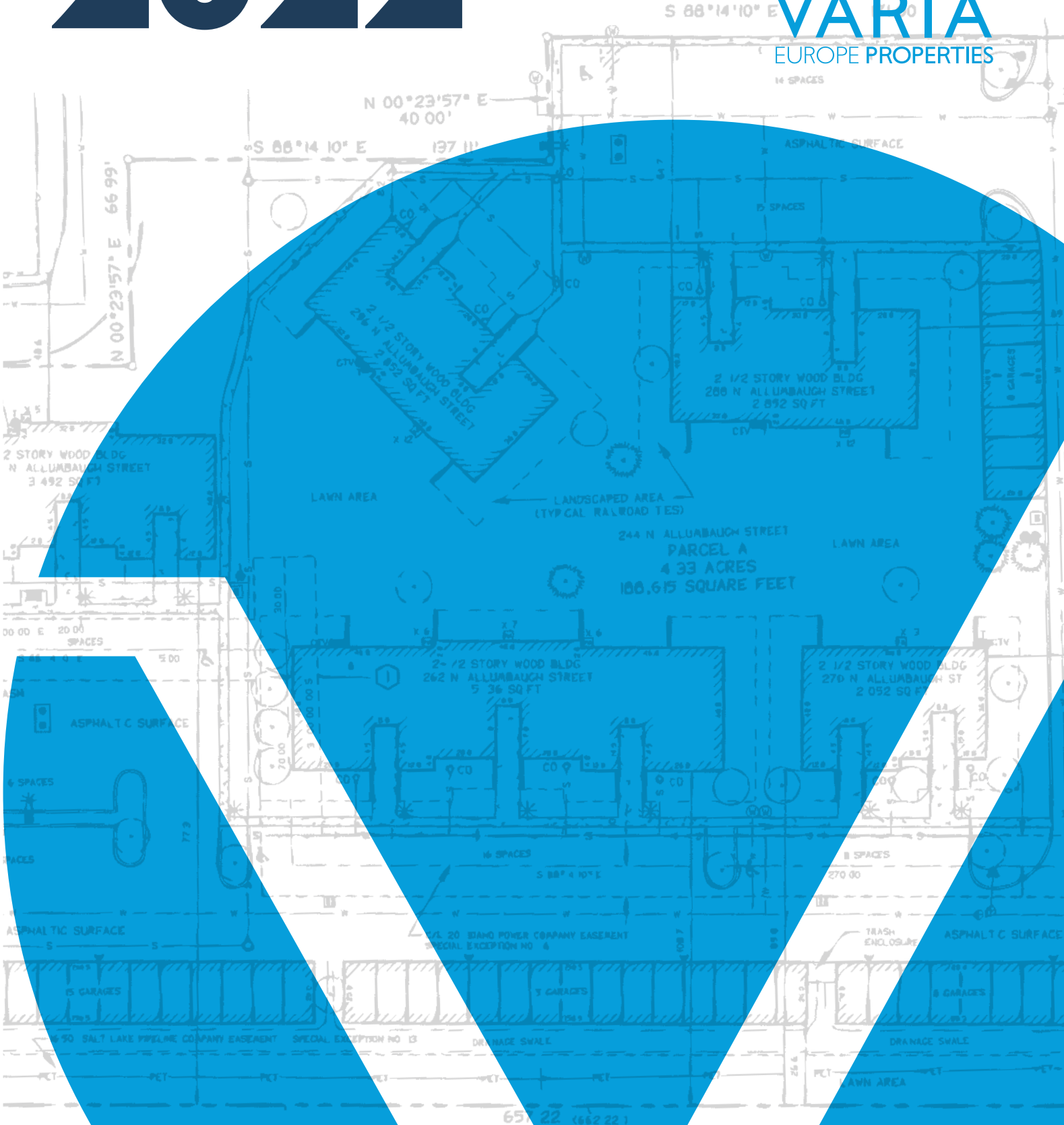


ANNUAL REPORT 2022



VARIA
EUROPE PROPERTIES





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COMPANY PORTRAIT

COMPANY PORTRAIT

- Varia Europe Properties AG (“Varia Europe”) is a Swiss based company tailoring investment strategies to the European real estate market. The investment approach is to build a portfolio of real estate and real estate backed assets, with a focus on Italy, Spain, Ireland and Denmark.
- The Company is managed by a Board of Directors with strong experience within international real estate markets and our strategies are backed by the knowledge and expertise of Stoneweg Asset Management SA (“Stoneweg”), the advisor of the Company and asset manager of the underlying investments.
- Our ambition is to maintain best in class asset allocation by establishing a diversified pool of real estate and real estate backed investment assets which are expected to provide steady capital value growth and income potential. We have a purely bottom-up approach to project selection.
- Through our dedicated Luxembourg compartment, VSO Europe Properties, Varia Europe invests into income generating value-added properties, real estate assets in distressed situations, bridge financing backed by real estate assets and the development of residential properties in key urban centers.
- With dedicated teams in our core markets of Italy, Spain and Ireland, Stoneweg is responsible for sourcing and securing the opportunities in which we invest and managing these through the entire investment lifecycle, including active asset management and subsequent disposal.

PORTFOLIO SUMMARY

as at December 31, 2022

PORTFOLIO VALUE

December 2021: EUR 41.1 million

EUR million

30.3

NUMBER OF PROJECTS

December 2021: 20

19

NUMBER OF EXITS

December 2021: 4

1

CAPITAL / INCOME ALLOCATION

December 2021: 57% Capital / 43% Income

Capital

63%

Income

37%

COUNTRY ALLOCATION

December 2021: 65% Spain / 25% Italy / 5% Ireland / 5% Denmark

Spain

55%

Italy

33%

Ireland

6%

Denmark

6%

BRIDGE LOAN/NPL ALLOCATION

December 2021: 25%

33%

INCOME ASSETS ALLOCATION

December 2021: 4%

6%

DEVELOPMENT ALLOCATION

December 2021: 46%

29%

VALUE ADD ALLOCATION

December 2021: 24%

32%

SUMMARY PAGE OF KEY FIGURES

RESULTS (For the year ended December 31)	Unit	December 2022	December 2021	Change
Interests income on investments	EUR mio	2.3	2.0	19%
Gain on redemption of notes	EUR mio	–	–	–
Loss on redemption of notes	EUR mio	–0.6	–	–
Net Unrealized loss on revaluation of investments	EUR mio	–2.1	–1.8	–17%
Total (Losses) Revenues	EUR mio	–0.4	0.2	–318%
General and administrative expenses	EUR mio	–0.5	–0.6	–7%
Operating loss incl. Revaluation	EUR mio	–0.9	–0.4	–116%
Operating Loss Margin	%	–250%	–252%	1%
EBITDA (Operating Profit less unrealized revaluation)	EUR mio	1.2	1.4	–12%
Loss Before Income taxes	EUR mio	–0.7	–0.4	–89%
Net Loss for the year	EUR mio	–1.2	–0.1	–900%
Earnings brought forward	EUR mio	1.7	1.8	–6%
Retained earnings	EUR mio	0.5	1.7	–68%

8

BALANCE SHEET (As of December 31)	Unit	December 2022	December 2021	Change
Total Assets	EUR mio	30.7	42.2	–27%
Equity	EUR mio	30.2	41.9	–28%
Equity Ratio	%	98%	99%	–1%

PORTFOLIO (As of December 31)	Unit	December 2022	December 2021	Change
Projects		19	20	–1
Number of exits		1	4	–3
Portfolio Value	EUR mio	30.3	41.1	–26%

SHARE INFORMATION (As of December 31)	Unit	December 2022	December 2021	Change
Share Price	CHF/ share	1.1	1.8	–41%
Number of shares		28,512,619	28,512,619	0%
Market capitalization	CHF mio	29.9	50.9	–41%
Earnings per share (EPS)	EUR / share	–0.041	–0.004	–900%
Distribution paid during the year	CHF / share	0.35	0.05	600%
Distribution paid during the year	EUR mio	10.6	1.4	654%
Distribution Yield on NAV	%	25.2%	3.2%	644%
Distribution Yield on Share Price	%	33.3%	2.8%	1090%
NAV	EUR / share	1.06	1.47	–28%





SHAREHOLDER LETTER

DEAR SHAREHOLDERS,

It is with great pleasure that we present to you the 2022 Annual Report for Varia Europe Properties AG (Varia Europe).

The Board of Directors of Varia Europe Properties AG ("The Company" or "Varia Europe") is pleased to present to its investors the year end results for 2022. The Company generated a total loss of EUR 0.35 million (EUR 0.16 million total revenue in 2021) and has retained earnings of EUR 0.54 million as at December 31 2022 (December 2021: EUR 1.70 million).

From an investment perspective, we believe the strength of the portfolio lies the diversification of its assets, whether from a geographic, sectorial or income point of view.

PORTFOLIO

Starting the year with 20 underlying investments, in 2022 the Company exited one asset bringing the total invested portfolio to 19 projects by year end.

During the year 2022, PRS project was exited with attractive returns. The sale of the position allowed two distributions: EUR 3.45 million were paid on July 15, 2022 and EUR 3.30 million were paid in February 2023, as we publish this report, generating a 7.0% IRR and 1.20x multiple.

In addition, Iberia Income I position was exited in 2023, as we publish this report, generating a 3.7% IRR and 1.10x multiple.

Overall, all the projects exited so far generate a cumulated 6.9% IRR and a 1.16x multiple.

During the year 2022, sales of underlying projects allowed Spanish Phoenix CAT and Spanish Phoenix II positions to distribute EUR 3.16 million (58% of the cumulated initial investment). In addition, Skyline distributed EUR 32% of its initial investment following the refinancing of its underlying projects. Varia Ireland distributed EUR 0.26 million (17% of initial investment) following underlying asset reimbursement. Finally, Niccolini distributed EUR 0.28 million following unit's sales. The position has repaid its initial investment during the year and is expected to be fully exited in 2023.

The allocation to the Bridge Loan/ NPL strategy increased to 33% (25% in 2021) and Income Assets increased from 4% to 6% while Development projects decreased from 46% to 29%. Finally, exposure to Value Added assets increased from 24% to 32% in 2022.

By year end the portfolio has allocated approximately 55% in Spain, 33% in Italy, 6% in Ireland and 6% in Denmark (65% in Spain, 25% in Italy, 5% in Ireland and 5% in Denmark in December 2021).

PERFORMANCE

Varia Europe recorded a total loss of EUR 0.35 million in 2022 (EUR 0.16 million total revenue in 2021) including the impact of an unrealized loss of EUR 2.10 million. On the other hand, general and administrative expenses decreased to EUR 0.53 million in 2022 (EUR 0.57 million in 2021) leading to an operating loss of EUR 0.88 million in 2022 (EUR 0.41 million in 2021).



The total net loss of the year 2022 is EUR 1.16 million (EUR 0.12 million in 2021), resulting in an decrease on the earning per shares from –0.004 in 2021 to –0.041 during 2022.

The NAV per share of the company decreased at EUR 1.06/shares in December 2022 (EUR 1.47/shares as at December 2021). The underlying portfolio value decreased to EUR 30.3 million (–26% during 2022).

The variation in the NAV/share to EUR 1.06/share can be explained due to several factors including:

- Distribution in September 2022 of CHF 10.0 million (EUR 10.6 million).
- Fair value adjustments on the following investments impacting the overall portfolio's performance:
 - Gran Turia: this shopping mall suffered a downward revaluation. As the asset was highly impacted by its situation during COVID, local asset management teams are currently working out a tenant strategy to improve the attractiveness of the asset to retail-tenants and is implementing tenant improvements.
 - Vittoria: The asset's valuation decreased as the initial agreed selling offer with Hines was revised downward. The team is currently exploring alternative exits for the position with the objective to complete a sale during 2023 that still achieves the envisaged returns.
 - Varia Ireland: Ireland's planning system, which allocates planning permission for developments, is experiencing significant delays in processing applications and validating submissions. This is due to a combination of staff shortages alongside increased volumes of applications. The delays are impacting the performance of some of the underlying projects.

