

PRESENTATION

FULL-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

MARCH 26, 2020

- Key achievements
- Financials FY 2019
- Portfolio and growth strategy
- Outlook
- Q&A

TODAY'S SPEAKERS

MANUEL LEUTHOLD



- Chairman,
Varia US Properties AG

PATRICK RICHARD



- Executive Member of
the Board of Directors,
Varia US Properties AG
- Head of US Investments
of Stoneweg SA,
the Asset Manager of
Varia US Properties AG



KEY ACHIEVEMENTS

2019 KEY ACHIEVEMENTS

- **PORTFOLIO OVERALL GROWTH AND VALUE-ADD IMPLEMENTATION**
 - Acquisition of 3 promising assets according to the Company's strategy
 - Successful sale of 2 non-strategic assets with a 34.1% respectively 78.9% net IRR
 - More than USD 16 million invested in maintenance and property enhancement projects
 - Issuance of the first unsecured corporate bond in the amount of CHF 50 million

- **KEY FIGURES**
 - Total income of USD 139.5 million (2018: USD 100.8 million)
 - EBITDA of USD 40.9 million (2018: 38.9 million)
 - Earnings per share of USD 4.75 (2018: USD 2.79)
 - Total portfolio value of USD 915.1 million (2018: USD 767.5 million)

- **GREEN INITIATIVE IMPLEMENTATION**
 - Water and energy conservation program
 - Leak detection program and valet trash service
 - Benefit residents, investors and the environment



Architectural drawing background with a large white 'V' shape overlay. The drawing includes various annotations such as 'N 00°23'57" E 40.00'', 'S 86°14'10" E 127.11'', 'ASPHALTIC SURFACE', 'LANDSCAPED AREA', 'EXIST' N ALLUMBIUM PARCEL', 'EXIST' WOOD BLDG', and 'EXIST' WOOD BLDG'. There are also some numerical values like '4.33 AC' and '100.00 SQ FT'.

FINANCIALS FY 2019

2019 KEY FIGURES (1/2)

EFFECTIVE GROSS INCOME

2018: USD 86.0 million

USD million

99.4

FAIR VALUE PORTFOLIO ADJUSTMENT*

2018: USD 14.8 million

USD million

40.0

TOTAL INCOME

2018: USD 100.8 million

USD million

139.5

TOTAL OPERATING EXPENSES

2018: USD 50.2 million

USD million

59.4

REPAIR, MAINTENANCE AND MINOR REPLACEMENTS

2018: USD 5.9 million

USD million

8.2

YEAR I CAPEX INVESTED

2018: USD 11.9 million

USD million

16.8

* Including USD 0.9 million of realized gain on properties sold in 2019.

2019 KEY FIGURES (2/2)

OPERATING PROFIT

2018: USD 50.6 million

USD
million

80.0

PROFIT FOR THE PERIOD

2018: USD 24.9 million

USD
million

42.8

EBITDA

2018: USD 38.9 million

USD
million

40.9

EARNINGS PER SHARE

2018: USD 2.79

USD

4.75

NAV PER SHARE

2018: USD 37.14

USD

37.36

FUNDS FROM OPERATIONS (FFO) (EBITDA LESS INTEREST EXPENSES)

2018: USD 20.9

USD

17.4

PROFIT AND LOSS (CONSOLIDATED)

In USD million	As of December 31, 2019	As of December 31, 2018
Rental income	88.9	76.3
Other income including insurance proceeds	10.5	9.8
Net gain from fair value adjustment (realized)	0.9	3.0
Net gain from fair value adjustment on invest. property	39.1	11.7
Total income	139.5	100.8
Total operating expenses	(59.4)	(50.2)
Operating profit	80.0	50.6
Financing expenses	(24.8)	(18.0)
Profit before income tax	55.3	32.6
Income tax	(12.5)	(7.7)
Profit for the period	42.8	24.9
Profit attributable to:		
Varia US Properties AG shareholders (in USD million)	42.8	24.9
NAV & Earnings per share		
Net asset value (NAV) per share (in USD)	37.36	37.14
Basic and diluted earnings per share (in USD)	4.75	2.79

