

# PRESENTATION

## HALF-YEAR 2019 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 29, 2019

Key achievements

Financials HY 2019

Portfolio and growth strategy

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 2019

### ■ Key figures

- Total income of USD 66.1 million (HY 2018: USD 46.4 million)
- EBITDA\* of USD 19.4 million (HY 2018: USD 16.4 million)
- Net gain from fair value adjustment on investment property of USD 19.0 million (HY 2018: 7.4 million)
- Total portfolio value of USD 793.7 million (end of 2018: USD 767.5 million)
- Earnings per share of USD 2.47 (HY 2018: USD 1.38)

### ■ Financials

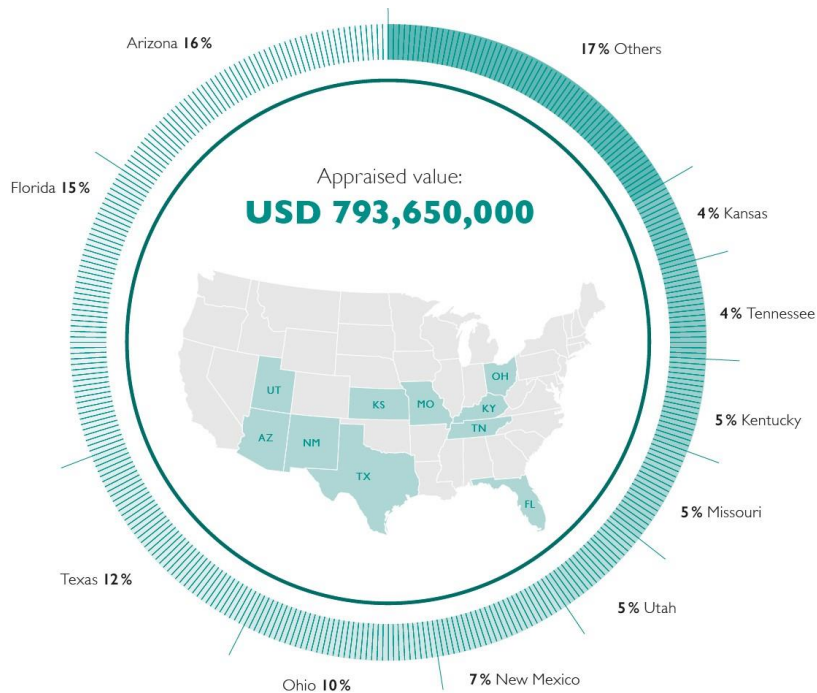
- Issuance of first unsecured corporate bond in the amount of CHF 50 million for a tenure of four years, and a yearly coupon of 3%
- Shareholder approved quarterly distributions of CHF 0.50 per share starting in August 2019
- Further positive financial results in US dollar expected for 2019
- Targeted dividend of CHF 2.60 per share to be paid after Annual General Meeting 2020\*\*

### ■ Green initiative

- Fully execution of water conservation program
- Starting implementation of energy conservation program

# VARIA US PROPERTIES AT A GLANCE

## Geographic breakdown of Varia Properties as of June 30, 2019



- Portfolio value of USD 793.7 million (end of 2018: USD 767.5 million)
- 52 assets
- 9,737 units
- 19 different States in the US
- Geographical diversification:
  - 16% of the properties are located in Arizona
  - Florida and Texas are following with a proportion of 15% respective 12%
- Value-add strategy: 391 units have been rehabbed as of June 30, 2019



## HY 2019 KEY FIGURES (1/2)

### TOTAL INCOME

HY 2018: USD 46.4 million

USD  
million

**66.1**

### EFFECTIVE GROSS INCOME (EGI) <sup>1</sup>

HY 2018: USD 39.0 million

USD  
million

**47.0**

### FAIR VALUE PORTFOLIO ADJUSTMENT

HY 2018: USD 7.4 million

USD  
million

**19.0**

### OPERATING PROFIT

(including revaluation)  
HY 2018: USD 23.8 million

USD  
million

**38.4**

### OPERATING PROFIT

(without revaluation)  
HY 2018: USD 16.4 million

USD  
million

**19.4**

### OPERATING MARGIN

(including revaluation)  
HY 2018: 51.3%

**58.1%**

<sup>1</sup> EGI is defined as total income less unrealized revaluation



## HY 2019 KEY FIGURES (2/2)

### PROFIT FOR THE PERIOD

HY 2018: USD 12.2 million

USD  
million

**22.2**

### EARNINGS PER SHARE

HY 2018: USD 1.38

USD

**2.47**

### NAV PER SHARE

(excluding deferred taxes)  
HY 2018: USD 37.19

USD

**37.61**

### EBITDA<sup>1</sup>

HY 2018: USD 16.4 million

USD  
million

**19.4**

### EBITDA MARGIN

(without revaluation)  
HY 2018: 42.1%

**41.2%**

### NAV PER SHARE<sup>2</sup>

HY 2018: USD 35.82

USD

**35.08**

<sup>1</sup> Operating profit less unrealized revaluation

<sup>2</sup> NAV per share excluding distribution payable is USD 37.13 as of June 30, 2019

