

PRESENTATION

HALF-YEAR 2018 RESULTS

IMPORTANT NOTICE

This presentation includes forward-looking information and statements, including statements concerning the outlook for our business. These statements are based on current expectations, estimates and projections about the factors that may affect our future performance, including the economic conditions in the property markets relevant to us. These expectations, estimates and projections are generally identifiable by statements containing words such as “expects,” “believes,” “estimates,” “targets,” “plans,” “outlook” or similar expressions.

There are numerous risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from the forward-looking information and statements made in this presentation and which could affect our ability to achieve any or all of our stated targets. The important factors that could cause such differences include, among others:

- business risks associated with the volatile economic environment and political conditions
- costs associated with natural disasters affecting our properties
- changes in governmental regulations
- changes in currency exchange and interest rates, and
- such other factors as may be discussed from time to time in prospectuses

Although we believe that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved. This presentation contains non-GAAP measures of performance. We provide definitions of these measures and reconciliations between these measures and their IFRS counterparts as we believe are appropriate.

AGENDA

AUGUST 30, 2018

Key achievements

Financials HY 2018

Portfolio and pipeline

Outlook



N 00°23'57" E
40.00'

S 86°14'10" E
127.11'

ASPHALTIC SURFACE

LANDSCAPED AREA
TYPICAL PAVING T-20

2 1/2" X 4" ALLUMINUM
PARCEL
4.33 AC
100.00 SQ

2 1/2" X 4" ALLUMINUM
PARCEL
2.00 AC
45.00 SQ

2 1/2" X 4" ALLUMINUM
PARCEL
2.00 AC
45.00 SQ

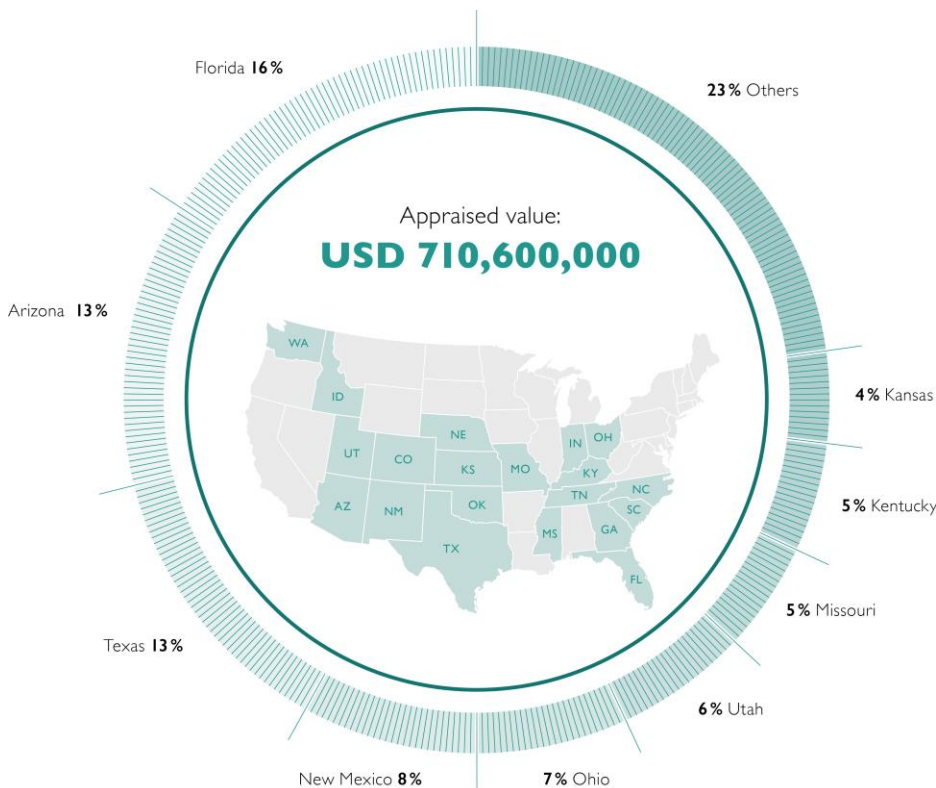
KEY ACHIEVEMENTS

KEY ACHIEVEMENTS HALF-YEAR 2018

- Significant 37% rise in effective gross income to USD 38.9 million (HY 2017: USD 28.4 million)
- Gain from portfolio value adjustment of USD 7.4 million (HY 2017: 14.9 million; - 50.3%)
- Total income up 7.2% to USD 46.4 million (HY 2017: USD 43.3 million)
- Improvement of profitability:
 - Operating profit without revaluation up to USD 16.4 million (HY 2017: USD 10.2 million)