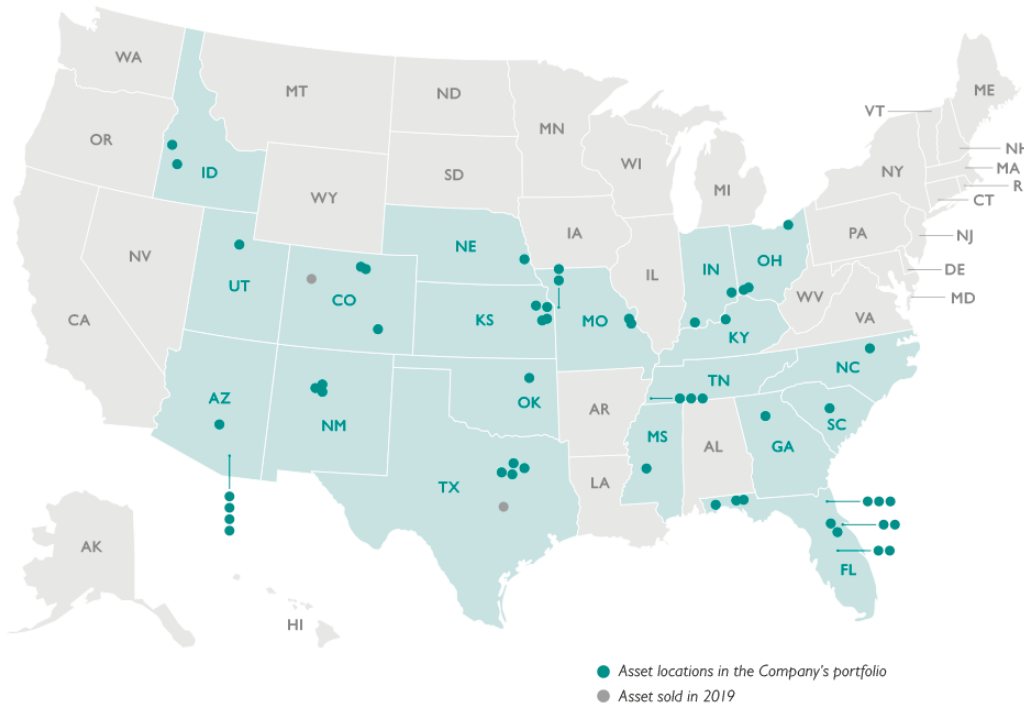
FINANCIAL POSITION (CONSOLIDATED)

Assets in USD million	As of December 31, 2019	As of December 31, 2018
Total current assets	35.3	47.8
Total non-current assets	926.8	776.7
Total assets	962.1	824.5
Liabilities and equity in USD million	As of December 31, 2019	As of December 31, 2018
Total current liabilities	30.5	17.2
Total non-current liabilities	595.3	472.9
Total liabilities	625.8	490.1
Equity attributable to Varia US Properties AG shareholders	336.3	334.3
Total equity	336.3	334.3
Total liabilities and equity	962.1	824.5



PORTFOLIO AND GROWTH STRATEGY

PORTFOLIO DEVELOPMENT IN 2019



- Portfolio value of USD 915.1 million
- 53 assets
- 10,896 units
- 19 different states in the US
- Florida down to 14% (2016: 41%)
- All new properties are located in markets where Varia was already present, thus consolidating its footprint in selected markets
- Larger assets
- Closer to metropolitan areas with a proven value-add strategy

PORTFOLIO 2019 KEY FIGURES

**AVERAGE
MONTHLY
RENT PER UNIT****

2018: USD 760

USD

769

**GROSS
POTENTIAL
INCOME***

2018: USD 101.0 million

USD
million

117.6

**EFFECTIVE GROSS
INCOME***

2018: USD 94.0 million

USD
million

109.2

**AVERAGE MARKET
VALUE PER UNIT**

2018: USD 78,823

USD

83,989

**OCCUPANCY
RATE**

2018: 93.7%

93.8%

**LOAN-TO-
VALUE**

2018: 59.73%

56.68%

* According to Colliers International, appraiser of the Company's investments

** This average does not include the property Brookwood (acquired December 2018)

3 NEW ACQUISITIONS EXECUTED OVER THE PERIOD

Property	Acquisition Date	City	State	Year built	Unit count	Purchase price in USD	Interest rate on loan
Lynnfield Place	August 13, 2019	Memphis	Tennessee	1973	398	34,550,000	3.50%
Eastwood Crossings	August 13, 2019	Kansas	Missouri	1969	455	31,100,000	3.52%
Kings Quarters	September 19, 2019	Kansas	Missouri	1973/1988	408	31,975,000	3.19%
Totals / Average					1261	97,625,000	3.40%

3 NEW ACQUISITIONS EXECUTED OVER THE PERIOD (CONT'D)



EASTWOOD CROSSINGS

CITY	STATE	ACQUISITION DATE
Kansas City	Missouri	August 2019
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
455	42,277 m ²	4,446,300 USD



LYNNFIELD PLACE

CITY	STATE	ACQUISITION DATE
Memphis	Tennessee	August 2019
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
400	43,232 m ²	4,433,560 USD