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

In USD million (For the six months ended)	June 30, 2019	June 30, 2018
Rental income	42.4	35.3
Other income and insurance proceeds	4.7	3.6
Net gain from fair value adjustment on investment property	19.0	7.4
<b>Total income</b>	<b>66.1</b>	<b>46.4</b>
Total operating expenses	27.7	22.6
<b>Operating profit</b>	<b>38.4</b>	<b>23.8</b>
Net profit before tax	28.0	15.3
<b>Profit for the period</b>	<b>22.2</b>	<b>12.2</b>
Basic and diluted earnings per share (in USD) calculated on the weighted average number of ordinary shares outstanding	2.47	1.38

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>Assets in USD million</b>	<b>As of June 30, 2019</b>	<b>As of December 31, 2018</b>
Total current assets	75.9	47.8
Total non-current assets	804.5	776.7
<b>Total assets</b>	<b>880.4</b>	<b>824.5</b>
<b>Liabilities and equity in USD million</b>	<b>As of June 30, 2019</b>	<b>As of December 31, 2018</b>
Total current liabilities	37.1	17.2
Total non-current liabilities	527.5	472.9
<b>Total liabilities</b>	<b>564.6</b>	<b>490.1</b>
<b>Total equity</b>	<b>315.8</b>	<b>334.3</b>
<b>Total liabilities and equity</b>	<b>880.4</b>	<b>824.5</b>



## PORTFOLIO HY 2019 KEY FIGURES (1/2)

### PORTFOLIO VALUE<sup>1</sup>

2018: USD 767.5 million

USD  
million

**793.7**

### NUMBER OF PROPERTIES

2018: 52

**52**

### NUMBER OF UNITS

2018: 9,737

**9,737**

### AVERAGE MONTHLY RENT PER UNIT

2018: USD 760

USD

**802**

### INTEREST- BEARING DEBT RATIO

2018: 55.2%

**57.4%**

### GROSS POTENTIAL INCOME<sup>1</sup>

2018: USD 101.0 million

USD  
million

**103.3**

<sup>1</sup> Data appraised by Colliers

## PORTFOLIO HY 2019 KEY FIGURES (2/2)

### AVERAGE MARKET VALUE PER UNIT

2018: USD 78,823

USD

**81,509**

### OCCUPANCY RATE

2018: 93.7%

**93.8%**

### EFFECTIVE GROSS INCOME <sup>1</sup>

2018: USD 94.0 million

USD  
million

**96.2**

<sup>1</sup> Data appraised by Colliers

## ADDING VALUE TO THE PORTFOLIO

- In the first half-year 2019, a total of 391 units have been rehabbed

- An average rent increase of USD 74 per month has been achieved

- The average rehab cost per unit is USD 3,202
- Average annual ROCE of 28%

## GREEN INITIATIVE

---

- Varia continued to execute the 2018 started Company-wide green initiative in order to save between 25% and 35% of the water and electricity consumption benefitting residents, investors and the environment
- Water conservation program
  - Full execution of this program in the first six months of the year
  - Water consumption was reduced by USD 149,555 or approximately 18.5 million gallons of water by replacing aerators as well as shower heads and changing toilets
- Energy conservation program
  - Set up and beginning of implementation of this program in the first six months of the year
  - Implementation of a limited LED program in eight properties resulting in a saving of energy costs of USD 64,000 per year
  - The installation of LED products in the eight properties selected should be finalized by end of August



# 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**

- 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)**

- 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**

- Acquisition of stabilized properties which generate solid and regular returns



## OUTLOOK 2019

<p><b>INVESTMENT</b></p>	<ul style="list-style-type: none"> <li>→ Further expansion of the portfolio with targeted acquisitions             <ul style="list-style-type: none"> <li>→ Two additional deals in Missouri and Tennessee closed in August</li> <li>→ A third one in Missouri will be completed and closed in September</li> </ul> </li> <li>→ Divestment of non strategic assets (small, remote and below distribution average)</li> </ul>
<p><b>STRATEGY</b></p>	<ul style="list-style-type: none"> <li>→ Continued consistent implementation of value-add strategy             <ul style="list-style-type: none"> <li>→ Focus on the existing portfolio, especially in terms of renovation</li> <li>→ Implementation of planned works, rents increase and returns optimization</li> <li>→ Reduce operating expenses to increase Varia's profitability</li> <li>→ Further implementation of green initiative throughout the portfolio</li> </ul> </li> </ul>
<p><b>FINANCIALS</b></p>	<ul style="list-style-type: none"> <li>→ Delivery of solid results in US Dollar by continuing to implement the Company's growth strategy</li> <li>→ Further increase of the value of the portfolio with a strong distribution from the properties</li> <li>→ Targeted distribution of a dividend of CHF 2.60* per share for the business year 2019 to be paid after the 2020 Annual General Meeting</li> </ul> <p>* This CHF 2.60 targeted dividend comprise the four installments of CHF 0.50 paid in 2019 and 2020 with a true-up after the next Shareholder meeting.</p>

## 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

Jürg Stähelin, IRF  
Investor Relations / Corporate  
Communications  
Phone: +41 43 244 81 51  
E-mail: [investors@variausproperties.com](mailto:investors@variausproperties.com)

### FINANCIAL CALENDAR

Q3 2019 Update	November 7, 2019
Full-year results 2019	March 26, 2020
Annual General Meeting	April 23, 2020

