



CORPORATE GOVERNANCE REPORT

This corporate governance report is written according to Directive on Information relating to Corporate Governance published on May 1, 2018 by SIX Swiss Exchange and more specifically according to the scheme of its Annex. The Articles of Incorporation of Varia US Properties AG may be downloaded on its website at <http://variausproperties.com/articlesofassociation>.

I. GROUP STRUCTURE AND SHAREHOLDERS

I.1. Group structure

Varia US Properties AG is a Swiss listed real estate company according to Article 77 of the Listing Rules (ISIN CH 030 528 529 5, SSN 30 528 529). The Company's market capitalization as of December 31, 2019 was CHF 383.4 million. Its offices are located Gubelstrasse 19, 6300 Zug.

The Company solely invests in the US residential real estate market and generates all of its income from these real estate investments.

It is the strategy of the Company to invest in secondary and tertiary markets, in B and C types of multifamily properties.

As of December 31, 2019, the Company owned:

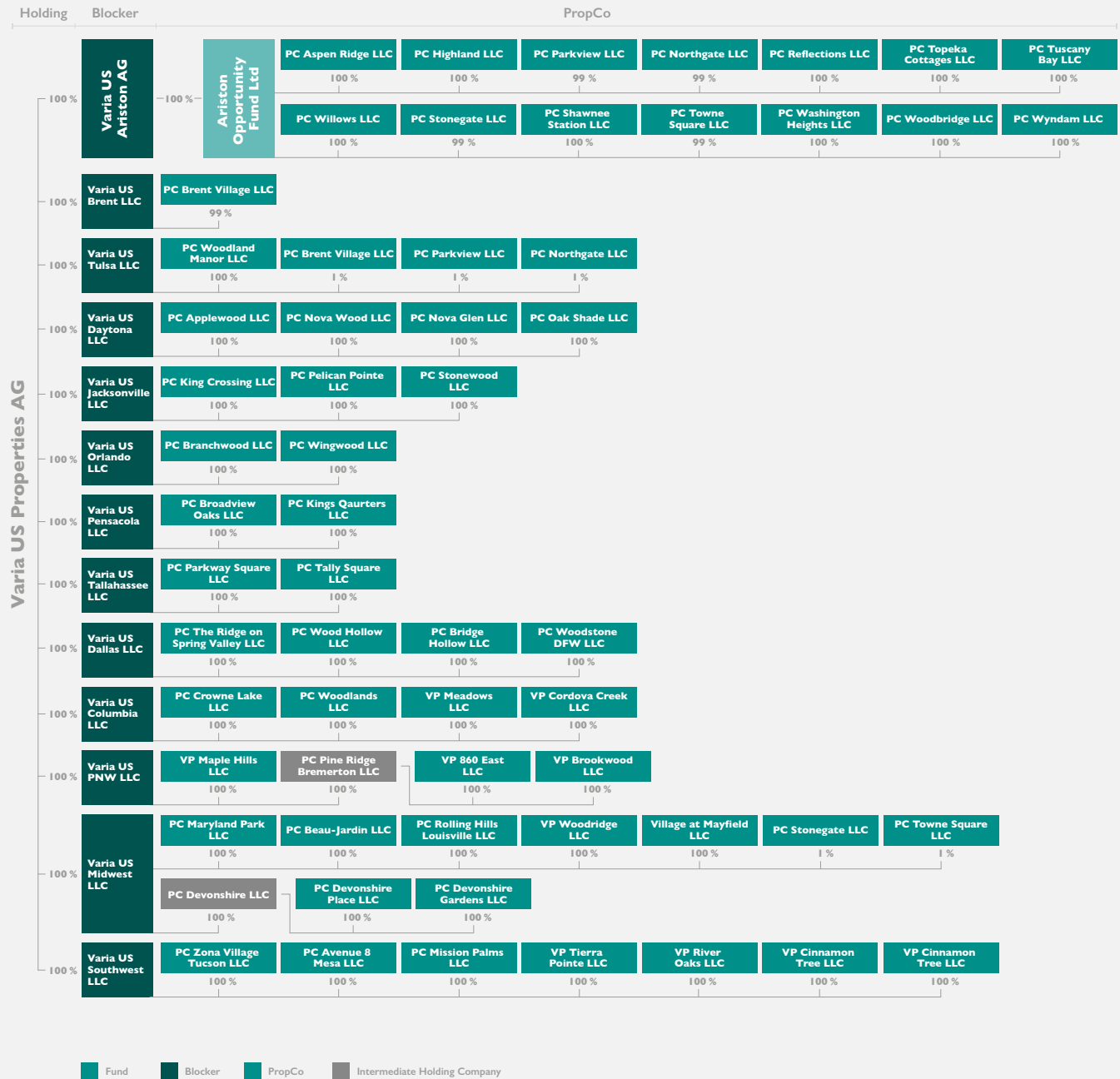
- 100% of shares of Varia US Ariston AG (Switzerland) that owns 100% of the units of the Ariston Opportunity Fund, a Bahamas Fund purchased on February 23, 2016, with retroactive effect as of January 1, 2016.
- 100% of twelve limited liability companies in the US called blockers.

