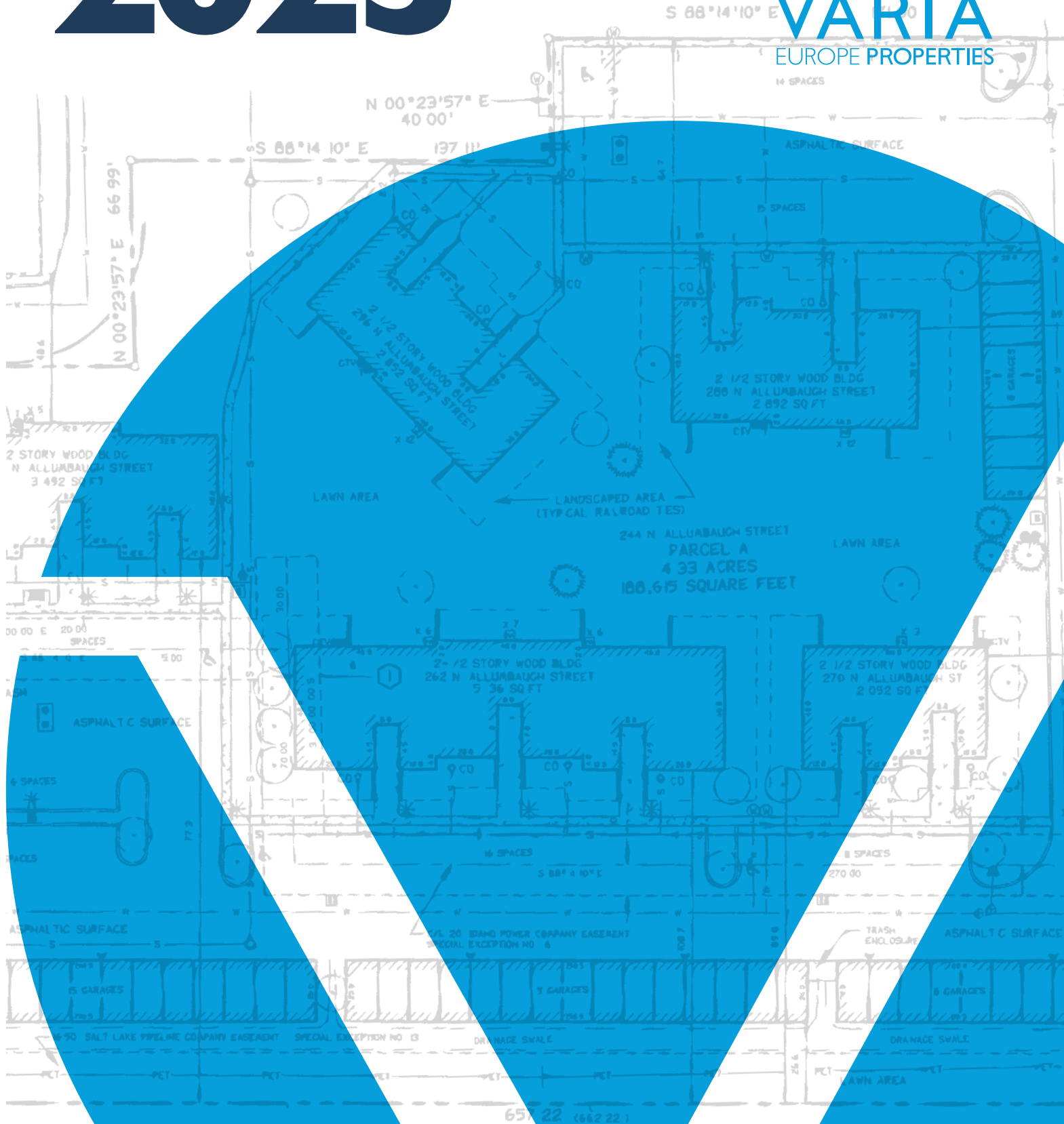


INTERIM REPORT 2023



VARIA
EUROPE PROPERTIES





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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 in 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 June 30, 2023