Total shareholder equity of the Company stood at EUR 30,198,389 and voluntary retained earnings of EUR 0.54 million recorded under the Swiss GAAP FER. The average ordinary shares outstanding was 28,512,619 for the period.

Being registered and domiciled in Switzerland, the reference currency for the Company is the Swiss franc (CHF), while the operational and investment currency is the Euro (EUR), based on the jurisdictions in which the Company invests (namely Spain, Italy, Ireland and Denmark). This difference in currency, between the Company level and underlying investments, leaves open currency risk, including currency fluctuations which may be affecting on a positive or negative way the performance of the portfolio.

During the period, there was a positive EUR / CHF currency impact on the performance of the portfolio based on the depreciation of the EUR against CHF; the currency moved from 1.0331 (December 2021) to 0.9847 (December 2022), or equivalent of –4.68% during the period.

In summary, during the year 2022, the Company worked on the stabilization of its current portfolio.. This strategic decision remains in line with the goal to keep providing risk adjusted returns through stable income generating assets and capital gain upsides driven by development and value-added strategies. The Company proved a durable track record with the investments executed and exited with attractive results. The consolidated performances on the exited assets exhibit a realized IRR of 6.9% and a realized multiple of 1.16x. We expect during 2023 onward to exit and collect distributions from several investments currently in the portfolio with positive results.

Sincerely yours,



Taner Alicehic
Chairman & Executive Member





MANAGEMENT REPORT

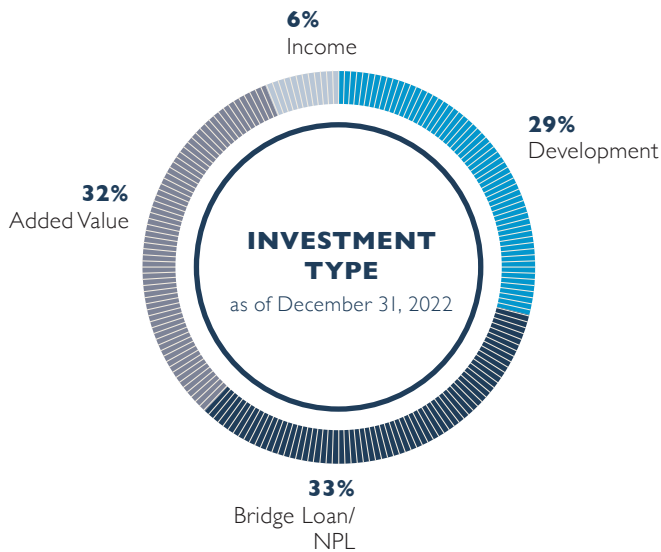
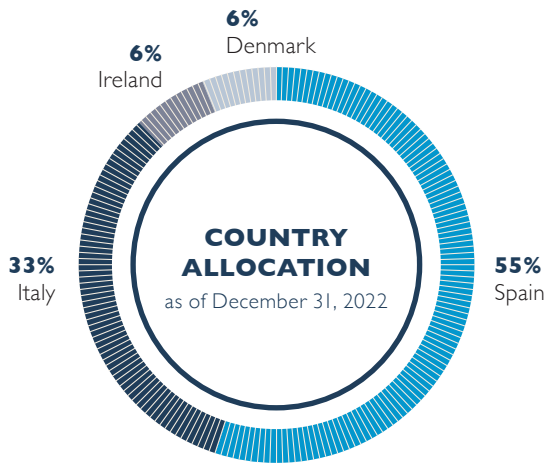
PORTFOLIO OVERVIEW

A BREAKDOWN OF THE PORTFOLIO AS OF DECEMBER 31, 2022

During the year 2022, the company decreased in size with total shareholder equity value moving from EUR 41.9 million to EUR 30.2 million with the total number of projects decreasing from 20 to 19.

The portfolio's income/capital allocation moved from 57% capital and 43% income based as of December 31, 2021 to 63% capital and 37% income based opportunities as of December 31, 2022. The country allocation moved from 65% Spain, 25% Italy, 5% Ireland as of December 31, 2021 to 55% Spain and 33% Italy, 6% Ireland and 6% Denmark as of December 31, 2022.

Within the four principal strategies, the allocation to the Bridge Loan/ NPL strategy increased from 25% as of December 2021 to 33% as of December 2022 and Income Assets increased from 4% to 6% while Development projects decreased from 46% to 29%. Finally, exposure to Value Added assets increased from 24% to 32% in 2022.



PORTFOLIO ALLOCATION DECEMBER 31, 2022

Varia Europe	Geography	Strategy	Return Strategy	Sector	Investment Date	
Development Strategy						
Sp. Phoenix CAT	Spain	Development	Capital	Residential	Q1 2018	
Sp. Phoenix II	Spain	Development	Capital	Residential	Q1 2018	
Varia Ireland	Ireland	Development	Capital	Residential	Q3 2020	
Compagnoni	Italy	Development	Capital	Residential	Q1 2018	
Skyline	Spain	Development	Capital	Residential	Q4 2018	
Niccolini (Milan)	Italy	Development	Capital	Residential	Q4 2018	
Added Value Strategy						
Vittoria	Italy	Added Value	Income	Mixed Use	Q2 2019	
Gran Turia	Spain	Added Value	Capital	Retail	Q4 2019	
Minor	Spain	Added Value	Capital	Hospitality	Q3 2020	
VIGA	Denmark	Added Value	Capital	Residential	Q1 2021	
Bridge Loan Strategy						
Ib. Income Opp. III	Spain	Bridge Loan	Income	Mixed: Commercial, Residential	Q1 2020	
Calvino	Italy	Bridge Loan	Income	Residential	Q1 2020	
Ib. Income Opp. I	Spain	Bridge Loan	Income	Mixed: Commercial, Residential	Q1 2018	
Ib. Income Opp. II	Spain	Bridge Loan	Income	Mixed: Commercial, Residential	Q4 2018	
Blackglan	Ireland	Bridge Loan	Capital	Residential	Q4 2020	
Barigello (VSO XXIX)	Italy	Bridge Loan	Income	Residential	Q4 2018	
Income Strategy						
Preziosi	Italy	Income	Income	Office	Q1 2018	
NPL Strategy						
Medio (VSO XX)	Italy	NPL	Income	Mixed: Office, Hospitality, Residential	Q4 2017	
DELA (VSO VII)	Italy	NPL	Capital	Office	Q3 2017	

	Maturity Date	Target IRR	% Effective Allocation	Ownership ¹	Varia Ownership ²
			28.6%		
	Q1 2024	4%–5%	12.3%	15.5%	5.8%
	Q1 2024	3%–4%	4.2%	9.8%	3.2%
	Q2 2024	10%–15%	4.6%	6.6%	6.6%
	Q4 2023	10%–12%	3.9%	18.1%	9.1%
	Q1 2024	6%–9%	3.6%	5.2%	1.3%
	Q2 2023	12%	0.0%	3.0%	1.4%
			32.1%		
	Q2 2024	5%–7%	11.9%	15.2%	4.6%
	Q4 2024	0%–5%	9.1%	46.4%	46.4%
	Q1 2023	7%	5.5%	14.1%	7.0%
	Q4 2024	10%–15%	5.6%	75.0%	1.5%
			30.7%		
	Q4 2025	10%–12%	15.5%	10.5%	10.5%
	Q1 2024	5%–10%	7.3%	35.9%	35.9%
	Q1 2023	4%	2.4%	2.1%	2.1%
	Q4 2023	0%–5%	2.4%	0.6%	0.6%
	Q4 2023	5%–10%	1.8%	5.8%	5.8%
	Q1 2024	5%–8%	1.3%	9.1%	9.1%
			5.8%		
	Q4 2023	5%–6%	5.8%	26.5%	13.2%
			2.7%		
	Q4 2023	5%	2.0%	2.0%	0.6%
	Q3 2024	10%	0.7%	9.7%	3.8%

¹ on number of notes owned by Varia Structured Opportunities compartments
² on total number of notes of the project

PORTFOLIO PROJECTS¹

SPANISH PHOENIX II

Investment Overview

Strategy	Development
Location	Spain
Sector	Residential
Investment Date	Q1 2018
Maturity Expected	Q1 2024
Number of Projects	5
Program Size	€ 130 million
Varia Structured Opportunities compartments ownership	9.8%
Target IRR	3% – 4%

Summary Update

- Construction is progressing well for the project under development, and we are anticipating exits of all projects within Q3 2023.
- As of today, 67% of the initial subscribed capital was distributed. Next distribution is expected in Q3 2023, driven by further sales on Skyline, the Badalona projects and the delivery of Cosmetoda.

SPANISH PHOENIX CAT

Investment Overview

Strategy	Development
Location	Spain
Sector	Residential
Investment Date	Q1 2018
Maturity Expected	Q1 2024
Number of Projects	4
Program Size	€ 85 million
Varia Structured Opportunities compartments ownership	15.5%
Target IRR	4% – 5%

Summary Update

- Construction is progressing well for the project under development, and we are anticipating exits of all projects within Q3 2023.
- As of today, 28% of the initial subscribed capital was distributed. More proceeds will be collected in the coming months through the handover of the sold units. Depending on the sale pace, we are anticipating an additional distribution within Q2 2023.

VARIA IRELAND

Investment Overview

Strategy	Development
Location	Ireland
Sector	Residential
Investment Date	Q3 2020
Maturity Expected	Q2 2024
Number of Projects	6
Program Size	€ 22 million
Varia Structured Opportunities compartments ownership	6.6%
Target IRR	10% – 15%

Summary Update

- Full handover of Galway project (15% of portfolio) is expected during Q2 2023 as construction work is finalized. Almost 25% of the portfolio are projects with a development strategy (3 projects) while 60% (2 projects) are pending for building permit authorization before commercialization.
- Irish planning system experiences long delays due to backlog and statutory timelines are not being adhered to. This is due to a combination of staff shortages alongside increased volumes of applications. The delays are impacting the performance of some of the underlying projects.
- As we publish this report, almost 26% of the initial subscribed capital was distributed. We expect to collect more proceeds during 2023.

PROJECT COMPAGNONI

Investment Overview

Strategy	Development
Location	Italy
Sector	Residential
Investment Date	Q1 2018
Maturity Expected	Q4 2023
Number of Projects	1
Acquisition Price	€ 11 million
Varia Structured Opportunities compartments ownership	18.1%
Target IRR	10% – 12%

Summary Update

- Construction is still ongoing and has been slightly delayed due to Covid and Ukraine conflict. The development shall be finalized in nine months. Approximately EUR 8.7 million shall be invested to finalize it with an expected exit by December 2023.

PROJECT SKYLINE

Investment Overview

Strategy	Development
Location	Spain
Sector	Residential
Investment Date	Q4 2018
Maturity Expected	Q1 2024
Number of Projects	2
Total Investment	€ 229 million
Varia Structured Opportunities compartments ownership	5.2%
Target IRR	6% – 9%

Summary Update

- The handover of tower to PRS strategy allowed a redemption in November 2022 and January 2023 (45% of invested Capital).
- Redemptions linked to the handover of pre-sold units from the retail tower are expected in Q1–Q2 2023. This represents 35% of the capital invested meaning a cumulated 70% of total invested capital.

PROJECT NICCOLINI

Investment Overview

Strategy	Development
Location	Italy
Sector	Residential
Investment Date	Q4 2018
Maturity Expected	Q2 2023
Number of Units	73
Total Investment	€ 33 million
Varia Structured Opportunities compartments ownership	3%
Target IRR	12%

Summary Update

- The project already repaid the equity invested at 114% linked to unit's sales. We expect the project to be fully exited by June 2023.

PROJECT VITTORIA

Investment Overview

Strategy	Added Value
Location	Italy
Sector	Mixed Use
Investment Date	Q2 2019
Maturity Expected	Q2 2024
Number of Projects	1
Total Investment Outflows	€ 115 million
Varia Structured Opportunities compartments ownership	15.2%
Target IRR	5% – 7%

Summary Update

- A preliminary SPA had been signed with Hines in December 2020 on the Residential, Office, Retail and Gym at EUR 134 million.
- The resolution of the last condition precedents was finally obtained in February 2023. At this moment, Hines came back indicating that they could no longer justify a transaction at the initial agreed pricing and proposed a reduction to EUR 115 million.
- The reduced pricing was not accepted and the team is currently exploring alternative exits for the position with the objective to complete a sale during 2023 that still achieves the envisaged returns.

