ANNUAL REPORT
2023

VARIA
US PROPERTIES


ASPHALTIC SURFACE
16 SPACES
SPECIAL EXCEPTION NO 13

CONTENTS

COMPANY PORTRAIT

- Varia US Properties AG is a Swiss-based real estate company, exclusively investing in the US multifamily market. It focuses on secondary and tertiary markets that are characterized by strong population and employment growth.

- Established in September 2015 as a Swiss company, Varia US Properties AG offers an alternative to the Swiss real estate market. In addition to the attractive return perspectives of the US real estate market, investors also benefit from the US Swiss double tax treaty.

- Varia's unique setup – characterized by an experienced Swiss team, a dedicated US staff and a broad network of highly qualified local partners, all backed by a majoritarian non-executive, independent Board – allows Varia US Properties to successfully take advantages of the opportunities the US real estate market is offering.

- The Company's asset manager is Stoneweg SA, a Geneva-based, international real estate asset manager with over USD 4.5 billion of real estate assets under management. In the US, Stoneweg US LLC is in charge of acquisitions, asset management and disposition of assets fitting with the Company strategy.

PORTFOLIO SUMMARY

as of December 31, 2023

PORTFOLIO VALUE

2022: USD 1,704 million

USD million **1,300**

NUMBER OF PROPERTIES

2022: 41

31

NUMBER OF UNITS

2022: 11,042

8,518

AVERAGE MONTHLY RENT PER UNIT

2022: USD 1,134

USD **1,223**

LOAN-TO-VALUE

2022: 55.41 %

62.92 %

GROSS POTENTIAL INCOME*

2022: USD 169.2 million

USD million **141.8**

AVERAGE MARKET VALUE PER UNIT

2022: USD 154,297

USD **152,619**

OCCUPANCY RATE

2022: 93.1 %

92.2 %

EFFECTIVE GROSS INCOME*

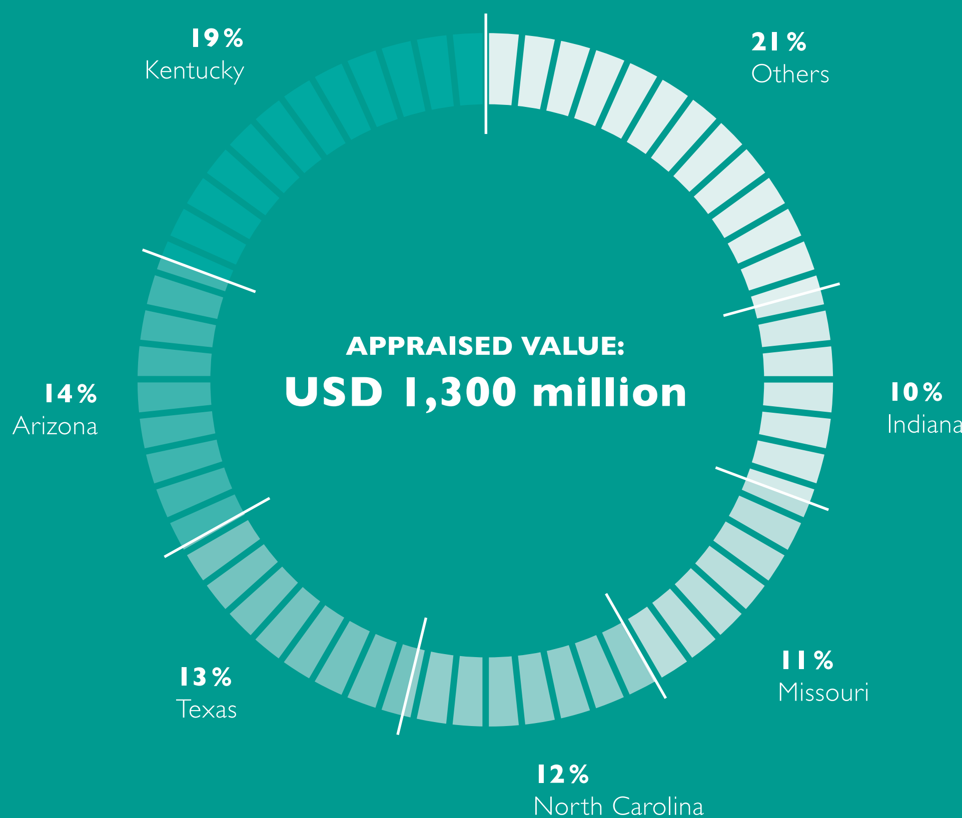
2022: USD 158.1 million

USD million **132.7**

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

GEOGRAPHIC BREAKDOWN

In 2023, Varia US Properties sold 10 properties. By the end of 2023, the portfolio comprised 31 properties spread across 13 states and representing 8,518 units or apartments.



FINANCIAL YEAR 2023
AT A GLANCE

TOTAL INCOME

2022: USD 297.7 million

USD million **–23.3**

FAIR VALUE PORTFOLIO ADJUSTMENT

2022: USD 153.7 million

USD million **–174.3**

EBITDA

2022: USD 88.2 million

USD million **44.2**

(LOSS) PROFIT FOR THE PERIOD

2022: USD 122.6 million

USD million **–139.0**

REPAIRS, MAINTENANCE AND MINOR REPLACEMENTS

2022: USD 11.4 million

USD million **11.4**

NORMALIZED FFO

2022: USD 20.1 million

USD million **13.9**

EARNINGS PER SHARE

2022: USD 12.1

USD **–13.7**

NAV PER SHARE

2022: USD 60.1

USD **39.2**

NAV PER SHARE (EXCLUDING DEFERRED TAXES)

2022: USD 70.8

USD **45.5**

SUMMARY PAGE OF KEY FIGURES

RESULT (For the Year Ended)	Unit	December 31, 2023	December 31, 2022	Change
Rental Income	USD mio	124.0	126.5	–2.0%
*Rental Income like for like**	USD mio	89.0	83.8	6.1%
Other Income and Insurance Proceeds	USD mio	27.0	17.5	54.3%
Total Realized Income (total income less unrealized valuation)	USD mio	146.4	188.4	–22.3%
Realized Gains on disposal of properties	USD mio	–4.6	44.4	–110.4%
Unrealized (Losses) Gains on revaluation of properties	USD mio	–169.6	109.3	–255.2%
Net (Loss) Gain on revaluation of properties	USD mio	–174.3	153.7	–213.4%
*Revaluation of properties like for like**	USD mio	–128.5	107.3	–219.7%
Total Income	USD mio	–23.3	297.7	–107.8%
Operating Expenses	USD mio	102.2	100.2	2.0%
Operating (Loss) Profit incl. revaluation	USD mio	–125.5	197.6	–163.5%
Operating Margin [1]	%	N/A	66.4	N/A
Operating Margin Excluding Revaluation [2]	%	32.3	30.5	1.8%
EBITDA (Operating Profit less unrealized revalulation)	USD mio	44.2	88.2	–50.0%
EBITDA Margin	%	30.2	46.8	–16.7%
Normalized EBITDA (EBITDA less insurance proceeds)	USD mio	37.4	87.7	–57.4%
Normalized EBITDA Margin	%	26.8	46.5	–19.8%
Net (Loss) Profit before tax	USD mio	–180.5	152.0	–218.8%
Net (Loss) Profit	USD mio	–139.0	122.6	–213.4%
Funds from Operations (FFO) (net profit excluding fair value gain or loss and transaction costs, tax effected) [3]	USD mio	10.6	18.6	–43.0%
Normalized FFO (FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items)[2]	USD mio	13.9	20.1	–30.8%

BALANCE SHEET (As of)	Unit	December 31, 2023	December 31, 2022	Change
Total Assets	USD mio	1,366.9	1,798.8	–24.0%
Equity	USD mio	397.3	608.9	–34.8%
Equity ratio	%	29.1	33.9	–4.8%
Return on Equity	%	(35.0)	20.1	–55.1%
Interest bearing debt (gross of unamortized debt issuance costs)	USD mio	877.6	1052.4	–16.6%
Interest bearing debt ratio	%	64.2	58.5	5.7%
Average interest of debt at the property level	%	4.6	4.5	0.1%
Average maturity of debt at the property level	years	6.5	7.1	–8.5%

PORTFOLIO	Unit	December 31, 2023	December 31, 2022	Change
Properties	number	31	41	–24.4%
Units as of	number	8,518	11,042	–22.9%
Units Like for Like as of**	number	8,518	8,518	0.0%
Units Like for Like as of the Month Ending***	number	8,518	8,518	0.0%
Portfolio value	USD mio	1,300.0	1,703.8	–23.7%
Portfolio Value Like for Like as of**	USD mio	1,300.0	1,437.9	–9.6%
Market value per unit	USD	152,619	154,297	–1.1%
Gross Potential Income (Market per Colliers)	USD mio	141.8	169.2	–16.2%
Monthly rent per unit held for the full month ending	USD	1,223	1,134	7.9%
Monthly rent per unit Like for Like as of the Month Ending***	USD	1,223	1,169	4.6%
Occupancy rate as of	%	92.2	93.1	–0.9%
Occupancy rate Like for Like as of the Month Ending***	%	92.2	93.2	–1.0%

SHARE INFORMATION	Unit	2023	2022	Change
Market capitalization – December 31, 2023 and December 31, 2022	CHF mio	384.8	466.8	–17.6%
Earnings per share (EPS) – December 31, 2023 and 2022	USD / share	–13.73	12.11	–213.4%
NAV – December 31, 2023 and December 31, 2022	USD / share	39.23	60.13	–34.8%
NAV excluding deferred taxes – December 31, 2023 and December 31, 2022	USD / share	45.45	70.76	–35.8%
NAV excluding distribution payable – December 31, 2023 and December 31, 2022	USD / share	40.42	61.22	–34.0%
Share price – December 31, 2023 and December 31, 2022	CHF/ share	38.00	46.10	–17.6%
Funds from Operations (FFO) (net profit excluding fair value gain and transaction costs, tax effected) – December 31, 2023 and 2022[2]	USD / share	1.05	1.84	–43.0%
Normalized FFO (FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items) – December 31, 2023 and 2022[2]	USD / share	1.37	1.98	–30.8%

[1] Operating Margin is calculated as Operating Profit (Loss) including revaluation divided by Total Income. Operating Margin for the year ended December 31, 2023 is not applicable as an operating loss was incurred during the year.
[2] Operating Margin excluding revaluation is calculated as Operating Profit (Loss) less Net (Loss) Gain on revaluation of properties divided by Total Income less Net (Loss) Gain on revaluation of properties.
[3] The calculations for Funds from Operations (FFO) and Normalized FFO have been modified from the calculations presented in the 2022 Annual Report. FFO no longer includes adjustments for costs associated with refinances (and the related tax impact). Additionally, Normalized FFO now includes an adjustment to remove the impact of the foreign exchange gain or loss.

** Like for Like compares assets that were held for the full periods of Q1–Q4 2022 and Q1–Q4 2023.*
*** Like for Like as of compares assets that were on hand on the last day of the period presented.*
**** Like for Like as of the Month Ending compares assets that were held for the last full month of the period presented.*
Note: Some amounts above may not add due to rounding.

SHAREHOLDER LETTER

DEAR SHAREHOLDERS,

Like all market segments, real estate has its cycles and 2023 turned out to be the year of a downturn: What already started in 2022, continued to deteriorate in 2023 with high inflation, rising interest rates and subsequent expansion of capitalization rates. Consequently, valuations started to decrease, and transaction volumes froze. Buyers, sellers and institutional investors observed the evolution of the market mostly from the sidelines and opportunities to make deals were few and far between.

Varia US Properties (the Company) navigated through these challenging times with solid operating results, a strategic reduction of debt and with the continuation of its portfolio optimization strategy consisting of improving the quality and resiliency of its best assets while disposing of older properties located outside of target markets. These efforts also resulted in solid operating results despite strong pressure on rents (mostly due to historically high deliveries of new multifamily supply): On a like for like basis, Varia US increased rents by 6.1% in the year 2023.

The only multifamily sector open for transactions in the year under review was the C+/B- sub-class of assets. Therefore, during 2023, Varia US sold 10 C+/B- assets for total proceeds of USD 266.3 million. The average gross internal rate of return (IRR) was 15.8% and the average net multiple was 1.8. With the sales proceeds, the Company repaid USD 135.8 million of US mortgages, repaid its first corporate bond of CHF 50 million, and distributed an additional extraordinary dividend of CHF 3.00 per share. The Company also made significant investments in the remaining properties to improve building performance, resident experience and maintain the older assets in better condition.

The portfolio's weighted average capitalization rate on a like for like basis increased from 4.95% at the end of 2022 to 5.50% a year later, which translates into a loss in fair value of 9.6% or USD 137.9 million on a like for like basis.

Operating expenses are stable, and operating margin excluding revaluation improved to 32.3% (2022: 30.5%). The cost of debt was slightly higher in 2023 by USD 3.2 million, and the Company registered a loss on currency exchange of USD 7.2 million.

Overall, the net loss for the year equals USD 139.0 million (profit of USD 122.6 million for 2022) and the NAV is down to USD 39.23 as of December 31, 2023 (USD 60.13 as of December 31, 2022). The net loss and drop in NAV are primarily driven by unrealized decreases in portfolio valuation as well as by the distribution of an extraordinary dividend executed in late 2023 following the sale of assets in the portfolio as detailed above.

The total value of the portfolio as per the end of the reporting year has been appraised at USD 1.300 billion (USD 1.704 billion as of December 31, 2022) and comprised 31 properties (41 as of December 31, 2022) with a total of 8,518 units (11,072 as of December 31, 2022). The total assets of the Company are at USD 1.367 billion (USD 1.799 billion as of December 31, 2022).

When speaking with the most seasoned market participants who have been through multiple cycles, one hears reassuring messages of "been there, seen that" and "the market will turn as it always does, just be patient". 2024 will certainly be another year where investors and market participants will need patience. It will be a year of preparation for further consolidation, stabilization and a recovery start. The market is currently in an adjustment and testing phase. The stabilization of interest rates as well as improvement on the inflation and insurance fronts will open doors for a rebound of the market.

The positive messages communicated so far this year by the major players are all good signs and strengthening confidence. Hence, we don't expect to see the Fed drop its rates before potentially the second half of the year and it will take some time until the bid/ask spread on acquisitions/dispositions returns to normal levels. On top of all these considerations, uncertainty regarding the 2024 United States presidential election in November is influencing the market and further delaying a strong rebound in transaction activity.

In a nutshell, market conditions should start improving in 2024 and participants will prepare for the next phase of the cycle. The Company will continue to dispose of non-strategic assets and is likely to see its property valuations decrease somewhat further as thin transaction volumes mean appraisers continue to have fewer reference points to consider in performing their work.

On the ESG side, the Company obtained 83 points and a 4-star rating on our 2023 GRESB submission and gained 21 ENERGY STAR certifications during the year. The Company's next ESG report will be published at the end of June/beginning of July 2024. It will be more comprehensive in its scope and address various standards. Additional highlights of the Company's ESG progress are disclosed here in the Company's annual report.

Based on the factors discussed above and out of a sense of reasonable precaution, the Board of Directors will propose to the upcoming General Assembly 2024 to forgo the distribution of any additional true-up dividend and to maintain the current quarterly distribution policy for the next four quarters starting in August 2024 of respectively CHF 0.50 per share (as long as the number of issued shares does not change).

The Board of Directors of the Company is thankful for the confidence and trust of our investors. The full team of Varia US Properties and its asset manager Stoneweg will continue to serve them diligently and will always work with the best outcome in mind for all stakeholders of the Company.

Sincerely yours,

Manuel Leuthold
Chairman of the Board

Jaume Sabater
Vice-Chairman of the Board

MANAGEMENT REPORT

I. INTRODUCTION: EVERY CYCLE HAS A DOWNTURN

The current real estate cycle began in 2010, right after the Great Financial Crisis (GFC) and continued expanding through 2022. As already mentioned in the 2022 annual report, the cycle reached its peak in 2022 when the Federal Reserve began raising interest rates to curb high inflation in the US. This intervention of the Federal Reserve lasted until the summer of 2023 and had a significant impact on transaction volume, cost of credit, and asset valuations.

During the reporting year, Varia US navigated through these challenging times with solid operating results, a strategic reduction of debt (most notably the repayment of the first corporate bond raised in 2019) and with the continuation of its portfolio optimization strategy consisting of improving the quality and resiliency of its best assets while disposing of older properties located outside of target markets.

In 2023, we have seen the further downturn of the cycle and Varia US persevered. Most of the ten assets disposed during the year were sold at or above NAV with a solid gross IRR of 15.8% and a multiple of 1.8x. The average interest rate of Varia's debt remained stable at 4.6% and the portfolio as of December 31, 2023 is more sustainable and better positioned to benefit from the next real estate cycle.

Since the beginning of 2024, we are beginning to see a more stable market with an increasing number of participants cautiously testing the waters. There is more confidence in the insurance market and increased hope for future interest rate decreases leading to an eventual increase in transaction volume.

For Varia US, we generally anticipate further valuation decreases in the near term as transaction volumes that are still below trend mean appraisers continue to have fewer recent transactions to consider in performing their work (and with an outsized proportion of those fewer transactions initiated by distressed sellers such as in the case of highly leveraged, low interest rate loans coming to maturity). However, even in this thinly traded environment, opportunities to transact can still be found and we plan to continue disposing of older and non-strategic assets in line with our long-term objectives. We will maintain a sound level of cash on our balance sheet while continuing to invest in capital improvements to increase the quality, durability and desirability of our assets.

The 2023 results summarized below reflect the strength of our property-level operations but also the weight of the real estate cycle downturn:

- Total income less the net (loss) gain from fair value adjustment reaching USD 151.0 million (2022: USD 144.1 million)
- Total operating expenses remained stable at USD 102.2 million (2022: USD 100.2 million)
- Operating margin (defined as operating profit divided by total income) excluding the (loss)/gain on revaluation of properties increased slightly to 32.3% (2022: 30.5%)
- Total finance costs increased to USD 55.1 million (2022: USD 45.6 million), which is primarily driven by the unrealized currency exchange loss on the remaining CHF 50 million corporate bond and, to a lesser extent, an increase in interest expense from variable rate borrowings
- Loss for the period of USD 139.0 million (gain of USD 122.6 million in 2022) primarily driven by unrealized decreases in portfolio valuations
- Total assets decreased to USD 1.367 billion (2022: USD 1.799 billion), resulting primarily from property dispositions and unrealized decreases in portfolio valuations as well as a net decrease in cash driven by the repayment of the first corporate bond and the distributions paid in 2023
- NAV per share at USD 39.23 (2022: USD 60.13)
- EBITDA (operating profit less unrealized revaluation) amounts to USD 44.2 million (2022: USD 88.2 million)
- Normalized EBITDA is USD 37.4 million (2022: USD 87.7 million)
- Normalized FFO is USD 13.9 million (2022: USD 20.1 million)

Based on these results, and conscious of the current market environment, the Board of Directors of Varia US Properties recommends continuing the quarterly distribution of CHF 0.50 per share for the period from the AGM 2024 to the AGM 2025 (as long as the number of shares is unchanged). The Board will also recommend foregoing any true-up dividend at the upcoming shareholder meeting after the extraordinary dividend of CHF 3.00 per share paid in November 2023.

II. FINANCIAL AND OPERATING HIGHLIGHTS

The annual 2023 financial statements cover the period from January 1 to December 31, 2023. These statements are divided into two sections, the consolidated IFRS financial statements and the statutory financial statements. Both are discussed below.

A. IFRS financial statements

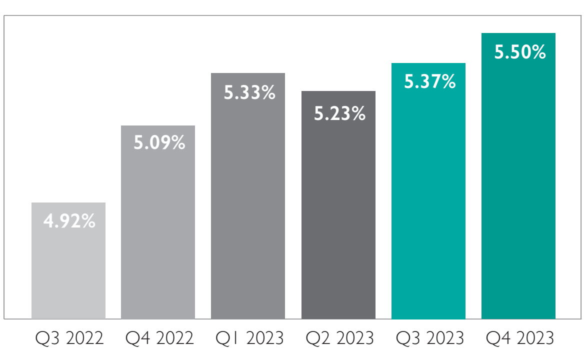
a) Income statement

The income statement published in the IFRS financial statements includes realized and unrealized income as well as ordinary and non-ordinary expenses. They are prepared in US dollars (USD).

Excluding the net (loss) gain on the revaluation of properties, the Company generated income of USD 151.0 million (2022: USD 144.1 million). While this increase is mostly the result of additional insurance proceeds, it's still remarkable in a portfolio comprised of ten fewer assets than in the prior year. Rental income like for like (same store) improved by 6.1% from USD 83.8 million in 2022 to USD 89.0 million in 2023.

The fair value adjustment resulted in a revaluation loss of USD 174.3 million (2022: gain of USD 153.7 million), which includes a realized loss of USD 4.6 million from the ten properties sold in 2023 (2022: gain of USD 44.4 million). This amount represents the change in valuation of the whole portfolio since January 1, 2023, and includes the effect of capital expenditures invested throughout the reporting year. During this period, the weighted average capitalization rate went up on a like for like basis from 4.95% at the end of 2022 to 5.50% at the end of 2023, which represents a decrease in value of 9.6% or USD 137.9 million.

Cap rate variations total portfolio (Q3/2022 – Q4/2023)



The Company expects to see further expansion of its average capitalization rate in the next two to three quarters. However, any resulting valuation decreases should continue to be partially mitigated by improved Net Operating Income (NOI).

The Company supported total operating expenses of USD 102.2 million (2022: USD 100.2 million), of which USD 15.5 million are transaction costs (2022: USD 15.8 million).

Operating profit decreased to a loss of USD 125.5 million (2022: profit of USD 197.6 million).

Operating margin (defined as operating profit divided by total income) excluding the (loss)/gain on revaluation of properties increased slightly to 32.3% (2022: 30.5%).

The net loss for the reporting period is USD 139.0 million (2022: profit of USD 122.6 million), taking into account interest expense of USD 47.2 million (2022: USD 44.0 million) and foreign currency losses of USD 7.2 million (2022: gain of USD 0.5 million). The increase in interest expense was primarily due to prepayment penalties incurred on disposed or refinanced properties of USD 1.5 million as well as an increase in interest expense on variable rate borrowings.

The earnings per share (weighted average of number of shares during the period) represents a loss of USD 13.73 per share (2022: earnings of USD 12.11 per share).

Mainly due to the absence of realized gains on the disposal of properties (from an IFRS accounting point of view, gain/loss during the period is calculated in relation to fair value at the end of the previous year, not in comparison to the acquisition price), EBITDA decreased to USD 44.2 million (2022: USD 88.2 million), EBITDA margin is down to 30.2% (2022: 46.8%), and normalized FFO is down to USD 13.9 million (2022: USD 20.1 million).

b) Balance sheet

On the asset side of the balance sheet, the Company ended the year with cash of USD 46.8 million (2022: USD 77.4 million). The primary driver of this decrease is the repayment of the first corporate bond during 2023, as well as the distributions made throughout the year.

The total value of the portfolio as of December 31, 2023, is USD 1.300 billion (2022: USD 1.704 billion). The difference in value consists of the capital improvements invested (USD 36.8 million), sales executed (USD 266.3 million) and the net loss from fair value adjustment (USD 174.3 million). The details can be found in Note G of the consolidated IFRS financial statements.

On the liability side, the interest-bearing loans and borrowings gross of unamortized debt issuance costs (including current maturities and liabilities associated with assets held for sale) amount to USD 877.6 million (2022: USD 1.052 million). As of the 2022 annual report, there were two corporate bonds outstanding with an initial aggregate principal amount of CHF 50 million each (CHF 100 million total) raised in 2019 and 2021. The bond issued in 2019 was repaid in 2023, leaving one bond of CHF 50 million on the balance sheet as of December 31, 2023 (see Note I of the consolidated IFRS financial statements). As of December 31, 2023, the interest-bearing debt ratio was 64.2% and the gross loan to value ratio for property level debt was 62.9%.

As of December 31, 2023, the total assets of the Company amount to USD 1.367 billion (2022: USD 1.799 billion).

The Net Asset Value (NAV) per share (weighted average number of shares over the period) decreased to USD 39.23 (2022: USD 60.13) and to USD 45.45 (2022: USD 70.76) excluding deferred taxes.

B. Statutory accounts

The statutory accounts represent the Swiss view of the parent business. They are presented in Swiss francs and do not reflect the change in value of the portfolio. The recognized income is only based on the interests on the intercompany loans or dividends paid by the blockers to the parent company.

a) Income statement

Net income in 2023 for the statutory financial statements is CHF 19.72 million (2022: CHF 54.50 million). This income consists solely of interest paid by the blockers to the holding Company based on the intercompany loans.

Expenses of the Company on the Swiss side were limited to CHF 2.48 million (2022: CHF 2.26 million). These expenses include the Board compensation, accounting fees, audit fees and legal fees as well as communication expenses.

Operating profit before non-operating result, financial result and income taxes sits at CHF 17.24 million (2022: CHF 52.18 million). Mainly due to a loss on currency exchange of CHF 17.17 million, the loss before income taxes is CHF 2.83 million (2022: profit of CHF 48.42 million).

b) Balance sheet

Total assets decreased to CHF 311.30 million (2022: CHF 429.40 million).

Following the repayment of the 2019 corporate bond, current liabilities are down to CHF 11.18 million (2022: CHF 63.66 million).

Shareholders' equity in the Company is down to CHF 250.13 million (2022: CHF 315.74 million) based on the statutory financial statements. This also mainly relates to the distributions made in 2023.

