

## Media release

Zug, 23 February 2017

### Varia US Properties AG: Fourth Quarter 2016 Highlights

- **Capital increase with CHF 124.7 million new equity raised during the Initial Public Offering (IPO) on the SIX Swiss Exchange on 8 December 2016**
- **Swift deployment of new capital with a first acquisition of Wood Hollow in Dallas (Texas) for USD 28.7 million closed at end of December 2016**
- **Sharp decrease in physical vacancy rate from 5.9% to 4.5%**
- **Net Q4 yield at property level of 8.7%<sup>1</sup>**

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, successfully listed its shares in an Initial Public Offering (IPO) on the SIX Swiss Stock Exchange on 8 December 2016. The Company swiftly started to deploy the newly raised equity. A first deal was closed on 29 December 2016, a 346-units complex called Wood Hollow, close to Dallas Fort Worth Airport, and next door to the planned new headquarters of American Airlines. It was acquired at a price of USD 28.7 million.

The resulting portfolio, as of 31 December 2016, consisted of 38 properties totalizing 5’353 units, representing USD 343 million of real estate value<sup>2</sup>. The first half of 2017 will see the continuing deployment of the equity raised in the Company’s IPO. The Varia team started to secure transactions already in the second half of December 2016. It expects to close those in the upcoming weeks and months, depending on the due diligence outcome. The Company expects having fully deployed newly raised capital by 30 June 2017 at the latest.

### Q4 Portfolio Performance Review

All financial information given in this chapter are preliminary, unaudited figures. The communication of the audited FY 2016 results is scheduled for 26 April 2017 (including the publication of the Varia US Properties Annual Report 2016).

During Q4 2016, effective gross income (EGI) reached USD 10.4 million, a USD 0.2 million increase from Q3 2016. This was the combination of the strong rent growth, the decrease in vacancy, and new acquisitions. Physical vacancy decreased considerably from 5.9% in Q3 2016 to 4.5% 2016.

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<sup>1</sup> Annualized Q4 cash distribution of the property companies divided by the initial equity investment in the property companies.

<sup>2</sup> Unaudited figure based on the reviewed value at June 30 2016, minus the value of the properties sold since then, plus the price of the properties acquired since then.

Total operating expenses as percentage of EGI increased from 48% in Q3 2016 to 50% in Q4 2016. This is the result of the cost of value adding and repositioning efforts in some properties. As a result, the net operating income softened from USD 5.4 million in Q3 2016 to USD 5.2 million in Q4 2016.

Hurricane damage reduced the anticipated cash flow by USD 0.2 million. Two hurricanes hit Florida this season. In September, Hurricane Hermine dropped heavy rainfalls and violent winds on the company's assets in Pensacola and Tallahassee, but with limited material damage. In October, Hurricane Matthew, the most violent hurricane in the region since 2007, caused widespread destruction in Florida and in the Caribbean countries. It had a low impact on Varia's assets. As a result of the increased short term capital expenditure covering for cleanup costs, the total net cash flow decreased to USD 1.94 million in Q4 2016 versus USD 1.96 million in Q3 2016.

<b>Q4 2016 Portfolio Performance Snapshot</b> (preliminary, unaudited figures)	In USD
Effective Gross Income	10.4 million
Total Operating Expenses	5.2 million
Net Operating Income	5.2 million
Total Capital Expenditures	0.9 million
Debt Interest	2.3 million
Ownership Expenses	0.2 million
Net Cash Flow	1.9 million
Net yield at Property level (Q4 annualized) <sup>2</sup>	8.7%

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

### Key dates

Full-year results 2016	26 April 2017
Annual General Meeting and Q1 2017 Trading Update	23 May 2017



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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)

## Disclaimer

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