PROJECT GRAN TURIA

Investment Overview

Strategy	Added Value
Location	Spain
Sector	Retail
Investment Date	Q4 2019
Maturity Expected	Q4 2024
Number of Projects	1
Acquisition Price	€ 5 million
Varia Structured Opportunities compartments ownership	46.4%
Target IRR	0% – 5%

Summary Update

- The project was put on hold after the acquisition in January 2020 given the pandemic impact. In July 2021 the repositioning was kicked off, envisioning a refurbishment and a leasing strategy focused on implementing a leisure component. Construction works were successfully completed in June 2022 with very positive feedback received from both tenants and visitors.
- In view of the current market environment, we are reviewing the Business Plan to assess an exit in 2024 once the asset is stabilized.

PROJECT MINOR

Investment Overview

Strategy	Added Value
Location	Spain
Sector	Hospitality
Investment Date	Q3 2020
Maturity Expected	Q1 2023
Total Keys	467
Total Investment	€ 41 million
Varia Structured Opportunities compartments ownership	14.1%
Target IRR	7%

Summary Update

- As we publish this report, the position was exited in February 2023 through a buyout transaction to a Pan-European Hospitality strategy generating an IRR of 7% with a 1.19x multiple.

PROJECT VIGA

Investment Overview

Strategy	Added Value
Location	Denmark
Sector	Residential
Investment Date	Q1 2021
Maturity Expected	Q4 2024
Number of Projects	19
Current Total Capital Commitment	€ 106 million
Varia Structured Opportunities compartments ownership	75%
Target IRR	10% – 15%

Summary Update

- VIGA RE A/S is a core/core+ real estate vehicle with a focus on residential properties in the Copenhagen area.
- Current Portfolio Value Target of EUR 259 million.
- Target leverage up to 70%.
- Target Exit: realise Value creation opportunities once a certain portfolio size is reached due to higher attractiveness for large institutional and international investors.
- The objective for Viga is to grow the portfolio value to EUR 500 million in the short term and EUR 1 billion+ in the long term. To achieve these targets Viga is working towards a new potential capital increase in Q2 2023.

IBERIA INCOME OPPORTUNITIES III

Investment Overview

Strategy	Bridge Loan
Location	Spain
Sector	Mixed: Commercial, Residential
Investment Date	Q1 2020
Maturity Expected	Q4 2025
Number of Loans	12
Current Total Commitment	€ 66 million
Varia Structured Opportunities compartments ownership	10.5%
Target IRR	10% – 12%

Summary Update

- The performance for Q4 2022 was +1.2%. A provision has been booked on Burgos for EUR 0.21 million, impacting negatively the performance by –0.4%. Provisions are implemented when nominal and accrued interests exceed 90% LTV on the last collateral valuations.
- We expect first distributions from the strategy starting in May 2023 linked with the repayment of one loan's (Hotel Plaza) nominal and interests.

IBERIA INCOME OPPORTUNITIES II

Investment Overview

Strategy	Bridge Loan
Location	Spain
Sector	Mixed: Commercial, Residential
Investment Date	Q4 2018
Maturity Expected	Q4 2023
Number of Loans	15
Current Total Commitment	€ 104 million
Varia Structured Opportunities compartments ownership	0.6%
Target IRR	0% – 5%

Summary Update

- In order to promote the best possible asset recovery strategy for the loans in a workout situation, the fund was extended by 12 months with a new maturity expected for the 31.12.2023. Stoneweg teams are exploring different alternatives such as secondary sales of the loans as well as partnership to favor a full exit of the portfolio during this extension.

Risk Overview	# of loans	Gross IRR	Status
Blended Portfolio	34	TBC	Expected
Reimbursed Loans	19	11.45%	Realized
Risk on Interest	8	TBC	Expected
Risk on Nominal	4	TBC	Expected
No risk on Nominal nor interests	3	TBC	Expected

IBERIA INCOME OPPORTUNITIES I

Investment Overview

Strategy	Bridge Loan
Location	Spain
Sector	Mixed: Commercial, Residential
Investment Date	Q1 2018
Maturity Expected	Q4 2023
Number of Loans	26
Current Total Commitment	€ 66 million
Varia Structured Opportunities compartments ownership	2.1%
Target IRR	4%

Summary Update

- As we publish this report, Iberia Income I position was exited in January 2023, generating an IRR of 3.7% with a 1.10x multiple.

PROJECT CALVINO

Investment Overview

Strategy	Bridge Loan
Location	Italy
Sector	Residential
Investment Date	Q1 2020
Maturity Expected	Q1 2024
Number of Loans	1
Varia Structured Opportunities compartments ownership	35.9%
Target IRR	5% – 10%

Summary Update

- The final distribution is expected by August 2023 as the underlying structure was revised to avoid potential withholding tax triggering.

PROJECT BLACKGLEN

Investment Overview

Strategy	Bridge Loan
Location	Ireland
Sector	Residential
Investment Date	Q4 2020
Maturity Expected	Q4 2023
Number of Projects	1
Varia Structured Opportunities compartments ownership	5.8%
Target IRR	5% – 10%

Summary Update

- Construction planning is pending from authorities' approval.
- Expected exit by end of year 2023.

PROJECT BARIGELLO (VSO XXIX)

Investment Overview

Strategy	Bridge Loan
Location	Italy
Sector	Residential
Investment Date	Q4 2018
Maturity Expected	Q1 2024
Number of Projects	1
Varia Structured Opportunities compartments ownership	9.1%
Target IRR	5% – 8%

Summary Update

- A change of the administrator of the company which owns the asset is being implemented to focus on the exit of the asset as it would be more efficient than entering a foreclosure process.

PROJECT PREZIOSI

Investment Overview

Strategy	Income
Location	Italy
Sector	Office
Investment Date	Q1 2018
Maturity Expected	Q4 2023
Number of Projects	2
Acquisition Price	€ 23.4 million
Varia Structured Opportunities compartments ownership	26.5%
Target IRR	5% – 6%

Summary Update

- Part of office surfaces vacated by ABB anchor tenant are still vacant for 17% of the total surfaces (2 floors). ABB has a remaining WAULT of more than 11 years with a break option in 2027.
- Brokers to be selected amongst various advisors to launch disposal process targeting an exit in Q4 2023 in its current state of use.

PROJECT MEDIO

Investment Overview

Strategy	NPL
Location	Italy
Sector	Mixed: Office, Hospitality, Residential
Investment Date	Q4 2017
Maturity Expected	Q4 2023
Number of borrowers	7
Acquisition Price	€ 36 million
Varia Structured Opportunities compartments ownership	2%
Target IRR	5%

Summary Update

- Distribution expected by June 2023 and exit by December 2023 following claims recovery.

PROJECT DELA

Investment Overview

Strategy	NPL
Location	Italy
Sector	Office
Investment Date	Q3 2017
Maturity Expected	Q3 2024
Number of Claims	3
Acquisition Price	€ 26.9 million
Varia Structured Opportunities compartments ownership	9.7%
Target IRR	10%

Summary Update

- Exit expected by June 2023 following claims recovery.

INVESTMENT STRUCTURING

INVESTMENT STRUCTURING

The Company participates in real estate investments through participations in Varia Structured Opportunities S.A ("VSO") compartments. VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company. VSO has different compartments with distinct real estate investment strategies. The Company is a noteholder (notes are issued in registered form) of VSO compartment. The notes are not tradable instruments and not listed at any exchange or the like.

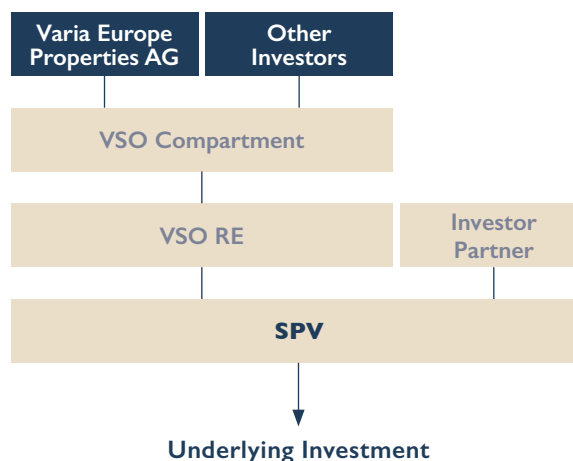
As a noteholder the Company invests in debt instruments (notes) allowing it to participate in the underlying assets' returns through variable yields. The result is that the notes participate fully in the investment as if the Company had invested into equity (without any voting or related rights). The notes are linked to the assets confined exclusively to the respective compartment.

The Company invests in only one VSO's compartment, namely VSO Europe Properties, while the investment decisions in the VSO's underlying compartments are taken by the VSO board depending on the individual strategy of each VSO compartment. The allocations are done with the objective to participate in different investment strategies.

The proceeds from the issuance of notes by the VSO compartment are used to carry out the investment strategies via special purpose vehicles created for each asset of the compartment. The sole purpose of the SPV is to implement the relevant investment strategy for the respective asset at the local level.

The Company has no direct influence on the management and investment decision of VSO compartments themselves and the exit of the investments is dependent on the realization of the underlying assets. VSO compartments and underlying assets owned by VSO compartments are advised and managed by Stoneweg group entities.

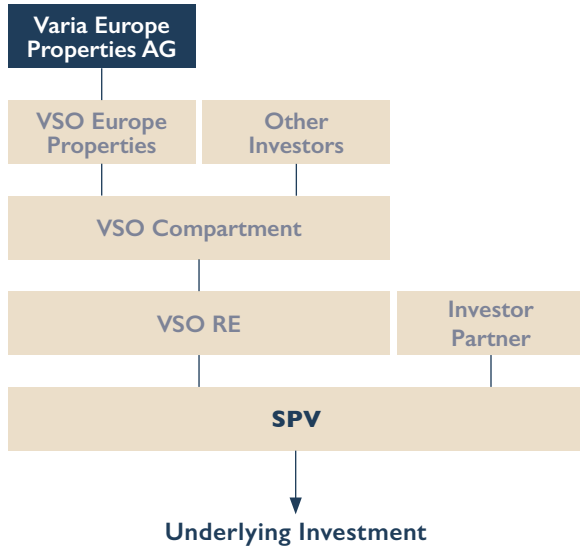
Example I – The following graphics depict a typical investment structures for real estate assets



For real estate assets, as an explanation of the above, the Company is a noteholder in an VSO compartment of Varia Structured Opportunities SA. The VSO compartment is the level where investors participate in pooling equity resources for a specific project or strategy. The VSO compartment holds tracking shares which have been issued by Varia Structured Opportunities Real Estate (VSO RE) a private limited liability company under the laws of the Grand Duchy of Luxembourg, in relation to that specific project.

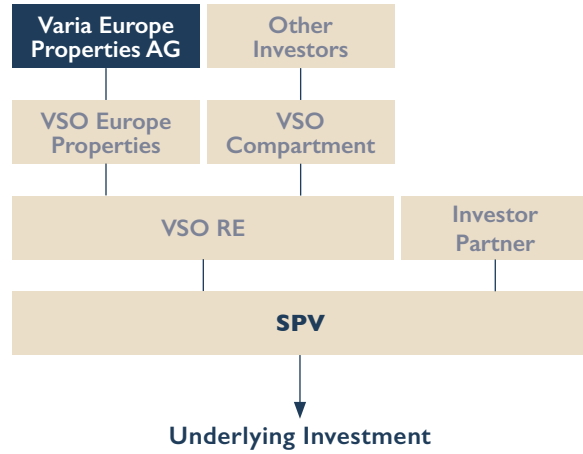
At SPV level, as a tool for incentivizing local partners, the SPV will be jointly owned by VSO RE and a partner investor helping to manage the risk / return profile of the local project.