III. WHAT HAPPENED IN 2023 AT THE PORTFOLIO LEVEL:

A. Existing portfolio and 2023 specific evolution

In 2023, the Company continued to implement its strategy of improving the quality of the portfolio and of reducing risks related to location and vintage. Consequently, it sold 10 assets and 2,524 units for a total of USD 266.3 million.

At the end of 2023, the portfolio comprised 31 assets in 13 states (2022: 41 assets in 14 states).

In terms of geographical breakdown and based on appraised values by Colliers, the largest concentrations are in Kentucky (19%), Arizona (14%) and Texas (13%). This diversification is key to support the Company's business during economic volatility, and it also represents an asset in terms of climate resilience.

The total value of the portfolio, as per the appraisal of Collier International, is USD 1.300 billion (2022: USD 1.704 billion). On a same store basis, the portfolio's value decreased by 9.6% or USD 137.9 million (2022: increase of 12.4% or USD 152.1 million).

The weighted average capitalization rate per Colliers for the whole portfolio has increased significantly. On a same store basis, it was 4.95% as of December 31, 2022, and on December 31, 2023, it was up to 5.50%. The Board of Directors expects to see further expansion of this cap rate in the next two or three quarters as discussed earlier in this report.

The total number of units in the portfolio at December 31, 2023 was 8,518 (2022: 11,042) with a total potential gross income (PGI), according to Colliers International, of USD 141.8 million (2022: USD 169.2 million), a projected effective gross income (EGI) of USD 132.7 million (2022: USD 158.1 million) and a potential net operating income (NOI) of USD 71.5 million (2022: USD 86.7 million).

The average unit size is 935 square feet (2022: 939 square feet) and the monthly effective gross income (EGI) projected per unit is USD 1,298 (2022: USD 1,193), representing an increase of USD 105 per month and per unit which corresponds to the improvement of the quality of the portfolio. The average value per unit is USD 152,619 (2022: USD 154,297). This slight decrease of the value per unit is due to the expansion of the capitalization rate.

The average construction date of the assets in the portfolio is 1987 (2022: 1985).

In 2023, the Company acquired zero assets, and sold ten properties or 2,524 units. The details of these disposals are given below:

Property	**Tuscany Bay**	**Aura**	**Parkway Square**	**Tally Square**	**Devonshire**
Location	Lanrenceburg, Indiana	Indianapolis, Indiana	Tallahassee, Forida	Tallahassee, Forida	Evansville, Indiana
Year of recapitalization* / Year of Purchase	2018*	2021	2018*	2018*	2017
Number of units	96	125	277	228	245
Acquisition price at recap (in USD)	6,370,000	13,200,000	23,000,000	21,250,000	12,619,000
Disposition price (in USD)	**13,750,000**	**14,600,000**	**32,750,000**	**30,000,000**	**19,600,000**
Price per unit (in USD)	143,229	116,800	118,231	131,579	80,000
Gross IRR	**41.4%**	**0.7%**	**20.0%**	**17.6%**	**19.5%**
Gross Multiple	**3.51x**	**1.02x**	**2.30x**	**2.16x**	**2.43x**

Property	**860 East**	**Woodridge**	**Harrison Point**	**Lynnfield**	**Maryland Park**
Location	Cincinnat, Ohio	Fairfield, Chio	Indianapolis, Indiana	Memphis, Tennessee	Maryland Heights, Missouri
Year of recapitalization* / Year of Purchase	2018	2018	2020	2019	2017
Number of units	223	336	342	400	252
Acquisition price at recap (in USD)	21,500,000	23,520,000	21,700,000	34,550,000	19,232,400
Disposition price (in USD)	**29,000,000**	**32,250,000**	**29,750,000**	**40,625,000**	**24,000,000**
Price per unit (in USD)	130,045	95,982	86,988	74,375	95,238
Gross IRR	**15.9%**	**19.8%**	**31.8%**	**1.6%**	**5.6%**
Gross Multiple	**1.87x**	**2.03x**	**1.95x**	**1.05x**	**1.31x**

** All deals were recapitalized in January 2018, when the Company bought out previous Non-Controlling Interests holder. All numbers above are based on the performance of the assets after January 2018.*

At the property level, the average gross IRR for these sales is 15.8% and the average equity multiple is 1.8x.

Total proceeds from the sales were USD 266.3 million. These proceeds were used by the Company to repay USD 135.8 million of US mortgages, repay CHF 50 million to corporate bondholders, distribute an additional extraordinary dividend of CHF 3.00 per share (in addition to the regular quarterly distribution of CHF 0.50 per share), and to invest in its remaining portfolio for various maintenance projects and ESG initiatives.

In 2024, the Company intends to continue selling older and non-strategic assets while continuing to improve the overall quality of the portfolio.

B) Value-add strategy implementation

During the year ending December 31, 2023, the Company invested USD 36.8 million (2022: USD 28.4 million) in capex projects which are reflected in the current valuation of the Company. The major projects accomplished in 2023 relate to unit renovations, exterior building and structures, Heating, ventilation and air conditioning (HVAC) replacements and roof work.

ESG considerations drive a lot of these investments. HVAC units and appliances are being replaced with high energy efficiency models and electric vehicle charging stations are installed whenever there is an opportunity. Insulation is added where economically feasible when roofs or siding are replaced and LED lighting is used every time a fixture or bulb is replaced. Since we have more and more data about our buildings and their performance, we can start measuring the impact and the returns of our ESG investments. For more information on ESG, see the ESG update published in this report as well as the 2023 ESG report that will be released late June/early July of 2024.

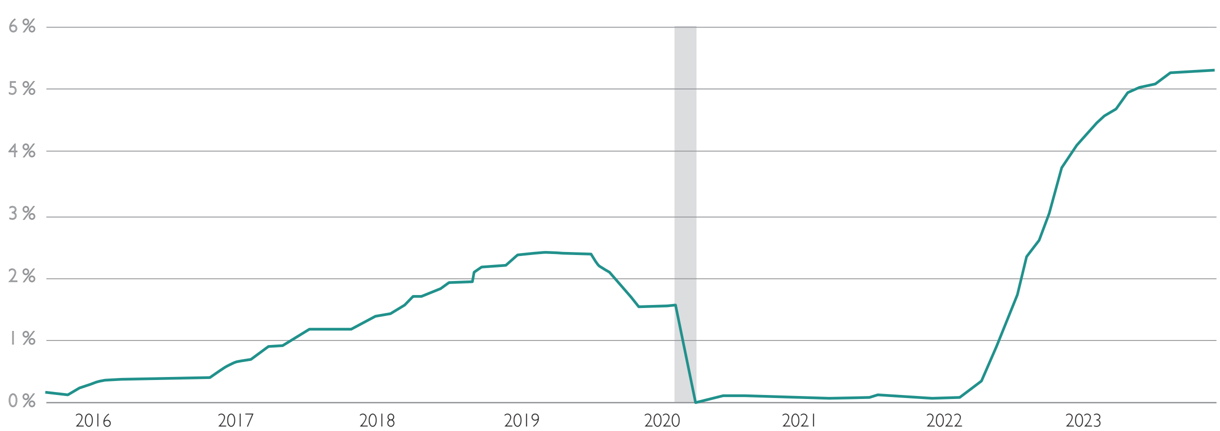
IV. 2023 REVIEW AND 2024 OUTLOOK: THE EXPECTED HAPPENED

A. Market: The continuation of 2022

i. Real estate

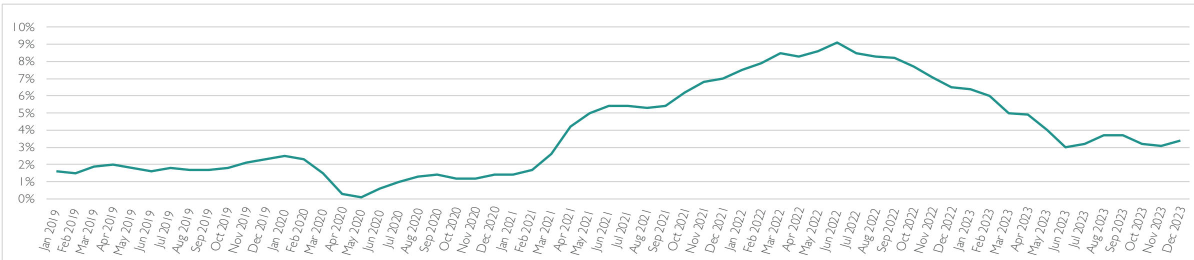
In 2023, Federal Reserve effective rates continued to increase before stabilizing in the summer at 5.3%. Inflation has mostly continued to decrease after its peak in 2022, with an average rate of 4.1% and ending the year at 3.4%. Capitalization rates expanded in all markets against a backdrop of very low transaction volume.

FRED – Federal Funds Effective Rate



Shaded areas indicate U.S. recessions.
Source: Board of Governors of the Federal Reserve System (US)

Inflation by Year



Varia was fortunate to bring deals to the market that appealed to family offices and motivated buyers with tax deferrals to use. The tertiary markets, C+/B- type of products, were the most liquid last year and Varia benefited from that window of opportunity.

Only a limited number of transactions occurred in primary and secondary markets with major investors patiently waiting on the sidelines amid a ~15% gap between sale price expectations and acquisition price appetite.

Most owners and operators focused on improving their assets and communicating with their residents which will have a lasting positive impact once the market rebounds.

ii. Interest rates

The 10-year treasury displayed significant volatility throughout the year but started and ended almost at the same level (3.87% on January 1, 2023 and 3.94% on January 1, 2024), with a peak in October 2023 at 4.98%.

10 year treasury rate

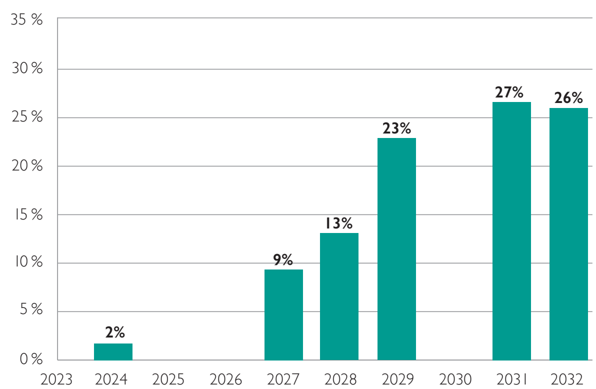
Source: CNBC.com

Varia US was only partially affected by this volatility since 80% of its debt is fixed rate and the variable rate loans are all hedged with rate cap options contracts.

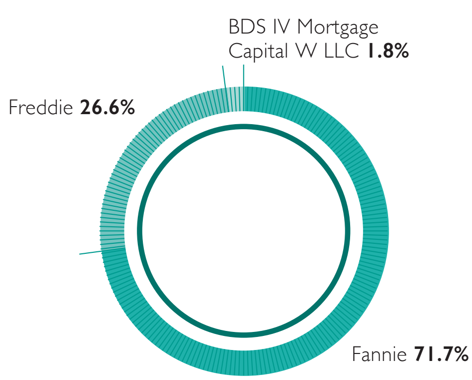
The debt portfolio of the Company has an average maturity of 6.5 years (see chart below for the maturity breakdown by year). Almost all loans are contracted with Fannie Mae or Freddie Mac, the two US governmental agencies that have a mission to support workforce housing (see second chart below). The average interest rate is 4.57% (2022: 4.46%). Therefore, the Company has a very low risk profile with regard to interest rate evolution.

For future acquisitions, all new debt taken in the credit facilities will be cross-collateralized and there will be a mix of short-term and long-term loans. This allows the Company to increase its ability to exit deals opportunistically while minimizing the burden of prepayment penalties.

Maturity breakdown in %



Counterparty risk in %



As these lines are printed, the market expects to see the Federal Reserve begin to decrease its benchmark rate later in the second quarter. For 2024, one or two steps down are currently priced into the market, and it looks like interest rates will stay relatively elevated for a longer period of time. The deciding factor will be the evolution of the inflation rate which the Fed would like to see at or below 2%.

iii. Currency

The US dollar decreased in value during the year, starting at CHF 0.92/USD on December 30, 2022, and ending at CHF 0.84/USD on December 29, 2023. In the consolidated financial statements, the Company recorded a foreign currency exchange loss of USD 7.18 million (2022: gain of USD 0.46 million) primarily driven by the accounting revaluation of the remaining CHF 50M corporate bond. In the statutory accounts, the Company recognized a loss of CHF 16.86 million (2022: loss of CHF 0.18 million).

CHF/USD

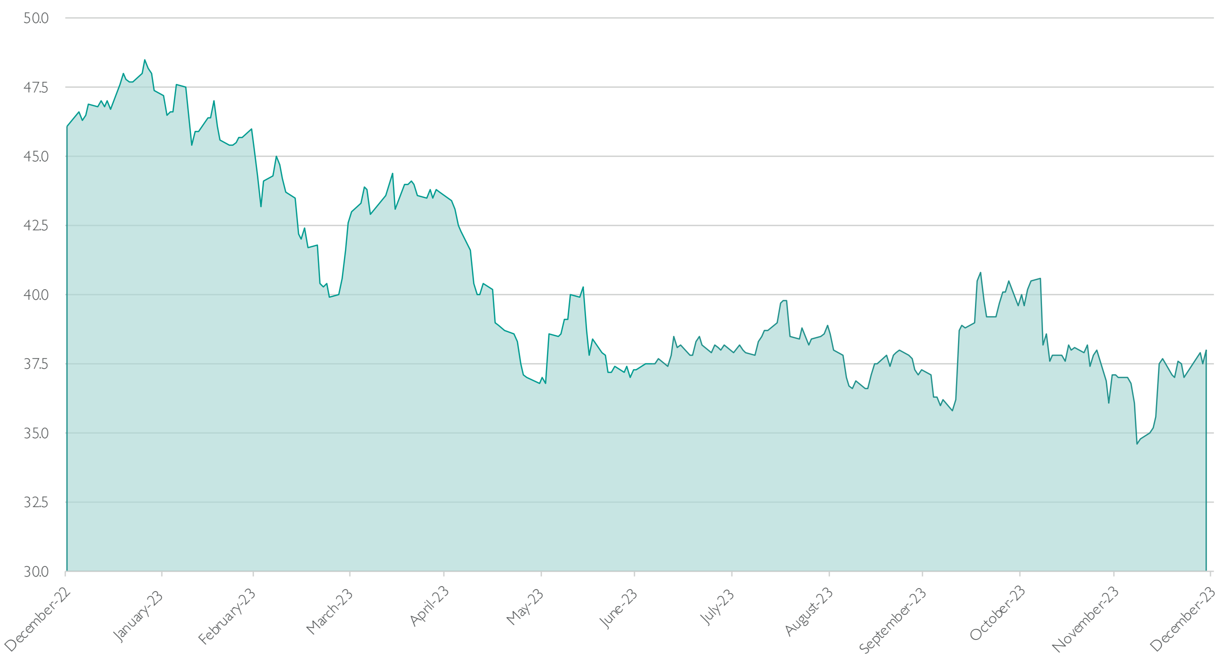
Projections for 2024 onward are difficult to make. Certain experts expect a slight rebound of the dollar. Since the beginning of the year, the exchange rate evolved positively for the dollar, from 0.84 on January 1 to 0.88 centimes per dollar on February 15.

The Company will maintain its strategy not to hedge its equity and to distribute dividends on a quarterly basis to mitigate currency exchange risk. The second corporate bond due in October 2025 is not hedged.

iv. Stock price

The stock price started the year at CHF 46.60 per share and ended at CHF 38.00 per share. The highest close of the year was on January 19th at CHF 48.60 per share and the lowest on November 27th at CHF 34.50 per share. In terms of liquidity, the average volume per tradable day was 2,818 shares which means that a total of CHF 28,545,186 shares were exchanged in 2023.

Speaking about the stock price, it is worth mentioning that the NAV at the beginning of the year was USD 60.13 per share and USD 39.23 at the end of the year. Converting the share price in dollars using the exchange rate from year end, the stock price equals USD 45.24 per share, which technically corresponds to an agio of 15%.



v. Market conclusion

Varia US, as well as the market more generally, faced many headwinds in 2023. Not only did interest rates hit a 10 year high, but inflation remained substantial and the US dollar lost significant value compared to the Swiss franc.

Simultaneously, the Company sold 10 assets to repay its corporate bond and also decided to return a large, extraordinary dividend to shareholders which reduced its balance sheet.

Logically, the share price went down, ending the year with a healthy agio compared to its net asset value.

The Board of Directors is committed to pursuing its strategy of improving the quality of the portfolio, thus positioning the Company to benefit significantly when the market rebounds.

With regard to 2024, the market appreciates the current relative stability in interest rates with the 10-year Treasury remaining around 4%. The insurance market is also quieter at the beginning of this year, with more capacity and competition, thus limiting rate increases to a more manageable level compared to 2023.

The market currently expects one or two rate cuts in 2024 by the Federal Reserve and the gap between desired sale prices and acceptable buy prices is seemingly beginning to narrow. Some borrowers will have difficulties refinancing their loans at maturity, bringing some assets to the market with motivated sellers.

Inflation should continue to decrease at a steady pace and existing commitments should start to be called at the same time large investors will start deploying in the market.

The year 2024 will also be impacted by the United States presidential election in November, which always slows the transaction volume in the months leading up to the vote.It is expected that valuations will continue to decrease in the near term, rent growth will be limited and most of our anticipated NOI growth will be due to unit renovation programs and ESG initiatives that will reduce expenses and create additional revenue for the Company.

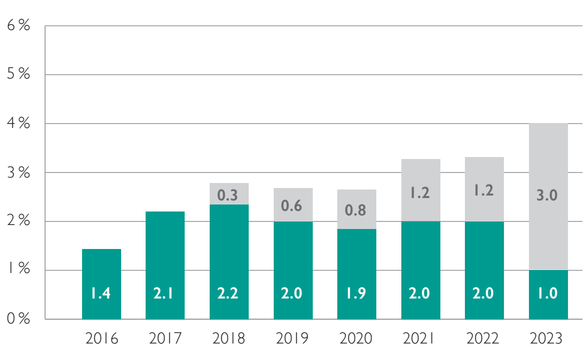
The Board remains confident that the Company is well positioned and that it follows the right strategy in these challenging times. The redefinition of the portfolio, as well as all the sustainability work accomplished on the properties and with the residents, will have a positive impact for the Company. ESG-compliant assets will have a higher liquidity and a lower cap rate. What we've started seeing on the European continent will surely come to the US.

The Company strongly believes that it is well equipped to face any type of situation in the future thanks to the strength of its portfolio, its capital structure as well as the experienced and dedicated team in place to manage the portfolio.

B. Distribution

Since 2019, the Company has paid a quarterly dividend as approved by its Shareholders. This dividend policy has been well perceived among investors and it helps mitigate currency risk. This policy was maintained in 2023 and will be again submitted for the approval of the Shareholder Meeting in April 2024.

As of December 31, 2023, no less than CHF 21.65 per share has been returned to investors since 2016 according the following schedule.



After the payment of an extraordinary dividend of CHF 3.00 per share in the last quarter of 2023, the Board of Directors will not recommend the payment of an additional true-up for the business year 2023 to the next Shareholder meeting. The Board intends to maintain a healthy level of cash within the Company to continue to pay for regular quarterly dividends, as well as for capex and ESG initiatives.

For the year 2024, the Board will recommend to the Shareholder meeting to be held in April to maintain a quarterly distribution of CHF 0.50 per share (as long as the number of shares remain the same). Thus, investors shall receive again CHF 2.00 per share in total upon approval at the Annual General Meeting.

C. Corporate activities

In 2023, the sole corporate activity was the repayment of the 2019 bond in June. The Board decided to reduce the overall leverage of the Company during this time of downturn while allowing for a return to the capital markets in due time.

D. Operations

With respect to the operations side of the business, the asset managers have five key priorities for 2024:

- Continue the implementation of the ESG strategy (see below)
- Maintain occupancy as well as retention rates above the respective market averages
- Amplify the unit renovation program to support rent growth in all locations where the market allows it
- Optimize the portfolio through thoughtful dispositions and acquisitions according to the Company's strategy working towards a more institutional-quality portfolio
- Maintain an appropriate level of liquidity to face challenging times

This program is ambitious but achievable. Everyone at the Board level and within the asset management team is committed to work hard along these lines.

E. ESG program

In 2023, the Company submitted its whole portfolio to GRESB for the second time and got a solid 83-point and 4-star result which corresponds to a 30% improvement compared to the first submission made just a year before.

The Company continued to collect data across the board, which is crucial to fix smart targets, measure progress and report appropriately. The Company certified 22 assets with ENERGY STAR ratings and received 14 Kingsley Excellence Awards in recognition of the satisfaction level of the residents compared to other comparable properties. The Company strongly believes that ESG and climate resilience considerations not only benefit the residents and the community at large, but also creates additional value for its shareholders.

In a separate chapter of this report, the Company publishes an update on the 2023 ESG achievements and a more detailed ESG report will be published in the end of June/beginning of July 2024.

V. CONCLUSION

The asset manager of the Company, as well as its Board of Directors, see a lot of opportunity in the quarters to come. The rebound will start slowly and should accelerate in 2025. After a few more challenging months for our valuations, and slower income growth, the Board is confident in the capacity of the Company to benefit from its positioning and from the increasing strength of its portfolio. With the team in place, the portfolio at hand and the 2024 outlook described above, the Company is positive about its future development and operating results. The Board and the asset manager of the Company will stay vigilant and adjust strategy as needed based on developing market conditions.

It is our pleasure to serve you and to offer to our Swiss and international investors a strong investment opportunity with solid returns. Thank you to the Board members for their support. Thank you to the Stoneweg team for their work. And thank you to our investors for your trust and confidence.

Patrick Richard
Delegate of the Board
Founder and CEO of Stoneweg US LLC

ESG UPDATE

INTRODUCTION/ EXECUTIVE SUMMARY

Brief overview of Varia US's commitment to ESG principles

Varia US is committed to the practical integration of Environmental, Social, and Governance (ESG) principles to preserve and create value for the company long term. This commitment is demonstrated through key strategic ESG initiatives, including GRESB assessment and improvement, active participation on the part of Stoneweg US in UN PRI, routine Board of Directors ESG Committee activities, and investment projects such as on-site solar installations and comprehensive GHG inventory and carbon accounting. By prioritizing continuous improvement and leveraging advanced tools like those offered through Stoneweg US's partnership with Conservice for ROI analysis, Varia US is well prepared to become a leader in sustainability, social responsibility, and ethical governance, for the purpose of long-term value creation linked to positive environmental and social impacts.

ESG Strategic Vision and Value Creation for Stakeholders

Varia US's ESG strategic vision is centered on creating sustainable value by integrating ESG considerations into all aspects of its operations, driving positive impacts for residents that choose to make Varia US properties their home, the communities where Varia US invests and for investors, upholding high standards of real estate investment integrity and ethical conduct. The strategy, emphasizing Integration, Impact, and Integrity is designed to support a vision aimed at the long-term success and resilience of the company's investments, by means of fostering a sustainable and prosperous future.

Integration is the embedding of ESG in a practical way into the core business strategy for quality enhancement, accountability, and continuous improvement.

Impact focuses on driving positive outcomes in the lives of residents, across the company, and the industry, while mitigating risks. Varia US aims for valuable engagement with residents and local communities through programs on sustainability and initiatives designed to improve the quality each property's living experience.

Integrity involves fostering a culture of accountability and entrepreneurialism at the grassroots or bottom-up level, recognizing the achievements, and promoting ethical behavior among employees, residents, and other stakeholders.

Looking ahead, Varia US is focused on surpassing minimum thresholds of compliance because beyond that is the opportunity to capture the value of ESG. Examples of this are Stoneweg US's successes in terms of data coverage, meaningful goal setting and pivoting to more strategic capital investments at the community level to set the portfolio on a course toward its environmental targets.

ESG Achievements

In 2023, Varia US made significant strides in ESG, notably improving its GRESB performance and enhancing building performance data collection, leading to increased Energy Star Certifications. The year saw the addition of (4) Green Globes certifications and (9) Varia US apartment communities recognized for resident satisfaction by Kingsley. Key initiatives included Stoneweg US becoming a signatory of the UN PRI and advancing towards the upcoming publication of a comprehensive GHG inventory, carbon accounting, and setting science-based targets to further reduce CO_2 emissions, marking a year of noteworthy progress in sustainability and responsible investment.

ENVIRONMENTAL INITIATIVES

Stoneweg US is pleased to share the following high-level preview of the environmental initiative successes it achieved on behalf of Varia US in 2023. This year's initiatives reflect a demonstrated commitment to accountability in terms of environmental performance, highlighted by the notable growth in ENERGY STAR® Performance Certifications and the addition of several new Green Globes Certifications. Stoneweg US's engagement with the US DOE Water Savings Network and the practical improvement of the pollinator garden at the Village at Mayfield are also showcased, illustrating a thoughtful approach to sustainability and resident experience. These initiatives are part of a broader effort to not only improve the company's environmental footprint but also to enhance the living experience for residents and deliver value to investors.

Data Collection

The collection and application of building performance data has the potential to transform how properties are managed as well as valued. This data encompasses a variety of metrics-energy consumption, emissions, water usage, waste management with numerous particular facts about the attributes of the real estate, which when combined are used to compute the efficiency as well as reveal the most effective investment opportunities to improve building performance.

On behalf of Varia US, Stoneweg US began earnest efforts to capture and leverage building performance data several years ago. This work began by creating a meter inventory for each property in the portfolio and establishing a system to capture meter use data. A very common obstacle for US multifamily portfolios is access to whole-building data. Where Stoneweg US could not access data from the provider we began an innovative program of meter reading which has resulted in a robust understanding of the performance of Varia US's investments.