PORTFOLIO VALUE

December 2022: EUR 30.3 million

EUR million **22.8**

NUMBER OF PROJECTS

December 2022: 19

17

NUMBER OF EXITS

December 2022: 1

2

CAPITAL / INCOME ALLOCATION

December 2022: 63% Capital / 37% Income

Capital **63%**
Income **37%**

COUNTRY ALLOCATION

December 2022: 55% Spain, 33% Italy, 6% Ireland, 6% Denmark

Spain **51%**
Italy **36%**
Ireland **7%**
Denmark **6%**

BRIDGE LOAN/NPL ALLOCATION

December 2022: 33%

33%

INCOME ASSETS ALLOCATION

December 2022: 6%

6%

DEVELOPMENT ALLOCATION

December 2022: 29%

31%

VALUE ADD ALLOCATION

December 2022: 32%

29%

SUMMARY PAGE OF KEY FIGURES

RESULTS (for the six months ended)	Unit	June 30, 2023	June 30, 2022	Change
Interests income on investments	EUR mio	1.0	1.0	-2%
Gain on redemption of notes	EUR mio	-	-	-
Loss on redemption of notes	EUR mio	-0.3	-	-
Net Unrealized gain (loss) on revaluation of investments	EUR mio	-1.2	0.8	-260%
Total Revenues	EUR mio	-0.6	1.7	-135%
General and administrative expenses	EUR mio	-0.1	-0.3	59%
Operating profit incl. Revaluation	EUR mio	-0.7	1.5	-149%
Operating margin	%	-118.0	84.0	-203%
EBITDA (Operating Profit less unrealized revaluation)	EUR mio	0.5	0.7	-27%
(loss) Profit Before Income taxes	EUR mio	-1.8	1.5	-216%
Net Profit (loss) for the period	EUR mio	-1.8	1.3	-234%
Earnings brought forward	EUR mio	0.5	1.7	-68%
Retained earnings	EUR mio	-1.2	3.0	-141%

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BALANCE SHEET (As of)	Unit	June 30, 2023	December 31, 2022	Change
Total Assets	EUR mio	25.4	30.7	-17%
Equity	EUR mio	23.1	30.2	-23%
Equity ratio	%	91.0	98.0	-7%

PORTFOLIO (As of)	Unit	June 30, 2023	December 31, 2022	Change
Projects		17	19	-2
Number of exits		2	1	1
Portfolio Value	EUR mio	22.8	30.3	-25%

SHARE INFORMATION (As of)	Unit	June 30, 2023	December 31, 2022	Change
Share Price	CHF/ share	0.7	1.1	-33%
Number of shares		28,512,619	28,512,619	0%
Market capitalization	CHF mio	20.0	29.9	-33%
Earnings per share (EPS)	EUR / share	-0.062	-0.041	51%
Distribution paid during the period	CHF / share	0.15	0.35	-57%
Distribution paid during the period	EUR mio	3.6	10.6	-11%
Distribution Yield on NAV	%	14.2	25.2	-12%
Distribution Yield on Share Price	%	21.4	33.3	-12%
NAV	EUR / share	0.81	1.06	-23%





SHAREHOLDER LETTER

DEAR SHAREHOLDERS,

It is with great pleasure that we present to you the 2023 Interim 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 half-year results for 2023. Due to the current complex macro-economic environment, the company presents a loss in revenue of EUR –0.6 million (June 2022: EUR 1.7 million) and retained earnings of EUR –1.2 million for the half-year 2023 (June 2022: EUR 3.0 million).

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

PORTFOLIO

Starting the year with 19 underlying investments, in 2023 the Company exited 2 assets bringing the total invested portfolio to 17 projects by the end of the period.

During the period Iberia Income Opportunities, was fully exited in January 2023, the portfolio of Spanish bridge loans was liquidated with a final result of 3.7% IRR (1.1x multiple). The final loans in the portfolio were affected by lower liquidity and higher financing rates, reducing the recovery of positions versus initial exits. Project Minor a hotel complex in Menorca, bought in the beginning of COVID inn 2020 was exited by the company, the project generated an IRR of 6.7% and a multiple of 1.19x.

Overall, all the projects exited so far generated an average 7.0% IRR and a 1.16x multiple.

The allocation to the Bridge Loan/ NPL strategy remained stable at 33% from December 2022 to June 2023 and Income Assets stayed constant at 6%, while Development projects increased from 29% to 31%.

Finally, exposure to Value Added assets decreased from 32% to 29% in June 2023.