Example 2 – Varia Europe Properties AG into VSO Europe Properties:



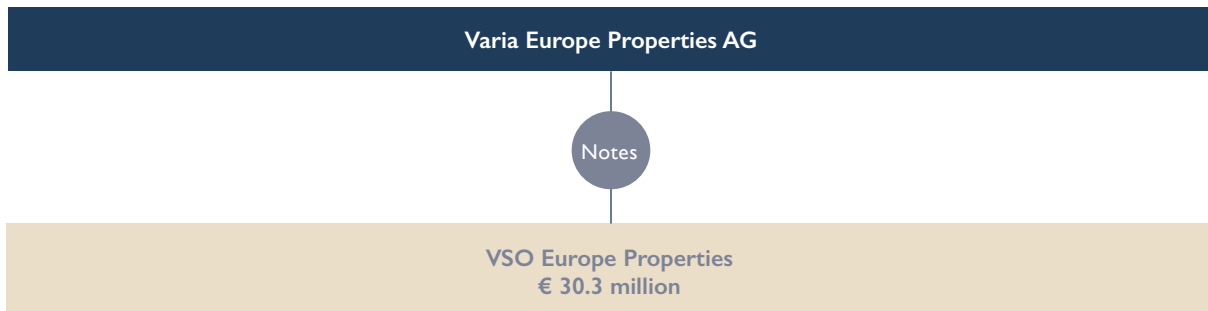
For operational ease, a dedicated VSO compartment, VSO Europe Properties, has been created from February 23, 2018, in which all future Company transactions will be held and processed. For Spanish related projects, VSO Europe Properties will typically become a noteholder of the relevant project level VSO.

Example 3 – VSO Europe Properties invested directly to VSO RE:

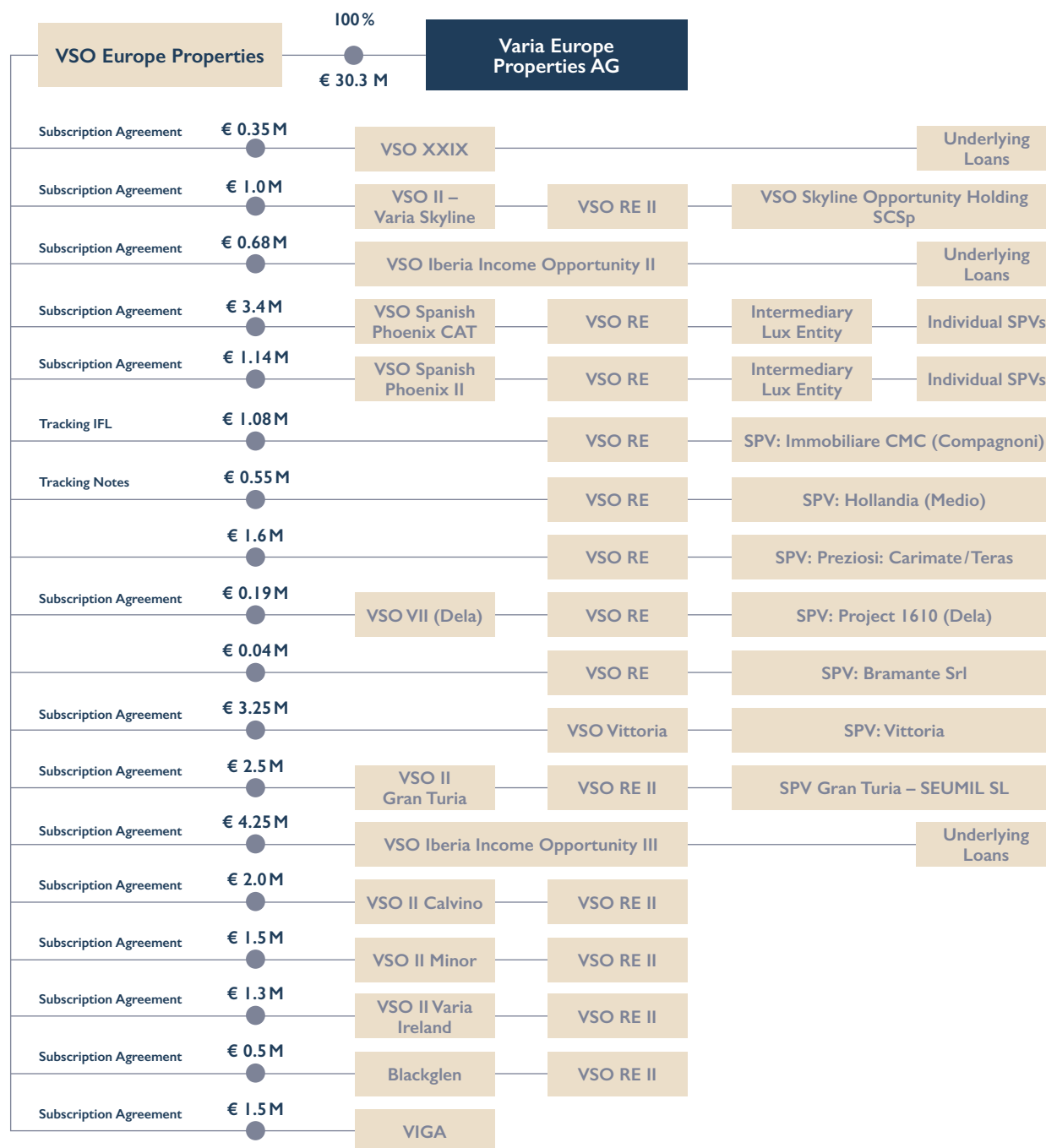


VSO Europe Properties can invest directly through VSO RE, rather than as a noteholder of another VSO compartment. In this case the link is between VSO Europe Properties and VSO RE. This is typically the case for Italian projects.

As of 31 December 2022, the Company held the allocation into VSO notes:



As of 31 December 2022, VSO Europe Properties had allocated capital in the following manner:







COMPENSATION REPORT

Varia Europe Properties AG's sustainable development and its continued success as a business are built on a systematic and transparent compensation system. This report provides an overview of the Company's compensation principles and practices designed to support business goals and to align the interests of the leadership team with those of the Company's shareholders.

OVERVIEW

Varia Europe Properties AG (the "Company") is a real estate holding company incorporated in Zug. The Company has a Board of Directors but no direct employees. The Company has retained REIS Partners AG ("REIS") as the Company's Strategic Advisor, while Stoneweg Asset Management SA ("Stoneweg") acts as the advisor within the investment structure and asset manager of the underlying investments. All operational tasks have been outsourced to these entities.

For that reason, the compensation report only relates to the compensation of the members of the Board of Directors. Neither the members, nor the relevant chairman of any committee, i.e. Audit&Risk and Compensation committee, of the Company received any remuneration for their role in these committees.

Pursuant to article 4.4 of the Company's articles of association, the Board of Directors members and the persons whom the Board of Directors has entrusted with the executive management receive a fixed remuneration that may be complemented by a variable component for the persons whom the Board of Directors has entrusted with the executive management; reimbursement of expenses incurred on behalf of the Company may be paid to members, provided that they submit supporting documentation.

The Board of Directors determines on an annual basis and at its discretion the fixed remuneration to be paid to the individual members from the period from the next General Meeting of Shareholders to the following one. The remuneration is determined following the recommendations of the compensation committee and within the limits of the total amount approved by the General Meeting of Shareholders.

During its June 15, 2022 session, the compensation committee looked at the remuneration of Swiss listed and non-listed real estate companies of similar size and concluded that the remuneration in the Company is in line with market standards.

The compensation committee also looked at the remuneration of the delegates the Board of Directors has entrusted with the executive management of the Company. This remuneration is determined on a discretionary basis, taking into account the fact that delegates are also compensated and remunerated by Stoneweg and REIS for their activities, and that the remuneration paid by the Company is linked to their duties in Switzerland for the Company, including coordinating with Stoneweg team members.

PURPOSE OF THE COMPENSATION REPORT

The compensation report meets the provisions of the Ordinance against Excessive Compensation in Listed Companies (art. 13 and seqq.) and is put to a consultative vote at the General Meeting of Shareholders.

COMPENSATION PAID

Compensation period from the 2021 General Meeting of Shareholders to the 2022 General Meeting of Shareholders

The General Meeting of Shareholders of August 24th, 2021 approved the following decisions:

- Maximum amount of CHF 60,000 for the compensation of the members of the Board of Directors for the term of office until the next ordinary General Meeting of Shareholders.
- Maximum amount of CHF 5,000 for the compensation of the persons whom the Board of Directors has entrusted with the executive management of the Company for the compensation period until the next ordinary General Meeting of Shareholders.
- Of the CHF 60,000 CHF approved by shareholders, the sum of 16,294.5 CHF was paid, 15,000 CHF of fixed compensation and 1,294.5 CHF of social security contributions.

Compensation period from the 2022 General Meeting of Shareholders to the 2023 General Meeting of Shareholders

On August 31st, 2022, the General Meeting of Shareholders of Varia Europe Properties AG approved the following decisions:

1. It elected the following persons as Board of Directors members:
 - Taner Alicehic, Chairman
 - Jaume Sabater Martos, Vice-Chairman
 - Pierre Grégoire Baudin, Member
2. It elected Jaume Sabater Martos as member of the Compensation committee for the term of office until the next ordinary General Meeting of Shareholders.
3. It approved the following compensation package for the Board of Directors members according to article 3.7 of the Articles of Association:
 - Maximum amount of CHF 60,000 for the compensation of members of the Board of Directors for the term of office until the next ordinary General Meeting of Shareholders.
 - Maximum amount of CHF 5,000 for the compensation of the persons whom the Board of Directors has entrusted to the executive management of the Company for the period until the next ordinary General Meeting of Shareholders.

COMPENSATION FOR THE FINANCIAL YEAR

The Board of Directors attendance fees during the financial year 2022 were the following:

Compensation schedule: January 1, 2022 to December 31, 2022 (audited)

Member	Function	Fixed compensation (cash) in CHF	Social security contributions in CHF	Total compensation in CHF
Taner Alicehic	Chairman of the Board	5,000	391.5	5,391.5
Jaume Sabater Martos	Vice Chairman of the Board	5,000	391.5	5,391.5
Pierre Grégoire Baudin	Member of the Board	5,000	391.5	5,391.5
Total		15,000	1,174.5	16,174.5

The Board of Directors attendance fees during the financial year 2021 were the following:

Compensation schedule: January 1, 2021 to December 31, 2021 (audited)

Member	Function	Fixed compensation (cash) in CHF	Social security contributions in CHF	Total compensation in CHF
Taner Alicehic	Chairman of the Board	5,000	431.5	5,431.5
Jaume Sabater Martos	Vice Chairman of the Board	5,000	431.5	5,431.5
Pierre Grégoire Baudin	Member of the Board	5,000	431.5	5,431.5
Total		15,000	1,294.5	16,294.5

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Compensation schedule (audited)

	2022 AGM to 2023 AGM in CHF	2021 AGM to 2022 AGM in CHF
Fixed compensation	15,000	15,000
Social security contributions	1,174.5	1,294.5
Total compensation	16,174.5	16,294.5
Amount approved by AGM	60,000	60,000
Difference	43,825.5	43,705.5

FULL BOARD OF DIRECTORS COMPENSATION DISCLOSURE

In the year 2022, the Board of Directors members received the above-mentioned fixed compensation. The Company does not have other performance related compensation. Therefore, none of the Board of Directors members received any additional performance related compensation in shares or other stocks and there was no performance related compensation for the Board of Directors members.

There was no additional compensation to the Board of Directors members for their role as Board of Directors member or for additional work, except for the Board of Directors member paid by REIS Partner AG (REIS) that is involved in the asset management duties of this company. No loans or credit facilities were granted to members of the Board of Directors or any other related parties in the 2022 financial year. Board of Directors expenses will be paid on top of the remuneration package proposed above, especially for Board of Directors members travelling from abroad to Switzerland for Board of Directors meetings.

The Board of Directors did not travel abroad. Hence the Company did not incur any travel expenses.

In 2022, REIS charged the Company CHF 232,597 (including VAT) in consulting fees.