The Fund as well as the blockers are equity members of property limited liability companies (propco), each company being the owner of a property.

At the end of the period, Varia US Properties AG wholly owned 53 properties through that structure.

All the propcos are managed by Stoneweg US LLC, an affiliate of Stoneweg SA, asset manager of Varia US Properties AG.

On the following page is the list of all participations of the Company.



see pages 124–127 for subsidiaries country of domicile and place of administration

1.2. Significant shareholders

On December 31, 2019, the number of shares issued by Varia US Properties AG was 9,001,018. At that time, the main shareholders in the Company were:

- Varia SPC, a Cayman Island fund grouping approximately 35 nominee investors and representing 43.6% of the issued shares.
- Wolf Property Holding, a Luxemburg entity representing 6.7% of the issued shares.

In Varia SPC, none of the shareholders represents more than 3% of the issued shares. Outside of Varia SPC, only Wolf Property Holding represents 6.7% of the share capital with respectively 3,920,525 and 600,000 registered shares in their name on December 31, 2019. No other investor represents more than 3% of the issued shares.

The disclosures made during 2019 may be found at <https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html?companyId=VARIA>.

1.3. Cross-shareholdings

Varia US Properties AG has no cross-shareholdings.

2. CAPITAL STRUCTURE

a) Capital as of December 31, 2019

Type of capital	Number of shares	Value per share	Time limit if any
Ordinary capital	9,001,018	1.00	
Authorized capital (general purpose)	900,000	1.00	May 23, 2020
Conditional capital	None	NA	

b) Additional authorized capital

According to Article 2.3 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the Board of Directors is authorized to increase the share capital at any time until May 23, 2020 by a maximum amount of CHF 900,000 by issuance of a maximum of 900,000 registered shares, of a par value of CHF 1.00 each, to be fully paid up.

Increases through firm underwriting or in partial amounts are permitted. The Board of Directors shall determine the issue price, the date from which the shares carry the right to dividends, and how the shares may be paid up.

The Board of Directors is authorized to exclude the pre-emptive rights of the shareholders and to allocate them to third parties in the event of the use of the new shares for the purpose of: (1) acquiring real estate (whether in the form of direct acquisition of real estate or the acquisition of interests in a real estate company); (2) mergers, acquisitions of enterprises or participations, financing and/or refinancing of such mergers and acquisitions and of other investment projects; or (3) broadening the shareholder constituency.

The subscription as well as the acquisition of registered shares out of authorized share capital for general purposes and any further transfers of registered shares shall be subject to the transfer restrictions specified in Article 2.6 of the Articles of Association (<http://variausproperties.com/articlesofassociation>)

c) Changes in capital

Date of entry into daily register	Number of shares	Share nominal value	Comments
17.09.2015	100,000	1.00	Formation of the Varia
11.11.2015	1,182,464	1.00	1 st capital increase (initial part)
18.01.2016	3,097,074	1.00	1 st capital increase (second part)
07.12.2016	6,194,148	1.00	2 nd capital increase (IPO initial part)
10.01.2017	6,658,710	1.00	2 nd capital increase (greenshoe option)
13.10.2017	7,200,815	1.00	3 rd capital increase
11.01.2018	9,001,018	1.00	4 th capital increase

Varia US Properties AG was formed on September 17, 2015, with an initial share capital of 100,000 registered shares.

A first capital increase was conducted at the end of 2015, beginning of 2016.

A second capital increase was conducted at the end of 2016, beginning of 2017. The Company went public after the December 2016 capital increase.

A third capital increase took place in October 2017 through the authorized capital previously approved by the General Assembly.