By half-year 2023 the portfolio has allocated approximately 51% in Spain, 36% in Italy, 7% in Ireland and 6% in Denmark (55% in Spain, 33% in Italy, 6% in Ireland and 6% in Denmark in December 2022).

PERFORMANCE

Varia Europe recorded a loss on total revenue of EUR –0.6 million (EUR 1.73 million total revenue in June 2022) driven by an unrealized loss of EUR 1.22 million. On the other hand, general and administrative expenses decreased from EUR 0.27 million in June 2022 to EUR 0.11 million in June 2023 leading to an operating loss of EUR 0.71 million in June 2023 (–149% between June 2022 and June 2023).

The total net loss of the first half-year 2023 is EUR 1.76 million (total net profit of EUR 1.31 million in the first half-year 2022), taking into account the distribution in 2023 implying also the decrease on the earning per shares from –0.041 in December 2022 to –0.062 during the period.

The NAV per share of the company decreased at EUR 0.81/shares in June 2023 (EUR 1.06/shares in December 2022). The underlying portfolio value decreased at approximately EUR 22.8 million (–24.78% during the first half-year 2023)

Total shareholder equity of the Company stood at EUR 23,113,395 and voluntary retained earnings of EUR –1.22 million recorded within the Swiss GAAP FER Financial Statements. The average ordinary shares outstanding was 28,512,619 shares 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 0.9847 (December 2022) to 0.9785 (June 2023), or equivalent of -0.63% during the period.

During the first half of 2023, the Company's portfolio experienced a natural reduction of its fair value as the real estate market valuations start to reflect the new interest rate environment and cap rates are adjusted gradually.

The Company continues to focus on exiting projects as soon as possible while preserving the interests of shareholders. During the period under review, exits and cash generated allowed the company to distribute 0.15 CHF/share, equivalent to equivalent to 14% of the December 2022 NAV in CHF. In a difficult period for real estate investment, the company maintained a positive EBITDA excluding the fair value adjustments, and we continue to expect further positive exits from the current portfolio.

Sincerely yours,



Taner Alicehic

Chairman & Executive Member



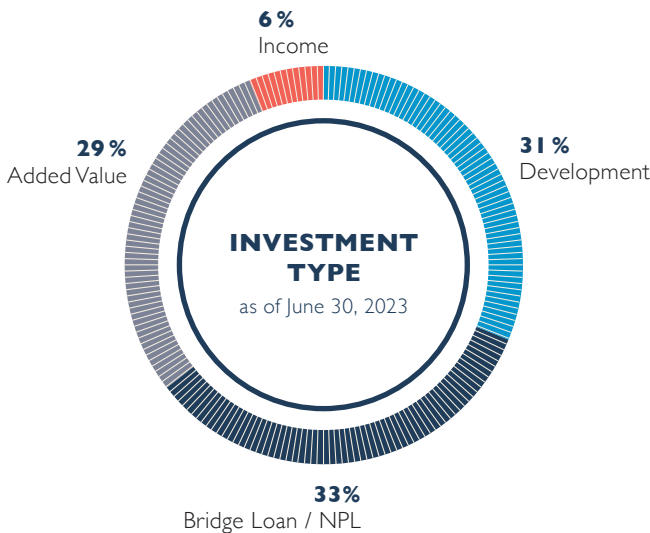
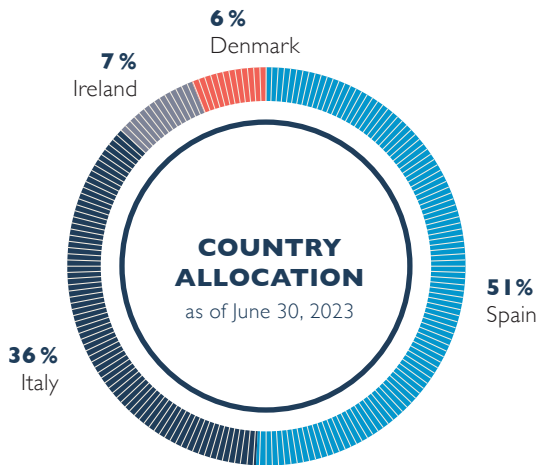


PORTFOLIO OVERVIEW

A BREAKDOWN OF THE PORTFOLIO AS OF JUNE 30, 2023

During the first half-year 2023, the Company decreased in size with total shareholder equity value moving from EUR 30.2 million to EUR 23.1 million with the total number of projects decreasing from 19 to 17 opportunities. The portfolio remained constant in its allocation from December 2022 to June 2023 with its income generating projects, at 63% and income-based opportunities at 37%. The country allocation moved from 55% Spain, 33% Italy, 6% Ireland and 6% Denmark to 51% Spain, 36% Italy, 7% Ireland and 6% Denmark within the same period.