 - Operating margin without revaluation up to 42% (HY 2017: 36%)
- Potential gross income increased to USD 94.3 million, (end of 2017: USD 83.9 million), up 12.4%
- Increasing portfolio: Value of property portfolio tops USD 710.6 million (end of 2017: USD 618.0 million; + 15%) and consists of 50 properties
- Total revenue of a constant portfolio between 30 June 2017 and 30 June 2018 increased by 3.6%
- Earnings per Share of USD 1.38 (HY 2017: USD 1.83 including higher revaluation)
- Distribution of a dividend of CHF 2.50 per share after the 2019 General Annual Meeting confirmed
- NAV per share at USD 35.82 (end of 2017: USD 34.38)
- Sustainable portfolio development secures future income growth
 - Additional equity raised in 2018 fully invested: Acquisition of 6 assets representing 1,838 units with a total acquisition price of USD 132.2 million
 - Two deals to be completed and closed in the ongoing third quarter
- Full completion of Non-Controlling Interest buy out

VARIA US PROPERTIES AT A GLANCE

Geographic breakdown of Varia Properties as of June 30, 2018



- Total value of property portfolio of USD 710.6 million compared to USD 618.0 million at the end of 2017
- 50 assets comprising 9,162 units spread in 20 different States in the US
- 16% of the properties are located in Florida – reduction by 8% compared to the end of 2017. Arizona and Texas are following with a proportion of 13%
- Further diversification of the geographical exposure – some of new acquisitions are located in markets where Varia was not yet present
- Stronger composition of larger assets and assets closer to each other consolidating Varia’s market presence and realizing gains in operational efficiency
- 454 units have been rehabbed as of 30 June 2018 – 33 units ahead of the plan



FINANCIALS HY 2018

HY 2018 KEY FIGURES (1/2)

TOTAL INCOME

HY 2017: USD 43.3 million

USD
million

46.4

EFFECTIVE GROSS INCOME (EGI)

HY 2017: USD 28.4 million

USD
million

38.9

FAIR VALUE PORTFOLIO ADJUSTMENT

HY 2017: USD 14.9 million

USD
million

7.4

OPERATING PROFIT

(including revaluation)
HY 2017: USD 25.1 million

USD
million

23.8

OPERATING PROFIT

(without revaluation)
HY 2017: USD 10.2 million

USD
million

16.4

OPERATING MARGIN

(without revaluation)
HY 2017: 36%

42%

HY 2018 KEY FIGURES (2/2)