Step-by-step, from perpetual data collection to routine performance analysis, data collection is the indispensable foundation that ensures transparency about the current state of performance and also informs how to thoughtfully make future improvements. In addition, a valuable and additional step Stoneweg US has taken in the data collection process is annual third-party data assurance. This practice was adopted in 2022 by Varia US that establishes credibility of the reported figures which are used for purposes such as GRESB and the ESG Annual Report.

Stoneweg US is proud to share that its efforts on behalf of Varia US have culminated in a nearly comprehensive building performance reporting system. This achievement positions Varia US's portfolio as a leader in US multifamily sustainable investment practices. Currently, the portfolio boasts over 80% coverage of its gross square footage in terms of whole building data, a testament to the maturity and effectiveness of Stoneweg US's data collection program.

Building performance data's value is dynamic. It informs us on the most effective ways to make strategic building performance retrofit improvements, supports regulatory compliance, and demonstrates accountability and measurable results to investors and the residents that choose to make Varia US's investments their home. For Stoneweg US, this ongoing pursuit has resulted in growth in our sophistication as Varia US' asset manager and is beginning to point to more and more valuable opportunities to thoroughly improve the portfolio in a way that's consistent with the financial results we are committed to achieve. Looking ahead, Stoneweg US is beginning to identify cost effective and reliable technologies to create real-time building performance reporting capabilities, underscoring a commitment to transparency and an entrepreneurial approach to the potential actionable insights. Data collection is not just about collecting numbers; it's about shaping a sustainable future for multifamily investments and delivering the most possible value to Varia US investors.

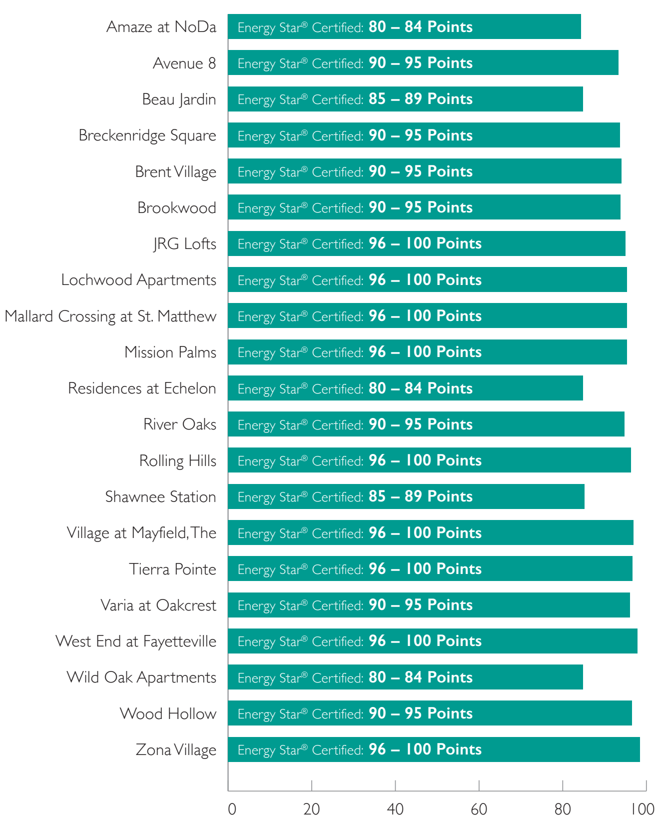
ENERGY STAR® Performance Certifications

ENERGY STAR® Performance Certification is a program of the U.S. Environmental Protection Agency (EPA) designated to buildings that exhibit exceptional energy efficiency. To achieve ENERGY STAR® Performance Certification, buildings must first have their energy use measured, tracked, and assessed against similar buildings using the ENERGY STAR® Portfolio Manager (ESPM) software tool. This online tool calculates a 1–100 ENERGY STAR® score, with buildings scoring 75 or higher eligible for performance certification, indicating they are among the top 25% of energy performers in the United States. The data submitted must be verified by a licensed Professional Engineer or Registered Architect to ensure its accuracy. Following this verification, the application for certification is submitted to the EPA for approval. Achieving the certification provides third party verification the building's energy performance.

Varia US has demonstrated a remarkable year-over-year progression in achieving these certifications, with an increase from (3) buildings in 2021 to (8) in 2022, and a significant leap to (21) certifications in 2023. This growth is not only evidence of the success of Varia US's robust data collection initiative, which has provided the necessary insights to optimize energy performance but also highlights the efficiency of their real estate portfolio.

ENERGY STAR® performance certification is more than just a label; it's a well recognized and easy to understand indication of operational excellence. Properties with such certifications are often more attractive to residents, can result in higher market value, and maintain a competitive edge, enhancing liquidity in the market and ensuring long-term value creation.

2023 ENERGY STAR® Performance Certifications



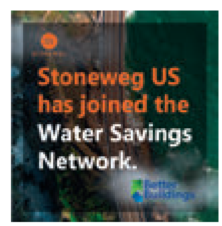
Green Globes Certifications

In 2023, Varia US continued its continuous improvement commitment to sustainability by securing an additional (4) Green Globes Certifications, which is in addition to the (4) achieved in 2021 and is consistent with the company's stated goals. Sustainable building certifications like Green Globes demonstrate Varia US's ongoing dedication to good stewardship in the multifamily real estate investment sector. Green Globes Certifications are well recognized as a meaningful and independent evaluation of a building's sustainability performance. This consistent progress highlights Varia US's position in the market as a responsible and forward-thinking multifamily investor.

Green Globes Certifications

2023 Certifications	2022 Certifications
Amaze at NoDa	Varia at Highland Village
Ashford	West End at Fayetteville
JRG Lofts	Wild Oak Apartments
Mission Palms	
Residences at Echelon	

US DOE Water Savings Network



The U.S. Department of Energy's (DOE) Water Savings Network is an expert resource for US real estate investors seeking to demonstrate leadership in water conservation. By joining this network, Stoneweg US, on behalf of Varia US, aligns itself with a collective of DOE Better Buildings, Better Plants partners dedicated to setting and achieving water reduction goals, particularly in regions of water stress.

Membership in the Water Savings Network signifies a commitment to environmental stewardship and offers access to technical guidance from DOE, EPA, and a community of leading real estate peers. The network is recognized for proven water-saving solutions and sharing best practices, fostering a collaborative approach to sustainability. Stoneweg US's participation underscores their proactive stance on water conservation, enhancing the value and appeal of Varia US's investments by reducing operational costs and contributing to the properties' competitive advantage.

Pollinator Garden – The Village at Mayfield

A pollinator garden is a practical, low-cost way to make a sustainable improvement to multifamily real estate properties. Pollinator gardens are designed to attract and support pollinators such as bees, butterflies, and birds. These gardens not only enhance the natural beauty of the property but also contribute to the health of the local ecosystem by supporting biodiversity. They can serve as a unique amenity, reflecting a commitment to a quality apartment living experience for residents.

Within the Varia US portfolio, the Village at Mayfield, located in Cleveland Ohio market, stands out for being the first in the portfolio to proactively embrace this sustainability initiative. The Stoneweg US Asset Manager and the community staff collaborated directly with the local landscaper to plan the improvement. The community's pollinator garden is more than a bit of curb appeal enhancement; it's now regularly being appreciated by residents as part of the Village at Mayfield living

experience, offering a unique tranquil space to connect with nature and observe the vital role pollinators play in our environment. The garden is indicative of Varia US's broader sustainability goals and adds a valuable dimension to the quality of life for those calling the Village at Mayfield home.

SOCIAL RESPONSIBILITY

Social responsibility activities are an opportunity for Varia US to create value for investors through measurable initiatives such as enhancing resident satisfaction and retention, investing in lowering operating expenses through thoughtful property improvements. In 2023 Varia US communities were recognized for their exceptional customer experience, earning the Kingsley Excellence Award at 10 locations. Additionally, the portfolio achieved a greater than market resident retention rate, outperforming performance in locations where Varia US has invested. The grand reopening of Mallard Crossing at St. Matthews, demonstrating Varia US's dedication to sustainable living and real estate investment preservation underscore Varia US's commitment to creating value for residents and investors alike.

Resident Satisfaction

Resident satisfaction is a meaningful indicator of a US multifamily property's performance and can be linked to investment value. High resident satisfaction scores often correlate with lower turnover rates and can signify a well-managed property. In 2023, Varia US distinguished itself by earning the Kingsley Excellence Award for exceptional customer experience at (10) of its communities.

The Kingsley Excellence Award is a mark of distinction that signifies a property's ability to not only meet but exceed the Kingsley Index™, an industry benchmark for performance. This accomplishment is evidence of Varia US's commitment to excellence and continuous improvement in resident services and to creating communities where satisfaction is a key differentiator in the market. The recognition reflects the company's dedication to cultivating positive resident experiences, which in turn drives value for investors through retention and lower vacancy loss.

Community	2023 Resident Satisfaction Score
Beau Jardin	4.52
Breckinridge Square	3.97
Mission Palms	4.05
Residences of Echelon	4.16
Village at Mayfield, The	4.19
Varia at Highland Village	3.97
Varia at Oakcrest	4.33
West End of Fayetteville	4.18
Wild Oak	4.15
Willows of Cumming	4.35

Resident Retention

Resident retention, a key performance metric in US multifamily investment, indicates the rate at which tenants choose to renew their leases. In 2023 across its entire portfolio, Varia US achieved a renewal conversion rate of 55.7%, surpassing the average the markets its communities are located in of 53.8% by 2.0%. This achievement underscores the effectiveness of Varia US's resident engagement and satisfaction strategies, highlighting the company's ability to maintain a stable, satisfied resident base. For investors, this translates into consistent occupancy, reduced turnover costs, and reliable revenue streams.

Mallard Crossing at St. Matthews grand reopening

The grand reopening of the clubhouse at the Mallard Crossing at St. Matthews in Louisville, KY, not only marked a valuable restoration and improvement of its facilities but also a celebration of its historical significance. The event, attended by key Stoneweg US team members working on behalf of Varia US, highlighted

the thoughtful modernization of the property's amenities, including a fully refurbished gym and resident center, while preserving the unique vintage character of the clubhouse dating back to the early 19th century. The installation of (18) Xeal EV charging stations at the property and plans currently in motion for incorporating solar panels demonstrate Varia US's commitment to sustainability. This careful balance of modernization while honoring the property's heritage was further celebrated by Louisville Mayor Craig Greenburg, who declared October 24, 2023, as 'Mallard Crossing at St. Matthews Day.'

These enhancements are aimed at providing a quality apartment living experience for residents, thereby increasing the property's attractiveness and value to investors by restoring the property's ability to attract and retain quality residents and enhancing the overall investment return.

GOVERNANCE AND TRANSPARENCY

The foundation of Varia US's ESG integration activity is to seek continuous improvement in terms of governance and appropriate transparency. The following updates underscore both Stoneweg US's and Varia US commitment to enhancing its sustainability performance and ethical practices and providing this information to investors in an appropriate peer relevant context. With a significant improvement in the GRESB assessment results, Varia US demonstrates its dedication to addressing material ESG issues and aligning with global sustainability goals. The adoption of the UN PRI by Stoneweg US signifies a pledge towards responsible investment, evidencing leadership in ESG practices. Active engagement by the ESG Committee, including quarterly insights sharing, policy approval, and strategy development, further highlights Varia US's ESG efforts. The introduction of the Multifamily Impact Council (MIC) framework in the upcoming ESG Annual Report for 2023 will add a new layer of depth to Varia US's ESG reporting, showcasing continuous improvement and a transparent, investor-grade approach to sustainability.

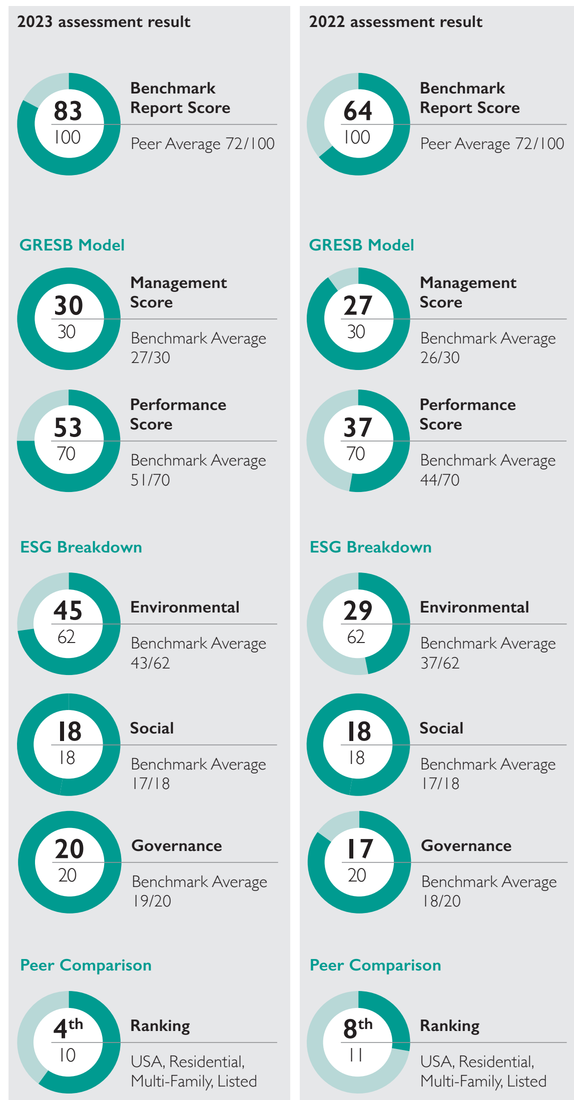
Significant Improvement of GRESB Assessment Results

The annual Global Real Estate Sustainability Benchmark (GRESB) assessment is guided by what investors and the real estate industry consider to be material issues in the sustainability performance of asset investments and are aligned with international reporting frameworks, goals and emerging regulations.

GRESB

GRESB data is used by capital providers and asset managers worldwide to benchmark investments across portfolios and to better understand the opportunities, risks and choices that need to be made as the real estate industry transitions to a more sustainable future.

In 2023, Varia US was evaluated by GRESB for the second time. The 2023 assessment result shows a significantly improved performance in terms of Environmental, Social and Governance dimensions compared to the initial 2022 rating:



The 2023 GRESB assessment result is, among others, based on the continuous efforts of Varia US to improve the quality and the efficiency of its properties, which should positively impact the operating costs and support a higher market valuation of the assets in the long-term. This was achieved by gathering four sustainable building certifications "Green Globes" as well as eight "Energy Star" building performance certifications in 2022.

Thomas Stanchak, Director of Sustainability at Stoneweg US comments: "We are very pleased that we were able to significantly improve our 2023 assessment result compared to the previous year. This demonstrates that our ESG strategy is effective and has a positive impact. The good result is also a great motivation for the entire team to continue to work diligently toward our long term ESG goals. With respect to peer ranking, the improvement from being 8th out of 11 in 2022 to 4th out of 10 in 2023 is setting a trajectory for our position as a frontrunner."

Tom Idzal, Head of Americas at GRESB, adds: "We are impressed with the progress Varia US made in our 2023 assessment compared to last year. Advancing an organization's overall position on sustainability can be challenging in the residential, multi-family space, yet Varia US has achieved excellent results. Varia US truly contributes in a very valuable way to sustainable American workforce apartment communities."

The full "GRESB Real Estate Benchmark Report 2023" as well as further information about the ESG strategy and initiatives of Varia US Properties are available on the Company's website at
www.variausproperties.com/esg-vision-strategy/

UN PRI

The United Nations-supported Principles for Responsible Investment (UN PRI) is an international network of investors working together to implement six aspirational principles that offer a menu of possible actions for incorporating environmental, social, and corporate governance (ESG) issues into investment practice. In 2023, Stoneweg US, on behalf of Varia US, became a signatory to UN PRI, signaling a strong commitment to responsible investment practices. This affiliation allows Stoneweg US to benchmark its performance against peers globally, using UN PRI's framework. Impressively, Stoneweg US's performance in the initial assessment scored well ahead of the median, with results ranging between 85–100 in all categories, showcasing their dedication to the principles of responsible management and their leadership in ESG practices within the investment community. Stoneweg US plans to continue participating as an active member as well as a benchmark participant with the UN PRI on an ongoing basis.

ESG Committee Activity

In 2023, the Varia US Board-level ESG Committee, established in 2022 to address and prioritize ESG matters, has actively engaged in a regular quarterly series of productive meetings. These sessions, focused on reinforcing the company's commitment to Environmental, Social, and Governance (ESG) principles, covered a broad range of topics from policy approval and strategy development to risk assessment and budget discussions. The Committee's efforts to enhance transparency and accountability included the approval of ESG policies, the establishment and upkeep of the company ESG-focused webpage, and detailed planning for future reporting. By actively monitoring and reviewing ESG strategies and policies, the Committee aims to ensure Varia US's continued leadership in sustainable and responsible real estate investment, demonstrating a robust commitment to improving the company's ESG results and communicating these advancements to the Board and stakeholders.

ESG Committee Members:
- Dany Roizman, Member of the Board
- Grégoire Baudin, Member of the Board
- Jaume Sabater, Vice Chairman of the Board

Varia US ESG Committee's responsibilities and functions:

ESG Strategy
- Monitor the development of the Company's ESG strategy.
- Assess climate risks and transition paths and supervise relevant initiatives and activities.
- Review the ESG budget and submit it to the BOD for its approval.

ESG Policies
- Review the Company's ESG policies and submit it to the Board of Directors for approval.
- Monitor the Company's ESG policies and their implementation.

ESG Monitor and Review
- Monitor ESG reporting requirements.
- Monitor how all milestones and targets defined by ESG Strategy are reported to the Board of Directors and in the ESG Report.

ESG Reporting
- Review the ESG report and submit it to the Board of Directors' approval.
- Report to the Board of Directors on a regular basis.
- Regular coordination with other Company's committees and with Stoneweg Group ESG Committee.

2023 Annual ESG Report Timeline

For the 2023 Annual ESG Report, Varia US Properties AG will publish a comprehensive report mid-year 2024, showcasing advancements in ESG key performance indicators (KPIs) established in the 2022 report's Executive Summary, data coverage, operational and capital improvements, resident satisfaction, and governance practices. This report will reflect Varia US's commitment to continuous improvement. Additionally, for the 2023 Annual ESG Report Varia US will introduce the Multifamily Impact Council (MIC) framework. This framework represents a new dimension in the report, enhancing its depth and transparency. Stoneweg US, acting for Varia US and as a founding member of the MIC, has contributed to creating a consistent US multifamily investing framework for the industry, further illustrating Varia US's leadership in ESG transparency and accountability.

OUTLOOK AND GOALS

2024 ESG Initiative Summary

Stoneweg US continues to advance its ESG initiatives for Varia US, leveraging innovative tools and strategies to enhance sustainability and accountability. A key development is the use of the Conservice ESG platform, enabling precise monitoring of the impacts from various ESG investments. The company is initiating small-scale solar projects targeting high ROI opportunities, primarily powering clubhouses and common areas. Following successful HVAC system replacement pilots, a more extensive programmatic update across the portfolio is planned. With comprehensive data collection, Stoneweg US will soon release a portfolio-level Emissions Reduction Plan (ERP), laying the groundwork for a detailed carbon accounting disclosure and setting science-based targets to further reduce CO_2 emissions. These steps underscore a commitment to reducing emissions intensity and enhancing portfolio sustainability. Additionally, Stoneweg US will continue to publish periodic case studies, offering transparent insights into both successes and areas for improvement, further emphasizing its dedicated approach to responsible ESG management.

Solar

In 2023, Stoneweg US embarked on enhancing Varia US's portfolio by beginning to invest in the addition of solar projects where appropriate. Starting with the West End at Fayetteville, this initiative marks Varia US's commitment to on-site renewable energy, although a planned project at Mission Palms was paused due to the necessity of adding an additional structure for the array which drove down the ROI. Varia US remains committed to exploring viable solar solutions for Mission Palms and will continue to seek out solutions that meet the company's investment criteria. In addition, (6) additional small-scale solar projects are underway at various properties, anticipated to complete within 3–6 months.

These investments, bolstered by tax incentives, aim for a 5–8 year ROI on operating expenses and immediate asset value enhancement.

GHG Inventory & Carbon Accounting

Stoneweg US, on behalf of Varia US, is developing a comprehensive Greenhouse Gas (GHG) inventory and embarking on its first full carbon accounting disclosure for 2023. This effort signifies a significant step towards understanding and mitigating the portfolio's carbon footprint. By leveraging the extensive data collection accomplished, this initiative will serve as the baseline for Varia US's carbon accounting, enabling the setting of science-based targets to further reduce CO_2 emissions. These targets will outline a clear, practical path for decarbonization, aligning with global standards and contributing to the broader goal of sustainable investment.

Emissions Reduction Plan

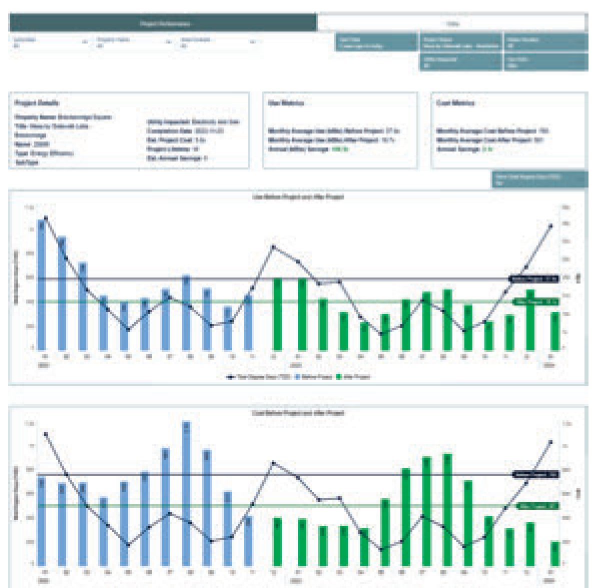
The Emissions Reduction Plan (ERP) is a strategic document to manage decarbonization at the real estate portfolio level over the long term. US multifamily real estate investing, it maps out a decarbonization pathway at the portfolio level but that plan is the compilation of asset-level data and goals. Stoneweg US is taking a more comprehensive approach to its ERP on behalf of Varia US. It is informed by the comprehensive Greenhouse Gas (GHG) inventory, but Stoneweg US is also integrating analyses of physical climate hazards and geographic utility expense burdens on residents, enriching its scope as a Climate Action plan. A practical example of ERP application involves identifying specific assets for energy efficiency upgrades or renewable energy installations to systematically reduce the portfolio's carbon footprint. This plan is vital for setting realistic targets for emissions reduction, ensuring alignment with global decarbonization targets. Stoneweg US will share Varia US's ERP in the 2023 ESG Annual Report, providing a clear, science-based path for future decarbonization initiatives.

Commitment to continuous improvement in ESG performance and reporting

Working on behalf of Varia US, Stoneweg US is committed to continuous improvement within the context of Varia US's ESG strategy to thoughtfully advance their sustainability, social responsibility, and ethical governance objectives in a valuable and practical way. This involves a cycle of setting clear ESG targets, monitoring progress through key performance indicators, identifying areas for enhancement, implementing strategic changes, engaging with stakeholders for feedback, and reporting transparently on progress and challenges. This approach not only fosters trust and credibility among investors but also drives long-term business success by aligning with evolving global sustainability standards and stakeholder expectations. Continuous improvement in ESG performance demonstrates both Stoneweg US and Varia US's commitment to adapting and refining its practices to meet and exceed the ethical, environmental, and social standards expected by investors and other stakeholders.

