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Media release

Zug, 25 October 2016

Varia US Properties AG plans IPO and listing on SIX Swiss Exchange

- **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 its intention to increase its capital and to float its shares and list on SIX Swiss Exchange.**
- **Varia’s portfolio was valued at USD 301 million by Colliers International as of 30 June 2016 and consisted of 39 properties with approximately 5,000 residential units located in 14 US states.**
- **The Company generated total income (excluding income from fair value adjustments) of USD 18.9 million and an operating profit (excluding income from fair value adjustments) of USD 4.5 million during the accounting period ended 30 June 2016.**
- **The envisaged Initial Public Offering (IPO) is expected to consist of primary shares only. The new shares will be offered to existing shareholders and to the market.**
- **Varia plans to use the net proceeds to fund additional real estate acquisitions in the targeted markets and regions in the U.S., to reduce its leverage and for general business purposes.**
- **Varia expects to list in the coming months, subject to market conditions**

Varia is a Swiss based real estate company exclusively investing in U.S. multifamily housing with a main focus on secondary and tertiary markets targeting the low to medium income population. The Company has been established in 2015 to acquire, hold and manage properties in the United States of America in order to secure rental income and value growth. Varia has concluded an asset management agreement with Stoneweg SA, an external asset manager with an experienced investment team and international real estate assets under management amounting to approximately CHF 600 million. The Company benefits from the long-standing expertise of Stoneweg's management in Swiss and international real estate and the proximity to investors as well as its local presence in the United States and its broad network of partners.

Well-performing multifamily property portfolio in growing urban submarkets

The portfolio, with a value of USD 301 million as of 30 June 2016, is focused on assets for the medium and low income population in markets with stable employment and population growth in metropolitan regions. As of 30 June 2016, it consisted of approximately 5,000



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residential units in 14 states in the United States. In the portfolio build-up phase between its incorporation and 30 June 2016, the Company generated total income (excluding income from fair value adjustments) of USD 18.9 million and an operating profit (excluding income from fair value adjustments) of USD 4.5 million.

The Company's investment strategy is based on three pillars. The company acquires properties that allow for value adding measures, including refurbishment, renovation and other operating measures, in order to maximize the rent potential at limited incremental costs and generate value growth. In addition, the Company invests in properties profiting from Low Income Housing Tax Credit ("LIHTC") in order to generate attractive rental profit and realize value growth once these properties have been transitioned to market. The Company also aims at selectively investing in stabilized properties with limited improvement potential, such that it can benefit from secure rental income and value growth in the mid- to long-term.

Highly entrepreneurial Board of Directors with broad experience in real estate and financial services

The Board of Directors consists of Jaume Sabater Martos, Chairman, founding partner and CEO of Stoneweg SA, Taner Alicehic, founder and CEO of Real Estate Investment Solutions SA, Dany Roizman, founder and CEO of BRAINVEST Wealth Management, and Alexandre Leviant, President of the ICD Group.

The Board of Directors will propose Manuel Leuthold, president of the Swiss Federal Social Security Funds (AHV, IV, EO), Dr. Beat Schwab, head of Real Estate Investment Management of Credit Suisse and member of the Board of Directors of Zug Estates Holding and SBB, and Patrick Richard, co-founder and current chairman of the board of Procimmo SA and Head of US Investments for Stoneweg SA, for election to the Board of Directors at the extraordinary General Meeting of 14 November 2016.

Pure player in investing in U.S. multifamily housing

Since its establishment in 2015, Varia has raised approximately CHF 100 million in equity. The Company has focused on value creation with a long-term perspective. Varia considers the following key strengths and market characteristics as basis for future growth:

- Well-performing multifamily property portfolio in the U.S.
- Promising acquisition pipeline in growing urban submarkets
- Solid cash flow generation allowing for distribution to shareholders
- Board of Directors with broad experience in real estate and financial services
- Reputable Swiss asset manager with well experienced investment team: Stoneweg SA
- Investment focus on regions with stable population and job growth
- Shift from home ownership to renting in the U.S. and demand outpacing supply
- Strong rental income growth and low vacancy rates in multifamily housing



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Patrick Richard, designated member of the Board of Directors of Varia US Properties AG and Head of US Investments of Stoneweg SA, comments: “We look forward to broadening the shareholder base of Varia US Properties with an IPO on SIX Swiss Exchange. The increased financial flexibility will allow us to enable the next growth phase of Varia and to secure the sustainable development of our business. We believe that Varia is well structured and positioned to benefit from the main trends we are currently observing in the U.S. multifamily housing market. We plan to use the net proceeds of the IPO to take advantage of interesting acquisition opportunities that we have and are in the course of identifying and to have the financial flexibility by adjusting the leverage ratio depending on the market environment and trends. The IPO will be a major milestone in Varia’s history and I am convinced that it will be beneficial to our existing as well as our new shareholders.”

Tom Buckley, senior analyst of Stoneweg US LLC adds: “The recent development of the U.S. property market creates interesting opportunities. These include the shift from homeownership 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. This will support the business model of Varia US Properties AG.”

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

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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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