KINGS QUARTERS

CITY	STATE	ACQUISITION DATE
Kansas City	Missouri	September 2019
NUMBER OF UNITS	NET RENTABLE AREA	GROSS POTENTIAL INCOME
408	34,006 m ²	4,563,720 USD

GREEN INITIATIVE

- Main purpose of this initiative is to reduce water and energy consumption and utilities costs
- This initiative will benefit the residents, the investors and the environment
- To achieve this goal, in 2019, Varia
 - has fully deployed its water conservation program, installing new aerators and shower heads in every unit
 - has started to replace regular bulbs with LED installations on most of its unit renovation activities and in many outdoor and common areas
 - has also started on a leak detection program to repair existing leaks and prevent future ones and to introduce in selected properties a valet trash service

GREEN INITIATIVE (CONT'D)

- The green initiative will be further implemented in the next few years. In 2020, Varia will
 - replace toilets with low flow equipment and install more efficient air conditioning systems
 - test some smart home technologies (control thermostats and lights in the units)
 - focus on irrigation systems to better regulate irrigation
 - extend the waste management program aiming to split recyclable from non-recyclable trash
 - give a big focus on data collection and analysis to better understand what is consumed, where and when in order to improve reporting abilities to all stakeholders



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'', 'LANDSCAPED AREA', and 'ASPHALTIC SURFACE'.

OUTLOOK

THE MARKET IN 2020

- Positive market for multifamily investments and especially for workforce housing

According to CBRE: “Suburban multifamily will continue to outperform in 2020. Buying or building in the suburbs will remain the best bet based on market performance and investment returns. Suburban multifamily will outperform urban, maintaining lower vacancy and achieving higher rent growth.”

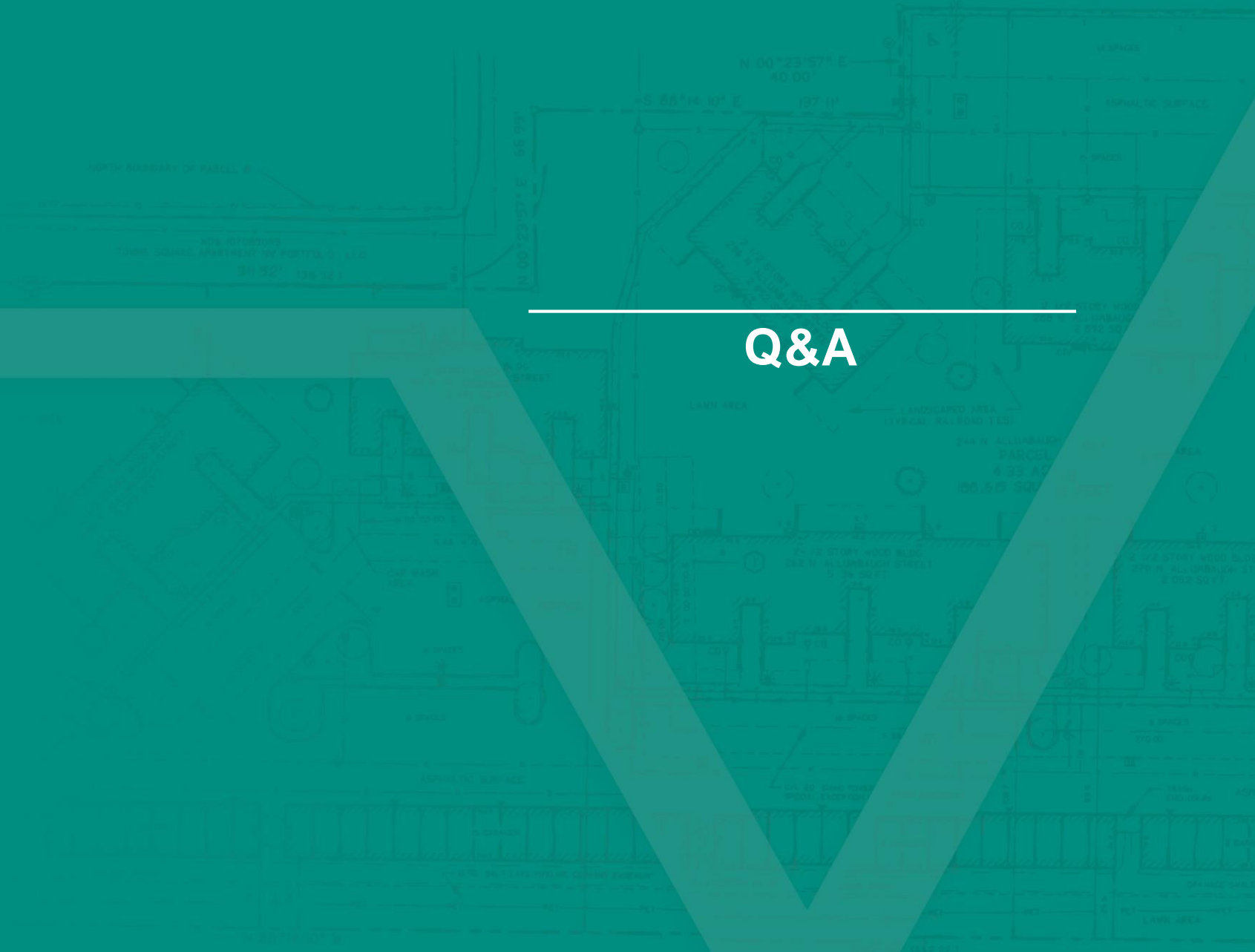
- Many US economists expect interest rates to remain low in 2020, but volatility may appear due to political factors, either on a global scale or on a US scale
- Since the beginning of the year, the US dollar is slightly up. With the spread of the Coronavirus, the dollar has weakened. The Company has implemented an active overlay solution to partially manage the currency risk for its bond. The currency risk for the equity remain unhedged
- The Coronavirus pandemic and the slowdown of the global economy will definitively have an impact on the performance of the Company in 2020. It is too early at that stage to know the severity of this health and economic crisis on the incomes of the Company and on the valuation of its assets. It will significantly depend on the duration of the economic lockdown and the disease