Stoneweg has not received any direct remuneration from the Company for its work during the years 2022 and 2021. This decision has been taken due to the fact that Stoneweg is indirectly remunerated from its work as advisor of the VSO compartments and asset manager of the local entities holding the real estate assets.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF VARIA EUROPE PROPERTIES AG, ZUG

Report of the statutory auditor

to the General Meeting of Varia Europe Properties AG

Zug

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Varia Europe Properties AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on compensation pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on page 35 of the compensation report.

In our opinion, the information on compensation in the accompanying compensation report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the compensation report' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the compensation report, the financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on compensation, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to

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issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers SA

Jean-Sébastien Lassonde
Licensed audit expert
Auditor in charge

Anthony Gremion
Licensed audit expert

Geneva, 9 June 2023





SWISS GAAP FER FINANCIAL STATEMENTS

December 31, 2022

Varia Europe Properties AG, Zug

BALANCE SHEET AS OF DECEMBER 31, 2022

ASSETS	Notes	December 31, 2022 in EUR	December 31, 2021 in EUR
Cash and cash equivalents		194,329	371,247
Prepaid expenses		–	13,294
Accrued assets		278,839	310,577
Current assets		473,168	695,118
Investments at fair value	2.1	30,255,710	41,117,591
Deferred tax assets	2.3	–	391,337
Non-current assets		30,255,710	41,508,928
	Total assets	30,728,878	42,204,046
LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	December 31, 2022 in EUR	December 31, 2021 in EUR
Trade payable to third parties		43,176	30,755
Accrued expenses	2.2	453,557	215,647
Accrued taxes	2.3	33,756	28,825
Current liabilities		530,489	275,227
Total liabilities		530,489	275,227
Share capital		512,433	512,433
Reserves from capital contributions		29,146,557	39,721,334
Legal capital reserves		29,146,557	39,721,334
Retained earnings brought forward		1,695,053	1,810,597
Net loss for the year		–1,155,654	–115,544
Voluntary retained earnings		539,399	1,695,053
Total shareholders' equity	2.4	30,198,389	41,928,819
	Total liabilities and shareholders' equity	30,728,878	42,204,046

Varia Europe Properties AG, Zug

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	For the year ended December 31, 2022 in EUR	For the year ended December 31, 2021 in EUR
Interests income on investments	2.1	2,332,867	1,954,493
Loss on redemption of notes	2.1	-583,322	-
Loss on investments fair value adjustment	2.1	-2,103,037	-1,792,379
Losses		-353,492	162,114
Directors' fees and social charges	2.9	-16,492	-14,629
Communications, publicity and marketing		-13,510	-10,528
Accounting and administration expenses		-152,647	-186,448
Legal and other consulting fees		-250,043	-266,750
Audit fees		-57,536	-51,948
Insurances		-13,542	-10,595
Other operating expenses		-5,637	-1,337
Direct taxes on capital		-20,996	-28,445
Operating expenses		-530,403	-570,680
Operating loss		-883,895	-408,566
Financial income	2.6	133,879	26,384
Financial expenses	2.6	-12,584	-14,814
Prior year income	2.7	30,338	503
Prior year expenses	2.7	-16,024	-234
Loss before income taxes		-748,286	-396,728
Income tax expense		-	-
Deferred income tax benefit (expense)		-407,368	281,184
Net loss for the year		-1,155,654	-115,544
Earnings per share (EPS): Basic and diluted earnings, per share	2.5	-0.0405	-0.0041

Varia Europe Properties AG, Zug

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	For the year ended December 31, 2022 in EUR	For the year ended December 31, 2021 in EUR
Operating activities			
Net loss for the year		-1,155,654	-115,544
Loss on redemption of notes		583,322	-
Loss on investments fair value adjustment	2.1	2,103,037	1,792,379
Change in accrued assets		31,738	1,523,289
Change in prepaid expenses		13,294	-1,037
Change in trade payable to third parties		12,421	30,755
Change in other current liabilities		-	-4,014
Change in accrued expenses		237,910	-60,789
Change in accrued taxes		4,931	-23,942
Change in deferred taxes		391,337	-279,414
Cash flow from operating activities		2,222,336	2,861,686
Investing activities			
Investment notes acquisition	2.1	-	-1,833,868
Investment notes redemption	2.1	8,175,522	-
Cash flow from investing activities		8,175,522	-1,833,868
Financing activities			
Dividend distributions from reserves from capital contributions		-10,574,777	-672,080
Dividend distributions from 2020 annual profit		-	-730,715
Cash flow from financing activities		-10,574,777	-1,402,795
Change in cash and cash equivalents for the year		-176'918	-374,977
Cash at the beginning of the year		371,247	746,224
Cash and cash equivalents at the end of the year		194,329	371,247
Change in cash and cash equivalents for the year		-176'918	-374,977

Varia Europe Properties AG, Zug

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2022

	Number of shares	Share capital in EUR	Reserves from capital contributions in EUR	Voluntary retained earnings in EUR	Total equity in EUR
Balance at December 31, 2020	28,512,619	512,433	40,393,414	2,541,312	43,447,159
Dividend distribution on August 24, 2021			-672,080	-730,715	-1,402,795
Net loss for the year			-	-115,544	-115,544
Balance at December 31, 2021	28,512,619	512,433	39,721,334	1,695,053	41,928,820
Dividend distribution on September 30, 2022			-10,574,777	-	-10,574,777
Net loss for the year			-	-1,155,654	-1,155,654
Balance at December 31, 2022	28,512,619	512,433	29,146,557	539,399	30,198,389



Varia Europe Properties AG, Zug

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

(prepared in accordance with Swiss GAAP FER)

I PRINCIPLES

1.1 General information

Varia Europe Properties AG ("Varia" or "the Company") was registered with the Zug Commercial register on April 20, 2017 under UID number CHE—342.208.571. The Company is a Swiss stock corporation established under the relevant provisions of the Swiss code of obligations ("SCO"). Its address is Gubelstrasse 19, 6300 Zug, Switzerland. The Company is listed on the BX Bern eXchange in Switzerland.

As a Swiss real estate investment company, Varia's purpose is to participate in real estate investments in Europe (other than in Switzerland), through notes issued by Varia Structured Opportunities SA ("VSO") compartment. VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company. VSO has different compartments with distinct real estate investment strategies. The Company is a noteholder of one VSO compartment, allowing it to participate indirectly in the underlying investments. As a noteholder, Varia invests in a debt instrument (notes) allowing it to participate in the underlying assets returns through variable yield.

Investment decisions are taken by the Board of Directors depending on the individual investment and strategies with the objective to participate in Spain, Italy, Ireland and Denmark, with 5 different investments' main asset classes:

- 1 Developments: participation in real estate constructions with a special focus on residential for sale developments.
- 2 Bridge Loans: participation in real estate loans backed by 1st lien mortgages, with a 12 to 36 months maturity.
- 3 Income Assets: participation in commercial real estate assets with existing tenants.
- 4 Non Performing Loans: participation in non performing loans sold by banks at 40% to 60% discount to Gross Book Value and backed by real estate assets.

- 5 Value Add Assets: participation in commercial real estate assets to implement repositioning or restructuring strategies through active asset management.

As a noteholder, Varia has formally no direct influence on the management and investment decision of VSO Europe compartment itself and the exit of the investments is dependent on the realisation of the underlying assets. However, the Board of Directors of Varia, when subscribing to/redeeming notes, also expresses its allocation preferences to the investment strategies offered by VSO Europe Properties. Accordingly, the VSO Europe Properties' Board may consider these elements, on the basis that Varia is the sole holder of the notes issued by VSO Europe Properties

VSO compartments and underlying assets owned by VSO compartments are advised and managed by Stoneweg.

The statutory financial statements for the year ended December 31, 2022 were approved by the Board of directors on June 8, 2023.

1.2 General aspects

These financial statements were prepared in accordance with all of the existing guidelines and reporting recommendations of the Swiss generally accepted accounting principles (Swiss Gaap FER). The Company is listed on the BX Bern eXchange in Switzerland. As a result, the Board of directors has decided to apply the Swiss GAAP FER, in accordance in particular with Swiss GAAP FER 31.

The Board of directors of the Company is ultimately responsible for the policies, valuations, and management of the activities.

The financial statements are presented in Euro (EUR) and all values are rounded to the nearest EUR.

1.3 Foreign currency items

The Company's functional currency is the Euro (EUR) and from January 1, 2019, the Company's reporting and presentation currency for its Swiss GAAP FER financial statements is the Euro (EUR). Previously they were presented in Swiss francs (CHF).

Short-term monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. For the translation of CHF into EUR, the closing rate applied at the end of the year is 0.9847 (31.12.2021: 1.0331). Other non-monetary assets as well as equity items are presented at their historical exchange rates.

Transactions in foreign currencies are translated at the exchange rate on the day the transaction takes place.

Foreign exchange profits and losses are recorded in the profit and loss statement.

1.4 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank with an original maturity of three months or less. They are recorded at their nominal value. In the cash flow statement, cash and cash equivalents consist of the cash and cash equivalents as defined above, less current account overdrafts ("Net Cash").

1.5 Investments

At the balance sheet date, the investments are valued at fair value.

The fair value of investments are calculated on a quarterly basis by a third party entity in charge of the corporate services of Varia Structured Opportunities SA ("VSO"), the Luxembourg securitization company where Varia invests its assets. For the interim and annual financial statements, fair value is based on the audited net asset value of the VSO compartment. The gains and losses on investments fair value adjustment are recognized in the profit and loss statement.

Each VSO compartment in which VSO Europe Properties is investing has a different strategy and therefore the fair value of each VSO is determined with a tailored different valuation method:

- 1 For assets under construction and assets generating cash flow, an external valuation by Cushman & Wakefield is performed bi-annually at the period-end or year-end using the red book guidelines for market rent and market value. This valuation is then taken into account to value VSO's investments, adjusted for tax and performance fee provisions.
- 2 For bridge loans the fair value is determined by the nominal value of the loans plus accrued and paid interest. Nominal value can be adjusted down should VSO's Board of directors estimate that there is a risk of recoverability.
- 3 For non performing loans the fair value is determined by the acquisition cost plus accrued interest. The acquisition value can be adjusted downward should VSO's Board of directors estimate that there is a risk of recoverability.

VSO compartments are not listed and do not provide any redemption feature, therefore reducing the liquidity of the investment. VSO compartments are to be seen as private equity investments with a limited life span. Notes can be sold to other investors. Redemptions are made upon decisions of the VSO's board of directors.

The revenue recognition principles related to the investments are disclosed in note 1.6.

1.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Revenue resulting from the redemption of notes are recognized at the time of the transaction. It corresponds to the gain or loss resulting from the difference between the redemption proceeds net of expenses and the acquisition value of the notes.

Investments are mark-to-market and the gains and losses on investments (unrealized and realized) are recognized in the profit and loss statement.

1.7 Income tax

The tax expense for the year comprises current income taxes and deferred taxes. Tax is recognized in the profit and loss statement.

Current income tax liabilities and assets for the current year are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. De-

ferred tax is determined using tax regulations and rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply.

Tax effects from losses carried forward and tax credits are recognized as deferred tax assets if it seems likely that the losses carried forward can be offset against future profits within the stipulated statutory periods.

No income taxes were paid during the year ended December 31, 2022 (31.12.2021 – nil). Capital taxes of EUR 21,885 were paid during the year ended December 31, 2022 (31.12.2021 – EUR 28,445).

2 INFORMATION ON BALANCE SHEET AND PROFIT AND LOSS STATEMENT BALANCES

2.1 Investments

As at December 31, 2022 the Company owned notes of only one compartment as per the below table:

Compartments	Fair value 31.12.2021 in EUR	Redemption at sale price for the year in EUR	Realized gain / loss for the year in EUR	Investment in nominal value of the notes in EUR	Fair value adjustment in EUR	Fair value 31.12.2022 in EUR
VSO Europe Properties	41,117,591	-8,175,522	-583,322	-	-2,103,037	30,255,710
Total	41,117,591	-8,175,522	-583,322	-	-2,103,037	30,255,710

During the year, 7,792 investments notes in VSO Europe Properties were redeemed for a total amount of EUR 8,175,522 which resulted in a realized loss of EUR 583,322.