Within the four principal strategies, the allocation to the Bridge Loan/ NPL strategy remained stable at 33% in December 2022 to June 2023 and Income Assets remained at 6% while Development projects increased from 29% to 31%. Finally, exposure to Value Added assets decreased from 32% to 29% in June 2023.



PORTFOLIO ALLOCATION JUNE 30, 2023

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	Capital	Mixed Use	Q2 2019
Gran Turia	Spain	Added Value	Capital	Retail	Q4 2019
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. II	Spain	Bridge Loan	Income	Mixed: Commercial, Residential	Q4 2018
Blackglen	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	Varia Ownership ¹	Varia Ownership ²
			31.2%		
	Q4 2023	4%–5%	13.5%	15.5%	5.8%
	Q4 2023	3%–4%	4.2%	9.8%	3.2%
	Q3 2024	10%–15%	5.1%	6.6%	6.6%
	Q4 2023	10%–12%	4.3%	18.1%	9.1%
	Q4 2023	6%–9%	4.0%	5.2%	1.3%
	Q4 2023	12%	0.0%	3.0%	1.4%
			29.2%		
	Q1 2024	5%–7%	13.0%	14.5%	4.3%
	Q4 2024	5%	10.0%	46.4%	46.4%
	Q4 2024	10%–15%	6.1%	75.0%	1.5%
			30.8%		
	Q4 2025	10%–12%	17.0%	10.5%	10.5%
	Q3 2023	5%–10%	8.0%	35.9%	35.9%
	Q4 2023	0%–5%	2.3%	0.6%	0.6%
	Q3 2023	10%–12%	2.0%	5.8%	5.8%
	Q3 2023	5%–8%	1.4%	9.1%	9.1%
			6.4%		
	Q3 2023	5%–6%	6.4%	26.5%	13.2%
			2.4%		
	Q4 2023	5%	1.8%	2%	0.6%
	Q2 2023	10%	0.6%	9.7%	3.8%

¹ on number of notes owned by Varia Structured Opportunities compartments
² in transparency of the underlying project

SWISS GAAP FER FINANCIAL STATEMENTS

June 30, 2023

Varia Europe Properties AG, Zug

BALANCE SHEET AS OF JUNE 30, 2023

ASSETS	Notes	June 30, 2023 in EUR	December 31, 2022 in EUR
Cash and cash equivalents		2,562,608	194,329
Prepaid expenses		9,766	–
Accrued assets	2.1	27,360	278,839
Current assets		2,599,734	473,168
Investments at fair value	2.1	22,757,157	30,255,710
Deferred tax assets	2.3	–	–
Non-current assets		22,757,157	30,255,710
Total assets		25,356,891	30,728,878
LIABILITIES AND SHAREHOLDERS' EQUITY			
	Notes	June 30, 2023 in EUR	December 31, 2022 in EUR
Trade payable to third parties		87,404	43,176
Dividend payable		2,039,112	–
Accrued expenses	2.2	75,708	453,557
Accrued taxes	2.3	41,272	33,756
Current liabilities		2,243,496	530,489
Total liabilities		2,243,496	530,489
Share capital		512,433	512,433
Reserves from capital contributions		23,823,576	29,146,557
Legal capital reserves		23,823,576	29,146,557
Retained earnings brought forward		539,399	1,695,053
Net loss for the period or year		–1,762,013	–1,155,654
Accumulated deficit or Voluntary retained earnings		–1,222,614	539,399
Total shareholders' equity	2.4	23,113,395	30,198,389
Total liabilities and shareholders' equity		25,356,891	30,728,878