A fourth capital increase took place in January 2018.

d) Participation certificates and dividend-right certificates

Varia US Properties AG has neither participation certificates nor dividend-right certificates.

e) Limitation on transferability

According to Article 2.6 of the Articles of Association (<http://variausproperties.com/articlesofassociation>) the registration of acquirers of shares as shareholders with voting rights is in any case subject to the approval by the Board of Directors.

A person who has acquired registered shares will, upon application, be entered in the share register as shareholder with voting rights, provided that he or she expressly

states that he or she has acquired the shares concerned in his or her own name for his or her own account. Any person not providing such statement will be registered as nominee into the share register only if he or she declares in writing that he or she is prepared to disclose the name, address and shareholding of any person for whose account he or she is holding shares or he or she immediately discloses this information in writing upon first demand. No nominees were entered into the share register during the period.

The Company may, after consulting with the affected shareholder, cancel entries in the share register if such entry was based on untrue information given by the acquirer. The acquirer shall be informed of the cancellation immediately.

Varia US Properties AG has implemented no other limitation on transferability. The above limitations may be removed by a majority vote of the Annual General Meeting of shareholders.

A change in the group control would have to be announced to the lenders in the US and would entail an estimated financial cost of 1 % of the aggregate loan value.

f) Convertible bonds and options

At the end of the period, no convertible bonds and no options with the shares of Varia US Properties AG as underlying were outstanding.

3. BOARD OF DIRECTORS

a) Composition

The Board is composed of the following members (as of Dec 31, 2019):

Board Member	Year of birth	Function	First appointed	End of term	Nationality	Executive (E) Non-Executive (NE)*
Manuel Leuthold	1959	Chairman	2016	2020	Swiss	NE
Jaume Sabater	1979	Vice-Chairman	2015	2020	Swiss	E
Taner Alicehic	1974	Member, Member of the Risk and Audit Committee	2015	2020	Swiss	E
Patrick Richard	1971	Delegate of the Board of Directors	2016	2020	Swiss	E
Dany Roizman	1972	Member	2015	2020	Brazil	NE
Beat Schwab	1966	Member, Chairman of the Risk and Audit Committee, Member of the Compensation Committee	2016	2020	Swiss	NE
Stefan Buser	1967	Member, Chairman of the Compensation Committee, Member of the Risk and Audit committee	2017	2020	Swiss	NE

* Executive members are those active for or within Stoneweg SA, which is the Asset Manager of Varia US Properties AG:

- Jaume Sabater is CEO of Stoneweg SA
- Patrick Richard is Head of US Investments for Stoneweg SA and principal of Stoneweg US, LLC
- Taner Alicehic is in charge of investor relations for Stoneweg SA

For a description of the delegation of duties to the Asset Manager and to the Delegate of the Board, please refer to the Organizational Regulation of the Company (<http://variausproperties.com/orgreg>).

None of the non-executive members held an operational management position at the Company or one of its subsidiaries during the last three years preceding the period under review.

None of the non-executive members has significant business connections with the Company or with any of its subsidiaries.

b) Professional background, education, other activities and interests



**MANUEL
LEUTHOLD**

Professional background

- 2016 – present: Independent board member, no full-time position
- 2012 – 2015: Edmond de Rothschild Group, Chief Administrative Officer
- 1984 – 2011: UBS SA, various positions, Member of the Swiss executive committee

Education

- University of Geneva: Master of Law
- University of Geneva: Master of Economics

Other activities and interests

- Chairman of Compenswiss (Swiss Federal Social Security Fund), Berne
- Board member of Clinique Générale Beaulieu Holding SA
- Board member of various non-listed banks and small and medium size enterprises



**TANER
ALICEHIC**

Professional background

- 2017 – present: Advisor at Stoneweg SA
- 2008 – present: Founder and CEO of Real Estate Investment Solutions SA
- 2000 – 2008: Banque Cantonale Vaudoise, various positions

Education

- EPFL: Master's degree in physics
- HEC Geneva: MBA

Other activities and interests

- Chairman of the board of Varia Europe Properties AG
- Member of the board of Varia Realtech Properties AG



**JAUME
SABATER**

Professional background

- 2015 – present: Founding partner and CEO of Stoneweg SA
- 2003 – 2014: Edmond de Rothschild Group, various positions, Head of Real Estate Investments

Education

- Community of European Management Schools, St. Gallen University, and ESADE Barcelona: Master in international management