For the year ended December 31, 2022, Varia Europe Properties AG recognized a 5% interest income of EUR 1,842,500 plus additional interest income of EUR 490,367 from its investment in VSO Europe Properties including EUR 278,839 of accrued interests presented in the balance sheet as accrued assets at the end of the year.

As at December 31, 2021 the Company owned notes of only one compartment as per the below table:

Compartments	Fair value 31.12.2020 in EUR	Redemption at sale price for the year in EUR	Realized gain / loss for the year in EUR	Investment in nominal value of the notes in EUR	Fair value adjustment in EUR	Fair value 31.12.2021 in EUR
VSO Europe Properties	41,076,104	–	–	1,833,866	–1,792,379	41,117,591
Total	41,076,104	–	–	1,833,866	–1,792,379	41,117,591

On September 23, 2020, Varia Structured Opportunities SA proceeded to a modification of the Private Placement Memorandum for the programme VSO Europe Properties. A minimum annual interest of 5% on this VSO outstanding principal notes amount is now earned from January 1, 2020 by the Company. Therefore Varia Europe Properties AG recognized in the year 2020 an interest income of EUR 1,833,866 from its investment in VSO Europe Properties. The interests for the year 2020 were capitalised on January 1, 2021 by increase of the

nominal value of the notes rather than by subscription of new notes.

For the year ending December 31, 2021, Varia Europe Properties AG recognized a 5% interest income of EUR 1,954,493 from its investment in VSO Europe Properties including EUR 310,577 of accrued interests presented in the balance sheet as accrued assets at year-end 2021.

The investments of Varia in the VSO Europe Properties are the following at the end of the year:

Compartments	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.2022)	Percentage held by Varia of total outstanding notes value (31.12.2022)
VSO Europe Properties	Luxembourg	Denmark, Italy, Ireland, Spain	Diversified	29,464	100.0%

All new investments are made through a dedicated Luxembourg compartment, VSO Europe Properties, of which Varia is the sole noteholder. VSO Europe Properties is investing either as a noteholder into other VSO compartments, or through VSO RE, a holding company regrouping the ownership rights in the underlying SPV's which owns the investments. At the end of the year, VSO Europe Properties is a noteholder in the following underlying VSO compartments:

Underlying compartments	Domicile	Country of investments	Strategy	Percentage held by VSO Europe Properties of total outstanding notes value (31.12.2022)
VSO RE: SPV Niccolini	Luxembourg	Italy	Development	3.0%
VSO VII	Luxembourg	Italy	Non Performing Loans	9.7%
VSO XXIX	Luxembourg	Italy	Bridge Loans	9.1%
VSO RE: SPV Preziosi / Carimate / Teras	Luxembourg	Italy	Income assets	26.5%
VSO XX	Luxembourg	Italy	Non Performing Loans	2.0%
VSO RE: SPV Compagnoni	Luxembourg	Italy	Development	18.1%
VSO Iberia Income Opportunity	Luxembourg	Spain	Bridge Loans	2.1%
VSO Iberia Income Opportunity II	Luxembourg	Spain	Bridge Loans	0.6%
VSO Spanish Phoenix II	Luxembourg	Spain	Development	9.8%
VSO Spanish Phoenix CAT	Luxembourg	Spain	Development	15.5%
VSO II Skyline	Luxembourg	Spain	Development	5.2%
VSO RE: Vittoria	Luxembourg	Italy	Added Value	15.2%
VSO Gran Turia	Luxembourg	Spain	Added Value	46.4%
VSO II Varia Ireland	Luxembourg	Ireland	Development	6.6%
VSO II Minor	Luxembourg	Spain	Added Value	14.1%
VSO II Calvino	Luxembourg	Italy	Bridge Loans	35.9%
VSO Iberia Income Opportunity III	Luxembourg	Spain	Bridge Loans	10.5%
VSO II Blackglen	Luxembourg	Ireland	Bridge Loans	5.8%
VIGA RE	Denmark	Denmark	Added Value	75.0%

The investments of Varia in the VSO Europe Properties were the following at December 31, 2021:

Compartments	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.2021)	Percentage held by Varia of total outstanding notes value (31.12.2021)
VSO Europe Properties	Luxembourg	Denmark, Italy, Ireland, Spain	Diversified	37,256	100.0%

Underlying compartments	Domicile	Country of investments	Strategy	Percentage held by VSO Europe Properties of total outstanding notes value (31.12.2021)
VSO RE: SPV Niccolini	Luxembourg	Italy	Development	3.9%
VSO VII	Luxembourg	Italy	Non Performing Loans	9.7%
VSO XXIX	Luxembourg	Italy	Bridge Loans	9.1%
VSO RE: SPV Preziosi / Carimate / Teras	Luxembourg	Italy	Income assets	24.9%
VSO XX	Luxembourg	Italy	Non Performing Loans	2.0%
VSO RE: SPV Medio – Securitization Notes	Luxembourg	Italy	Non Performing Loans	9.4%
VSO RE: SPV Compagnoni	Luxembourg	Italy	Development	18.1%
VSO Iberia Income Opportunity	Luxembourg	Spain	Bridge Loans	2.1%
VSO Iberia Income Opportunity II	Luxembourg	Spain	Bridge Loans	0.6%
VSO Spanish Phoenix II	Luxembourg	Spain	Development	9.8%
VSO Spanish Phoenix CAT	Luxembourg	Spain	Development	15.9%
VSO II Skyline	Luxembourg	Spain	Development	5.2%
VSO RE: Vittoria	Luxembourg	Italy	Added Value	17.6%
VSO PRS	Luxembourg	Spain	Development	15.1%
VSO Gran Turia	Luxembourg	Spain	Added Value	46.4%
VSO II Varia Ireland	Luxembourg	Ireland	Development	6.6%
VSO II Minor	Luxembourg	Spain	Added Value	15.7%
VSO II Calvino	Luxembourg	Italy	Bridge Loans	77.5%
VSO Iberia Income Opportunity III	Luxembourg	Spain	Bridge Loans	13.0%
VSO II Blackglen	Luxembourg	Ireland	Bridge Loans	5.8%
VIGA RE	Denmark	Denmark	Added Value	74.9%

2.2 Accrued expenses

	31.12.2022 in EUR	31.12.2021 in EUR
Audit fees	57,537	48,398
Accounting fees	63,780	87,924
Legal and consulting fees	306,955	62,632
Directors fees	14,258	14,074
Communication, publicity & marketing	5,078	–
Other expenses	5,949	2,619
Total	453,557	215,647

2.3 Accrued and deferred taxes

The accrued and deferred taxes consist on provisions for the capital tax and deferred taxes related to the year.

	31.12.2022 in EUR	31.12.2021 in EUR
Accrued taxes		
Capital tax provision	33,756	28,825
Deferred taxes		
Deferred tax assets	802,589	391,337
Allowance on deferred tax assets	–802,589	–
Deferred tax assets, net	–	391,337
Deferred tax liabilities	–	–
Net tax assets and liabilities	–	391,337
Deferred tax assets	–	391,337

Following the enactment on January 1, 2020 of the new Swiss Federal Act on Tax Reform and AHV Financing ("TRAF"), any preferential tax status is no longer granted to companies. Taxable profits are taxed from January 1, 2020 in the canton of Zug at an effective corporate income tax of approximately 11.9% (2021: 11.9%), including the direct federal tax. Accordingly the deferred tax assets and liabilities were calculated with the tax rate of 11.9% at December 31, 2022.

2.4 Shareholders' equity

The changes in the shareholders' equity for the year ended December 31, 2022 are presented in the Statement of changes in equity.

The share capital at December 31, 2022 is divided in 28,512,619 ordinary registered shares of a par value of CHF 0.02 each, fully paid. There are no preferential rights attributed to the shares.

Net asset value per share at year-end	31.12.2022 in EUR	31.12.2021 in EUR
Total shareholders' equity before any dividend distribution	30,198,389	41,928,819
Number of ordinary shares outstanding	28,512,619	28,512,619
Net asset value per share	1.0591	1.4705

Share premiums are considered under Swiss law as reserves from capital contributions.

On September 30, 2022, the annual general meeting of shareholders decided the distribution of a dividend of EUR 10,574,777 (CHF 10,000,000 representing CHF 0.35 per share) from the reserves from capital contributions.

On February 24, 2023, the Swiss federal tax authorities confirmed their agreement for the reserves from capital contributions as of September 30, 2022 for a maximum amount of CHF 34,125,117 (EUR 34,655,344) in the sense of article 20 paragraph 3 of the Federal Income Tax Act.

2.5 Earnings per share (EPS)

	31.12.2022 in EUR	31.12.2021 in EUR
Net profit (loss) of the period	–1,155,654	–115,544
Average of ordinary shares outstanding	28,512,619	28,512,619
Basic and diluted earnings, per share	–0.0405	–0.0041

There is no dilutive effect on shares at December 31, 2022 and 2021.

2.6 Financial result

	31.12.2022 in EUR	31.12.2021 in EUR
Financial income		
Foreign currency exchange gains	133,879	26,384
Total	133,879	26,384
Financial expenses		
Bank fees	-854	-717
Foreign currency exchange losses	-11,730	-14,097
Total	-12,584	-14,814

2.7 Prior years income and expenses

	31.12.2022 in EUR	31.12.2021 in EUR
Expenses related to prior years		
Transfer stamp duty on investments	-	-234
Directors' fees and social charges	-210	-
Audit fees	-7,072	-
Other expenses	-8,742	-
Total	-16,024	-234
Income related to prior years		
Excess of prior years taxes provisions	30,338	503
Total	30,338	503

2.8 Segment reporting

The Company is investing its funds in investments mostly related to real estate properties that present similar features even if related to underlying investments in different geographical regions and/or countries, and different risk profiles within the real estate asset class. Management has determined that the Company only operates in the sole investments property segment in Europe and accordingly the profit and loss statement presents a result of this sole segment.

2.9 Related party transactions

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control or to exercise significant influence over the other party in making financial and operating decisions. Related parties of the Company include:

- Board of Directors of Varia Europe Properties AG
- Board of Directors of Varia Structured Opportunities SA, Luxembourg
- Stoneweg Asset Management SA, Geneva (Switzerland)
- REIS Partners AG

Board of Directors

The Board of Directors is considered as key management. In the year 2022, Director's fees charges of EUR 15,233 (CHF 15,000) were accrued (2021 – EUR 13,661).

No other compensation was paid to the Board members for their role or for additional work. In particular, no performance related compensation and no compensation in shares or other stocks were never allocated to Board members. No loans or credit facilities were granted to any members of the Board or related parties during the years 2022 and 2021 and there were no such receivables outstanding as at December 31, 2022 and 2021.

Transactions of Varia with Stoneweg Asset Management SA and REIS Partners AG

Management fees

During the years 2022 and 2021, the activities of Varia were administered and managed by Stoneweg Asset Management SA, which is also acting as advisor to Varia

Structured Opportunities SA (VSO). Stoneweg has not received any direct remuneration from Varia for its work as Stoneweg is indirectly remunerated as advisor of the VSO compartments and asset manager of the local entities holding the assets.

Placement, capital increase and advisory services fees	2022 in EUR	2021 in EUR
REIS Partners AG	234,878	244,880
Total	234,878	244,880

Shareholding rights of Board of Directors members

The following Board of Directors Members owned directly or indirectly shares of the Company as follows:

Name	Function	Shares 31.12.2022	Shares 31.12.2021
Taner Alicehic	Chairman	290,667	215,667
Jaume Sabater Martos	Member	561,667	306,667
Pierre Grégoire Baudin	Member	269,697	219,697
Total		1,122,031	742,031

3 OTHER INFORMATION

3.1 Declaration on the number of full-time positions on annual average

Varia Europe Properties AG had no employees at December 31, 2022 nor December 31, 2021 and has never employed any staff.

3.2 Contingent liabilities

As of December 31, 2022 and 2021, the Company had no contingencies and other off-balance sheet transactions that would have to be disclosed herein.

3.3 Significant events occurring after the balance sheet date

Since the balance sheet date as of December 31, 2022, there have been no further events that would have a material impact on the financial statements and related disclosure.