NET PROFIT

HY 2017: USD 12.1 million ¹

USD
million

12.2

¹ without Non Controlling interests

EARNINGS PER SHARE

HY 2017: USD 1.83

USD

1.38

NAV PER SHARE

HY 2017: USD 34.03

USD

35.82

CASH-ON-CASH YIELD ANNUALIZED

HY 2017: 10.4%

8.2%²

² not including cash flow from acquisitions made in June 2018

PORTFOLIO RENT GROWTH ³

HY 2017: 47%

37%

³ equals HY current year divided by EGI previous year

REPAIR AND CAPEX ⁴

HY 2017: USD 3.2 million

USD
million

2.5

⁴ excluding Year I Capex

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

In USD million	As of June 30, 2018	As of June 30, 2017
Rental income	35.3	26.2
Other income	3.6	2.1
Net gain from fair value adjustment on invest. property	7.4	14.9
Total income	46.4	43.3
Total operating expenses	22.6	18.2
Operating profit	23.8	25.1
Profit before income tax	15.3	20.4
Profit for the period	12.2	12.1
Profit attributable to:		
Varia US Properties AG shareholders (in USD million)	12.2	12.1
Non-controlling interests (in USD million)	-	2.8
Basic and diluted earnings per share (in USD) calculated on the weighted average number of ordinary shares outstanding	1.38	1.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets in USD million	As of June 30, 2018	As of December 31, 2017
Total current assets	56.6	94.7
Total non-current assets	719.7	573.5
Total assets	776.3	668.2
Liabilities and equity in USD million	As of June 30, 2018	As of December 31, 2017
Total current liabilities	15.6	47.3
Total non-current liabilities	438.3	350.6
Total liabilities	453.8	397.9
Equity attributable to Varia US Properties AG shareholders	322.5	247.6
Non-controlling interest (NCI)	-	22.8
Total equity	322.5	270.4
Total liabilities and equity	776.3	668.2

OPERATING RESULTS (not audited)

In USD million	As of June 30, 2018	As of June 30, 2017
Realized income	38.9	28.4
Total Operating expenses	(21.4)	(14.9)
Net Operating Income	17.5	13.5
Finance cost	(8.3)	(4.7)
Operating results before taxes and exceptional	9.2	8.7
Expensed capex	(1.2)	(1.6)
Exceptional expenses/gain	(0.1)	(1.6)
Realized operating profit	7.9	5.5
Non realized profit	7.4	14.9
Tax provision	(3.1)	(5.4)
Profit attributable to Non-Controlling Interests	-	(2.8)
Profit attributable to Varia	12.2	12.1



Architectural site plan background with a large white 'V' shape overlay. The plan includes various annotations such as 'N 00°23'57" E 40.00'', 'S 86°14'10" E 127.11'', 'N 00°23'57" E 66.93'', 'ASPHALTIC SURFACE', 'LANDSCAPED AREA', '2 1/2 STORY WOOD BLDG', and '2 1/2 STORY WOOD BLDG'. A large white 'V' shape is superimposed over the plan, pointing downwards.

PORTFOLIO AND PIPELINE

PORTFOLIO HY 2018 KEY FIGURES (1/2)

PORTFOLIO VALUE

2017: USD 618.0 million

USD
million

710.6

NUMBER OF PROPERTIES

2017: 50

50

NUMBER OF UNITS

2017: 8,245

9,162

AVERAGE MONTHLY RENT PER UNIT

2017: USD 716

USD

753

LOAN-TO- VALUE

2017: 60.52%

60.51%

POTENTIAL GROSS INCOME ¹

2017: USD 83.9 million

USD
million

94.3

¹ Data appraised by Colliers

PORTFOLIO HY 2018 KEY FIGURES (2/2)