Other activities and interests

- Chairman of the Board of Varia Swiss Realtech Properties AG
- Member of the board of Varia Europe Properties AG
- Member of the board of Stoneweg SA



**PATRICK
RICHARD**

Professional background

- 2016 – present: Head of US Investments for Stoneweg SA
- 2016 – present: Founder and CEO of Stoneweg US LLC
- 2007 – 2015: co-founder and managing partner of Procimmo SA, a Swiss real estate asset manager
- 2015 – 2019: Chairman of the board of Procimmo SA

Education

- University of Geneva: Law degree
- Geneva Bar: Attorney at law
- Board education program: IMD, Swiss board Institute

Other activities and interests

none



DANY ROIZMAN

Professional background

- **2003 – present:** Founder and CEO of Brainvest Wealth Management SA
- **1996 – 2002:** JP Morgan (Sao Paulo, New York, Geneva)

Education

- PUC Sao Paulo: Bachelor in economics

Other activities and interests

- Board Member of Funding Affordable Homes S.A., SICAV-SIF
- Advisory Board Member of Sweetwood Ventures SCSp – RAIF
- Advisory Board Member of Aina investment Fund, SICAV-SIF
- Advisory Board Member of YL Ventures III L.P.
- Board Member of Última Capital AG.



STEFAN BUSER

Professional background

- **2017 – present:** independent board member, no full time position
- **2016:** Tertianum Group, Head Integration Project and member of the Executive Board
- **2009 – 2015:** SENIOcare Group, CFO
- **2006 – 2009:** KPMG Switzerland, Head Risk & Sustainability Services

Education

- Expert Suisse: chartered accountant
- University of Zurich: MBA
- INSEAD: Certificate in Corporate Governance (IDP-C)

Other activities and interests

- Board member of various non listed small and medium size enterprises



BEAT SCHWAB

Professional background

- **2017 – present:** independent board member, no full time position
- **2012 – 2017:** Credit Suisse, various positions, Head of Global Real Estate
- **2006 – 2012:** CEO of Wincasa AG
- **2004 – 2006:** Member of Executive management of ISS Schwiyz
- **1999 – 2004:** Co-owner of Sevis AG Facility services

Education

- University of Bern: PhD in Economics
- Columbia University: MBA

Other activities and interests

- Chairman of the Board of Zug Estates Holding
- Member of the Board of CFF/SBB (Swiss national railway company)
- Member of the board of Raiffeisen Switzerland
- Board member of various non listed small and medium size enterprises

c) Number of authorized activities in accordance with Article 12, paragraph 1, item 1 OaEC

According to Article 4.7 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the members of the Board of Directors and the persons whom the Board of Directors has entrusted with the executive management shall not assume more than (i) 15 additional remunerated mandates, of which not more than five in companies listed at a stock exchange, and (ii) ten additional non-remunerated mandates, whereas a reimbursement of expenses is not considered remuneration.

d) Elections and terms of office

According to Article 4.1 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the Board of Directors shall consist of a minimum of three and a maximum of nine members, who do not need to be shareholders. The Board of Directors organizes itself, subject to election by the General Meeting of shareholders of the Chairman and the members of the Compensation Committee. The Board of Directors may designate a Vice Chairman and a Secretary. The Secretary does not have to be shareholder or a member of the Board of Directors.

The members of the Board of Directors shall be elected by the General Meeting of shareholders for a term of one year, beginning with the day of their election. Directors shall hold their offices until they are replaced or not re-elected, unless they retire or are removed earlier. If a director is replaced, his successor shall continue in office until the end of his predecessor's term

e) Internal organizational structure

On November 14, 2016, the Board of Directors approved the Organizational Regulations of Varia US Properties AG (see <http://variausproperties.com/orgreg>), which then entered into force on December 8, 2016. These regulations mainly contain provisions with regard to:

- General organization of the Board meetings
- Rights and duties of the members of the Board
- Duties of the Board and delegation to the Delegate of the Board of Directors

- Additional regulations for the chairman and the Delegate of the Board of Directors
- Provisions regarding the committees of the Board

In 2019, the Board of the Company met on four occasions and one conference call and one resolution was taken by circular resolution. The four meetings took place on March 28, June 27, August 26 (Conference Call), September 12, and November 26. They lasted on average 3 Hours and 40 minutes. The resolution was adopted on May 8.

100% of the board members participated in the meetings of March 28, June 27, August 26, and September 12. One member was excused for the meetings of November 26. Thus, total attendance was 97%.