Varia Europe Properties AG, Zug

PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED JUNE 30, 2023

	Notes	For the period ended June 30, 2023 in EUR	For the period ended June 30, 2022 in EUR
Interests income on investments	2.1	951,053	969,214
Loss on redemption of notes	2.1	-329,451	-
Gain on investments fair value adjustment	2.1	-	761,195
Loss on investments fair value adjustment	2.1	-1,221,080	-
Revenues		-599,478	1,730,409
Directors' fees and social charges	2.8	-8,421	-8,397
Communications, publicity and marketing		-6,879	-7,882
Accounting and administration expenses		-42,057	-64,660
Legal and other consulting fees		-12,692	-123,988
Audit fees		-25,137	-21,586
Insurances		-6,832	-6,569
Other operating expenses		-148	-5,577
Direct taxes on capital		-8,102	-30,445
Operating expenses		-110,268	-269,103
Operating profit		-709,746	1,461,306
Financial income	2.6	22,796	25,405
Financial expenses	2.6	-1,075,034	-7,612
Prior year income		-	36,999
Prior year expenses		-29	-
Profit before income taxes		-1,762,013	1,516,098
Deferred income tax benefit (expense)		-	-202,224
Net (loss) profit for the period		-1,762,013	1,313,873
Earnings per share (EPS): Basic and diluted earnings, per share	2.5	-0.0618	0.0461

Varia Europe Properties AG, Zug

CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2023

	Notes	For the period ended June 30, 2023 in EUR	For the period ended June 30, 2022 in EUR
Operating activities			
Net (loss) profit for the period		-1,762,013	1,313,873
Foreign currency loss on dividends distributions		1,063,009	-
Loss on redemption of notes	2.1	329,451	-
Gain on investments fair value adjustment	2.1	-	-761,195
Loss on investments fair value adjustment	2.1	1,221,080	-
Change in accrued assets	2.1	251,479	-658,637
Change in prepaid expenses		-9,766	6,399
Change in trade payable to third parties		44,228	39,201
Change in dividends payable		2,039,112	-
Change in accrued expenses		-377,849	37,435
Change in accrued taxes		7,516	-17,012
Change in deferred taxes		-	186,194
Cash flow from operating activities		2,806,247	146,258
Investing activities			
Investment notes redemptions	2.1	5,948,022	-
Cash flow from investing activities		5,948,022	-
Financing activities			
Dividend distributions		-6,385,989	-
Cash flow from financing activities		-6,385,989	-
Change in cash and cash equivalents for the period		2,368,280	146,258
Cash at the beginning of the period		194,329	371,247
Cash and cash equivalents at the end of the period		2,562,608	517,505
Change in cash and cash equivalents for the period		2,368,280	146,258

Varia Europe Properties AG, Zug

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2023

	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, 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
Extraordinary dividend distribution on April 27, 2023	–	–	–3,629,315	–	–3,629,315
Dividend distribution on June 30, 2023, payable on July 31, 2023	–	–	–1,693,666	–	–1,693,666
Net loss for the period	–	–	–	–1,762,013	–1,762,013
Balance at June 30, 2023	28,512,619	512,433	23,823,576	–1,222,614	23,113,395

Varia Europe Properties AG, Zug

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

(prepared in accordance with Swiss GAAP FER)

I PRINCIPLES

I.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 registered office is at 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, VSO Europe Properties, 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 Properties compartments themselves 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.

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

I.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, financial 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 period is 0.9785 (30.06.2022: 0.9960). 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 values 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 & Wake-

field 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 taxes

The tax expense for the period or the year comprises current income taxes and deferred taxes. Tax is recognized in full 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, 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. Deferred 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 period ended June 30, 2023 (30.06.2022 – nil) and for the year ended December 31, 2022 (31.12.2021 – nil). Capital taxes of EUR 772 were paid during the period and EUR 21,885 during the year ended December 31, 2022.

2 INFORMATION ON BALANCE SHEET AND PROFIT AND LOSS STATEMENT BALANCES

25

2.1 Investments

As at June 30, 2023 the Company owned notes of only one compartment as per the below table:

Compartments	Fair value 31.12.2022 in EUR	Redemption at sale price for the period in EUR	Realized gain / loss for the period in EUR	Investment in nominal value of the notes in EUR	Fair value adjustment in EUR	Fair value 30.06.2023 in EUR
VSO Europe Properties	30,255,710	-5,948,022	-329,451	-	-1,221,080	22,757,157
Total	30,255,710	-5,948,022	-329,451	-	-1,221,080	22,757,157

During the period, 5,669 investment notes in VSO Europe Properties were redeemed for a total amount of EUR 5,948,022 which resulted in a realized loss of EUR 329,451. For the 6-month period ending June 30, 2023, Varia Europe Properties AG recognized a 5% interest in-

come of EUR 951,053 (EUR 969,214 at June 30, 2022) from its investment in VSO Europe Properties including EUR 27,360 (31.12.2022: EUR 278,839) of accrued assets presented in the balance sheet as accrued assets at the end of the period.