OUTLOOK 2020

<p>MANAGEMENT</p>	<ul style="list-style-type: none"> → Optimization of portfolio management <ul style="list-style-type: none"> → Strive to maintain incomes and to reduce costs at property level during the lockdown period → Focus on maintaining occupancy, increase rent where and when possible and on limiting controllable expenses → Continue to implement the value-add strategy after the downturn → Continue to implement the green initiative throughout the portfolio
<p>PORTFOLIO</p>	<ul style="list-style-type: none"> → Divestment of non-strategic assets (small, remote and below distribution average) → Opportunistic acquisitions in strategic markets → Continued deployment of Year 1 capex (value-add strategy)
<p>FINANCIALS</p>	<ul style="list-style-type: none"> → Possible new capital increase → Delivery of solid results in US dollar → Distribution of CHF 0.50 per share on 12 May 2020 as approved by last Shareholder meeting in April 2019

FINANCIAL CALENDAR

- Annual General Meeting 2020 26 June 2020
- Half-Year Results 2020 27 August 2020



Q&A



APPENDIX

2019 NORMALIZED FIGURES

	2019 in CHF	2018 in CHF	Change in CHF	Change in %
Operating profit (Incl: Revaluation)	80,039,714	50,605,530		
Adjustments				
Net gain from fair value adjustment on investment property	(40,047,261)	(14,745,594)		
Realized gain/(loss)	857,141	3,005,035		
EBITDA (Operating Profit less unrealized revaluation)	40,849,594	38,864,971	1,984,623	5.1
EBITDA MARGIN (EBITDA/(Total income – unrealized gains))	40.8%	43.6%		
Adjustments				
Insurance proceeds	(735,522)	(1,754,486)		
Normalized EBITDA	40,114,072	37,110,485	3,003,587	8.1
Normalized EBITDA margin	40.0%	41.3%		
EBITDA (Operating Profit less unrealized revaluation)	40,849,594	38,864,971		
Adjustments				
Interest Expense	(23,399,843)	(17,989,436)		
Funds from Operations (FFO)	17,449,751	20,875,535	-3,425,784	-16.4
Adjustments				
Amortization of Debt Issuance costs & Defeasance	2,033,487	558,563		
Insurance proceeds	(735,522)	(1,754,486)		
Other – non cash Items	596,048	183,000		
Normalized FFO	19,343,764	19,862,612	-518,848	-2.6

SUMMARY

COMPANY

- Well-performing multifamily property portfolio in the U.S.
- Promising acquisition pipeline in growing urban submarkets
- Cash flow optimization through attractive financing and rehabilitation as well as solid cash flow generation allowing for high distribution to shareholders

PEOPLE

- Board of Directors with broad experience in real estate and financial services
- Reputable Swiss asset manager optimizing performance with tailored investment strategies

MARKET

- Investment focus on B and C properties, in low to moderate income neighborhoods located in greater metro areas with increasing populations and job growth
- Shift from home ownership to renting in the U.S. with demand for rented properties outpacing supply
- Strong rental income growth and low vacancy rates in multifamily housing