AVERAGE MARKET VALUE PER UNIT

2017: USD 74,950

USD

77,559

OCCUPANCY RATE

2017: 94.3%

93.7%

EFFECTIVE GROSS INCOME ¹

2017: USD 78.1 million

USD
million

87.8

¹ Data appraised by Colliers

ADDING VALUE TO THE PORTFOLIO

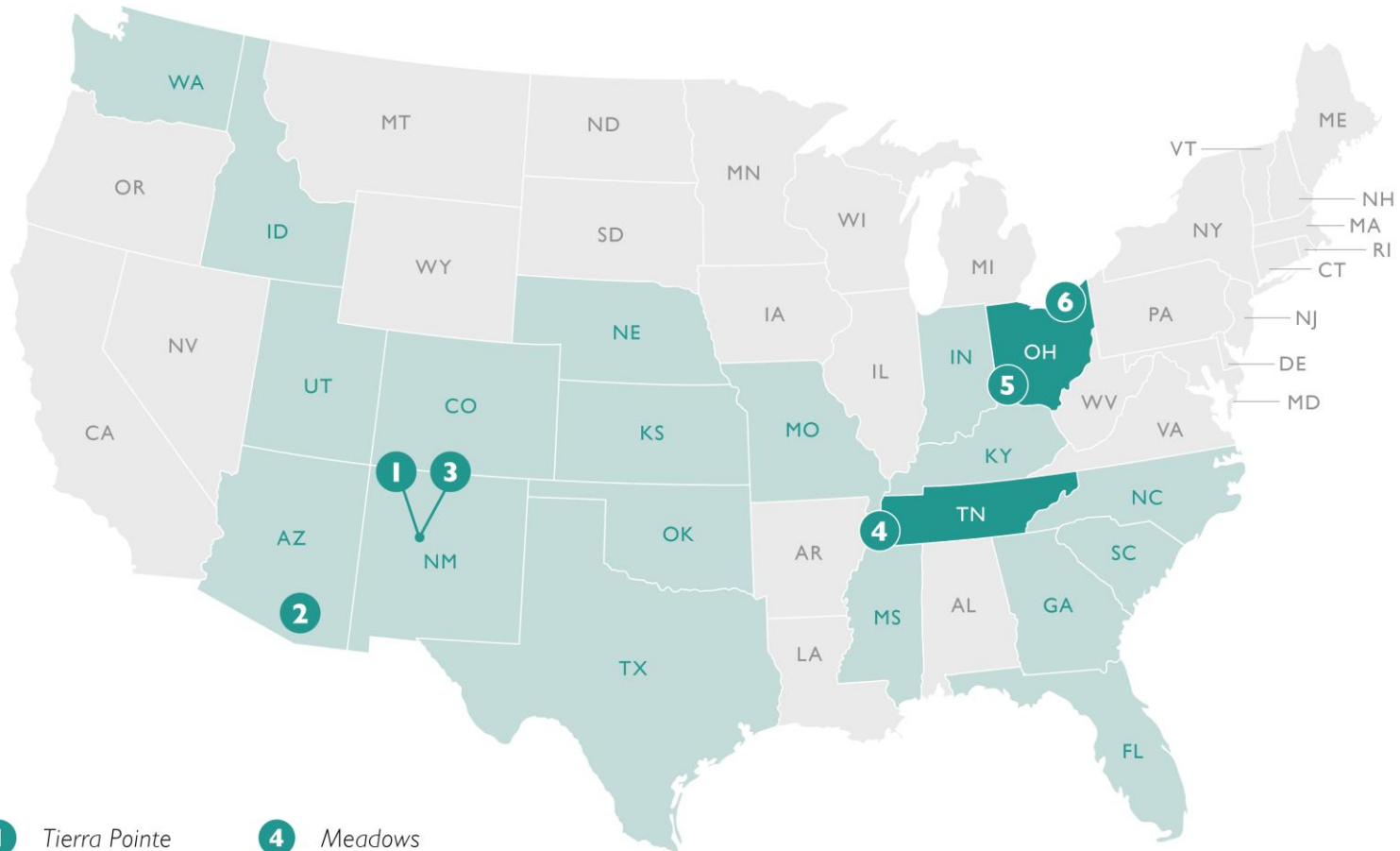
- In the first half-year 2018, a total of 454 units have been rehabbed (compared to the plan of rehabbing 421 units)
- An average rent increase of USD 109 per month has been achieved
- The average rehab cost per unit is USD 4,437
- Average annual ROCE of 29.6%

6 NEW ACQUISITIONS COMMITTED OVER THE PERIOD

Property	Date of Acquisition	City	State	Number of Units	Acquisition Price in USD	Equity invested in USD	Gross Potential Income in USD	Expected Yield over loan duration*
River Oaks	11.01.18	Tucson	Arizona	300	20,500,000	9,500,000	2,560,200	9.40%
Tierra Pointe	17.01.18	Albuquerque	New Mexico	352	26,000,000	10,900,000	3,122,896	9.20%
Cinnamon Tree	08.03.18	Albuquerque	New Mexico	398	21,500,000	9,400,000	3,067,140	9.30%
Meadows	21.03.18	Memphis	Tennessee	200	13,500,000	6,200,000	1,831,900	9.00%
Woodridge	30.05.18	Cincinnati	Ohio	336	23,520,000	10,100,000	3,070,051	9.80%
Village at Mayfield	29.06.18	Cleveland	Ohio	252	27,150,000	15,500,000	3,804,500	9.30%
				1,838	132,170,000	61,600,000	17,456,687	

* Expected cash on cash yield over the duration of the loan

WHERE THE NEW ACQUISITIONS ARE LOCATED



- 1** *Tierra Pointe*
- 2** *River Oaks*
- 3** *Cinnamon Tree*
- 4** *Meadows*
- 5** *Wood Ridge*
- 6** *Mayfield*