Conservice ESG (fka Goby) Cost & Use ROI Tool

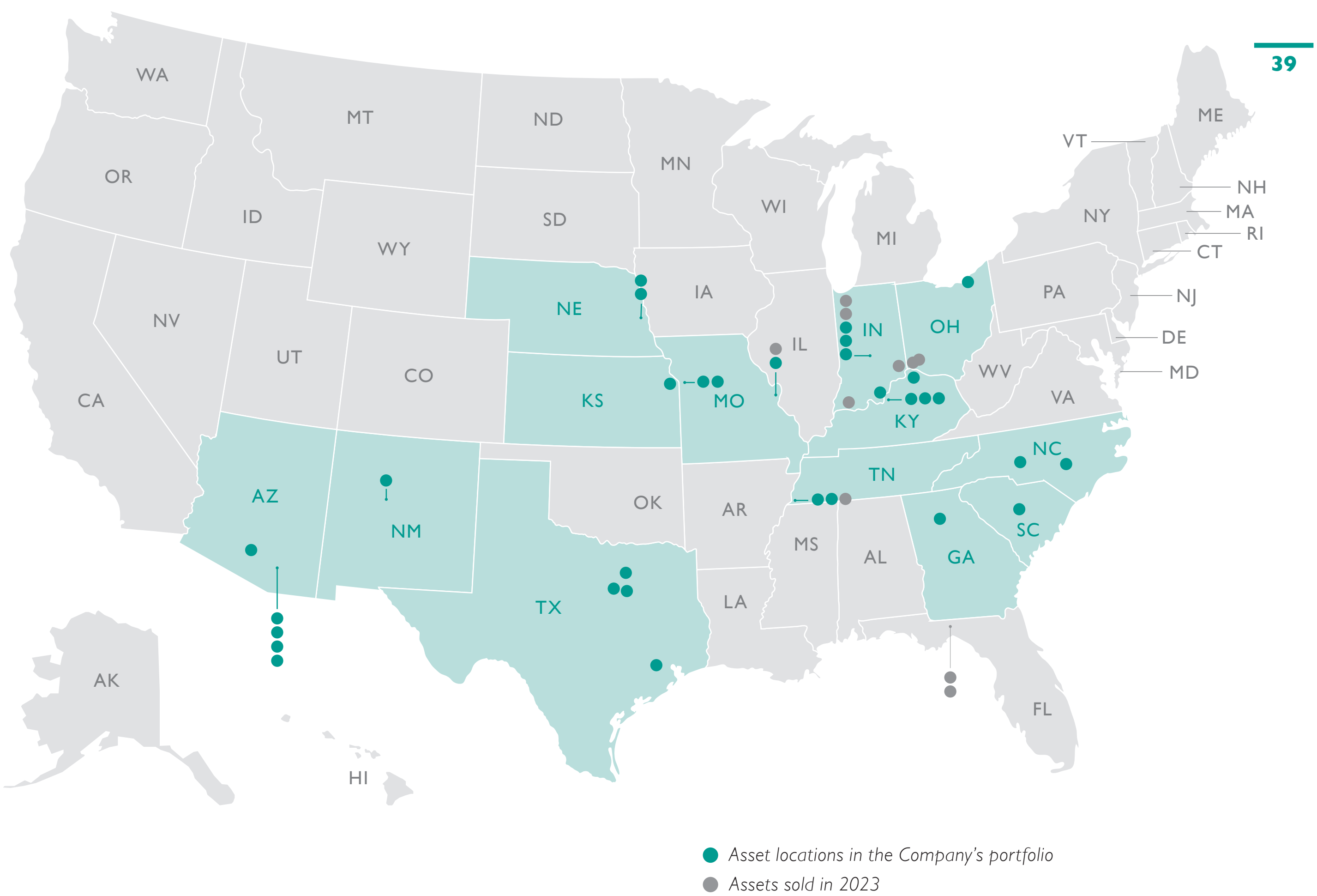
Stoneweg US, on behalf of Varia US, has partnered with Conservice to enhance ESG performance through an innovative and powerful feature of their ESG SaaS platform. This feature tracks the ROI of operational activities or capital improvements by linking projects directly to utility meter data. This tool automates reporting, continuously monitoring expense savings and resource conservation, creating durable and extremely valuable accountability between planned improvements expectations and their outcomes. Dozens of projects are set for tracking in 2024, allowing Stoneweg US to verify their effectiveness and promote transparency in achieving environmental goals. This innovative approach underscores a commitment to sustainable investment practices and operational excellence.



PORTFOLIO OVERVIEW

as of December 31, 2023

In 2023, Varia US Properties sold 10 smaller properties. By the end of 2023, the portfolio comprised of 31 properties spread across 13 states and representing 8,518 units or apartments. Most of the new assets are located in markets where Varia had already a presence, are generally larger and closer to metropolitan areas. The total value of the portfolio has almost quadrupled to USD 1300.0 million since December 2016. This sustainable value increase is also based on ongoing renovation of the existing portfolio to improve its quality.

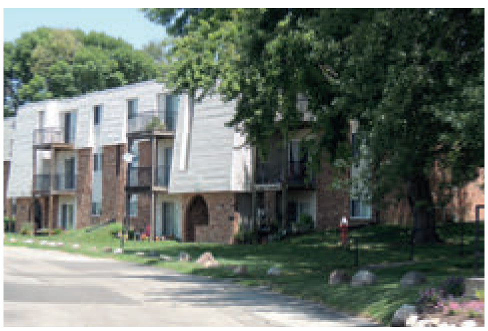


1 SHAWNEE STATION

ACQUISITION DATE	CITY	STATE
February 2016	Shawnee	Kansas
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
228	19,570 m^2	3,498,285 USD

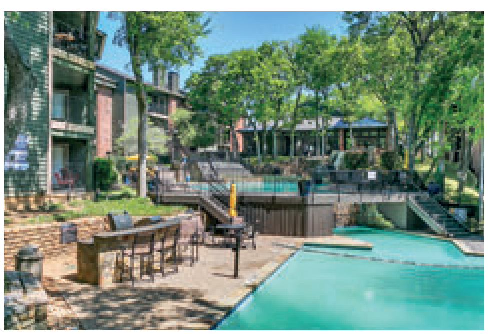
2 WILLOWS OF CUMMING

ACQUISITION DATE	CITY	STATE
February 2016	Cumming	Georgia
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
156	13,670 m^2	2,310,096 USD



3 BRENT VILLAGE

ACQUISITION DATE	CITY	STATE
August 2016	Bellevue	Nebraska
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
180	13,737 m^2	2,461,510 USD

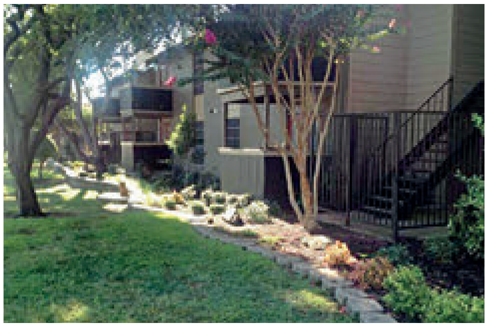


4 WOOD HOLLOW APARTMENTS

ACQUISITION DATE	CITY	STATE
December 2016	Euless	Texas
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
346	23,378 m^2	5,730,920 USD

5 VARIA AT OAKCREST

ACQUISITION DATE	CITY	STATE
February 2017	Columbia	South Carolina
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
272	27,787 m^2	4,926,300 USD



6 RIDGE ON SPRING VALLEY

ACQUISITION DATE	CITY	STATE
February 2017	Dallas	Texas
NUMBER OF UNITS	NET RENTABLE AREA (NRA)	GROSS POTENTIAL INCOME
207	15,440 m^2	3,712,780 USD

7 BEAU-JARDIN

ACQUISITION DATE	CITY	STATE
April 2017	St. Louis	Missouri
NUMBER OF UNITS	NET RENTABLE AREA (NRA)	GROSS POTENTIAL INCOME
182	14,820 m^2	2,717,040 USD

8 ZONA VILLAGE

ACQUISITION DATE	CITY	STATE
June 2017	Tucson	Arizona
NUMBER OF UNITS	NET RENTABLE AREA (NRA)	GROSS POTENTIAL INCOME
183	9,185 m^2	2,138,180 USD

9 ROLLING HILLS

ACQUISITION DATE	CITY	STATE
July 2017	Louisville	Kentucky
NUMBER OF UNITS	NET RENTABLE AREA (NRA)	GROSS POTENTIAL INCOME
400	46,883 m^2	6,359,135 USD

10 MISSION PALMS

ACQUISITION DATE	CITY	STATE
July 2017	Tucson	Arizona
NUMBER OF UNITS	NET RENTABLE AREA (NRA)	GROSS POTENTIAL INCOME
360	34,645 m^2	6,395,900 USD

11 AVENUE 8

ACQUISITION DATE	CITY	STATE
September 2017	Mesa	Arizona
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
194	19,826 m²	3,707,240 USD

12 RIVER OAKS

ACQUISITION DATE	CITY	STATE
January 2018	Tucson	Arizona
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
300	19,702 m²	3,900,350 USD

13 TIERRA POINTE

ACQUISITION DATE	CITY	STATE
January 2018	Albuquerque	New Mexico
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
352	19,669 m²	4,841,337 USD

14 MEADOWS

ACQUISITION DATE	CITY	STATE
March 2018	Memphis	Tennessee
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
200	17,763 m²	2,778,623 USD

15 VILLAGE AT MAYFIELD

ACQUISITION DATE	CITY	STATE
June 2018	Cleveland	Ohio
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
252	25,602 m²	5,043,600 USD

16 CORDOVA CREEK

ACQUISITION DATE	CITY	STATE
August 2018	Memphis	Tennessee
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
196	19,885 m^2	3,384,362 USD

17 BROOKWOOD

ACQUISITION DATE	CITY	STATE
December 2018	Tucson	Arizona
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
272	19,211 m^2	3,634,690 USD

18 BRECKINRIDGE SQUARE

ACQUISITION DATE	CITY	STATE
December 2020	Louisville	Kentucky
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
294	30,852 m^2	4,671,514 USD

19 THE M CLUB

ACQUISITION DATE	CITY	STATE
January 2021	Indianapolis	Indiana
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
388	28,200 m^2	4,792,744 USD

20 RETREAT NORTHWEST

ACQUISITION DATE	CITY	STATE
January 2021	Indianapolis	Indiana
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
336	32,295 m^2	5,232,576 USD

21 LOCHWOOD

ACQUISITION DATE	CITY	STATE
June 2021	New Albany	Indiana
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
200	24,972 m²	2,768,040 USD

22 WYLDE AT EAGLES CREEK

ACQUISITION DATE	CITY	STATE
July 2021	Indianapolis	Indiana
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
256	18,766 m²	3,969,600 USD

23 WEST END AT FAYETTEVILLE

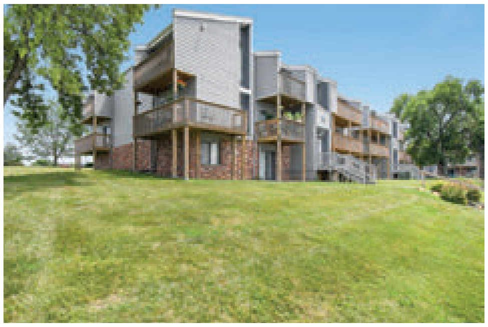
ACQUISITION DATE	CITY	STATE
September 2021	Fayetteville	North Carolina
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
360	39,557 m²	7,471,200 USD

24 MALLARD CROSSING

ACQUISITION DATE	CITY	STATE
October 2021	Louisville	Kentucky
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
600	54,601 m²	9,920,581 USD

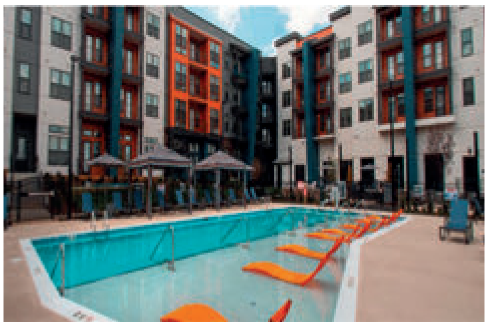
25 RESIDENCES AT ECHELON

ACQUISITION DATE	CITY	STATE
November 2021	Lee's Summit	Missouri
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
243	21,883 m²	4,907,705 USD



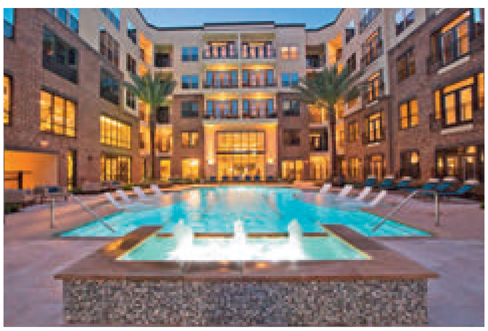
26 BELLEVUE HILLS

ACQUISITION DATE	CITY	STATE
December 2021	Bellevue	Nebraska
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
264	22,665 m^2	3,950,705 USD



27 AMAZE @ NODA

ACQUISITION DATE	CITY	STATE
June 2022	Charlotte	North Carolina
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
298	20,557 m^2	6,014,070 USD



28 ASHFORD

ACQUISITION DATE	CITY	STATE
July 2022	Houston	Texas
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
312	24,234 m^2	6,288,000 USD

29 WILD OAK

ACQUISITION DATE	CITY	STATE
September 2022	Kansas City	Missouri
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
348	30,239 m^2	5,873,220 USD

30 JRG LOFTS

ACQUISITION DATE	CITY	STATE
October 2022	Covington	Kentucky
NUMBER OF UNITS	**NET RENTABLE AREA (NRA)**	**GROSS POTENTIAL INCOME**
178	12,221 m^2	4,238,558 USD

31 VARIA AT HIGHLAND VILLAGE

ACQUISITION DATE	CITY	STATE
October 2022	Highland Village	Texas

NUMBER OF UNITS	NET RENTABLE AREA (NRA)	GROSS POTENTIAL INCOME
161	18,127 m^2	4,184,160 USD

CORPORATE GOVERNANCE REPORT

This corporate governance report is written according to the Directive on Information relating to Corporate Governance entered into force on January 1, 2023, by SIX Swiss Exchange and more specifically according to the scheme of its Annex.

The main corporate governance documents of Varia US, and in particular its Articles of Association, its Organizational Regulation and its Compensation Report may be downloaded on its website at https://variausproperties.com/investors/corporate-governance/.

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. 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, 2023, was CHF 384.8 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, 2023, the Company owned:

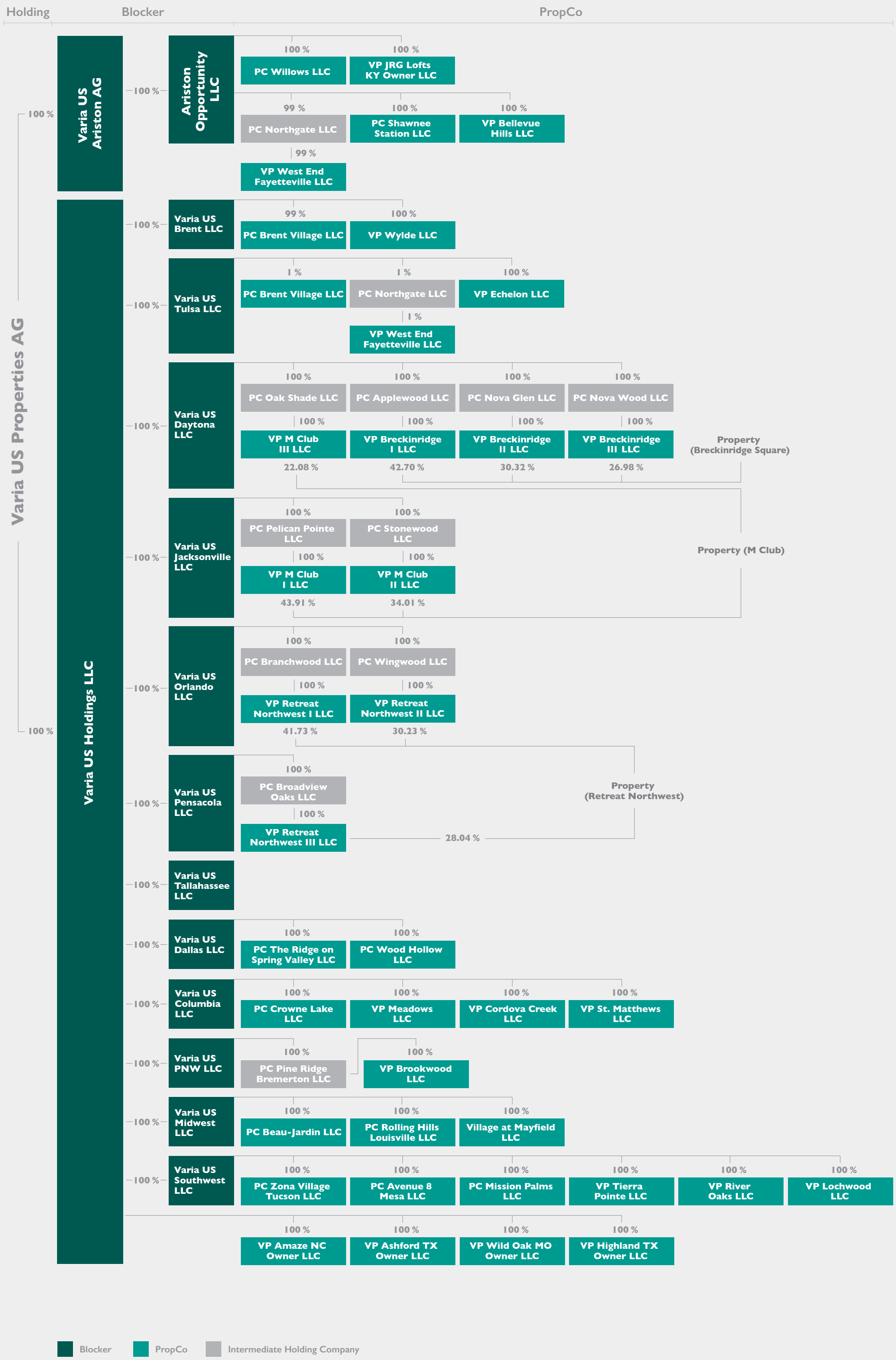
- 100% of shares of Varia US Ariston AG that owns 100% of the membership of Ariston Opportunity LLC, a Delaware entity,
- 100% of Varia US Holdings LLC that owns 100% of the units of twelve limited liability companies called blockers.

The Fund as well as the blockers are equity members of property limited liability companies (propco), most of these companies being the owner of a property as of December 31, 2023.

At the end of the period, Varia US Properties AG wholly owned 31 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, part of the Stoneweg group ("Stoneweg").

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


Holding
Blocker
PropCo
Varia US Properties AG
100 %
100 %
Varia US Ariston AG
100 %
Ariston Opportunity LLC
100 %
PC Willows LLC
100 %
VP JRG Lofts KY Owner LLC
99 %
PC Northgate LLC
100 %
PC Shawnee Station LLC
100 %
VP Bellevue Hills LLC
99 %
VP West End Fayetteville LLC
Varia US Holdings LLC
100 %
Varia US Brent LLC
99 %
PC Brent Village LLC
100 %
VP Wylde LLC
100 %
Varia US Tulsa LLC
1 %
PC Brent Village LLC
1 %
PC Northgate LLC
100 %
VP Echelon LLC
1 %
VP West End Fayetteville LLC
100 %
Varia US Daytona LLC
100 %
PC Oak Shade LLC
100 %
PC Applewood LLC
100 %
PC Nova Glen LLC
100 %
PC Nova Wood LLC
100 %
VP M Club III LLC
100 %
VP Breckinridge I LLC
100 %
VP Breckinridge II LLC
100 %
VP Breckinridge III LLC
Property (Breckinridge Square)
22.08 %
42.70 %
30.32 %
26.98 %
100 %
Varia US Jacksonville LLC
100 %
PC Pelican Pointe LLC
100 %
PC Stonewood LLC
100 %
VP M Club I LLC
100 %
VP M Club II LLC
43.91 %
34.01 %
Property (M Club)
100 %
Varia US Orlando LLC
100 %
PC Branchwood LLC
100 %
PC Wingwood LLC
100 %
VP Retreat Northwest I LLC
100 %
VP Retreat Northwest II LLC
41.73 %
30.23 %
Property (Retreat Northwest)
100 %
Varia US Pensacola LLC
100 %
PC Broadview Oaks LLC
100 %
VP Retreat Northwest III LLC
28.04 %
100 %
Varia US Tallahassee LLC
100 %
Varia US Dallas LLC
100 %
PC The Ridge on Spring Valley LLC
100 %
PC Wood Hollow LLC
100 %
Varia US Columbia LLC
100 %
PC Crowne Lake LLC
100 %
VP Meadows LLC
100 %
VP Cordova Creek LLC
100 %
VP St. Matthews LLC
100 %
Varia US PNW LLC
100 %
PC Pine Ridge Bremerton LLC
100 %
VP Brookwood LLC
100 %
Varia US Midwest LLC
100 %
PC Beau-Jardin LLC
100 %
PC Rolling Hills Louisville LLC
100 %
Village at Mayfield LLC
100 %
Varia US Southwest LLC
100 %
PC Zona Village Tucson LLC
100 %
PC Avenue 8 Mesa LLC
100 %
PC Mission Palms LLC
100 %
VP Tierra Pointe LLC
100 %
VP River Oaks LLC
100 %
VP Lochwood LLC
100 %
VP Amaze NC Owner LLC
100 %
VP Ashford TX Owner LLC
100 %
VP Wild Oak MO Owner LLC
100 %
VP Highland TX Owner LLC
Blocker
PropCo
Intermediate Holding Company

1.2. Significant shareholders

On December 31, 2023, the number of shares issued by Varia US Properties AG was 10,126,018. At that time, the main shareholders in the Company were:

- Varia SPC – Inv. Opportunities SP, major shareholder of a Cayman Island fund grouping approximately 35 nominee investors and representing 40.4% of the issued shares.
- Philae Fund – MB Prime, a Luxemburg entity representing 7.0% of the issued shares.

In Varia SPC, none of the shareholders represents more than 3% of the issued shares. Outside of Varia SPC, except Wolf Property Holding which represents 5.9% of the share capital, no other investor represents more than 3% of the issued shares. Both significant shareholders hold respectively 4,089,226 and 706,572 registered shares in their name on December 31, 2023.

The disclosures made during 2023 may be found at https://www.ser-ag.com/en/resources/notificationsmarket-participants/significant-shareholders.html#/.

1.3. Cross-shareholdings

Varia US Properties AG has no cross-shareholdings.

2. CAPITAL STRUCTURE

a) Capital as of December 31, 2023

Type of capital	Number of shares	Value per share	Time limit if any
Ordinary capital	10,126,018	1.00	
Authorized capital (general purpose)	2,500,000	1.00	April 29, 2023
Conditional capital	None	NA	
Capital band	None	NA	

b) Authorized capital/capital band/ conditional capital

According to Article 2.3 of the Articles of Association, the Board of Directors is authorized to increase the share capital at any time until April 29, 2023 by a maximum amount of CHF 2,500,000 by issuance of a maximum of 2,500,000 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 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 (see 2.e) below).

In accordance with the revised provisions of the Swiss code of obligations, the concept of authorized share capital is replaced by the capital band as of 1 January 2023.

c) Changes in capital

Date of entry into daily register	Newly issued shares	Total number of shares	Share nominal value	Comments
17.09.2015	100,000	100,000	1.00	Formation of the company
11.11.2015	1,082,464	1,182,464	1.00	1st capital increase (initial part)
18.01.2016	1,914,610	3,097,074	1.00	1st capital increase (second part)
07.12.2016	3,097,074	6,194,148	1.00	2nd capital increase (IPO initial part)
10.01.2017	464,562	6,658,710	1.00	2nd capital increase (greenshoe option)
13.10.2017	542,105	7,200,815	1.00	3rd capital increase
11.01.2018	1,800,203	9,001,018	1.00	4th capital increase
01.12.2020	1,125,000	10,126,018	1.00	5th 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 Meeting of Shareholders.

A fourth capital increase took place in January 2018.

A fifth capital increase took place in December 2020 through the authorized capital previously approved by the General Meeting of Shareholders.

d) Participation certificates and dividend-right certificates

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

e) Limitation on transferability

According to Article 2.6 of the Articles of Association, 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 during last fiscal year. 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 issued by the Company or by any of its subsidiaries on the Company's shares were outstanding.

3. BOARD OF DIRECTORS

a) Composition

The Board of Directors is composed of the following members:

Board of Directors member	Year of birth	Function	First appointed	End of term	Nationality	Executive (E) Non-Executive (NE)*
Manuel Leuthold	1959	Chairman	2016	2024	Swiss	NE
Jaume Sabater	1979	Vice-Chairman, Member of the ESG Committee	2015	2024	Swiss	E
Taner Alicehic	1974	Member, Member of the Audit and Risk Committee	2015	2024	Swiss	NE
Patrick Richard	1971	Member, Executive Member of the Board	2016	2024	Swiss	E
Dany Roizman	1972	Member, Chairman of ESG Committee	2015	2024	Brazil	NE
Beat Schwab	1966	Member, Chairman of the Audit and Risk Committee, Member of the Compensation Committee	2016	2024	Swiss	NE
Stefan Buser	1967	Member, Chairman of the Compensation Committee, Member of the Audit and Risk Committee	2017	2024	Swiss	NE
Grégoire Baudin	1974	Member, Member of ESG Committee	2020	2024	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
- Patrick Richard is CEO of Stoneweg US, LLC

For a description of the delegation of duties to the Asset Manager and to the Delegate of the Board of Directors, please refer to the Organizational Regulation of the Company (link to the Organizational Regulations provided at the beginning of the Corporate Governance Report).

Taner Alicehic held an executive management position up until 30th June 2021. No other 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

The professional background of the members of the Board of Directors and the executive board, as well as their education and, as the case may be, their functions in other undertakings, are presented in the compensation report.

Activities in other undertakings

According to Article 4.7 of the Articles of Association, 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.

Pursuant to art. 626 para. 2 no. 1 of the Swiss code of obligations, a mandate as referred to in Article 4.7 of the Articles of Association is a comparable function at other companies with an economic purpose, meaning a company that aims to generate monetary benefit for its owners.

c) Elections and terms of office

According to Article 4.1 of the Articles of Association, 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 the election of the Chairman and the members of the Compensation Committee by the General Meeting of Shareholders. The Board of Directors may designate a Vice Chairman and a Secretary. The Secretary does neither have to be shareholder nor 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.

d) Internal organizational structure

On November 14, 2016, the Board of Directors approved the Organizational Regulations of Varia US Properties AG (link to the Organizational Regulations provided at the beginning of the Corporate Governance Report), which then entered into force on December 8, 2016. These regulations mainly contain provisions with regard to:

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

In 2023, without considering the board trip to the US, the Board of Directors met three times in person, two conference calls were held and nine resolutions were taken by circular resolution. The meetings (physical and conference calls) took place on March 2, March 21, June 21, August 23 and November 27. They lasted on average 3 hours and 15 minutes.

All the Board of Directors members participated to all the physical meetings. Thus, total attendance to the physical meetings was 100%.

On March 21 2023, the Board of Directors went through a self-assessment exercise. Based on nine questions, the average result was 4.80 out of 5, which the Chairman considered as a very good result.

Unless otherwise specifically accepted by the Board of Directors members, the Board of Directors 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 of Directors member cannot participate in person, a conference call or video conference will be organized in order to make participation possible. If a Board of Directors 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 of Directors meetings as elected members of the Board of Directors. It has, however, been the will of the Company to have a majority of non-executive Board of Directors members. Currently, the Board of Directors counts six non-executive members and two executive members.