On April 27, 2023, an extraordinary general assembly decided the distribution of an extraordinary dividend of CHF 0.15 per share from the Reserve from capital contributions for a total amount of CHF 4,276,893 payable on April 28, 2023.

**STATUTORY AUDITOR'S REPORT
TO THE GENERAL MEETING OF VARIA EUROPE PROPERTIES AG, ZUG
REPORT ON THE AUDIT OF THE SWISS GAAP FER FINANCIAL STATEMENTS**

Report of the statutory auditor

to the General Meeting of Varia Europe Properties AG

Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Varia Europe Properties AG (the Company), which comprise the balance sheet as at 31 December 2022, the profit and loss statement, cash flow statement and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 41 to 55) give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and its cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: EUR 307'000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of investments

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	EUR 307'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of a real estate investment company that does not engage in operating activities is most commonly measured.

We agreed with the Board of Directors that we would report to them misstatements above EUR 30'700 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
<p>The purpose of the entity is to participate in real estate investments in Europe (other than in Switzerland), through investments in one compartment of Varia Structured Opportunities SA ("VSO"). VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company.</p> <p>The investments are done through subscription of notes, which are issued by the compartment. As a noteholder, the entity is invested in debt instruments and participates in the underlying assets' returns through variable yields.</p> <p>The investments in VSO compartment represent EUR 30.3 million of the total assets of EUR 30.7 million. We consider the valuation of investments in VSO a key audit matter due to the magnitude of the line item.</p> <p>Refer to note 2.1 (Investments).</p>	<p>The audit procedures we performed in order to assess the valuation of investments included, amongst others, the following:</p> <ul style="list-style-type: none"> - We obtained an independent confirmation of the number of notes held in the underlying VSO compartment as at 31 December 2022. We agreed the confirmation details to the accounting records. - We obtained the audit report from Mazars Luxembourg, auditor of Varia Structured Opportunities SA. We reconciled the net asset value as per the audit report to the net asset value used to value the VSO compartment held by Varia Europe Properties AG as at 31 December 2022. - We interviewed Mazars to understand the scope of the procedures performed in relation to their audit of the VSO compartment. - We read the independent auditors' report to ensure there were no modifications to the report.



Based on our audit procedures, we consider Management's accounting, presentation and disclosure of investments to be reasonable.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial , which give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.



PricewaterhouseCoopers SA

Jean-Sébastien Lassonde
Licensed audit expert
Auditor in charge

Anthony Gremion
Licensed audit expert

Geneva, 9 June 2023

SWISS CO FINANCIAL STATEMENTS

December 31, 2022

Varia Europe Properties AG, Zug

BALANCE SHEET AS OF DECEMBER 31, 2022

ASSETS	Notes	December 31, 2022 in CHF	December 31, 2021 in CHF
Cash and cash equivalents		191,356	383,536
Prepaid expenses		–	13,734
Accrued assets	2.1	274,573	320,857
Current Assets		465,929	718,127
Investments	2.1	29,792,798	42,478,583
Non-current assets		29,792,798	42,478,583
Total Assets		30,258,727	43,196,709
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	December 31, 2022 in CHF	December 31, 2021 in CHF
Trade payable to third parties		40,317	31,774
Other current liabilities		2,201	–
Accrued expenses	2.2	446,617	221,540
Accrued taxes	2.3	33,239	29,779
Current liabilities		522,375	283,093
Total liabilities		522,375	283,093
Share capital	2.4	570,252	570,252
Reserves from capital contributions	2.4	34,347,173	44,326,590
Legal capital reserves		34,347,173	44,326,590
Retained earnings (Accumulated loss) brought forward		–1,983,226	44,662
Net loss for the year		–3,197,847	–2,027,888
Voluntary retained earnings / (Accumulated losses)	2.4	–5,181,073	–1,983,226
Total shareholders' equity	2.4	29,736,352	42,913,616
Total liabilities and shareholders' equity		30,258,727	43,196,709

Varia Europe Properties AG, Zug

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

	Notes	For the year ended December 31, 2022 in CHF	For the year ended December 31, 2021 in CHF
Interest income on investments	2.1	2,300,133	2,079,718
Loss on redemption of investments	2.1	-909,810	-
Impairment on investments	2.1	-3,961,923	-3,503,551
Losses		-2,571,600	-1,423,833
Directors' fees and social charges		-16,240	-16,000
Communications, publicity and marketing		-13,254	-11,281
Accounting and administration expenses		-153,124	-197,085
Legal and other consulting fees		-247,841	-278,131
Audit fees		-56,900	-54,154
Insurances		-13,734	-11,445
Other operating expenses		-5,631	-1,456
Direct taxes on capital		-21,019	-30,340
Operating expenses		-527,743	-599,893
Operating loss		-3,099,343	-2,023,727
Financial income	2.5	-	6,143
Financial expenses	2.5	-113,197	-9,827
Income related to prior years	2.6	30,217	519
Expenses related to prior years	2.6	-15,524	-997
Loss before income taxes		-3,197,847	-2,027,888
Income tax expense		-	-
Net loss for the year		-3,197,847	-2,027,888

Varia Europe Properties AG, Zug

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

I PRINCIPLES

1.1 General information

Varia Europe Properties AG ("Varia" or "the Company") was registered with the Zug Commercial register on April 20, 2017 under UID number CHE—342.208.571. The Company is a Swiss stock corporation established under the relevant provisions of the Swiss Code of Obligations ("SCO"). Its address is Gubelstrasse 19, 6300 Zug, Switzerland. The Company is listed on the BX Bern eXchange in Switzerland.

As a Swiss real estate investment company, Varia's purpose is to participate in real estate investments in Europe (other than in Switzerland), through notes issued by Varia Structured Opportunities SA ("VSO") compartment. VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company. VSO has different compartments with distinct real estate investment strategies. The Company is a noteholder of one VSO compartment, allowing it to participate indirectly in the underlying investments. As a noteholder, Varia invests in a debt instrument (notes) allowing it to participate in the underlying assets returns through variable yield.

The statutory financial statements for the year ended December 31, 2022 were approved by the Board of Directors on June 8, 2023.

1.2 General aspects

These financial statements were prepared in accordance with the Swiss accounting legislation (32nd title of the Code of Obligations).

The Board of Directors of the Company is ultimately responsible for the policies, valuations, and management of the activities.

The financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest CHF.

When not prescribed by the law, the accounting principles applied in the annual accounts are described below.

1.3 Foreign currency items

The Company prepares and presents its statutory financial statements in Swiss franc (CHF) in accordance with article 958d alinea 3 of the Swiss Code of Obligations.

Short-term monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. For the translation of EUR into CHF, the closing rate applied at the end of the year is 0.9847 (31.12.2021: 1.0331).

The investments are valued at their acquisition's historical exchange rate.

Transactions in foreign currencies are translated at the exchange rate on the day the transaction takes place.

Foreign exchange profits and losses are recorded in the profit and loss statement, except for unrealized exchange profits on long term monetary assets and liabilities which are deferred in the balance sheet, if any.

1.4 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank with an original maturity of three months or less. They are recorded at their nominal value.

1.5 Investments

At the balance sheet date, the investments are valued at the lower of the historical cost or net realisable value if permanently impaired.

The revenue recognition principles related to the investments are disclosed in note 1.6.

1.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Revenue resulting from the redemption of notes are recognized at the time of the transaction. It corresponds to the gain or the loss resulting from the difference between the redemption proceeds net of expenses and the acquisition value of the notes.

2 INFORMATION ON BALANCE SHEET AND PROFIT AND LOSS STATEMENT BALANCES

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2.1 Investments

From its creation, the Company has developed its investments' portfolio by investing in notes of compartments of an investment vehicle based in Luxembourg, named Varia Structured Opportunities ("VSO"). The investments are done through subscription to notes issued by the compartments; these notes do not provide voting rights and have to be seen as a debt instrument issued by the relevant compartment. Therefore a consolidation, even in cases of majority of notes held by Varia, is not required as the notes do not provide a control over the investments made by the compartments.

As a noteholder, the Company invests in debt instruments (notes) allowing it to participate in the underlying assets' returns through variable yields. The result is that the notes participate fully in the investment as if the Company had invested into equity (without any voting or related rights). The notes are linked to the assets confined exclusively in the respective VSO compartment.

As at December 31, 2022, the Company owned note of only one compartment as per the below table:

Compartments	Acquisition value as of 31.12.2021* in CHF	Redemption at acquisition value for the year in CHF	Acquisition / reinvestment of the year in CHF	Impairment as of 31.12.2022 in CHF	Book value as of 31.12.2022 in CHF
VSO Europe Properties	45,982,134	-9,617,049	-	-6,572,287	29,792,798
Total	45,982,134	-9,617,049	-	-6,572,287	29,792,798

During the year, 7,792 investments notes in VSO Europe Properties were redeemed for a total amount of CHF 7,814,052 which resulted in a loss on capital redemption of CHF 1,802,998 on their acquisition values. After adjustment for the accumulated previous periods impairment, the net loss of the redemption for the period is amounting to CHF 909,810. Additionally, an additional impairment amounting to CHF 3,961,923 was booked during the year to bring the total impairment at CHF 6,572,287 as of December 31, 2022.

For the year ending December 31, 2022, Varia Europe Properties AG recognized a 5% interest income of CHF 1,825,262 plus an additional interest income of CHF 474,871 from its investment in VSO Europe Properties including CHF 274,573 of accrued interests presented in the balance sheet as accrued assets at year-end.

As at December 31, 2021, the Company owned note of only one compartment as per the below table:

Compartments	Acquisition value as of 31.12.2020* in CHF	Redemption at acquisition value for the year in CHF	Acquisition / reinvestment of the year in CHF	Impairment as of 31.12.2021 in CHF	Book value as of 31.12.2021 in CHF
VSO Europe Properties	44,001,192	-	1,980,942	-3,503,551	42,478,583
Total	44,001,192	-	1,980,942	-3,503,551	42,478,583

On September 23, 2020, Varia Structured Opportunités SA proceeded to a modification of the clause of interests of the Private Placement Memorandum for the programme VSO Europe Properties. A minimum annual interest of 5% on this VSO outstanding principal notes amount is now earned from January 1, 2020 by the Company. Therefore Varia Europe Properties AG recognized in 2021 and 2020 interests income of CHF 2,079,718 and CHF 1,980,942, respectively, from its VSO Europe Properties investment.

The interests for the year 2020 were capitalised on January 1, 2021 by increase of the nominal value of the notes rather than by subscription of new notes.

For the year ending December 31, 2021, Varia Europe Properties AG recognized a 5% interest income of CHF 2,079,718 from its investment in VSO Europe Properties including CHF 320,857 of accrued interests presented in the balance sheet as accrued assets at year-end 2021.

* Acquisition value is defined as original acquisition cost of investments adjusted for subsequent acquisitions and sales, before any impairment.

The investments of Varia in the VSO Europe Properties are the following at the end of the year 2022:

Compartment	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.2022)	Percentage held by Varia of total outstanding notes value (31.12.2022)
VSO Europe Properties	Luxembourg	Denmark, Italy, Ireland, Spain	Diversified	29,464	100.0%

The investments of Varia in the VSO Europe Properties were the following at December 31, 2021:

Compartment	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.2021)	Percentage held by Varia of total outstanding notes value (31.12.2021)
VSO Europe Properties	Luxembourg	Denmark, Italy, Ireland, Spain	Diversified	37,256	100.0%

2.2 Accrued expenses

	31.12.2022 in CHF	31.12.2021 in CHF
Audit fees	56,900	50,000
Accounting and tax compliance fees	64,075	90,835
Legal and consulting fees	306,602	64,705
Director fees	14,040	16,000
Other expenses	5,000	–
Total	446,617	221,540

2.3 Accrued taxes

The accrued taxes consist of provisions for the capital tax related to the year.

	31.12.2022 in CHF	31.12.2021 in CHF
Balance at the beginning of the year	29,779	56,998
Income and capital taxes collected (paid)	12,659	–57,040
Capital tax provision	21,018	30,340
Prior year tax receivables	–30,217	–519
Balance at the end of the year	33,239	29,779

Following the enactment on January 1, 2020 of the new Swiss Federal Act on Tax Reform and AHV Financing (“TRAF”), any preferential tax status is no longer granted to companies. Taxable profits are subject from January 1, 2020 in the canton of Zug to an effective corporate income tax of approximately 11.9% (2021: 11.9%), including the direct federal tax.