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 ended December 31, 2022, 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.

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

Compartments	Domicile	Country of investments	Strategy	Number of Notes held by Varia (30.06.2023)	Percentage held by Varia of total outstanding notes value (30.06.2023)
VSO Europe Properties	Luxembourg	Denmark, Italy, Ireland, Spain	Diversified	23,795	100.0%

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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 period, VSO Europe Properties is a noteholder in the following underlying VSO compartments:

Underlying compartments	Domicile	Country of investments	Strategy	Percentage held by Varia of total outstanding notes value (30.06.2023)
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 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	14.5%
VSO Gran Turia	Luxembourg	Spain	Added Value	46.4%
VSO II Varia Ireland	Luxembourg	Ireland	Development	6.6%
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, 2022:

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%

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%

2.2 Accrued expenses

	30.06.2023 in EUR	30.06.2022 in EUR
Audit fees	29,268	57,537
Accounting fees	20,130	63,780
Legal and consulting fees	13,933	306,955
Directors fees	7,229	14,258
Communication, publicity & marketing	5,149	5,078
Other expenses	–	5,949
Total	75,708	453,557

2.3 Accrued and deferred taxes

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

	30.06.2023 in EUR	30.06.2022 in EUR
Accrued taxes		
Capital tax provision	41,272	33,756
Deferred taxes		
Deferred tax assets	909,511	802,589
Allowance on deferred tax assets	–909,511	–802,589
Deferred tax assets, net	–	–
Deferred tax liabilities	–	–
Net tax assets and liabilities	–	–
Deferred tax assets	–	–

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% (2022: 11.9%), including the direct federal tax. Accordingly the deferred tax assets and liabilities were calculated with the tax rate of 11.9% at June 30, 2023.

2.4 Shareholders' equity

The changes in the shareholders' equity for the period ended June 30, 2023 and the year ended December 31, 2022 are presented in the Statement of changes in equity.

The share capital at June 30, 2023 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 period-end or year-end)	30.06.2023 in EUR	31.12.2022 in EUR
Total shareholders' equity before any dividend distribution	23,113,395	30,198,389
Number of ordinary shares outstanding	28,512,619	28,512,619
Net asset value per share	0.8106	1.0591

Share premiums are considered under Swiss law as 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)

	30.06.2023 in EUR	30.06.2022 in EUR
Net (loss) profit of the period	-1,762,013	1,313,873
Average of ordinary shares outstanding	28,512,619	28,512,619
Basic and diluted earnings, per share	-0.0618	0.0461

There is no dilutive effect on shares at June 30, 2023 and 2022.

2.6 Financial result

	30.06.2023 in EUR	30.06.2022 in EUR
Financial income		
Foreign currency exchange gains	22,796	25,405
Total	22,796	25,405
Financial expenses		
Bank fees	956	350
Foreign currency exchange losses	1,074,078	7,262
Total	1,075,034	7,612

2.7 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.

2.8 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 6-month period ended in June 30, 2023, Director's fees and social charges of EUR 8,296 (CHF 8,120) were accrued (2022 – EUR 8,622).

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 period ended in June 30, 2023 and 2022 and there were no such receivables outstanding as at the same periods.

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

Management fees

During the periods ended June 30, 2023 and 2022, 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	30.06.2023 in EUR	30.06.2022 in EUR
REIS Partners AG	–	116,142
Total	–	116,142

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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 30.06.2023	Shares 31.12.2022
Taner Alicehic	Chairman	295,167	290,667
Jaume Sabater Martos	Member	587,167	561,667
Pierre Grégoire Baudin	Member	269,697	269,697
Total		1,152,031	1,122,031

3 OTHER INFORMATION

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

Varia Europe Properties AG had no employees at June 30, 2023 and has never employed any staff.