On January 6, the Board went through a self-assessment exercise. Based on nine questions, the average result was 4.71 out of 5, which the Chairman considered as a very good result.

Unless otherwise specifically accepted by the Board members, the Board is convened by its chairman, at least ten days prior to the meeting day. Supporting documentation is sent with the invitation or at least five days before the meeting. If a Board member cannot participate in person, a conference call or video conference will be organized in order to make participation possible. If a Board member is not available, he will speak with the Chairman before the meeting in order to make his points known. In case of a strong disagreement, a decision may be postponed if needed.

Representatives of the Asset Manager always participate in the Board meetings as elected members of the Board. It has, however, been the will of the Company to have a majority of non-executive Board members. Currently, the Board counts five non-executive members and three executive members.

The agenda of the Board is discussed by the chairman and the executive members of the Board, in order to take into consideration all needed information and to comply with all relevant regulations.

Board resolutions shall be adopted by a majority vote of all members present. In case of a tie, the chairman shall have the casting vote.

In its duties, the Board is helped by two committees:

- The Risk and Audit Committee
- The Compensation Committee.

i. Risk and Audit Committee

The members of the Risk and Audit Committee are appointed by the Board of Directors for a term of office of up to one year ending at the next ordinary shareholders' meeting. The Risk and Audit Committee consists of at least one member of the Board of Directors. Beat Schwab is chairperson. Stefan Buser and Taner Alicehic are members of the Risk and Audit Committee.

The Risk and Audit Committee has the following general duties and competencies:

- Assisting the Board in fulfilling its duties of supervision of management in organizing the accounting, financial control and financial planning activities;
- Reviewing the outcome of the annual accounts and audit with the external auditor as well as issuing the necessary proposals or recommendations to the Board;
- Examining and submitting proposals to the Board regarding the approval of the annual and interim accounts of the Company (including significant off balance sheet positions);
- Clearing of any differences of opinion between the Asset Manager, the external real estate appraiser and the auditors which may evolve in connection with the preparation of the annual financial statements;
- Evaluating the external auditors with regard to the fulfilment of the necessary qualifications and independence according to the applicable legal provisions, and making proposals for the attention of the Board concerning the choice of the external auditors at the General Meeting of shareholders;
- Assessing the work done by the external auditors in office and approving the budget submitted by the external auditors for the audit work;
- Assessing the work done by the Asset Manager and the external real estate appraiser;
- Approving the necessary non-auditing services provided by the external auditors;
- Examining, reviewing and approving the accounting policies and the external auditing plan;
- Reviewing the Company's compliance with financial laws, regulations, and reporting requirements;

- Setting the guidelines for the Company's risk management system and internal control system and assessing the effectiveness of the risk management system and the internal control system;
- Questioning the external auditor as to the significant risks, contingent liabilities and other fundamental obligations of the Company as well as assessing the measures taken by the Company to handle them;

The Risk and Audit Committee is entitled to conduct investigations in all matters of its competence. It may also request the services of independent advisors and experts to the extent required for the accomplishment of its duties.

In 2019, the Risk and Audit Committee met four times, that is on March 22, June 27, August 20 and November 26. Each of these meetings lasted on average for 2 hours.

ii. Compensation Committee

The Compensation Committee consists of at least one member of the Board of Directors. Its chairman is Stefan Buser and Beat Schwab is member of the Compensation Committee. All members of the Compensation Committee are individually elected by the shareholders' meeting for terms of one year. Re-election is permitted. The chairperson of the Compensation Committee is appointed by the Board of Directors (Article 4.5 of the Articles of Association (<http://variausproperties.com/articlesofassociation>))

The Compensation Committee assists the Board of Directors in remuneration-related matters, namely by:

- Presenting motions to the Board in view of the next ordinary General Meeting of shareholders with respect to the remuneration of the members of the Board;
- Assisting the Board in the preparation of the remuneration report;
- Implementing the resolutions passed by the General Meeting of shareholders with respect to the remuneration of the members of the Board;
- Assessing the principles of remuneration and presenting corresponding motions to the Board (in view of the next ordinary General Meeting of shareholders);
- Making a summary assessment of the annual business expenses incurred by the members of the Board and the Asset Manager reviewing all contacts and fees with

the asset manager and to ensure that all business conducted between the Company and the asset manager are at arm's-length, and that fees are always fixed at market conditions.

- Presenting motions to the Board regarding the issuance of compensation rules to be submitted to the General Meeting of shareholders for approval.