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

Board of Directors 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 of Directors is helped by three committees:

- The Audit and Risk Committee
- The Compensation Committee
- The ESG Committee

I. Audit and Risk Committee:

The members of the Audit and Risk 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 Audit and Risk Committee consists of at least one member of the Board of Directors. Beat Schwab is chairman. Stefan Buser and Taner Alicehic are members of the Audit and Risk Committee.

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

- Assisting the Board of Directors 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 of Directors;
- Examining and submitting proposals to the Board of Directors 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 of Directors 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; and
- 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 Audit and Risk 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 2023, the Audit and Risk Committee met four times, that is on March 20, June 19, August 21 and November 27. Each of these meetings lasted on average for 1 hour and 15 minutes.

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 a 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 chairman of the Compensation Committee is appointed by the Board of Directors.

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

- Presenting motions to the Board of Directors in view of the next ordinary General Meeting of Shareholders with respect to the remuneration of the members of the Board of Directors;
- Assisting the Board of Directors 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 of Directors;
- Assessing the principles of remuneration and presenting corresponding motions to the Board of Directors (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 of Directors and the Asset Manager; and
- Presenting motions to the Board of Directors 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 2023, the Compensation Committee met twice, on March 20 and August 21. The meetings lasted on average 1 hour.

Since the entry into force of the Organizational Regulations (link to the Organizational Regulations provided at the beginning of the Corporate Governance Report), 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 of Directors for the preparation of the General Meeting of Shareholders.

III. ESG Committee

The Board of Directors approved the creation of an ESG Committee in November 2022. The members of the ESG 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 ESG Committee consists of at least three members of the Board of Directors. Dany Roizman is chairman. Jaume Sabater and Grégoire Baudin are members of the ESG Committee.

The ESG Committee has the following general duties and competencies:

- Monitor the development of the Company's ESG strategy;
- Assess climate risks and transition paths and supervise relevant initiatives and activities;
- Review the ESG budget and the ESG policies to submit it to the Board of Directors for its approval;
- Monitor the Company's ESG policies and their implementation;
- Monitor ESG reporting requirements;
- Monitor how all milestones and targets defined by the ESG strategy are reported to the Board of Directors and in the ESG report; and
- Review the ESG report and submit it to the Board of Directors' approval.

The ESG 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.

e) 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 amended and restated most recently on September 30, 2019. The Company supervises and controls its Asset Manager. According to this contract, the Asset Manager's main missions are:

- Execute acquisitions and divestments according to the investment strategy fixed by the Board of Directors
- 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 of Directors and its committees.
- Investor relations
- Capital increase organization and coordination, equity financing

To help fulfil its mission, the Asset Manager delegated part of its duties to Stoneweg US, LLC, with offices in St Petersburg, Florida. This entity is led by Patrick Richard and comprises forty-one real estate professionals (including the principal) as of December 31, 2023.

For these activities, the Asset Manager or its affiliated are entitled to a transaction fee of up to one percent (1%) of the purchase price of the acquisitions closed and sold, or alternatively to a performance fee in case of a disinvestment. During 2023, the Asset Manager and its affiliates received transaction fees of USD 0.79 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%) 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 2023, the Asset Manager and its affiliates received management fees of USD 6.7 million. The Asset Manager has decided to charge the fee only on the equity invested and not on the full equity raised by the Company.

Fee type	Amounts invoiced in 2023 in USD	Comment
Asset Management fee	6,733,130	1.11% of Dec-23 invested-equity value (fee annualized)
Transaction fee	792,250	1% invoiced at closing of 3 sale
Promote fee	8,290,839	Promote on the Sale of 7 assets
Issue fee	–	–
Construction fee	922,230	5% of construction costs
Refinancing fee	491,100	Refinancing of 2 loans
Total	**17,229,549**	

For its activities related to equity financing, the Asset Manager or any of its affiliates shall be entitled to a fee of up to one percent (1%) of new capital raised for the purpose of equity financing (the "Placement Fee"). In 2023, the Asset Manager and its affiiates received a total amount of placement fee of CHF 0.00.

Stoneweg SA is part of the Stoneweg group ("Stoneweg"), which is a Swiss-based international real estate platform serving various clients and managing investments, currently mainly located in Spain, Italy, Switzerland, Andorra, Ireland, United Kingdom and the US.

Stoneweg has offices in Geneva, Milano, Barcelona, London, Madrid, Andorre-la-Vieille, Dublin and St Petersburg (FL).

Jaume Sabater (Swiss) is founding partner and CEO of Stoneweg. The other members of the management team are Rui Inacio (Portuguese), Joaquin Castellvi (Spanish), Yvan Mermod (Swiss), Rafael Cerezo (Spanish) and Gregorio Perez (Spanish).

Patrick Richard (Swiss) is the founder and CEO of Stoneweg US, LLC, which is also part of the Stoneweg group.

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, including the shareholding program, 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 of Directors 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 of Directors as of December 31, 2023.

Board of Directors member	Number of shares directly or indirectly held
Manuel Leuthold	8,500
Jaume Sabater	11,525
Taner Alicehic	26,483
Dany Roizman	36,420
Patrick Richard	50,000
Beat Schwab	6,066
Stefan Buser	6,312
Grégoire Baudin	47,341

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

The Board of Directors members have a fixed compensation and are entitled to participate in a share compensation plan as further detailed in the Company's Compensation Report. That compensation is evaluated by the Compensation Committee based on compensation paid to Board of Directors 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 of Directors 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.

The Board of Directors members are submitted to four quiet periods per year starting each year on (i) December 31st until the release of the Annual Report, (ii) March 31st until the release of the quarterly report, (iii) July 1st until the release of the Half-Year Report and (iv) September 30th until the release of the quarterly report. During this time frame, it is strictly forbidden for them and their relatives, directly or indirectly, to trade any share of the Company.

5. COMPENSATION RULES

a) Statutory rule on compensation

According to Article 4.4 of the Articles of Association, 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 on an annual basis or delegates this task to the Compensation Committee respecting the same periodicity. 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 on an annual basis 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.

Reimbursement of expenses does not qualify as remuneration. The Company may pay members of the Board of Directors and the persons whom the Board of Directors has entrusted with the executive management a reimbursement for expenses in the form of and amount of lumpsum expenses recognized for tax purposes.

For members of executive management who are appointed by the Board of Directors after the annual total compensation has been approved, an additional amount 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 2023, with the exception of the share compensation plan, neither variable component, nor special compensation, were paid to any member of the Board of Directors.

Since the listing of its shares on SIX Swiss Exchange, the Company has been subject to the Ordinance against Excessive Compensation in Listed Companies (art. 13 and ff) ("Remuneration Ordinance"). In 2022, as part of the revision of Swiss corporate law, the provisions of the Remuneration Ordinance have been transposed into the revised Swiss code of obligations ("nCO") (art. 732 et seq. nCO, the "nCO Remuneration Rules"), remaining largely unchanged.

The nCO Remuneration Rules require disclosure of compensation paid by the company directly or indirectly to former members of the board of directors, the executive management and the advisory board (if any), insofar as they are related to their former activities as a member of these corporate bodies. This new rule adjusts the scope of the Remuneration Ordinance that previously also required the disclosure of all non-market compensations to former members of corporate bodies. The background of this change is that such non-market remunerations in connection with former mandates are inadmissible under the nCO Remuneration Rules (art. 735c subs 3 nCO). Benefits from occupational pension plans are still exempt from the disclosure requirements relating to former members.

The nCO Remuneration Rules generally prohibit certain types of compensation payments to board members and members of executive management, notably:

- severance payments that are contractually agreed or provided for in the articles of association; remuneration that is due until the termination of the contracts does not constitute a severance payment;
- compensation related to a ban on competition that exceeds the average remuneration for the last three financial years, or compensation related to a ban on competition that is not justified on business grounds;
- remuneration paid on conditions other than the customary market conditions connected with a previous activity as a corporate body of the company;
- joining bonuses that do not compensate for a verifiable financial disadvantage;
- remuneration paid in advance;
- commission paid for taking over or transferring undertakings or parts thereof;
- loans, credit facilities, pension benefits other than occupational pensions and performance-related remuneration not provided for in principle in the articles of association; and
- the allocation of equity securities or conversion and option rights not provided for in principle in the articles of association.

b) Loans and credit facilities

According to Article 4.6 of the Articles of Association, 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

According to Article 3.7 of the Articles of Association, 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.

In case of a rejection of the compensation, 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, 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 Meeting of Shareholders and whether a proxy is to be accepted.

The General Meeting of Shareholders shall elect an Independent Proxy, who may be an individual, a lega lentity 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 of Shareholders

According to Article 3.5 of the Articles of Association, the General Meeting of Shareholders shall be chaired by the Chairman, or, in his/her absence, by another member of the Board of Directors or by a chairperson elected by the General Meeting of Shareholders. The Chairman designates a secretary for the minutes and a scrutineer for the counting of the votes who need not be a shareholder.

The Board of Directors is responsible for the keeping of the minutes which are to be signed by the Chairman and the secretary.

Unless otherwise provided by law or the Articles of Association, 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 provided by law or the Articles of Association.

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 al.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. ENTRIES IN THE SHARE REGISTER

Registered shareholders who are listed in the share register as shareholders with voting rights seven (7) days before the ordinary General Meeting of Shareholders will be allowed to participate to said ordinary General Meeting of Shareholders. No entries will be made in the share register between this date and the day of the General Meeting of Shareholders.

8. CHANGES OF CONTROL AND DEFENSE MEASURES

According to Article 2.7 of the Articles of Association, 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.

According to the shareholding program, in the case of a change in control of the Company, the Board of Directors, in its sole discretion, will decide whether the terms of all outstanding shares granted via the shareholding program shall be maintained or whether they shall be adjusted in the sense that they, notwithstanding the transferability restriction during 4 years from the acquisition date applicable to them, will be immediately transferable.

Such change in control shall be deemed to occur where: (i) any person or any group of persons, other than such persons or group of persons already holding more than $33\frac{1}{3}$, directly or indirectly purchases or otherwise becomes the beneficial owner or has the right to acquire such beneficial ownership (whether or not such right is exercisable immediately, with the passage of time, or subject to any condition) of voting securities representing $33\frac{1}{3}$ or more of the combined voting power of all outstanding voting securities of the Company; or (ii) the stockholders of the Company approve an agreement to merge or consolidate the Company with or into another corporation (and such other corporation also approves such agreement) as a result of which less than 50% of the outstanding voting securities of the surviving or resulting entity are or will be owned by the former stockholders of the Company; or (iii) the stockholders of the Company approve the sale of all or substantially all of the Company's business and/or assets to a person or entity which is not a wholly-owned subsidiary of the Company.

9. AUDITORS

KPMG has been the auditor of the Company since its inception in 2015. Today's lead auditor took office in 2023. 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 Meeting of Shareholders to the next one and has to be confirmed at each General Meeting of Shareholders.

For the 2023 period, the following amount has been estimated concerning KPMG audit invoices:

Date	Expected invoiced in 2023 in CHF	Audit work
Q1 2023	79,967	Audit 2023
Q2 2023	79,967	Audit 2023
Q3 2023	79,967	Audit 2023
Q4 2023	88,901	Audit 2023

The total amount of fees for the audit by KPMG for 2023 are CHF 328,802. No other services were rendered in 2023.

The Board of Directors assesses the performance, payment and independence of the external auditors each year. This assessment is performed both by the Audit and Risk Committee as well as by the Board of Directors after each closing of the yearly period. The auditors attended to the Audit and Risk Committee on March 20th, 2023.

10. 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 variausproperties.com/investors/corporate-calendar/ 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/investors/investors-info-subscription/

COMPENSATION REPORT

Varia US Properties' 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 US 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 Stoneweg group ("Stoneweg") as its exclusive Asset Manager and all operational tasks have been outsourced to that entity; details on the remuneration of the asset manager and its organization are provided in a separate section (page 74).

For that reason, the compensation report only relates to the compensation of the members of the Board of Directors and their roles in the different committees. Pursuant to article 4.4 of the Company's articles of association, the Board of Directors members receive a fixed remuneration that may be complemented by a variable component; 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 March 20, 2023, and its August 21, 2023, sessions, the compensation committee looked at the remuneration of Swiss listed and non-listed real estate companies of similar size and concluded that the remuneration is in line with market standards. The committee also looked at the audit and risk committee members' compensation as well as of the compensation committee members' compensation. It confirmed that the members of each committee should be compensated 75% of the chair of the respective committee. The compensation committee also looked at the remuneration of the delegate that is determined on a discretionary basis, taking into account the fact that the delegate is also compensated and remunerated by Stoneweg for his US activities, and that the Board of Directors remuneration is linked to his duties in Switzerland for the Company, including coordination with Stoneweg's Swiss team members.

PURPOSE OF THE COMPENSATION REPORT

As indicated in Section 5 under a) of the Corporate Governance Report, the Company has been subject to the Ordinance against Excessive Compensation in Listed Companies (art. 13 and ff) ("Remuneration Ordinance") since the listing of its shares on SIX Swiss Exchange. In 2022, as part of the revision of Swiss corporate law, the provisions of the Remuneration Ordinance have been transposed into the revised Swiss code of obligations ("nCO") (art. 732 et seq. nCO, the "nCO Remuneration Rules"), remaining largely unchanged. The Company is committed to complying with the applicable existing legislation, including but limited to the nCO Remuneration Rules, as well as the directives and guidelines of SIX Swiss Exchange.

The compensation report meets the provisions of the nCO Remuneration Rules and is put to a consultative vote at the General Meeting of Shareholders.

COMPENSATION PAID

Compensation period from the April 29, 2022, General Meeting of Shareholders to the April 25, 2023, General Meeting of Shareholders
The General Meeting of Shareholders of April 29, 2022, approved the following compensation package:

- Maximum amount of CHF 800,000 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 40,000 for the compensation of the person 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 800,000 approved by shareholders, the sum of CH 704,681 was paid as per the detailed table below.

Compensation paid for the financial year 2023
On April 25, 2023, the General Meeting of Shareholders of Varia US Properties AG took the following decisions:

1. It elected the following persons as Board of Directors members:
   - Manuel Leuthold, Chairman
   - Jaume Sabater, Vice-Chairman
   - Patrick Richard, Delegate of the Board of Directors*
   - Taner Alicehic, member
   - Dany Roizman, member
   - Beat Schwab, member
   - Stefan Buser, member
   - Grégoire Baudin, member
2. It elected Stefan Buser and Beat Schwab as members 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 800,000 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 40,000 for the compensation of the person 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.

Share Purchase Plan
The Company's Board of Directors has implemented a share plan compensation to further align long term interests of Board of Directors members with the Company and its shareholders.

In addition to the fixed compensation received eligible Board of Directors members under the Company's share compensation plan are entitled to purchase shares ("Restricted Shares") at specific conditions as detailed below.

With the exception of the Delegate of the Board of Directors, who is a US person, Board of Directors members are able to purchase each calendar year Restricted Shares up to:

- A maximum of 1,000 shares for the Chairman of the Board of Directors.
- A Maximum of 750 shares for other eligible members of the Board of Directors

The shares are acquired at the closing share price on the first trading day in June of the respective calendar year. The Company supports 50% of the acquisition amount as an additional remuneration to the Board of Directors members.

Restricted Shares purchased under this Board of Directors Member Share Plan may not be transferred during 4 years from the Transfer Date ("the Restriction Period") except by waiver of the Board of Directors or by provisions of inheritance law as well as in the case of disability by the Board of Directors Member. A termination, resignation or non-renewal of the mandate does not affect the terms and conditions of the Restricted Shares.

In June 2023, all eligible Board of Directors members exercised their option to buy Restricted Shares for the maximum number permitted by the share compensation plan.

**For a description of the tasks and responsibilities of the Delegate of the Board, please refer to the Organizational regulations of the Company and the Annual report Corporate governance section.*

Professional background, education, other activities and interests

MANUEL LEUTHOLD

Professional background
- **2016 – present:** Independent Board Member of various entities, 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 the Board of compenswiss
- Chariman of the Board of Banque Cantonale de Genève
- Chairman of the Board of Patrimonium Asset Management AG
- Chairman of the Board of Enki Capital SA
- Chairman of the Board of NID SA
- Chairman of ML Leuthold SA
- Member of the Board of FUNDIM SA
- Member of the Board of Sustainable Real Estate Investment SICAV
- Member of the Board of Clinique Générale Beaulieu Holding SA
- Member of the Board of Clinique Générale-Beaulieu SA

TANER ALICEHIC

Professional background
- **2015:** Co-founder of Stoneweg SA
- **2017 – present:** Advisor at Stoneweg SA
- **2008 – present:** Founder and CEO of Real Estate Investment Solutions SA
- **1999 – 2008:** Banque Cantonale Vaudoise

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

Other activities and interests
- Chairman of the Board of Varia Europe Properties AG
- Chairman of the Board of REIS Partners AG
- Chairman of the Board of ALTA Swiss Group AG
- Chairman of the Board of SEE Real Estate Solutions AG
- Member of the Board of Procimmo Group SA
- Member of the Board of Varia US Ariston AG
- Vice Chairman of the Board of Brainvest Wealth Management SA
- Member of the Board of JSM HOLDING SA

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
- Board Member of Stoneweg Asset Management SA and of 6 other entities belonging to this group (of which he is also Chairman of the Board of 3 of them)
- Investment vehicles where Stoneweg Asset Management has been appointed as investment advisor or asset manager:
  - Member of the Board of Varia Europe Opportunities AG
  - Chairman of the Board of Varia Swiss Realtech Properties AG
  - Chairman of the Board of Varia US Ariston AG
  - Member of the Board of Museo Hermitage Barcelona SL
  - Member of the Board of Varia Hermitage Barcelona SL
- Chairman of the Board of JSM HOLDING SA and of 6 other entities belonging to this group
- Board Member of various investment companies
  - Vice Chairman of the Board of Iteram Capital SA
  - Member of the Board of Engelwood Asset Management
  - Member of the Board of REIS Partners AG
  - Chairman of the Board of Funding Affordable Homes SICAV SIF S.A.

PATRICK RICHARD

Professional background
- **2016 – present:** Founder and CEO of Stoneweg US LLC
- **2015 – 2019:** Chairman of the Board of Procimmo SA
- **2007 – 2015:** Co-founder and managing partner of Procimmo SA, a Swiss real estate asset manager

Education
- Geneva Bar: Attorney at law
- University of Geneva: Law degree
- 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
- Chairman of the Board of Brainvest Wealth Management SA
- Chairman of the Board of PML Capital SA
- Member of the Board of Philae Fund Sicav Raif
- Advisory Board Member of Sweetwood Ventures SCSp – RAIF
- Advisory Board Member of Sweetwood II
- Advisory Board Member of Sweetwood Nano
- Advisory Board Member of Aina Investment Fund, SICAV-SIF
- Advisory Board Member of YL Ventures III L.P

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
- Member of the Board of Stiftung zur Hard
- Member of the Board of BE electric AG
- Member of the Board of Qualibroker AG
- Member of the Board of Glas Müller AG
- Member of the Board of Sedimentum AG
- Chairman of the Board of Data Three AG
- Member of the Board of SRS Consulting AG
- Manager of STEABUS Management GmbH
- Chairman of the Board of Garvera Immo AG
- Manager of Tgesa Strem GmbH

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 Switzerland
- **1999 – 2004:** Co-owner of Sevis AG

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 Raiffeisen Switzerland
- Member of the Board of AG Grand Hotels Engadinerkulm Holding
- Vice Chairman of the Board of Stiftung für Kunst, Kultur und Geschichte
- Chairman of the Board of Terresta Immobilien- und Verwaltungs AG
- Chairman of the Board of Schwab & Kuster AG

GRÉGOIRE BAUDIN

Professional background
- **2017 – present:** Founder and Chairman of Artemis Gestion SA
- **2012 – present:** Founder and owner of NP Consulting LLC
- **2008 – 2017:** First Vice-President of Dreyfus Sons & Co. Ltd
- **2004 – 2016:** Wealth Management, Finance and Equity Valuation Teacher at AZEK

Education
- Babson College: MBA
- AZEK: CIIA Financial Analyst and Wealth Manager
- AZEK: Expert in Finance and Investments
- EPFL: Master's degree in Environmental Sciences

Other activities and interests
- Member of the Board of UangCermat Ltd
- Member of the Board of Karzo Ltd
- Chairman of the Board of Qashier Ltd
- Member of the Board of Akai Fisheries Ltd
- Member of the Board of Varia Europe Properties AG
- Member of the Board of Artémis Gestion SA
- Member of the Board of NP Consulting LLC
- Member of the Board of REIS German Developments SA

The Board of Directors attendance fees during the year under review were the following:

Audited compensation schedule 2023:

Member	Function	Fixed compensation (cash) in CHF	Share compensation in CHF	Social security contributions in CHF	Total compensation in CHF
Manuel Leuthold	Chairman of the Board	80,000	18,400	5,808	104,208
Jaume Sabater	Vice-Chairman of the Board Member of the ESG Committee	50,000 4,375	13,800	3,996	72,171
Beat Schwab	Member of the Board Chairman of the audit and risk committee Member of the compensation committee	50,000 20,000 7,500	13,800	–	91,300
Taner Alicehic	Member of the Board Member of the audit and risk committee	50,000 15,000	13,800	4,676	83,476
Dany Roizman	Member of the Board Chairman of the ESG Committee	50,000 5,833	13,800	4,089	73,722
Stefan Buser	Member of the Board Chairman of the compensation committee Member of the audit and risk committee	50,000 15,000 10,000	13,800	–	88,800
Grégoire Baudin	Member of the Board Member of the ESG Committee	50,000 4,375	13,800	3,996	72,171
Patrick Richard	Member of the Board Executive member of the Board	50,000 40,000	–	–	90,000
		552,083	**101,200**	**22,565**	**675,848**

The highest paid executive Board of Directors member in 2023 was Mr. Richard.

Audited compensation schedule 2022:

Member	Function	Fixed compensation (cash) in CHF	Share compensation in CHF	Social security contributions in CHF	Total compensation in CHF
Manuel Leuthold	Chairman of the Board	75,833	25,500	7,321	108,654
Jaume Sabater	Vice-Chairman of the Board	45,833	19,125	4,600	69,558
Beat Schwab	Member of the Board Chairman of the audit and risk committee Member of the compensation committee	43,981 19,074 7,153	19,125	–	89,333
Taner Alicehic	Member of the Board Member of the audit and risk committee	45,833 15,000	19,125	5,810	85,768
Dany Roizman	Member of the Board	45,833	19,125	4,600	69,558
Stefan Buser	Member of the Board Chairman of the compensation committee Member of the audit and risk committee	45,833 15,000 10,000	19,125	–	89,958
Grégoire Baudin	Member of the Board	45,833	19,125	4,600	69,558
Patrick Richard	Member of the Board Executive member of the Board	49,167 40,833	–	–	90,000
		505,208	**140,250**	**26,931**	**672,389**

The Board of Directors attendance fees from the 2022 Annual General Meeting of Shareholders to the 2023 Annual General Meeting of Shareholders were the following:

Audited compensation schedule	**2022 AGM to 2023 AGM** (in CHF)
Fixed compensation	537,500
Share compensation	140,250
Social security contributions	26,931
Total compensation	**704,681**
Max. amount approved by AGM	**800,000**
Remaining compensation	**95,319**

FULL BOARD OF DIRECTORS COMPENSATION DISCLOSURE

In the year 2023, the Board of Directors members received the above-mentioned fixed compensation, and they were entitled to purchase the allocated restricted shares, with the exception of the Delegate of the Board of Directors. 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 members paid by Stoneweg that are involved in the asset management duties of the Company. No loans or credit facilities were granted to members of the Board of Directors or any other related parties in the 2023 financial year. Board of Directors expenses will be paid on top of the remuneration package proposed above, especially for Board of Directors members traveling from abroad to Switzerland for Board of Directors meetings or for Board of Directors members traveling to the US for Board of Directors meetings. The Board of Directors traveled to the US in September 2023 to visit properties in Charlotte and in Fayetteville. Except two members of the Board of Directors, all other members of the Board of Directors were present. The Company expensed CHF 71,158 to cover travel and expenses.

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

Statutory Auditor's Report

To the General Meeting of Varia US Properties AG, Zug

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report of Varia US Properties AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 65 to 70 of the Remuneration Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Remuneration Report complies 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 Remuneration 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 Remuneration Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Remuneration 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 Remuneration 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 Remuneration 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 Remuneration Report
The Board of Directors is responsible for the preparation of a Remuneration 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 Remuneration Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Remuneration Report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is 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 this Remuneration Report.

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

- Identify and assess the risks of material misstatement in the Remuneration 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 or its relevant committee 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 communicate with the Board of Directors or its relevant committee 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 or its relevant committee 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.

KPMG

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

KPMG SA

Bruno Beça Licensed Audit Expert Auditor in Charge	Philippine Bouvard Licensed Audit Expert

Geneva, 27 March 2024

KPMG SA, Esplanade de Pont-Rouge 6, CH-1211 Geneva

INFORMATION ABOUT THE ASSET MANAGER: STONEWEG SA

1. GENERAL PRINCIPLES

Varia US Properties AG (the Company) entered into an Asset Management Agreement amended and restated most recently on September 30, 2019 with Stoneweg SA, part of the Stoneweg group ("Stoneweg"), a specialized real estate investment company based in Geneva, Switzerland.