2.4 Shareholders' equity

The share capital at December 31, 2022 is divided in 28,512,619 ordinary registered shares of a par value of CHF 0.02 each, fully paid.

	Number of shares	Share capital in CHF	Reserves from capital contributions in CHF	Voluntary retained earnings (accumulated loss) in CHF	Total equity in CHF
Balance as of December 31, 2020	28,512,619	570,252	45,076,590	794,662	46,441,504
Dividend distribution on August 24, 2021		–	–750,000	–750,000	–1,500,000
Net loss for the year		–	–	–2,027,888	–2,027,888
Balance as of December 31, 2021	28,512,619	570,252	44,326,590	–1,983,226	42,913,616
Dividend distribution on September 30, 2022	–	–	–9,979,417	–	–9,979,417
Net loss for the year				–3,197,847	–3,197,847
Balance as of December 31, 2022	28,512,619	570,252	34,347,173	–5,181,073	29,736,352

The share capital at December 31, 2022 is divided in 28,512,619 ordinary registered shares of a par value of CHF 0.02 each, fully paid. There are no preferential rights attributed to the shares.

On August 31, 2022, the annual general meeting of shareholders decided the distribution of a dividend of CHF 9,979,416.65 (CHF 0.35 per share).

Share premiums are considered under Swiss law as reserves from capital contributions.

Major shareholders

The following table indicates Varia's major shareholders holding shares and voting rights of 5% and more as of December 31, 2022 and 2021:

Shareholders	Investor Type	2022 Number of shares	2022 Participation in %	2021 Number of shares	2021 Participation in %
Varia SPC	Fund	7,222,342	25.33	7,065,425	24.78

Shareholding rights of Board of Directors members

The following Board Members owned directly or indirectly shares of the Company as follows:

Name	Function	Shares 31.12.2022	Shares 31.12.2021
Taner Alicehic	Chairman	290,667	215,667
Jaume Sabater Martos	Member	561,667	306,667
Pierre Grégoire Baudin	Member	269,697	219,697
Total		1,122,031	742,031

2.5 Financial result

	31.12.2022 in CHF	31.12.2021 in CHF
Financial income		
Foreign currency exchange gains	–	6,143
Total	–	6,143
Financial expenses		
Bank fees	–834	–777
Foreign currency exchange losses	–112,363	–9,050
Total	–113,197	–9,827

2.6 Prior years income and expenses

	31.12.2022 in CHF	31.12.2021 in CHF
Expenses related to prior years		
Transfer stamp duty on investments and interests	–	–997
Other expenses	–8,465	–
Directors, fees and social charges	–215	–
Audit fees	–6,844	–
Total	–15,524	–997
Income related to prior years		
Excess of prior years taxes provisions	30,217	519
Total	30,217	519

2.7 Related party balance sheet positions

Accrued expenses	31.12. 2022 in CHF	31.12.2021 in CHF
REIS Partners AG	232,597	64,705
Total	232,597	64,705

3 OTHER INFORMATION

3.1 Declaration on the number of full-time positions on annual average

Varia Europe Properties AG had no employees at December 31, 2022 and has never employed any staff.

3.2 Contingent liabilities

As of December 31, 2022 and 2021, the Company had no contingencies and other off-balance sheet transactions.

3.3 Significant events occurring after the balance sheet date

Since the balance sheet date as of December 31, 2022, there have been no further events that would have a material impact on the financial statements and related disclosure.

On April 27, 2023, an extraordinary general assembly decided the distribution of an extraordinary dividend of CHF 0.15 per share from the Reserve from capital contributions for a total amount of CHF 4,276,893 payable on April 28, 2023. As a result the available Reserves from capital contribution is amounting actually to CHF 30,070,280.

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF LEGAL RESERVES FROM CAPITAL CONTRIBUTIONS AS AT DECEMBER 31, 2022

PROPOSITION OF APPROPRIATION OF THE AVAILABLE EARNINGS	31.12.2022 in CHF	31.12.2021 in CHF
Voluntary retained earnings (Accumulated losses)		
Retained earnings (Accumulated loss) brought forward	-1,983,226	794,662
Dividend Distribution of CHF 0.03 per ordinary share on August 24, 2021	-	-750,000
Net loss for the year	-3,197,847	-2,027,888
Accumulated losses	-5,181,073	-1,983,226

The Board of Directors of Varia Europe Properties AG proposes to the annual general meeting the following appropriation of the accumulated net profit (loss):

PROPOSITION OF DISTRIBUTION FROM AVAILABLE EARNINGS	31.12.2022 in CHF	31.12.2021 in CHF
Dividend distribution	-	-
Balance to be carried forward	-5,181,073	-1,983,226
Total	-5,181,073	-1,983,226

RESERVE FROM CAPITAL CONTRIBUTIONS	31.12.2022 in CHF	31.12.2021 in CHF
Legal reserves from capital contribution carried over from previous year	44,326,590	45,076,590
Dividend distribution of CHF 0.35 per ordinary share on September 30, 2022	-9,979,417	-750,000
Total legal reserves from capital contribution at year-end	34,347,173	44,326,590
Extraordinary dividend distribution of CHF 0.15 per ordinary share on April 27, 2023 (Note 3.3)	-4,276,893	-
Total legal reserves from capital contribution available for the annual meeting	30,070,280	44,326,590

Proposition of distribution of reserves from capital contributions

The Board of Directors of Varia Europe Properties AG proposes to the annual general meeting the following appropriation from the Reserve from capital contributions:

PROPOSITION OF APPROPRIATION	31.12.2022 in CHF	31.12.2021 in CHF
Dividend distribution of CHF 0.07 per ordinary share on July 31, 2023	1,995,883	9,979,417
Balance to be carried forward	28,074,397	34,347,173
Total	30,070,280	44,326,590

**STATUTORY AUDITOR'S REPORT
TO THE GENERAL MEETING OF VARIA EUROPE PROPERTIES AG, ZUG
REPORT ON THE AUDIT OF THE SWISS CO FINANCIAL STATEMENTS**

Report of the statutory auditor

to the General Meeting of Varia Europe Properties AG

Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Varia Europe Properties AG (the Company), which comprise the balance sheet as at 31 December 2022, and the profit and loss statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 61 to 70) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 300'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

As key audit matter the following area of focus has been identified:

Valuation of investments

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 300'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of a real estate investment company that does not engage in operating activities is most commonly measured.

We agreed with the Board of Directors that we would report to them misstatements above CHF 30'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
The purpose of the entity is to participate in real estate investments in Europe (other than in Switzerland), through investments in one compartment of Varia Structured Opportunities SA ("VSO"). VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company.	The audit procedures we performed in order to assess the valuation of investments included, amongst others, the following: - We obtained an independent confirmation of the number of notes held in the underlying VSO compartment as at 31 December 2022. We agreed the confirmation details to the accounting records.
The investments are done through subscription of notes, which are issued by the compartment. As a noteholder, the entity is invested in debt instruments and participates in the underlying assets' returns through variable yields.	- We obtained the audit report from Mazars Luxembourg, auditor of Varia Structured Opportunities SA. When the net asset value was lower than the carrying value, we verified whether Management had recorded an impairment loss.
The investments are valued at acquisition cost, adjusted for impairment losses.	- We interviewed Mazars to understand the scope of the procedures performed in relation to their audit of the VSO compartment.
The investments in VSO compartment represent CHF 29.8 million of the total assets of CHF 30.3 million. We consider the valuation of investments in VSO a key audit matter due to the magnitude of the line item.	- We compared the net asset value as per the audited report to the carrying value of the VSO compartment held by Varia Europe Properties AG as at 31 December 2022.
Refer to note 2.1 (Investments).	When the net asset value was lower than the carrying



value, we verified that the impairment loss recorded was accurate.

Based on our audit procedures, we consider Management's accounting, presentation and disclosure of investments to be reasonable.

Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTSuisse's website: <http://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed repayment of the legal capital reserve complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers SA

Jean-Sébastien Lassonde
Licensed audit expert
Auditor in charge

Anthony Gremion
Licensed audit expert

Geneva, 9 June 2023



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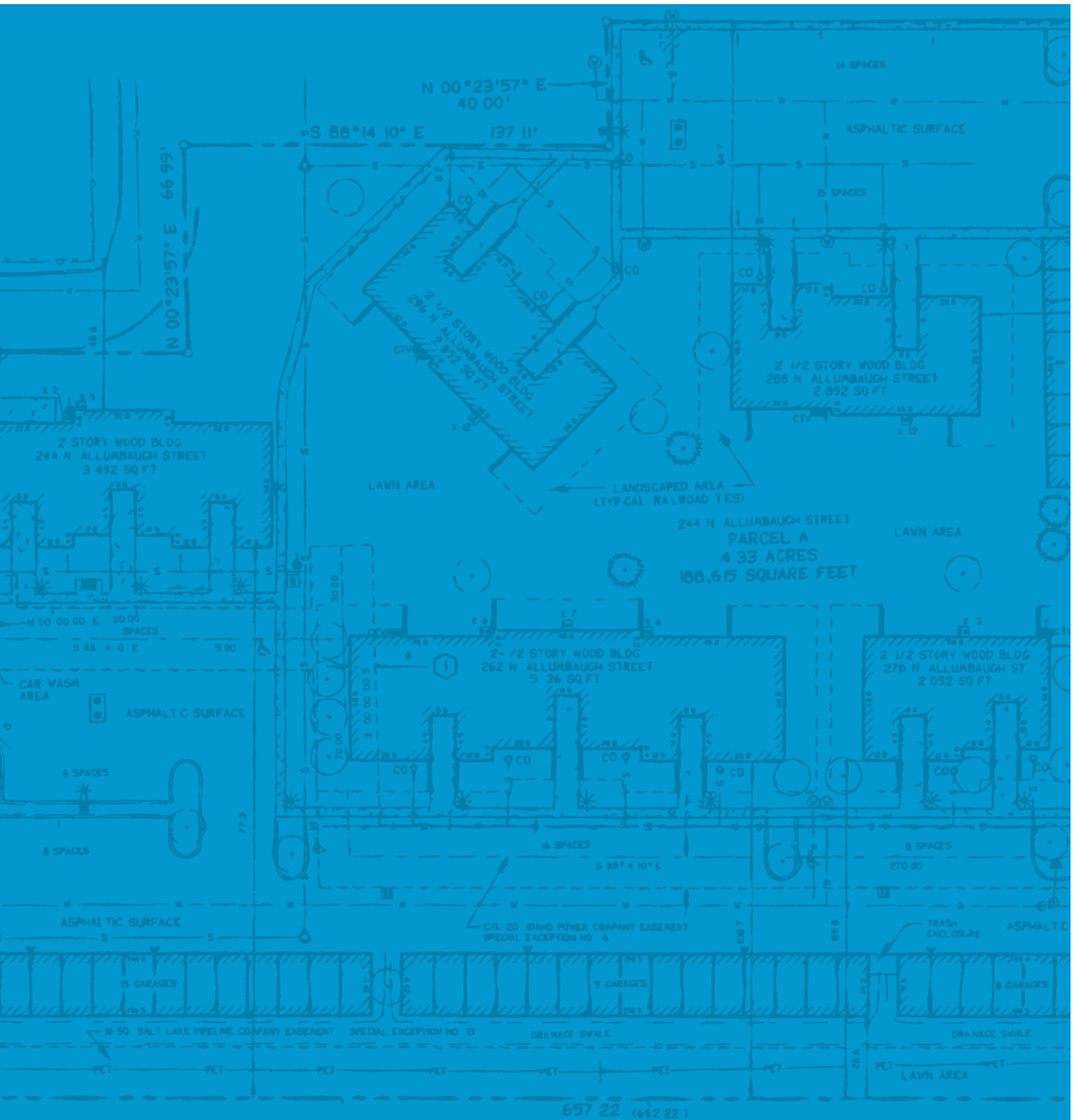
VARIA EUROPE PROPERTIES AG

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