The Compensation Committee is entitled to conduct investigations in all matters of its competence. In particular, it has full access, to the extent required for the accomplishment of its duties, to the employees, books and records of the Company and its subsidiaries. It may also request the services of independent advisors and experts to the extent required for the accomplishment of its duties

In 2019, the Compensation Committee met twice, on January 17 and August 20. The meetings lasted on average 1 hour and 10 Minutes.

Since the entry into force of the Organizational Regulations (see <http://variausproperties.com/orgreg>), the two committees have been involved in the preparation of the compensation report, as well as in the supervision of the preparation of the financial statements. They made recommendations to the Board for the preparation of the General Assembly.

f) Management contract relationship with Stoneweg SA

Stoneweg SA (UID: CHE-322.354.583, with address at boulevard Georges-Favon 8, 1204 Geneva) has been appointed by the Company as its exclusive Asset Manager according to a contract signed most recently on November 15, 2016. According to this contract, Stoneweg SA's main missions are:

- Execute acquisitions and divestments according to the investment strategy fixed by the Board
- Manage the portfolio according to agreed targets
- Interact with local counterparts such as brokers, lenders, mortgage brokers, appraisers, local or regional asset managers, property managers, accounting firms, auditors, lawyers.
- Report to the Board and its committees.
- Investor relations
- Capital increase organization and coordination, equity financing

To help fulfil its mission, Stoneweg SA uses a company called Stoneweg US LLC, with offices in St Petersburg, Florida. This entity is led by Patrick Richard and comprises fifteen real estate professionals (including the principal).

For these activities, Stoneweg SA or its affiliates are entitled to a transaction fee of up to 1 % of the purchase price of the acquisitions closed and sold, or alternatively to a performance fee in case of a disinvestment. During 2019, Stoneweg SA and its affiliates received transaction fees of USD 1.06 million.

For its asset management activities, the Asset Manager or any of its affiliates will be entitled to a fee (the "Management Fee") per financial year (and so in proportion for any part of a financial year), which is calculated as one percent (1.00%) of the rolling equity value. The equity value is calculated every half-year as the addition of the NAV of the last two semesters divided by two. A semester shall be equal to six (6) months. During 2019, Stoneweg SA and its affiliates received management fees of USD 3,554,393. Stoneweg SA has decided to charge the fee only on the equity invested and not on the full equity raised by the Company.

For its activities related to equity financing, the Asset Manager or any of its affiliates shall be entitled to a fee of up to three percent (3.00%) of new capital raised for the purpose of equity financing (the "Placement Fee"). In 2019, Stoneweg SA and its affiliates received a total amount of placement fee of CHF 250,000.

Fee type	Amount invoiced 2019	Comments
Issue	CHF 250,000	Bond issuing fee
Asset Management	USD 3,544,393	0.93 % of 2019 equity value of the company
Transaction	USD 1,058,750	Average 1.0%
Promote	-	-
Total	USD 4,858,497.50	

Stoneweg SA is a Geneva-based international real estate platform serving various clients and managing investments, currently mainly in Spain, Italy, Switzerland, Andorra, Ireland and the US.

Stoneweg SA or its affiliates have offices in Geneva, Milano, Barcelona, Madrid, Andorre-la-Vieille, Dublin and St Petersburg (FL).

Jaume Sabater (Spanish) is founding partner and CEO of Stoneweg SA. The other members of the management team are Rui Inacio (Portuguese), Jean Golinelli (Swiss), Joaquin Castellvi (Spanish), Gregorio Perez (Spanish), and Christian Falster (Norwegian).

Patrick Richard (Swiss) is Head of US Investments for Stoneweg SA. He is also the Founder and CEO of Stoneweg US, LLC.

None of the people involved in the US activities of Stoneweg US LLC or of Stoneweg SA has a political mandate or post and none has any other relevant activities other than the ones mentioned above.

4. COMPENSATION, SHAREHOLDINGS AND LOANS

The compensation of the Board of Directors is detailed in the compensation report and the information regarding the compensation of the Asset Manager is provided above.

No loans or credit facilities were granted to any member of the Board or any member of the Asset Manager or other related parties during the period under review.

In terms of shareholdings, the table below indicates the number of shares directly or indirectly held by each member of the Board as of December 31, 2019.