Pursuant to this agreement, the Asset Manager is providing asset management services to the Company which include among others:

- Assist the Company in defining the overall strategy
- Manage the real estate portfolio of the company including the identification of assets to invest
- Prepare cash flow models and budgets for the assets and the company
- Coordinate leasing and CAPEX strategies and work
- Coordinate debt strategy on an asset by asset basis
- Coordinate third party contractors, including property managers and insurance companies
- Manage the cash of the company and its subsidiaries
- Coordinate and prepare annual audited financial statements and semi-annual accounts
- Manage investor relations and communication of the Company
- Support the Company in its capital raising efforts
- Conduct risk management and implement ICS
- Ensure legal and compliance services

The Asset Manager reports at least on a quarterly basis to the Board of Directors and the Audit and Risk Committee on the affairs of the Company, and at any time as the affairs require information to be provided to the Board of Directors or a decision should be taken by the Board of Directors.

2. THE ASSET MANAGER

Stoneweg is a Swiss-based international real estate investment platform for Swiss-based and international investors, created in 2015. As of December 31, 2023, Stoneweg employs 145 people based in 7 countries: Switzerland, USA, UK, Spain, Italy, Andorra and Ireland. Stoneweg is mainly active, apart from the US multifamily market and Varia US Properties AG, into:

- Spanish real estate development and bridge financing
- Italian opportunistic real estate and Non-Performing Loans backed by real estate assets
- Swiss commercial real estate.

Stoneweg has performed more than 380 investments since inception for a total real estate value (including gross construction costs) over USD 6.7 bn.

For the Company portfolio, Stoneweg dedicates a team of 41 people in Florida and 5 people in Geneva. In addition, the team is assisted by Stoneweg resources in relation to risk management and investor relations.

The team based in Florida includes 12 members of the asset management and development team whose main task is to supervise property management activities and provide guidance according to the Company's strategy, 11 finance team members, 6 acquisitions and capital market team members, 5 people active in the legal and HR department, 3 people for operations, 2 people in charge of sustainability and 1 office manager. The team is led by Patrick Richard, delegate member of the Board of Directors of the Company.

The team in Switzerland is mainly dedicated to the corporate activities of the Company, the cash management at the holding and its direct affiliates (the blockers) level, the risk management, the coordination of the valuation and audit works, the organization of the committees including Stoneweg internal investment committee dedicated to Varia US Properties AG and the consolidation of the Company budget.

3. REMUNERATION OF THE ASSET MANAGER

The Asset Management Agreement determines the remuneration of Stoneweg SA as asset manager of the Company as follows:

- Asset Management fee: 1% of the equity value of the company
- Transaction fee: maximum 1% of the acquisition/sale price of the asset
- Promote fee (performance fee): alternatively of the Transaction fee in case of a sale; variable 15% to 20% after a hurdle from 8% to 12%
- Placement fee: up to 1% of new capital raised
- Construction fee: up to 5% of the construction costs
- Refinancing fee: up to 1% of the principal amount of the new loan

In reality the current policy of the remuneration is as follows:

- Asset Management fee: 1% of the invested equity value of the Company, to avoid charging fees on cash
- Transaction fee: 1% fee on acquisition value
- Promote fee: 20% over a 10% IRR hurdle on assets historically owned 100% since acquisition. This therefore excludes the assets that were concerned by the Non-Controlling Interest buy out
- Placement fee: 1% of the new capital raised
- Construction fee: 5% of the construction costs

Fee type	Amounts invoiced in 2023 in USD	Comment
Asset Management fee	6,981,216	1.00% of the invested equity value during the quarterly periods from Q4 2024 to Q3 2023
Transaction fee	792,250	1% invoiced at closing of 3 sales
Promote fee	8,290,839	Promote on the sale of 7 assets
Issue fee	–	–
Construction fee	922,230	5% of construction costs
Refinancing fee	491,100	Refinancing of 2 loans
Total	**17,229,549**	

The Compensation committee reviewed the remuneration of the Asset Manager in its March 2023 meeting.

CONSOLIDATED IFRS FINANCIAL STATEMENTS

December 31, 2023

Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS	Notes	December 31, 2023 in USD	December 31, 2022 in USD
Current assets:			
Cash and cash equivalents	E	46,799,126	77,354,907
Rent and other receivables	F	5,282,492	907,076
Current portion of derivative financial instruments	O	2,833,857	–
Income tax receivable		12,600	3,503,773
Prepaid expenses and other current assets		2,311,101	2,078,469
Assets held for sale	G	–	65,250,000
Total current assets		**57,239,176**	**149,094,225**
Noncurrent assets:			
Investment property	G	1,300,010,000	1,638,500,000
Escrow accounts	E	9,523,176	5,763,624
Other assets		54,803	50,205
Derivative financial instruments	O	41,747	5,424,697
Total noncurrent assets		**1,309,629,726**	**1,649,738,526**
	Total assets	**1,366,868,902**	**1,798,832,751**

LIABILITIES AND EQUITY	Notes	December 31, 2023 in USD	December 31, 2022 in USD
Current liabilities:			
Current maturities of interest-bearing loans and borrowings	I	14,463,391	54,158,650
Trade and other payables	H	21,520,008	24,331,898
Distribution payable		12,083,423	10,968,229
Income tax payable		2,505,790	2,671,800
Rent received in advance		2,100,458	1,805,798
Liabilities associated with assets held for sale	G	–	29,022,000
Total current liabilities		**52,673,070**	**122,958,375**
Non-current liabilities:			
Interest-bearing loans and borrowings, net of current maturities	I	853,921,771	959,334,221
Deferred tax liability	M	63,021,178	107,623,154
Total noncurrent liabilities		**916,942,949**	**1,066,957,375**
Total liabilities		**969,616,019**	**1,189,915,750**
Equity:			
Issued share capital	J	10,297,221	10,297,221
Share premium from capital contributions	J	191,058,954	226,123,836
Legal reserves	J	6,764,557	4,481,011
Revaluation reserves	J	2,721,938	5,247,327
Retained earnings	J	186,410,213	362,767,606
Total equity		**397,252,883**	**608,917,001**
	Total liabilities and equity	**1,366,868,902**	**1,798,832,751**

The notes on pages 81–112 form an integral part of these financial statements.

Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Notes	For the Year Ended December 31, 2023 in USD	For the Year Ended December 31, 2022 in USD
Rental income	G	123,988,576	126,548,336
Other income	G	20,205,011	16,912,347
Insurance proceeds	B	6,801,990	592,519
Net (loss) gain from fair value adjustment on investment property	G	(174,258,265)	153,693,947
Total (loss) income		**(23,262,688)**	**297,747,149**
Real estate operating expenses	K	38,258,494	36,309,177
Expenses for third party on-site workforces		16,582,907	16,852,418
Repairs, maintenance and minor replacements		11,414,990	11,362,587
Property management fees		4,142,692	4,293,439
Transaction costs	G	15,517,845	15,798,084
Other expenses	K	16,310,588	15,564,167
Total operating expenses		**102,227,516**	**100,179,872**
Operating (loss) profit		**(125,490,204)**	**197,567,277**
Interest expense	L	47,229,391	44,006,951
Debt defeasance	L	652,135	2,045,755
Net foreign currency exchange losses (gains)	L	7,176,500	(461,983)
Total finance costs		**55,058,026**	**45,590,723**
(Loss) profit before income tax (benefit) expense		**(180,548,230)**	**151,976,554**
Income tax (benefit) expense	M	(41,539,265)	29,377,894
(Loss) profit for the year		**(139,008,965)**	**122,598,660**
Earnings per share: Basic and diluted earnings, on (loss) profit for the year	J	**(13.73)**	**12.11**
Other comprehensive income Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge	J	(2,484,249)	5,188,152
Cost of hedging	J	(41,140)	59,175
Other comprehensive (loss) income for the year		**(2,525,389)**	**5,247,327**
Total comprehensive (loss) income for the year		**(141,534,354)**	**127,845,987**

The notes on pages 81–112 form an integral part of these financial statements.

Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Notes	Issued Share Capital in USD	Share Premium from Capital Contribution in USD	Legal Reserves in USD	Revaluation Reserves in USD	Retained Earnings in USD	Total Equity in USD
Balance at December 31, 2021		10,297,221	242,762,909	2,936,191	–	258,352,839	514,349,160
Profit for the year		–	–	–	–	122,598,660	122,598,660
Changes in cash flow hedging reserve	J	–	–	–	5,188,152	–	5,188,152
Changes in cost of hedging reserve	J	–	–	–	59,175	–	59,175
Other comprehensive income		**–**	**–**	**–**	**5,247,327**	**–**	**5,247,327**
Total comprehensive income		**–**	**–**	**–**	**5,247,327**	**122,598,660**	**127,845,987**
Allocation to legal reserves	J	–	–	1,544,820	–	(1,544,820)	–
Capital and retained earnings distributions	J	–	(16,639,073)	–	–	(16,639,073)	(33,278,146)
Balance at December 31, 2022		**10,297,221**	**226,123,836**	**4,481,011**	**5,247,327**	**362,767,606**	**608,917,001**

	Notes	Issued Share Capital in USD	Share Premium from Capital Contribution in USD	Legal Reserves in USD	Revaluation Reserves in USD	Retained Earnings in USD	Total Equity in USD
Balance at December 31, 2022		10,297,221	226,123,836	4,481,011	5,247,327	362,767,606	608,917,001
Loss for the period		–	–	–	–	(139,008,965)	(139,008,965)
Changes in cash flow hedging reserve	J	–	–	–	(2,484,249)	–	(2,484,249)
Changes in cost of hedging reserve	J	–	–	–	(41,140)	–	(41,140)
Other comprehensive loss		**–**	**–**	**–**	**(2,525,389)**	**–**	**(2,525,389)**
Total comprehensive loss		**–**	**–**	**–**	**(2,525,389)**	**(139,008,965)**	**(141,534,354)**
Allocation to legal reserves	J	–	–	2,283,546	–	(2,283,546)	–
Capital and retained earnings distributions	J	–	(35,064,882)	–	–	(35,064,882)	(70,129,764)
Balance at December 31, 2023		**10,297,221**	**191,058,954**	**6,764,557**	**2,721,938**	**186,410,213**	**397,252,883**

The notes on pages 81–112 form an integral part of these financial statements.

Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Notes	For the Year Ended December 31, 2023 in USD	For the Year Ended December 31, 2022 in USD
Cash flows from operating activities:			
(Loss) profit before income tax		(180,548,230)	151,976,554
Adjustments to reconcile profit before income tax to net cash provided by operating activities:			
Net loss (gain) from fair value adjustment on investment property	G	174,258,265	(153,693,947)
Finance costs	L	55,058,026	45,590,723
		48,768,061	**43,873,330**
Working capital adjustments:			
(Increase) decrease in rent and other receivables		(4,375,416)	316,393
Increase in prepaid expenses and other current assets		(232,632)	(117,017)
(Increase) decrease in escrow accounts		(3,759,552)	1,154,356
Increase in other assets		(4,598)	(37,545)
Decrease in trade and other payables, excluding accrued interest		(2,623,051)	(3,264,590)
Increase (Decrease) in rent received in advance		294,660	(409,190)
Cash generated from operating activities		**38,067,472**	**41,515,737**
Income taxes received		3,550,870	1,402,803
Income taxes paid		(3,382,901)	(4,091,507)
Net cash provided by operating activities		**38,235,441**	**38,827,033**
Cash flows from investing activities:			
Acquisition of investment property	G	–	(338,175,283)
Capital expenditure on investment property	G	(36,843,265)	(28,370,770)
Proceeds from sale of investment property	G	266,325,000	228,500,000
Net cash provided by (used in) investing activities		**229,481,735**	**(138,046,053)**
Cash flows from financing activities:			
Payments of principal on interest bearing loans and borrowings	I	(232,587,612)	(264,813,883)
Proceeds from short-term note payable	I	–	–
Interest paid		(48,084,837)	(39,525,373)
Payments made on purchase of interest rate cap option contracts		3,427,082	120,948
Counterparty payments received on interest rate cap option contracts	O	(55,000)	–
Payments made on purchase of interest rate cap option contracts	O	75,000	–
Debt defeasance paid	L	(652,135)	(2,045,755)
Payments of debt issuance costs	I	(2,090,989)	(6,028,630)
Proceeds from interest-bearing loans and borrowings	I	50,323,391	442,669,000
Payment of capital distribution and retained earnings		(69,890,329)	(33,316,543)
Net cash (used in) provided by financing activities		**(299,535,429)**	**97,059,764**
Net decrease in cash and cash equivalents		**(31,818,253)**	**(2,159,256)**
Cash and cash equivalents at beginning of year		77,354,907	80,385,011
Exchange gain (loss) on cash and cash equivalents		1,262,472	(870,848)
Cash and cash equivalents at end of year		**46,799,126**	**77,354,907**

The notes on pages 81–112 form an integral part of these financial statements.

Varia US Properties AG and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A. ORGANIZATION AND ACTIVITIES

Varia US Properties AG (Varia, Parent or the Company) was created on September 17, 2015, and registered with the Zug register of commerce on September 28, 2015, under UID number CHE 320748.468. The Company is a Swiss company limited by shares established under the relevant provisions of the Swiss code of obligations. Its address is Gubelstrasse 19, CH-6300 Zug, Switzerland.

As a Swiss real estate investment company, Varia's purpose is to acquire, hold and sell properties in the United States of America. Accordingly, the Company is fully dedicated to investments in the U.S. multifamily real estate market. Since 2015, it has assembled a portfolio currently held through Varia's subsidiaries that mainly comprise low-moderate income and workforce multifamily housing properties. The Company and its subsidiaries (the Group) pursue a long-term growth strategy aimed at offering investors risk adjusted access to the U.S. multifamily real estate market.

The Board of Directors of the Company is ultimately responsible for the policies, valuations, and management of the Company's activities. In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern and accordingly to use the going concern basis of accounting. Varia has no employees as of December 31, 2023, and has never employed any staff. Common shares are listed on the SIX Swiss Stock Exchange under the symbol: VARN.

The accompanying consolidated financial statements of Varia US Properties AG and subsidiaries (collectively, the Group) as of December 31, 2023, and for the year then ended were authorized by the Board of Directors for issue on March 27, 2024, and are subject to the approval of the shareholders' meeting. These consolidated financial statements are presented in U.S. dollars (USD) and all values are rounded to the nearest dollar, except when otherwise indicated.

NOTE B. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards and comply with Article 17 of the Directive on Financial Reporting of SIX Exchange.

Accordingly, the Company's consolidated financial statements have been prepared on the historical cost basis, except for its investment properties and open derivatives contracts that are measured at fair value at the end of each reporting period, as explained in the accounting policies hereafter.

Basis of consolidation
The accompanying consolidated financial statements comprise the financial statements of Varia and its subsidiaries as of December 31, 2023 and 2022.

For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Presentation currency
The Board of Directors of the Company has assessed the underlying characteristics of Varia's currency exposure, investments, and transactions and considers the USD as the currency that best reflects its underlying transactions, events and conditions for the preparation of the accompanying consolidated financial statements. In particular, the Company has assessed the USD as the currency:

- In which the funds from Varia financing activities are invested, and in which receipt for operating activities are usually retained. The Company obtains interests and dividends primarily in USD.
- That influences most of the Company's transactions and determines the prices of Varia subsidiaries investment properties and assessment of the performances and profits from the operational activities.

- Most of the transactions have been and are expected to continue to be transacted in USD, even if limited administrative costs of the Company are expected to continue in Swiss francs (CHF).
- In which Varia's shareholders are investing their funds over the long-term for the return of their investments.

As a result, the accompanying consolidated financial statements are presented in USD.

Foreign currency

The following exchange rates have been applied to translate the foreign currencies of significance for the Company:

USD/CHF average exchange rate for the year ended December 31, 2023	0.89849
USD/CHF exchange rate at December 31, 2023	0.83801
USD/CHF average exchange rate for the year ended December 31, 2022	0.95305
USD/CHF exchange rate at December 31, 2022	0.92321

Currency overlay management program

In March 2020, the Company entered into a currency overlay management program with the bank Edmond de Rothschild to mitigate the risk of currency losses in USD when the CHF is strengthening against the USD and for the impact it could have on the long-term interest-bearing bond issued on June 18, 2019 (bond VARI9 for CHF 50 million) when converted into USD for the consolidated financial statements. The currency overlay management program ended on June 20, 2023, when bond VARI9 was repaid.

Derivatives and Hedging Activities

Derivatives are only used for economic hedging purposes and not as speculative investments. Interest rate cap option contracts are used to hedge future cash flows exposed to interest rate risk on variable rate borrowings.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates qualifying interest rate cap option contracts as hedging instruments (cash flow hedge) and applies hedge accounting under IFRS 9 as described below.

At inception of the cash flow hedge relationship, the Company documents the nature of the risk being hedged (interest rate risk) and the economic relationship between hedging instruments (interest rate cap option contracts) and hedged items (future cash flows exposed to interest rate risk on variable rate borrowings) including whether changes in the cash flows of the hedging instruments are expected to be effective in offsetting changes in the cash flows of hedged items (hedge effectiveness). Hedge effectiveness is periodically assessed on a prospective basis to ensure that an economic relationship continues to exist between the hedged item and hedging instrument. The Company also documents risk management objectives and strategy for undertaking cash flow hedge transactions.

The fair value of an interest rate cap option contract can be divided into two portions: the intrinsic value (which is determined as the present value of future expected cash flows indicated by the difference between the strike rate and the forward curve of the underlying index) and the time value (the remaining value of the option which reflects the volatility of the underlying index and the time remaining to maturity).

Where interest rate cap option contracts are used to hedge future cash flows exposed to interest rate risk on variable rate borrowings, the Company designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in other comprehensive income (OCI) and accumulated in the revaluation reserves within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss in Other Income. The changes in the time value of the options that relate to the hedged item ("aligned time value") are recognized within OCI in the changes in cost of hedging reserve line within equity. The amounts accumulated within equity relating to the effective portion of the interest rate cap contracts are recognized in profit or loss within interest expense in the same period as the interest expense on the hedged borrowings.

When a hedging instrument matures or is sold, or when the hedge no longer meets the criteria of IFRS 9, the amounts accumulated in the revaluation reserves remain in equity until the hedged cash flows affect the Consolidated Statements of Profit or Loss and Other Comprehensive Income. However, if a future cash flow is no longer expected to occur, the amount accumulated in equity is immediately released from revaluation reserves to the Consolidated Statements of Profit or Loss.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedging instrument is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedging instrument is less than 12 months.

Investment property
Investment property comprises real estate that is held to earn rental income or for capital appreciation or both. Investment property is initially recorded at cost plus any directly attributable expenditures in accordance with IAS 40 Investment Property. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Repair and maintenance expenses consist of costs related to the day-to-day servicing, repairing, and maintaining (including related labor and consumables) the investment property such as cleaning, painting, electricity, plumbing, and heating, ventilation, and air conditioning (HVAC) parts. Minor replacements (those generally less than USD 2,500) consist of unit turnover and certain common areas, which may include minor improvements, as well as routine servicing of investment property such as landscaping services, pool and clubhouse services, tile/vinyl replacement, and paving. Minor replacements are not capitalized and are directly expensed to operations as incurred. These expenditures neither include the replacement of more than minor parts nor enhance or increase the future benefit of the properties otherwise. Capital improvements that improve and/or extend the useful life of the asset are capitalized.

Investment property is derecognized either when it has been disposed of, or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal of proceeds and the carrying amount of the asset (remeasured to the fair value at the date of disposal) is recognized in profit or loss in the period of derecognition.

Insurance proceeds represent amounts received (or receivable) from third parties for damages to investment property and are USD 6,801,990 and USD 592,519 for the years ended December 31, 2023 and 2022, respectively.

Assets Held for Sale
The Company classifies assets, or disposal groups, as held for sale when it expects to recover their carrying amounts primarily through sale rather than through continuing use. To meet the criteria to be held for sale, the sale must be highly probable, and the assets or disposal groups must be available for immediate sale in their present condition. The Company must be committed to a plan to sell the assets or disposal group, and the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification. Each quarter, key management monitors the conditions for assets classified as held for sale. If it is determined that one or more of these criteria is not met, the non-current asset or disposal group ceases to qualify for classification as held for sale and the investment property and related mortgages are removed from assets held for sale and liabilities associated with assets held for sale on the Consolidated Statements of Financial Position.

Interest-bearing loans and borrowings, trade and other payables
All loans and borrowings, trade and other payables are initially recognized at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective-interest method. Debt issuance costs are amortized on a straight-line basis, which is comparable to the effective-interest method.

Rental income
The Company's operating subsidiaries are the lessors in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms, and is included in rental income in the Consolidated Statements of Profit or Loss and Other Comprehensive Income due to its operating nature.

Other income

The Company earns revenue from monthly or one-time fees charged to prospective, current, and former tenants, including but not limited to standard fees (non-refundable application and administrative fees, late fees, and termination fees), garage/carport income, laundry income, and from utility expenses passed through to tenants. Other income is accounted for when applications for potential tenants are received and processed (non-refundable application and administrative fees), contractual lease payments are made after the grace period (late fees), and when current tenants request to end their lease prior to the contractual lease termination date (termination fees). Garage/carport and laundry income are recorded each month as earned. Other income is reduced in accordance with management's bad debt policy on a monthly basis. Additionally, the Company earns interest income on its Insured Cash Sweep (ICS) accounts which is recorded as it is earned.

Income taxes

Current tax

Tax expense and income taxes payable are based on reported income and calculated in accordance with the applicable legislations and regulations. In Switzerland, Varia is taxed as a corporation at federal, cantonal and communal levels. In the United States, Varia's direct subsidiaries are limited liability companies taxed as corporations. Following the enactment on January 1, 2020, of the Swiss Federal Act on Tax Reform and AHV Financing (TRAF), the Company is subject to an effective corporate income tax of approximately 12%.

Income, including dividend income and capital gains from its subsidiaries, are subject to taxation at the Swiss federal and Zug cantonal and communal levels. The Company is subject to capital taxes that are included in operating expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated financial statements carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period that includes the enactment date.

Deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which they can be used. Recorded deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related benefit will be realized.

New IFRS accounting standards, amendments and interpretations:
The IASB has issued new standards, amendments and interpretations to existing standards that are not yet effective and may potentially be relevant for the Company. Varia has yet to adopt these new and amended standards and interpretations and plans to do so for the reporting period beginning on or after the effective date stated in the respective standards:

New IFRS Pronouncements	Title	Effective date
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants	January 1, 2024
IFRS 16	Lease Liability in a Sale and Leaseback	January 1, 2024
IAS 7 and IFRS 7	Supplier Finance Arrangements	January 1, 2024
IAS 21	Lack of Exchangeability	January 1, 2025

All new and amended standards and interpretations issued but not yet effective are not expected to have a significant impact on Varia's consolidated financial statements.

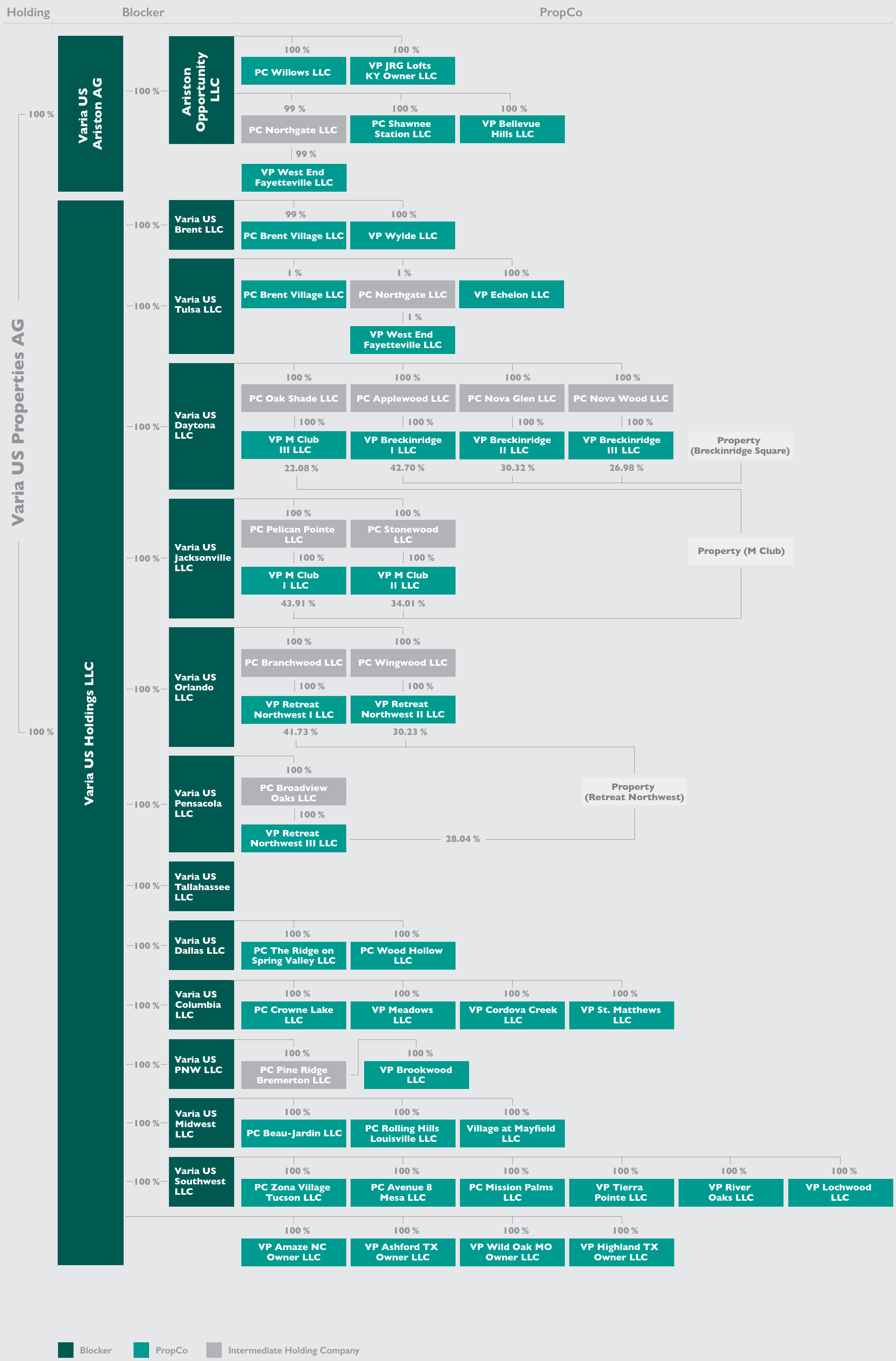
NOTE C.
CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION

The application of the Company's accounting policies and the preparation of the consolidated financial statements require the Board of Directors to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other relevant factors. Actual results could differ from those estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of December 31, 2022. The estimates and underlying assumptions are reviewed on an ongoing basis.