3.2 Contingent liabilities

As of June 30, 2023 and 2022, 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 June 30, 2023, there have been no further events that would have a material impact on the financial statements and related disclosure.

CONTACT

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IMPRINT

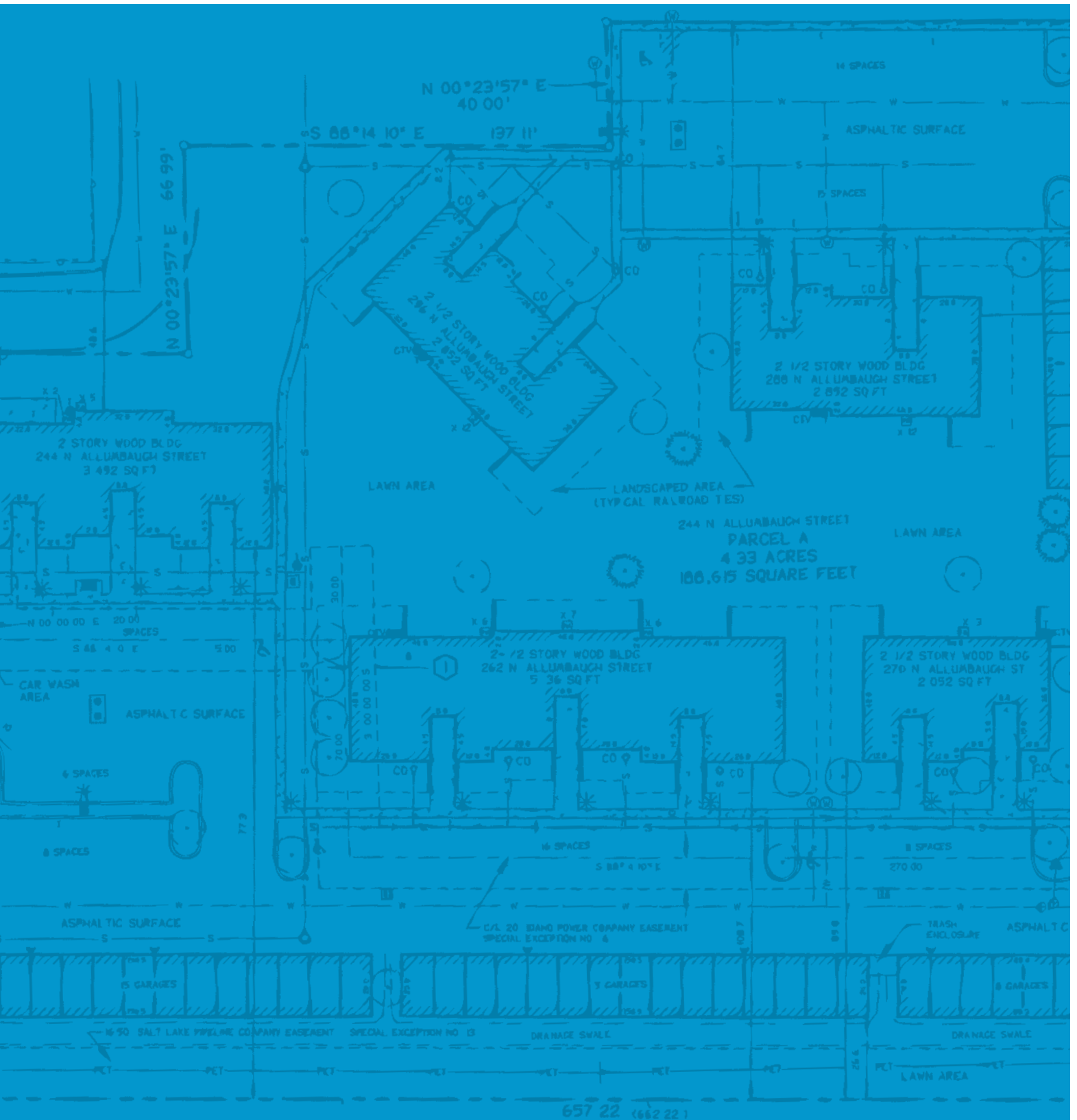
VARIA EUROPE PROPERTIES AG

DESIGN AND TYPESETTING

M3 GMBH, WETZIKON

PRINTING

SPRÜNGLI DRUCK AG, LANGENTHAL



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MANAGED BY STONEWEG 