Board member	Number of shares directly or indirectly held
Manuel Leuthold	2,500
Jaume Sabater	7,250
Taner Alicehic	33,075
Dany Roizman	32,000
Patrick Richard	40,000
Beat Schwab	3,066
Stefan Buser	2,312

At the end of the reporting period, there was a shareholding program in place.

The Board members have a fixed compensation only. That compensation is evaluated by the Compensation Committee based on compensation paid to Board members of Swiss listed and non-listed real estate companies of a similar size. The proposal of the Compensation Committee members is then submitted to the Board for discussion and approval. Finally, it is presented to the General Meeting of the shareholders. The fees paid to the Asset Manager are not variable, except for the performance fee, when applicable, which can vary depending on the performance of assets at the time of divestment.

5. COMPENSATION RULES

a) Statutory rule on compensation

According to Article 4.4 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), the members of the Board of Directors and the persons whom the Board of Directors has entrusted with the executive management are entitled to remuneration commensurate with their activities. The remuneration may be paid by the Company or by a subsidiary, provided it is covered by the total remuneration approved by the General Meeting.

The members of the Board of Directors are paid a fixed remuneration and other applicable elements of remuneration that are not dependent on performance.

Remuneration of the persons whom the Board of Directors has entrusted with the executive management consists of a fixed compensation, which may be complemented by a variable component. The amount of the variable remuneration paid to the persons whom the Board of Directors has entrusted with the executive management depends on the qualitative and quantitative targets and parameters defined by the Board of Directors. The Board of Directors defines and assesses the targets and their achievement or delegates this task to the Compensation Committee. Variable remuneration may be paid in cash or in the form of equity instruments, conversion or option rights or other rights to equity instruments.

The Board of Directors determines the respective amounts of remuneration within the remuneration

framework approved by the General Meeting of shareholders upon proposal by the Compensation Committee.

If the remuneration of the Board of Directors or of the persons whom the Board of Directors has entrusted with the executive management takes the form of shares, option rights or similar instruments, the Board of Directors shall set out the conditions and requirements that are to apply in one or more plans or regulations. These plans or regulations may stipulate the time of allocation, valuation, holding, vesting and exercise periods (including their alteration or revocation under certain circumstances), the maximum number of shares, option rights or other instruments that may be allocated, potential claw-back mechanisms and discounts at allocation.

For members of executive management who are appointed by the Board of Directors after the annual total compensation has been approved, an additional amount per new member as defined by Article 19 of the Ordinance Against Excessive Compensation in Stock Companies of no more than 100% of the total annual compensation last approved for the persons whom the Board of Directors has entrusted with the executive management shall be available should the approved total compensation for the approval period in question prove to be insufficient.

In 2019, no variable component was paid to any member of the Board.

b) Loans and credit facilities

According to Article 4.6 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), loans and credits in favor of a member of the Board of Directors or of persons whom the Board of Directors has entrusted with the executive management may only be granted at market conditions (at arm's length). The total amount of loans and credits granted directly or indirectly to members of the Board of Directors or persons whom the Board of Directors has entrusted with the executive management shall not exceed CHF 10 million.

c) Approval by the General Meeting of shareholders

The General Meeting of shareholders approves the proposals of the Board of Directors regarding the maximum amounts separately every year with binding effect as follows:

1. for the compensation of the Board of Directors for the term of office until the next General Meeting of shareholders;
2. for the compensation of the persons whom the Board of Directors has entrusted with the executive management annually in advance until the next General Meeting of shareholders or retroactively for the period described in the proposal of the Board of Directors.

No vote is required for the remuneration of the Asset Manager.

If a compensation proposal is rejected by shareholders, the Board of Directors may make new proposals at the same General Meeting of shareholders or call for an extraordinary meeting of shareholders for that purpose.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

a) Vote and proxy

According to Article 3.4 of the Article of Association (<http://variausproperties.com/articlesofassociation>), each share entitles to one vote. Voting by proxy is permitted under a written proxy. The Board of Directors shall decide about closing time of the shareholder register before any General Assembly and whether a proxy is to be accepted.