Fair value measurement of investment property
The main area involving assumptions and estimates that are significant to the consolidated financial statements of the Group is the fair value of its investment property. The Group's investment property does not have a quoted market price, nor can the fair value be determined with respect to observable input variables. Accordingly, Varia's subsidiaries obtain independent property appraisals for determining the fair value of each investment property held at the reporting date (see Notes G and O).

Income taxes
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Group establishes liabilities for income taxes, based on reasonable estimates and interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.


Holding
Blocker
PropCo
Varia US Properties AG
100 %
Varia US Ariston AG
100 %
Ariston Opportunity LLC
100 %
PC Willows LLC
100 %
VP JRG Lofts KY Owner LLC
99 %
PC Northgate LLC
100 %
PC Shawnee Station LLC
100 %
VP Bellevue Hills LLC
99 %
VP West End Fayetteville LLC
100 %
Varia US Holdings LLC
100 %
Varia US Brent LLC
99 %
PC Brent Village LLC
100 %
VP Wylde LLC
100 %
Varia US Tulsa LLC
1 %
PC Brent Village LLC
1 %
PC Northgate LLC
100 %
VP Echelon LLC
1 %
VP West End Fayetteville LLC
100 %
Varia US Daytona LLC
100 %
PC Oak Shade LLC
100 %
PC Applewood LLC
100 %
PC Nova Glen LLC
100 %
PC Nova Wood LLC
100 %
VP M Club III LLC
100 %
VP Breckinridge I LLC
100 %
VP Breckinridge II LLC
100 %
VP Breckinridge III LLC
Property (Breckinridge Square)
22.08 %
42.70 %
30.32 %
26.98 %
100 %
Varia US Jacksonville LLC
100 %
PC Pelican Pointe LLC
100 %
PC Stonewood LLC
100 %
VP M Club I LLC
100 %
VP M Club II LLC
43.91 %
34.01 %
Property (M Club)
100 %
Varia US Orlando LLC
100 %
PC Branchwood LLC
100 %
PC Wingwood LLC
100 %
VP Retreat Northwest I LLC
100 %
VP Retreat Northwest II LLC
41.73 %
30.23 %
Property (Retreat Northwest)
100 %
Varia US Pensacola LLC
100 %
PC Broadview Oaks LLC
100 %
VP Retreat Northwest III LLC
28.04 %
100 %
Varia US Tallahassee LLC
100 %
Varia US Dallas LLC
100 %
PC The Ridge on Spring Valley LLC
100 %
PC Wood Hollow LLC
100 %
Varia US Columbia LLC
100 %
PC Crowne Lake LLC
100 %
VP Meadows LLC
100 %
VP Cordova Creek LLC
100 %
VP St. Matthews LLC
100 %
Varia US PNW LLC
100 %
PC Pine Ridge Bremerton LLC
100 %
VP Brookwood LLC
100 %
Varia US Midwest LLC
100 %
PC Beau-Jardin LLC
100 %
PC Rolling Hills Louisville LLC
100 %
Village at Mayfield LLC
100 %
Varia US Southwest LLC
100 %
PC Zona Village Tucson LLC
100 %
PC Avenue 8 Mesa LLC
100 %
PC Mission Palms LLC
100 %
VP Tierra Pointe LLC
100 %
VP River Oaks LLC
100 %
VP Lochwood LLC
100 %
VP Amaze NC Owner LLC
100 %
VP Ashford TX Owner LLC
100 %
VP Wild Oak MO Owner LLC
100 %
VP Highland TX Owner LLC
Blocker
PropCo
Intermediate Holding Company

NOTE D.
COMPANY STRUCTURE

The chart of Varia's investment portfolio is structured as shown on the opposite page at December 31, 2023.

The business model of Varia is to fully own its direct holding investments by creating separate legal entities (herein referred to as blockers) between Varia and the Limited Liability Companies which hold its investment properties for the purpose of acquiring multifamily properties in different regions in the United States.

NOTE E.
CASH AND CASH EQUIVALENTS/ESCROW ACCOUNTS

At December 31, 2023 and 2022, cash and cash equivalents comprise cash in bank accounts in CHF and USD, of which USD 29,383,508 and USD 51,411,350, respectively, is at the full disposal of Varia, and USD 17,415,618 and USD 25,943,557, respectively, is at the property company level. Cash in banks totaled USD 46,799,126 and USD 77,354,907 at December 31, 2023 and 2022, respectively.

Escrow accounts consist of cash accounts held by third-party lenders in connection with interest-bearing loans and borrowings that are restricted for the Group and used to pay real estate taxes and property insurance on behalf of the Company's operating subsidiaries, and to hold reserves for expected maintenance and property improvements. Any excess amounts held are returned to the Company upon either sale of the investment property or satisfaction of the related loan.

NOTE F.
RENT AND OTHER RECEIVABLES

Rent and other receivables consist of the following at December 31:

	2023 in USD	2022 in USD
Tenant Accounts Receivable, Net	313,040	411,222
Business Interruption Receivable	544,105	44,174
Other Accounts Receivable	4,425,347	451,680
Total Rent and Other Receivables	**5,282,492**	**907,076**

Rent and other receivables generally relate to amounts owed to the Group's operating subsidiaries from lessees under lease agreements associated with its investment properties (net of any allowance) as well as business interruption proceeds resulting from lost rent associated with insurance events. Additionally, there is approximately USD 3,493,100 of other receivables resulting from property and casualty insurance funds not yet received as of December 31, 2023. There were no property and casualty insurance funds receivable as of December 31, 2022.

The Company has elected to apply the simplified approach to evaluating expected credit losses on lease receivables under IFRS 9, Financial Instruments. No additional valuation allowance has been recognized since the expected credit losses are immaterial.

NOTE G.
INVESTMENT PROPERTY

Varia's subsidiaries have invested their funds, capital and loans funded by Varia in various real estate over the accounting period. The investment properties table is the following at December 31, 2023:

Properties Held	Fair Value of Investment Property at December 31, 2022 in USD	Property Acquired Through Purchase of Investment Property (Purchase Price) in USD	Capital Improvements in USD	Net Gain (Loss) From Fair Value Adjustment on Investment Property in USD	Sale of Investment Property in USD	Fair Value of Investment Property at December 31, 2023 in USD
860 East Apartments and Townhomes	25,800,000	–	201,198	2,998,802	(29,000,000)	–
Amaze at NoDa	88,900,000	–	674,759	(20,274,759)	–	69,300,000
Ashford Apartments	57,300,000	–	516,346	(2,016,346)	–	55,800,000
Aura	13,700,000	–	99,806	800,194	(14,600,000)	–
Avenue 8 Apartments	44,700,000	–	701,136	(7,401,136)	–	38,000,000
Beau-Jardin	20,400,000	–	202,411	(602,411)	–	20,000,000
Bellevue Hills	28,400,000	–	309,254	1,090,746	–	29,800,000
Breckinridge	38,200,000	–	1,232,800	(6,432,800)	–	33,000,000
Brent Village	19,300,000	–	2,153,262	(4,453,262)	–	17,000,000
Brookwood Apartment Homes	33,700,000	–	852,892	(5,982,892)	–	28,570,000
Cordova Creek	33,700,000	–	452,743	(7,152,743)	–	27,000,000
Devonshire Place and Gardens	20,000,000	–	18,497	(418,497)	(19,600,000)	–
Echelon	67,200,000	–	411,005	(11,211,005)	–	56,400,000
Harrison Point	28,100,000	–	84,973	1,565,027	(29,750,000)	–
JRG Lofts	60,300,000	–	193,004	(1,193,004)	–	59,300,000
Lochwood	20,700,000	–	636,014	(1,136,014)	–	20,200,000
Lynnfield Place	45,000,000	–	2,610,374	(6,985,374)	(40,625,000)	–
M Club	44,400,000	–	4,294,593	(7,594,593)	–	41,100,000
Mallard Crossing at St. Matthews	114,200,000	–	1,885,416	(17,185,416)	–	98,900,000
Maryland Park	25,600,000	–	1,787,583	(3,387,583)	(24,000,000)	–
Mayfield Apartments	38,000,000	–	540,714	1,109,286	–	39,650,000
Mission Palms Apartment Homes	71,500,000	–	715,518	(6,265,518)	–	65,950,000
Parkway Square	34,050,000	–	48,513	(1,348,513)	(32,750,000)	–
Retreat at Northwest	46,100,000	–	1,499,169	(3,199,169)	–	44,400,000
Ridge on Spring Valley	32,500,000	–	543,672	(2,543,672)	–	30,500,000
River Oaks Apartments	40,800,000	–	823,317	(7,983,317)	–	33,640,000
Rolling Hills Apartments	52,200,000	–	1,306,009	(1,906,009)	–	51,600,000
Shawnee Station	30,900,000	–	912,361	787,639	–	32,600,000
Tally Square	31,200,000	–	122,328	(1,322,328)	(30,000,000)	–
The Meadows Apartment Homes	28,900,000	–	1,088,481	(7,788,481)	–	22,200,000
Tierra Pointe Apartments	52,800,000	–	626,812	(9,926,812)	–	43,500,000
Tuscany Bay Apartments	10,400,000	–	30,020	3,319,980	(13,750,000)	–
Varia at Highland Village	51,400,000	–	725,486	(10,425,486)	–	41,700,000
Varia at Oakcrest	39,700,000	–	925,872	(425,872)	–	40,200,000
West End at Fayetteville	97,600,000	–	507,641	(12,007,641)	–	86,100,000
Wild Oak Apartments	64,600,000	–	3,583,070	(7,283,070)	–	60,900,000

Properties Held	Fair Value of Investment Property at December 31, 2022 in USD	Property Acquired Through Purchase of Investment Property (Purchase Price) in USD	Capital Improvements in USD	Net Gain (Loss) From Fair Value Adjustment on Investment Property in USD	Sale of Investment Property in USD	Fair Value of Investment Property at December 31, 2023 in USD
Willows of Cumming	19,700,000	–	266,683	2,233,317	–	22,200,000
Wood Hollow	46,300,000	–	1,653,989	(6,053,989)	–	41,900,000
Woodridge Apartments	32,000,000	–	82,679	167,321	(32,250,000)	–
Wylde at Eagle Creek	33,700,000	–	811,669	(3,111,669)	–	31,400,000
Zona Village at Pima Foothills	19,800,000	–	711,196	(3,311,196)	–	17,200,000
	1,703,750,000	**–**	**36,843,265**	**(174,258,265)**	**(266,325,000)**	**1,300,010,000**

Total investment property at fair value, including assets held for sale, decreased from USD 1,703,750,000 as of December 31, 2022 to USD 1,300,010,000 as of December 31, 2023, which resulted in a fair value loss of USD 174,258,265. The components of changes in value related to investment properties are as follows as of December 31, 2023:

	in USD
Investment property and assets held for sale at December 31, 2022	**1,703,750,000**
Capital improvements	36,843,265
Sale of investment property	(266,325,000)
Net loss from fair value adjustment on investment property	(174,258,265)
Fair value of investment property at December 31, 2023	**1,300,010,000**

For the year ended December 31, 2023, the Company incurred approximately USD 15.5 million in transaction costs in connection with the sale of ten investment properties, of which approximately USD 8.3 million was a promote fee paid to a related party (see Note N). For the year ended December 31, 2022, the Company incurred approximately USD 15.8 million in transaction costs in connection with the sale of seven investment properties, of which approximately USD 12.0 million was a promote fee paid to a related party. As of December 31, 2023 and 2022 respectively, the Company had approximately USD 2.1 million and USD 1.6 million of contractual obligations related to repairs, maintenance, or enhancements. None of the contractual obligations were with related parties. Additionally, there were no contractual obligations to purchase, construct or develop investment property.

No properties met all five IFRS assets held for sale criteria as of December 31, 2023. Each quarter, management monitors the conditions for assets classified as held for sale and determined that two properties classified as held for sale as of September 30, 2023 ceased to qualify as held for sale as of December 31, 2023 as they were no longer being actively marketed at December 31, 2023.

The investment properties table was the following at December 31, 2022:

Properties Held	Fair Value of Investment Property at December 31, 2021 in USD	Property Acquired Through Purchase of Investment Property (Purchase Price) in USD	Capital Improvements in USD	Net Gain (Loss) From Fair Value Adjustment on Investment Property in USD	Sale of Investment Property in USD	Fair Value of Investment Property at December 31, 2022 in USD
860 East Apartments and Townhomes	24,300,000	–	427,127	1,072,873	–	25,800,000
Amaze at NoDa	–	92,436,151	52,714	(3,588,865)	–	88,900,000
Ashford Apartments	–	66,224,381	255,753	(9,180,134)	–	57,300,000
Aspen Ridge	8,800,000	–	2,457	197,543	(9,000,000)	–
Aura	14,000,000	–	591,061	(891,061)	–	13,700,000
Avenue 8 Apartments	42,600,000	–	148,238	1,951,762	–	44,700,000
Beau-Jardin	19,800,000	–	365,321	234,679	–	20,400,000
Bellevue Hills	27,000,000	–	263,431	1,136,569	–	28,400,000
Breckinridge	36,700,000	–	1,184,327	315,673	–	38,200,000
Brent Village	16,600,000	–	303,751	2,396,249	–	19,300,000
Bridge Hollow Apartment Homes	26,300,000	–	248,156	8,451,844	(35,000,000)	–
Brookwood Apartment Homes	32,500,000	–	422,834	777,166	–	33,700,000
Cinnamon Tree Apartments	36,500,000	–	40,225	5,459,775	(42,000,000)	–
Cordova Creek	24,100,000	–	157,054	9,442,946	–	33,700,000
Devonshire Place and Gardens	16,800,000	–	285,775	2,914,225	–	20,000,000
Eastwood Crossing (Maple Hills)	31,300,000	–	78,018	11,121,982	(42,500,000)	–
Echelon	65,800,000	–	97,709	1,302,291	–	67,200,000
Harrison Point	22,700,000	–	540,906	4,859,094	–	28,100,000
JRG Lofts	–	62,679,698	55,986	(2,435,684)	–	60,300,000
King's Quarters	39,000,000	–	66,487	9,433,513	(48,500,000)	–
Lochwood	20,300,000	–	1,364,023	(964,023)	–	20,700,000
Lynnfield Place	44,200,000	–	2,860,532	(2,060,532)	–	45,000,000
M Club	39,300,000	–	736,413	4,363,587	–	44,400,000
Mallard Crossing at St. Matthews	105,400,000	–	3,037,632	5,762,368	–	114,200,000
Maryland Park	25,200,000	–	1,949,551	(1,549,551)	–	25,600,000
Mayfield Apartments	34,700,000	–	963,719	2,336,281	–	38,000,000
Mission Palms Apartment Homes	68,200,000	–	346,055	2,953,945	–	71,500,000
Parkway Square	29,600,000	–	188,510	4,261,490	–	34,050,000
Retreat at Northwest	38,900,000	–	1,682,935	5,517,065	–	46,100,000
Ridge on Spring Valley	27,500,000	–	666,035	4,333,965	–	32,500,000
River Oaks Apartments	40,200,000	–	643,390	(43,390)	–	40,800,000
Rolling Hills Apartments	43,000,000	–	1,041,348	8,158,652	–	52,200,000
Shawnee Station	25,400,000	–	1,031,171	4,468,829	–	30,900,000
Tally Square	26,500,000	–	431,178	4,268,822	–	31,200,000
The Meadows Apartment Homes	18,600,000	–	545,951	9,754,049	–	28,900,000
Tierra Pointe Apartments	44,800,000	–	411,754	7,588,246	–	52,800,000
Tuscany Bay Apartments	9,610,000	–	127,675	662,325	–	10,400,000
Varia at Highland Village	–	51,666,612	13,945	(280,557)	–	51,400,000
Varia at Oakcrest	31,100,000	–	671,409	7,928,591	–	39,700,000
West End at Fayetteville	79,100,000	–	571,069	17,928,931	–	97,600,000
Wild Oak Apartments	–	65,168,441	53,420	(621,861)	–	64,600,000
Willows of Cumming	17,900,000	–	73,658	1,726,342	–	19,700,000
Wood Hollow	40,000,000	–	1,741,083	4,558,917	–	46,300,000

Properties Held	Fair Value of Investment Property at December 31, 2021 in USD	Property Acquired Through Purchase of Investment Property (Purchase Price) in USD	Capital Improvements in USD	Net Gain (Loss) From Fair Value Adjustment on Investment Property in USD	Sale of Investment Property in USD	Fair Value of Investment Property at December 31, 2022 in USD
Woodland Manor	23,200,000	–	128,124	3,171,876	(26,500,000)	–
Woodridge Apartments	27,100,000	–	296,872	4,603,128	–	32,000,000
Woodstone	17,800,000	–	667,211	6,532,789	(25,000,000)	–
Wylde at Eagle Creek	31,000,000	–	425,769	2,274,231	–	33,700,000
Zona Village at Pima Foothills	18,600,000	–	113,008	1,086,992	–	19,800,000
	1,412,010,000	**338,175,283**	**28,370,770**	**153,693,947**	**(228,500,000)**	**1,703,750,000**

Total investment property at fair value, including assets held for sale, increased from USD 1,412,010,000 as of December 31, 2021 to USD 1,703,750,000 as of December 31, 2022, which resulted in a fair value gain of USD 153,693,947. The components of changes in value related to investment properties are as follows as of December 31, 2022:

	in USD
Investment property at December 31, 2021	**1,412,010,000**
Property acquired through purchase of investment property	338,175,283
Capital improvements	28,370,770
Sale of investment property	(228,500,000)
Net gain from fair value adjustment on investment property	153,693,947
Investment property at December 31, 2022	**1,703,750,000**
Investment property held for sale	(65,250,000)
Investment property excluding assets held for sale at December 31, 2022	**1,638,500,000**

The future minimum lease payments under noncancelable leases amount to approximately USD 59.0 million and USD 70.0 million at December 31, 2023 and 2022, respectively. The majority of operating leases on investment properties entered into by Varia as lessor are usually for a period of one year. The future minimum lease payments under noncancelable leases greater than one year are immaterial.

Varia's other income amounted to USD 20.2 million and USD 16.9 million for the years ended December 31, 2023 and 2022, respectively. These consist of approximately USD 10.8 million and USD 9.3 million for monthly or one-time fees charged to tenants (such as garbage, pet, laundry, applications, late, early termination, etc.) and approximately USD 8.1 million and USD 7.6 million for utility expenses passed through tenants for the years ended December 31, 2023 and 2022, respectively. The Company recognizes revenues for other income as these services are provided. Additionally, the Company established Insured Cash Sweep (ICS) accounts in 2023 resulting in approximately USD 1.3 million of interest income for the year ended December 31, 2023 (zero for the year ended December 31, 2022).

The Group records expenditures for major additions and improvements that materially extend the useful lives of investment property as capital improvements. The valuation of investment properties was carried out by Colliers International Valuation & Advisory Services (see Note O).

The components of income related to investment properties are as follows for the years ended December 31:

	2023 in USD	**2022** in USD
Rental income (in accordance with IFRS 16)	123,988,576	126,548,336
Net (loss) gain from fair value adjustment on investment property	(174,258,265)	153,693,947
Other income (revenues from contracts with customers):		
Monthly and one-time fees	10,832,062	9,339,271
Utility fees charged through to tenants	8,118,717	7,573,076
Interest Income	1,254,232	–
Total other income	20,205,011	16,912,347
Total income related to investment properties	**(30,064,678)**	**297,154,630**

NOTE H.
TRADE AND OTHER PAYABLES

Trade and other payables consist of the following at December 31:

	2023 in USD	2022 in USD
Accounts payable	2,365,712	1,400,486
Accrued interest	3,585,575	3,774,414
Accrued real estate and other taxes	5,393,722	7,304,207
Accrued expenses	7,668,656	8,724,765
Security deposits	2,506,343	3,128,026
	21,520,008	**24,331,898**

NOTE I.
INTEREST-BEARING LOANS AND BORROWINGS

The Company's subsidiaries maintain mortgages with various financial institutions against investment property, collateralized by the investment property and net of debt issuance costs. Mortgages are secured by investment properties including any assets held for sale in the amount of USD 1,300,010,000 and USD 1,703,750,000 as of December 31, 2023 and 2022, respectively.

	in USD
Balance of mortgages as of December 31, 2022, including any liabilities associated with assets held for sale	**935,050,082**
Cash movements:	
Proceeds from new loans	50,323,391
Payments of principal on mortgages	(176,466,812)
Payments of debt issuance costs	(2,090,989)
Noncash movements:	
Amortization of debt issuance costs	2,382,976
Balance of mortgages as of December 31, 2023	**809,198,648**
Balance of bonds as of December 31, 2022	**107,464,789**
Cash movements:	
Repayment of bond	(56,120,800)
Noncash movements:	
Amortization of debt issuance costs	373,795
Effect of foreign currency translation adjustment	7,468,730
Balance of bonds as of December 31, 2023	**59,186,514**
Balance of interest-bearing loans and borrowings as of December 31, 2023	**868,385,162**

	in USD
Balance of mortgages as of December 31, 2021	**760,494,026**
Cash movements:	
Proceeds from new loans	442,669,000
Payments of principal on mortgages	(264,813,883)
Payments of debt issuance costs	(6,028,630)
Noncash movements:	
Amortization of debt issuance costs	2,729,569
Balance of mortgages as of December 31, 2022, including any liabilities associated with assets held for sale	**935,050,082**
Cash movements:	
Balance of bond as of December 31, 2021	**108,292,030**
Noncash movements:	
Amortization of debt issuance costs	486,659
Effect of foreign currency translation adjustment	(1,313,900)
Balance of bonds as of December 31, 2022	**107,464,789**
Balance of interest-bearing loans and borrowings as of December 31, 2022	**1,042,514,871**

On December 18, 2020, the Company entered into a credit facility with Fannie Mae, which consists of both fixed and variable rate advances. The credit facility is secured by a collateral pool composed of the mortgaged investment properties under this credit facility. The Company is able to request future advances made in connection with the addition of additional mortgaged properties and the amount of the advances will be determined at the time of the request. Future advances can be requested as either a fixed advance or variable advance. Additionally, on October 12, 2022, the Company entered into a credit facility with Freddie Mac. This credit facility has similar characteristics and benefits as the Fannie Mae credit facility. At December 31, 2023 and 2022, the Company had total outstanding borrowings of USD 680.9 million and USD 616.4 million, respectively, in total credit facility loans.

The terms of the fixed and variable credit facility advances are as follows as of December 31, 2023:

Credit Facility Loans	Lender	Interest Rate	Advance Amount in USD	Maturity Date
Fixed	Fannie Mae	2.44%	20,881,000	January 1, 2031
Fixed	Fannie Mae	2.95%	41,765,000	February 1, 2031
Variable	Fannie Mae	30 Day Average SOFR + 2.10%	10,000,000	January 1, 2031
Variable	Fannie Mae	30 Day Average SOFR + 2.45%	12,215,688	February 1, 2031
Fixed	Fannie Mae	2.82%	15,990,000	August 1, 2028
Fixed	Fannie Mae	2.70%	43,540,000	September 1, 2028
Variable	Fannie Mae	30 Day Average SOFR + 2.14%	24,083,000	October 1, 2031
Variable	Fannie Mae	30 Day Average SOFR + 2.11%	68,250,000	November 1, 2031
Variable	Fannie Mae	30 Day Average SOFR + 2.18%	42,510,000	December 1, 2031
Fixed	Fannie Mae	3.06%	17,550,000	February 1, 2029
Fixed	Fannie Mae	4.40%	46,053,000	July 1, 2032
Fixed	Fannie Mae	4.90%	111,924,000	July 1, 2032
Fixed	Fannie Mae	5.45%	20,442,000	July 1, 2032
Fixed	Fannie Mae	5.09%	31,549,000	November 1, 2032
Fixed	Freddie Mac	5.04%	125,000,000	November 1, 2029
Fixed	Freddie Mac	4.76%	29,000,000	July 1, 2028
Fixed	Freddie Mac	5.52%	20,110,000	September 1, 2028

During the year ended December 31, 2023, the Company refinanced two existing properties into the Freddie Mac credit facility. The previous loans totaling USD 40,706,000 were repaid, and new loans established long-term borrowings of approximately USD 49.1 million with fixed interest rates of 4.76% (USD 29.0 million advance) and 5.52% (USD 20.1 million advance). Additionally, two dispositions during the year ending December 31, 2023 resulted in the full repayment of one variable rate advance (USD 7,085,000) and the partial reimbursement of a second variable rate advance (USD 9,134,312). The remaining eight dispositions resulted in repayments of stand-alone fixed rate loans totaling USD 119,541,500.

