolio. Varia swiftly started to deploy the newly equity raised during the January capital increase and acquired four properties in the States New Mexico, Arizona and Tennessee for USD 81.5 million and with a total of 1,250 units. In addition, Varia placed two more properties in Ohio under contract with a total of 588 units. Once these two transactions are closed, all the new equity will have been invested. The resulting portfolio, as of 31 March 2018, consisted of 48 properties totalizing 8,574 units.

In December 2017, Varia signed an agreement with Peak Capital Partners to take full ownership and control of its assets and to liquidate the non-controlling interest position in its financial statements. As of 1 March 2018, Varia was able to change the property management for all properties previously managed by Peak. The transfer of the loans is ongoing and should be completed by the end of June 2018 at the latest. This transfer will be expected to allow Varia to save yearly about USD 0.6 million in asset management fees and retain 100% of the profit of the wholly owned portfolio.

### **Q1 Portfolio Performance Review**

During Q1 2018, Effective Gross Income reached USD 18.7 million, a USD 6.0 million increase from Q1 2017. The net operating income increased from USD 7.0 million in Q1 2017 to USD 10.2 million in Q1 2018. The net cash flow amounted to USD 5.1 million, a USD 1.7 million increase from Q1 2017. Physical vacancy increased from 4.7% in Q1 2017 to 6.0% 2018 due to the implementation of the value-add strategy.

Patrick Richard, Delegate of the Board of Directors of Varia, said: “The results of the first quarter 2018 underpins Varia’s strategy of fast acquisitions of promising new properties

combined with the implementation of value-add measures. Based on the current progress and the almost completed non-controlling interests transfer of the former Peak Capital Partners portfolio, we are confident that we will deliver solid results for the full year 2018.”

<b>Q1 2018 Portfolio Performance Snapshot</b> (preliminary, unaudited figures)	<b>Q1 2018</b> <b>In USD</b>	Q1 2017 In USD
Effective Gross Income	<b>18.7 million</b>	12.7 million
Total Operating Expenses	<b>8.5 million*</b>	5.6 million
Net Operating Income	<b>10.2 million*</b>	7.0 million
Total Net Capital Expenditures	<b>0.7 million</b>	0.6 million
Debt Service	<b>3.9 million</b>	2.4 million
Mortgage principal repayment	<b>0.4 million</b>	0.4 million
Ownership Expenses	<b>0.1 million</b>	0.2 million
Net Cash Flow	<b>5.1 million*</b>	3.4 million
Net Cash Flow yield (Q1 annualized)	<b>9.2%*</b>	11.2%

\* Due to the ongoing transfer, some invoices have not been registered in March 2018 but will be booked in April and May. Varia estimates the remaining amount to be considered of about USD 0.3 million, which will have an impact on the Total Operating Expenses (estimated amount of USD 8.8 million), on the Net Operating Income (estimated amount of USD 9.9 million) and on the Net Cash Flow (estimated amount of USD 4.8 million). The annualized Cash on Cash Yield should be at 8.7% for Q1 2018.

Please find more detailed information about Varia’s First Quarterly Report on the company’s website: <http://variausproperties.com/investors/quarterly-updates/>.

## Financial calendar

Annual General Meeting 2018	24 May 2018, 9am
Half-year results 2018	30 August 2018

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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](http://www.variausproperties.com)

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