The General Meeting of shareholders shall elect an Independent Proxy, who may be an individual, a legal entity or a partnership. The independence of the Independent Proxy shall be construed in accordance with Article 728 CO. The term of the Independent Proxy shall end with the closing of the next ordinary General Meeting of shareholders following the General Meeting

of shareholders that elected the Independent Proxy. Reelection is permissible. The Independent Proxy shall exercise his, her or its responsibilities in accordance with the provisions of the law. The Board of Directors shall ensure that the shareholders have the opportunity to give instructions to the Independent Proxy with respect to each agenda point mentioned in the notice to the meeting. In addition, the shareholders shall be given the opportunity to give general instructions with respect to motions made at the meeting concerning an agenda item or with respect to an agenda item not previously announced in the invitation (Article 700 para. 3 CO). The Board of Directors shall ensure that the shareholders may give their proxy or instructions, also electronically, to the Independent Proxy until 4:00 p.m. (local time) on the second business day before date of the General Meeting. The Independent Proxy shall exercise the voting rights granted to him, her or it by the shareholders in accordance with their instructions. If no instructions have been given, the Independent Proxy shall abstain from voting.

Unless otherwise provided by law or the Articles of Incorporation, the General Meeting of shareholders passes its resolutions with the absolute majority of the votes cast. If a resolution cannot be passed upon the first voting there shall be a second voting at which the relative majority shall decide, unless otherwise stipulated by law or the Articles of Incorporation.

b) Organization of the General Meeting

General Meetings of shareholders are called by the Board of Directors and, if necessary, by the auditors. The liquidators are also entitled to call a General Meeting of shareholders.

The Annual General Meeting of shareholders shall be held within six months following the close of the business year; at least twenty days prior to the Annual General Meeting of shareholders, the annual business report and the auditors' report must be submitted for examination by the shareholders at the Company's registered office. Any shareholder may request that a copy of these documents be immediately sent to him. The shareholders are to be notified hereof by letter.

A General Meeting of shareholders is also to be called upon demand of one or more shareholders representing at least ten percent of the share capital. The demand to call a meeting shall be in writing and shall specify the items and the proposals to be submitted to the meeting.

The General Meeting of shareholders shall be called not less than twenty days prior to the meeting. The notice shall be given in writing or by email.

The notice shall specify the place, date and time of the meeting, as well as the items and proposals of the Board of Directors and the shareholders who demanded that a General Meeting of shareholders be called.

According to Article CO 699 §3, shareholders together representing shares with a nominal value of 1 million francs or holding at least 10% of the share capital may demand that an item be placed on the agenda.

Shareholders or their proxies representing all shares issued may hold a meeting of shareholders without complying with the formalities required for calling a meeting unless objection is raised. At such meeting, discussion may be held and resolutions passed on all matters within the scope of the powers of a General Meeting of shareholders for so long as the shareholders or proxies representing all shares issued are present.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

According to Article 2.7 of the Articles of Association (<http://variausproperties.com/articlesofassociation>), an acquirer of shares in the Company shall not be bound by the obligation to make a public takeover offer in accordance with Articles 135 and 163 of the Federal Act on Financial Market Infrastructures and Market Conduct on Securities and Derivatives Trading (Financial Market Infrastructure Act). No other clause on changes of control is included in the Articles of Association.

8. AUDITORS

KPMG has been the auditor of the Company since its inception in 2015. At that time today's lead auditor also took office. The lead auditor of the Company must be replaced after a period of seven years as set forth in Article 730a(2) CO. The mandate of the auditor lasts from one General Assembly to the next one and has to be confirmed at each General Assembly.

For the 2019 period, the audit company has issued the following invoices:

Date	Amount in CHF	Work done
15.1.2019	84,160.00	Audit 2018
3.9.2019	258,400.00	Audit 2018
14.12.2019	80,775.00	Audit 2019

The total amount invoiced by KPMG and paid in 2019 is CHF 423,335.

With regard to the 2019 financial statements, the auditors have been invited at the Audit & Risk Committee meeting that took place on March 2020

The Board of Directors assesses the performance, payment and independence of the external auditors each year. This assessment is performed both by the Risk and Audit Committee as well as by the Board after each Closing.

9. INFORMATION POLICY

The Company publishes half-year results within three months after the closing of the half-year period and a full-year report within four months after the closing of the yearly period. After the first and third quarter of each year, the Company publishes quarterly updates that content the latest activities of the Company.

Quarterly and half-year results are neither reviewed nor audited, whilst full-year reports are audited. Half-year financial statements may be reviewed if needed for corporate activities.

The Company is subject to ad hoc publicity according to Article 53 of the Listing Rules.

All information as well as the schedule of publication dates and general assemblies are also available on the website www.variausproperties.com and the website of the SIX, www.six-swiss-exchange.com.

Interested persons can register to receive regular news from the Company under www.variausproperties.com.