● States in which Varia was present as of December 2017
● States where Varia invested in 2018 and had no presence before

6 ACQUISITIONS IN HY 2018 (1/2)



RIVER OAKS

CITY	STATE	ACQUISITION DATE
Tucson	Arizona	January 2018
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
300	212,074 m ²	2,560,200 USD



TIERRA PONTE

CITY	STATE	ACQUISITION DATE
Albuquerque	New Mexico	January 2018
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
352	217,250 m ²	3,122,896 USD



CINNAMON TREE

CITY	STATE	ACQUISITION DATE
Albuquerque	New Mexico	March 2018
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
398	187,426 m ²	3,067,140 USD



MEADOWS

CITY	STATE	ACQUISITION DATE
Memphis	Tennessee	March 2018
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
200	191,200 m ²	1,831,900 USD

6 ACQUISITIONS IN HY 2018 (2/2)



WOODRIDGE

CITY	STATE	ACQUISITION DATE
Cincinnati	Ohio	May 2018
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
336	254,600 m ²	3,070,051 USD



VILLAGE AT MAYFIELD

CITY	STATE	ACQUISITION DATE
Cleveland	Ohio	June 2018
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
252	276,165 m ²	3,804,500 USD

INVESTMENT STRATEGY

THREE INDIVIDUAL INVESTMENT STRATEGIES

- Investment in US multifamily real estate properties situated in strong urban locations in supply-constrained markets
- Mid- to long-term investment perspective through three individual investment strategies:

A: Value-adding strategy	<ul style="list-style-type: none"> → Acquisition, renovation, improvement and stabilizing operations of real estate properties to maximize rent potential and increase long-term value → B and C products: 15-35 years old buildings well maintained allowing to add value through renovations leading to rent increases → Apartments specifically built for the American workforce
B: Transition strategy for rent restricted properties (LIHTC)	<ul style="list-style-type: none"> → Acquisition of properties with rent restrictions in place that are about to expire and enable a transition into the market
C: Strategy for stabilized properties	<ul style="list-style-type: none"> → Acquisition of stabilized properties which generate solid and regular returns



N 00°23'57" E
40.00'

S 86°14'10" E
127.11'

N 00°23'52" E
66.93'

ASPHALTIC SURFACE

LANDSCAPED AREA
LEVEL: 14.8000 TO 15.00

2 1/2 STORY WOOD BLDG
300 W. ALUMINUM STREET
100.00' 30.00'

2 1/2 STORY WOOD BLDG
300 W. ALUMINUM STREET
100.00' 30.00'

OUTLOOK

OUTLOOK 2018

INVESTMENT	<ul style="list-style-type: none"> → Two additional deals in Ohio and Tennessee will be completed and closed in the third quarter 2018 → Further expansion of the portfolio with targeted acquisitions
STRATEGY	<ul style="list-style-type: none"> → Focus on the existing portfolio, especially in terms of renovation → Implementation of planned works, rents increase and returns optimization → Reduce operating expenses to increase Varia's profitability
FINANCIALS	<ul style="list-style-type: none"> → Delivery of solid results in US Dollar by continuing to implement the Company's growth strategy → Further increase of the value of the portfolio with a strong distribution from the properties → Confirmation of distribution of a dividend of CHF 2.50 per share for the business year 2018 to be paid after the 2019 Annual General Meeting → To mitigate the currency volatility risk the Board of Directors follows the current parliamentary works about the modification of the code des obligations, that could allow a conversion of Varia's capital in US Dollar → Consideration of a possible quarterly, instead of a yearly, distribution after the 2019 Annual General Meeting

INFORMATION

INVESTOR INFORMATION

Listing: SIX Swiss Exchange
Currency: USD
Ticker symbol: VARN
ISIN: CH 030 528 529 5
Listing date: December 8, 2016

CONTACT INFORMATION

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FINANCIAL CALENDAR

Full-year results 2018	3 April 2019
Annual General Meeting	30 April 2019



THANK YOU FOR
YOUR ATTENTION