During the year ending December 31, 2023, the Company repaid bond VAR19 (ISIN: CH 047 974 437 4) with an initial aggregate principal amount of CHF 50 million (USD 56.1 million at the time of repayment). Bond VAR21 (ISIN: CH0553695815) remains outstanding with a principal amount of CHF 50 million (USD 59.7 million as of December 31, 2023) and matures on October 7, 2025. The bond has an annual interest rate of 2.875% and is due on October 7, 2025, with semiannual interest payments. The bond is listed on the SIX Swiss Exchange.

The bond contains a covenant that financial indebtedness, less cash and cash equivalents, divided by total assets, is not to exceed 65% as of December 31 of each year. The Company is in compliance with the covenant as of December 31, 2023.

Unsecured Bond Summary

Origination date	October 5, 2021
Balance	CHF 50,000,000
Maturity/interest	CHF 50,000,000 due October 7, 2025 @ 2.875%

Future scheduled principal payments based upon contractual amounts owed under the term notes, excluding any additional payments that may be required, consist of the following as of December 31, 2023:

Years Ending December 31,	in USD
2024	14,463,391
2025	60,183,043
2026	1,107,679
2027	75,740,758
2028	109,306,501
Thereafter	616,840,933
Total future scheduled principal payments	**877,642,305**
Loan costs and accumulated amortization	(9,257,143)
Liabilities associated with assets held for sale	–
Total interest bearing loans and borrowings	**868,385,162**

NOTE J. EQUITY

Shareholders' equity includes the following at December 31:

	2023 in USD	2022 in USD
Issued share capital	10,297,221	10,297,221
Share premium from capital contributions	191,058,954	226,123,836
	201,356,175	**236,421,057**

The share capital at December 31, 2023, is divided into 10,126,018 ordinary registered shares with a par value of CHF 1.00 each. There is one class of shares with no preferences or restrictions, and all the shares are fully paid as of December 31, 2023. The number of authorized shares is 10,126,018 as of December 31, 2023. Capital and retained earnings distributions in the amount of USD 70,129,764 (CHF 62,781,312 or CHF 6.20 per share) were declared during the year ended December 31, 2023, of which USD 12,083,423 are included in distributions payable at December 31, 2023.

	Share number	Share capital in USD	Share premium in USD
Balance at December 31, 2022	**10,126,018**	**10,297,221**	**226,123,836**
Distribution from capital reserves	–	–	(35,064,882)
Balance at December 31, 2023	**10,126,018**	**10,297,221**	**191,058,954**

The share capital at December 31, 2022, was divided into 10,126,018 of ordinary registered shares with a par value of CHF 1.00 each. All the shares were fully paid as of December 31, 2022. Capital and retained earnings distributions in the amount of USD 33,278,146 (CHF 32,403,258 or CHF 3.20 per share) were declared during the year ended December 31, 2022, of which USD 10,968,229 were included in distributions payable at December 31, 2022.

	Share number	Share capital in USD	Share premium in USD
Balance at December 31, 2021	**10,126,018**	**10,297,221**	**242,762,909**
Distribution from capital reserves	–	–	(16,639,073)
Balance at December 31, 2022	**10,126,018**	**10,297,221**	**226,123,836**

On April 29, 2021, the General Meeting approved to extend the authorization to increase the share capital. Accordingly, the Board of Directors was authorized to increase the share capital at any time until April 29, 2023 by a maximum amount of CHF 2,500,000 by issuance of a maximum of 2,500,000 registered shares (at par value of CHF 1.00 each) to be fully paid. The Board of Directors did not utilize this capital increase authorization.

Appropriation of available earnings

On April 29, 2022, the General Meeting of the shareholders approved the appropriation of the available earnings at December 31, 2021, comprising dividends for a total of USD 33,278,146 (CHF 32,403,258), out of the share premium from capital contributions for USD 16,639,073 (CHF 16,201,629) and out of the retained earnings for USD 16,639,073 (CHF 16,201,629). A first dividend of CHF 12,151,222 (CHF 1.20 per share) was paid on May 11, 2022. The additional dividend of CHF 20,252,036 (CHF 2.00 per share) was payable in four quarterly installments. The installments were paid on August 10, 2022, November 10, 2022, February 10, 2023, and May 10, 2023.

On April 25, 2023, the General Meeting of the shareholders approved the appropriation of the available earnings at December 31, 2022, comprising dividends for a total of USD 36,340,254 (CHF 32,403,258), out of the share premium from capital contributions for USD 18,170,127 (CHF 16,201,629) and out of the retained earnings for USD 18,170,127 (CHF 16,201,629). A first dividend of CHF 1.20 per share of CHF 12,151,222 was paid on May 10, 2023. The additional dividend of CHF 20,252,036 (CHF 2.00 per share) was paid in four quarterly installments on August 9, 2023, November 9, 2023 and February 9, 2024, and May 9, 2024.

Additionally, on November 3, 2023, an Extraordinary General Meeting of the shareholders approved the appropriation of the available earnings at December 31, 2022, comprising an extraordinary dividend totaling USD 33,789,509 (CHF 30,378,054), out of the share premium from capital contributions for USD 16,894,755 (CHF 15,189,027) and out of the retained earnings for USD 16,894,755 (CHF 15,189,027). The extraordinary dividend (CHF 3.00 per share) was paid in full on November 9, 2023, in addition to the next regular quarterly dividend distribution of CHF 0.50 per share which was approved at the Ordinary General Meeting of the shareholders on April 25, 2023.

The Board of Directors' proposition to the General Meeting of the shareholders for the appropriation of the retained earnings and of the share premium from capital contributions as of December 31, 2023 is detailed in the statutory financial statements. The proposition includes dividends amounting to CHF 20,252,036 respectively out the share premium from capital contributions for CHF 10,126,018 and out of the retained earnings for CHF 10,126,018. The dividends of CHF 2.00 per share will be paid in four quarterly installments of CHF 0.50 per share on August 7, 2024, November 7, 2024, February 7, 2025, and May 7, 2025.

	From available earnings in CHF	**From capital contributions** in CHF	**Total** in CHF
Retained earnings / Capital contributions* carried forward on April 25, 2023	**60,036,687**	**206,645,670**	**266,682,357**
Extraordinary cash dividend declared on November 3, 2023 and paid on November 9, 2023	(15,189,027)	(15,189,027)	(30,378,054)
Net loss for the year ended December 31, 2023	(2,829,751)	–	(2,829,751)
Available earnings / capital contributions	**42,017,909**	**191,456,643**	**233,474,552**
Proposed appropriation			
Dividend distribution from each of (i) the available earnings and (ii) the reserve from capital contributions, payable in four quarterly installments on August 7, 2024, November 7, 2024, February 7, 2025, and May 7, 2025	(10,126,018)	(10,126,018)	(20,252,036)
Balance to be carried forward	**31,891,891**	**181,330,625**	**213,222,516**

* *The table presented above reflects statutory basis earnings and capital contributions.*

Reserves from Capital Contributions

Due to the Swiss tax reform effective January 1, 2020, listed companies are limited in the amount of tax-free dividends that can be distributed from the share premium from capital contributions. Under Swiss law, share premiums are considered reserves from capital contributions. Reserves from capital contributions are a result of the share premium paid by shareholders at each issuance of new capital shares at prices over their par value. These accumulated reserves from capital contributions are available to the General Meeting of the shareholders for appropriation and payment of capital dividend distributions free of withholding taxes.

Legal Reserves

In accordance with the Swiss Code of Obligations, the Company must allocate 5% of its statutory net profit in CHF to the legal reserves until the general legal retained earnings reserve reaches 20% of the share capital. Accordingly, any excess of this reserve over CHF 2,025,204 is freely available to the General Meeting of the shareholders for dividend distributions from retained earnings or allocation to other voluntary reserves.

Revaluation Reserves

Revaluation reserves included in equity relate to the following hedging instruments as of December 31, 2023:

	Cost of Hedging Reserve in USD	Intrinsic Value of Interest Rate Cap Options in USD	Total Revaluation Reserves in USD
Opening balance January 1, 2023	59,175	5,188,152	5,247,327
Change in fair value of hedging instrument recognized in OCI	–	(2,422,144)	(2,422,144)
Reclassification of transactions from OCI to (profit) or loss		(62,105)	(62,105)
Costs of hedging deferred and recognized in OCI	(41,140)	–	(41,140)
Counter party payments accrued or received from hedging instrument recognized in OCI		3,624,447	3,624,447
Counter party payments accrued or received from hedging instrument reclassified from OCI to profit or loss		(3,624,447)	(3,624,447)
Closing Balance December 31, 2023	**18,035**	**2,703,903**	**2,721,938**

Revaluation reserves included in equity relate to the following hedging instruments as of December 31, 2022:

	Cost of Hedging Reserve in USD	Intrinsic Value of Interest Rate Cap Options in USD	Total Revaluation Reserves in USD
Opening balance January 1, 2022	–	–	–
Change in fair value of hedging instrument recognized in OCI	–	5,188,152	5,188,152
Costs of hedging deferred and recognized in OCI	59,175	–	59,175
Counter party payments accrued or received from hedging instrument recognized in OCI	–	120,948	120,948
Counter party payments accrued or received from hedging instrument reclassified from OCI to profit or loss	–	(120,948)	(120,948)
Closing balance December 31, 2022	**59,175**	**5,188,152**	**5,247,327**

During the years ended December 31, 2023 and December 31, 2022, counterparty payments accrued in the amount of USD 3,624,447 and USD 120,948, respectively, related to the interest rate cap option contracts were reclassified from the cash flow hedging reserve to the statement of profit or loss as a reduction of interest expense. Additionally, one rate cap option contract was sold (notional USD 7,085,000), and one rate cap option contract was partially unwound and sold (notional USD 9,134,312) which resulted in a reclassification of USD 62,105 from OCI to the statement of profit or loss during the year ended December 31, 2023. The related mortgage loans totaling USD 7,085,000 and USD 9,134,312 were paid off in connection with the disposition of two properties. See Note O for further information on cash flow hedging activities.

Major Shareholders

The following table indicates Varia's major shareholders holding shares and voting rights of 3% or more as of December 31, 2023 and 2022 (number of shares according to the public disclosures of shareholdings at SIX; Swiss Exchange voting rights), and in aggregate the other shareholders:

Shareholders	Investor Type	2023 Number of Shares	2023 Participation in %	2022 Number of Shares	2022 Participation in %
Varia SPC	Fund	4,089,226	40.38%	4,084,581	40.34%
Philae Fund MB Prime	Fund	706,572	6.98%	716,863	7.08%
Other shareholders with a participation below 3% individually	Banks, funds, pension funds, foundation and companies	5,330,220	52.64%	5,324,574	52.58%
		10,126,018	**100%**	**10,126,018**	**100%**

The Varia SPC fund represents approximately 35 different investors who are directly or indirectly holders of the fund's units.

Capital management

The Group's policy is to maintain a strong equity base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on equity (-35.0% as of December 31, 2023 and 20.1% as of December 31, 2022) as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position.

The Company and its subsidiaries holding the properties may acquire short-term and long-term debt at fixed and variable interest rates. The Company shall employ a financing strategy customized to each property to optimize the costs and benefits. It may obtain (re)financing through loans and credit facilities by governmental agencies, banks, insurance companies and other financial institutions. It may contract with mortgage brokers to arrange loans. It may mortgage real estate properties to secure loans. As a general principle, the Group targets a maximum gross loan-to-value ratio at the property level (defined as outstanding loan principal over the appraised value of all properties without considering any available cash) of 65% at the portfolio level and a maximum of 70% for any individual asset. Deviations from this target ratio shall to be limited to exceptional circumstances during a limited time frame. The gross loan-to-value ratio at the property level was 62.9% as of December 31, 2023 and 55.4% as of December 31, 2022.

Earnings per share as of December 31:

	2023 in USD	2022 in USD
Earnings per share attributable to equity holders for the period:		
(Loss) profit for the period attributable to ordinary equity holders of the Company	(139,008,965)	122,598,660
Calculation of weighted-average number of shares:		
Shares outstanding December 31, 2022 (par value CHF 1.00, 10,126,018 shares authorized)	10,126,018	10,126,018
Weighted-average number of ordinary shares outstanding – basic for the period	10,126,018	10,126,018
Weighted-average number of ordinary shares outstanding – fully diluted for the period	10,126,018	10,126,018
(Loss) profit per share attributable to the ordinary equity holders of the Company – basic (calculated on the weighted-average number of ordinary shares outstanding, see above)	(13.73)	12.11
(Loss) profit per share attributable to the ordinary equity holders of the Company – fully diluted (calculated on the weighted-average number ordinary shares outstanding, see above)	(13.73)	12.11

NAV per share as of December 31:

	2023 in USD	2022 in USD
Equity attributable to Varia US Properties AG Shareholders	397,252,883	608,917,001
Number of shares	10,126,018	10,126,018
NAV per share	**39.23**	**60.13**
Equity attributable to Varia US Properties AG Shareholders (excluding deferred taxes)	460,274,061	716,540,155
Number of shares	10,126,018	10,126,018
NAV per share (excluding deferred taxes)	**45.45**	**70.76**

NOTE K.
REAL ESTATE OPERATING AND OTHER EXPENSES

Real estate operating expenses and other expenses consist of the following for the years ended December 31:

	2023 in USD	2022 in USD
Utility expenses	11,296,458	12,429,722
Property and other taxes	14,340,818	14,236,382
Property insurance	8,049,351	5,384,107
Contract services at property level	2,133,042	2,455,481
Advertising expenses	2,438,825	1,803,485
Total real estate operating expenses	**38,258,494**	**36,309,177**
Legal, audit, and accounting fees	1,959,013	1,312,705
Professional fees	1,044,910	1,226,328
Asset management fees	6,733,130	6,981,216
General and administrative	6,573,535	6,043,918
Total other expenses	**16,310,588**	**15,564,167**

NOTE L.
FINANCE COSTS

The finance costs for the years ended December 31, 2023 and 2022, amounted to approximately USD 55.1 million and USD 45.6 million, respectively. Finance costs include interest paid and accrued on interest-bearing loans and borrowings of approximately USD 47.2 million and USD 44.0 million, respectively, debt defeasance costs of approximately USD 0.65 million and USD 2.0 million, respectively, and the foreign currency exchange net loss of USD 7.2 million (gains of USD 2.9 million less losses of USD 10.1 million) and gain of USD 0.5 million (gains of USD 3.5 million less losses of USD 3.0 million) respectively, resulting from changes in the exchange rate between CHF and USD currency rates on foreign currency bank accounts and the bond payable in CHF.

NOTE M.
INCOME TAXES

Income taxes are composed of the following for the years ended December 31:

	2023 in USD	2022 in USD
Provision for income tax expense		
Deferred U.S. federal and state income tax (benefit) expense	(44,601,976)	26,929,681
Current U.S. federal and state income tax expense	3,039,210	(120,685)
Current Swiss federal, cantonal and communal income tax expense	23,501	2,568,898
Total income tax (benefit) expense	**(41,539,265)**	**29,377,894**

Current Taxes

The provision for current taxes payable on net income earned by Varia is calculated and recorded based on the applicable tax rate in Switzerland and for Varia subsidiaries in the U.S. based on the applicable federal and state tax rates (approximately 23.5% and 23.4% as of December 31, 2023 and 2022, respectively). For Swiss federal tax purposes, income tax at an effective tax rate of 12% is levied as of December 31, 2023 and 2022. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate on the applicable profit of the consolidated companies as follows for the years ended December 31:

	2023 in USD	2022 in USD
(Loss) Profit before tax	(180,548,230)	151,976,554
Income tax (benefit) expense using the weighted-average tax rate for the years ended December 31, 2023 and 2022 at 23.0% and 19.3%*, respectively	(41,539,265)	29,377,894
Income tax (benefit) expense	**(41,539,265)**	**29,377,894**

* Note: The weighted-average tax rate of 19.3% for the year ended December 31, 2022 is relatively low compared to previous years due to the impact of favorable state tax apportionment changes which lead to an increase in the valuation of state deferred tax assets. This increase in valuation of state deferred tax assets reduces overall tax expense for the year ended December 31, 2022.

Deferred Taxes

Deferred income taxes reflect the effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred income tax (benefit) expense for the years ended December 31, 2023 and 2022, was USD (44,601,976) and USD 26,929,682, respectively.

The components of deferred tax assets (liabilities) at December 31, 2023, are as follows:

	Deferred Tax Assets (Liabilities) at December 31, 2022 in USD	Recognized in Profit or Loss in USD	Deferred Tax Assets (Liabilities) at December 31, 2023 in USD	Deferred Tax Assets in USD	Deferred Tax Liabilities in USD
Net operating loss carryforward	41,464,779	(5,994,632)	35,470,147	35,470,147	–
Investment property	(151,185,774)	52,572,200	(98,613,574)	–	(98,613,574)
Related-party interest	1,500,054	(406,655)	1,093,399	1,093,399	–
Miscellaneous other	597,787	(1,568,937)	(971,150)	1,128,331	(2,099,481)
Tax assets (liabilities) before setoff	**(107,623,154)**	**44,601,976**	**(63,021,178)**	37,691,877	(100,713,055)
			Set-off of tax	(37,691,877)	37,691,877
			Net assets (liabilities)	**–**	**(63,021,178)**

The components of deferred tax assets (liabilities) at December 31, 2022, are as follows:

	Deferred Tax Assets (Liabilities) at December 31, 2021 in USD	Recognized in Profit or Loss in USD	Deferred Tax Assets (Liabilities) at December 31, 2022 in USD	Deferred Tax Assets in USD	Deferred Tax Liabilities in USD
Net operating loss carryforward	36,473,690	4,991,089	41,464,779	41,464,779	–
Investment property	(120,873,071)	(30,312,703)	(151,185,774)	–	(151,185,774)
Related-party interest	2,537,274	(1,037,220)	1,500,054	1,500,054	–
Miscellaneous other	1,168,635	(570,848)	597,787	2,383,369	(1,785,582)
Tax assets (liabilities) before setoff	**(80,693,472)**	**(26,929,682)**	**(107,623,154)**	45,348,202	(152,971,356)
			Set-off of tax	(45,348,202)	45,348,202
			Net assets (liabilities)	**–**	**(107,623,154)**

In assessing the deferred tax assets, the Group's management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Group has the ability to offset deferred tax assets and liabilities in the same period. The amount of deferred tax assets set-off against deferred tax liabilities are approximately USD 37.7 million and USD 45.3 million for the years ended December 31, 2023 and 2022, respectively. The amount of deferred tax liabilities are approximately USD 100.7 million and USD 153.0 million for the years ended December 31, 2023 and 2022, respectively.

No deferred taxes have been recognized for the tax effect of approximately USD 24.2 million and USD 46.3 million on unremitted earnings of approximately USD 161.1 million and USD 308.7 million for the Company's subsidiaries as the remittance is within the full control of the Group as of December 31, 2023 and 2022, respectively, and it is probable that any temporary differences will not reverse in the foreseeable future.

As of December 31, 2023 and 2022, the Group has approximately USD 152.3 million and USD 180.7 million of federal net operating loss carryforwards and approximately USD 141.8 and USD 124.9 million of state net operating loss carryforwards, which are available to offset future taxable income and are eligible to be recognized as deferred U.S. federal and state income tax. The utilization is limited to future taxable earnings of the Company. The federal net operating loss carryforwards will not expire and the state net operating loss carryforwards begin to expire in 2031. A deferred tax asset has been recognized for all loss carryforwards.

.

NOTE N. RELATED-PARTY TRANSACTIONS

Related parties include the following parties that have the ability, directly or indirectly, to control or to exercise significant influence over the other party in making financial and operating decisions.

- Board of Directors of Varia US Properties AG
- Stoneweg SA, Geneva (Switzerland) and its subsidiaries
- Stoneweg US, LLC

Transactions of Varia US with Stoneweg SA, Stoneweg US, LLC and Real Estate Investment Solutions AG:
Varia US Properties AG entered into an Asset Management Agreement with Stoneweg SA and Stoneweg US, LLC (Stoneweg) to manage the investments and the administration activities of the Company. Per agreement, Stoneweg and its affiliates are entitled to a maximum acquisition fee of 1% of the purchase price, an asset management fee of 1% of the equity invested, and a maximum disposal fee of 1% of the sale price. By contract, the disposal fee could be replaced by a promote fee. During the years ended December 31, 2023 and 2022, Stoneweg Asset Management SA did not charge any fees to the Company.

Stoneweg remuneration fees for the other services provided to Varia subsidiaries and underlying investments during the reporting periods were as follows for the years ended December 31:

	2023 in USD	2022 in USD
Asset management fees charged to Varia direct subsidiaries	6,733,130	6,981,216
Transaction fees	792,250	3,763,000
Promotion fee on sale of properties	8,290,839	12,038,996
Refinancing fees	491,100	1,664,290
Construction management fees	922,230	463,698

Outstanding amounts due to Stoneweg as of December 31, 2023 and 2022, represent USD 1,546,266 and USD 1,896,806, respectively.

Key management compensation
The Board of Directors is considered key management. In the reporting year, expense in the amount of CHF 700,404 was paid or accrued as of December 31, 2023 (2022 – CHF 689,978), including CHF 103,952 (2022: CHF 140,250) related to the Directors' share plan. The amount paid was based on equivalent terms that prevail in arm's length transactions. There were no outstanding amounts due to the Board of Directors as of December 31, 2023 and 2022.

On June 1, 2022, Board members subscribed a total of 5,500 shares at a price of CHF 51.00 each, that were purchased in the market by Varia US and sold to the members at a 50% discounted price of CHF 25.50 per share for a total cost of CHF 140,250 for the Company. These shares are subject to a restriction period of four years, during which they cannot be sold, transferred, given, assigned or otherwise divested.

On June 1, 2023, Board members subscribed a total of 5,500 shares at a price of CHF 36.80 each, that were purchased in the market by Varia US and sold to the members at a 50% discounted price of CHF 18.40 per share for a total cost of CHF 101,200 for the Company (plus the related social charges of CHF 2,752). These shares are subject to a restriction period of 4 years during which they cannot be sold, transferred, given, assigned, or otherwise divested. There was no other compensation to the Board members for their role or for additional work, except for the Board members paid by Stoneweg Asset Management SA that are involved in the asset management duties of the Company. In particular, no performance related compensation and no compensation in shares or other stocks were allocated to Board members aside from the Board member share plan. No loans or credit facilities were granted to any member of the Board or related parties during the year and there were no such receivables outstanding as of December 31, 2023 and 2022.

NOTE O. FINANCIAL RISK MANAGEMENT

Risk Management Strategy

The investment objective of the Group is to realize long-term capital appreciation, investment income or both in USD by assembling a portfolio of investment properties in the U.S. multifamily real estate market. The investments are diversified among the geographical states in the United States through investment entities located in the United States.

Varia's activities expose the Group to a variety of financial risks, namely market risk (including interest rate risk, currency risk and other price risks), liquidity risk and credit risk. The Group observes and manages these risks. The risks could ultimately result in a reduction of the Group's net assets.

Varia seeks to reduce these risks and adverse effects by considering potential impacts from the financial and the U.S. real estate markets. The Group manages these risks, where necessary, via collaboration with service partners that are market leaders in their respective areas of expertise. Additionally, the Group has internal guidelines and policies in place to ensure that transactions are effected in a consistent and diligent manner.

Interest rate risk

Varia property companies are subject to cash flow interest rate risk due to fluctuations in the U.S. real estate market interest rates. Changes in interest rates affect the interest-bearing liabilities and borrowings as well as the capitalization rates used to value properties (see valuation method, standards and principles section below).

At December 31, 2023 and 2022, Varia has entered into interest-bearing liabilities and borrowing contracts (mortgages) with several lenders, including two U.S. governmental agencies, amounting to USD 818.0 million and USD 944.1 million, respectively, with periodic reimbursements until their principal maturity dates between 2024 and 2032. At December 31, 2023 and 2022, USD 171.5 million and USD 186.5 million, respectively, of these mortgages are subject to variable interest rates. Accordingly, (before considering the effect of any rate cap option contracts, see below) an increase or decrease of these variable rates of 1% would affect in aggregate the net total annual profit or loss of the real estate companies by approximately USD 1.7 million with a corresponding adjustment to the equity of the group by the same amount.

As of December 31, 2023, the Company has the following derivative financial instruments in the following line items in the balance sheet:

	December 31, 2023 in USD	December 31, 2022 in USD
Current assets		
Interest rate cap option contracts – cash flow hedges	2,833,857	–
Non-current assets		
Interest rate cap option contracts – cash flow hedges	41,747	5,424,697
Total derivative financial instrument assets	**2,875,604**	**5,424,697**

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss.

The Company's accounting policy for its qualifying cash flow hedges is explained in Note B. A breakdown of movements in revaluation reserves related to cash flow hedges is disclosed in Note J. Further information about the derivative instruments used by the Company is provided below.

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company policy is to limit variable rate borrowings to a maximum of 50% of total outstanding borrowings. The Company hedges interest rate risk on variable rate borrowings using interest rate cap option contracts which effectively limit the variable interest to a maximum rate during the option contract term.

The Company documents risk management objectives and strategy for undertaking cash flow hedge transactions. All derivatives must be entered into with counterparties with an investment grade credit rating.

Regarding interest rate cap option contracts, only the change in intrinsic value of the option contract is designated as the hedging instrument and hence included in the hedge relationship (i.e. the change in the time value of the option contract is excluded). The credit margin on the hedged debt is not included in the hedging relationship.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument. There was no hedge ineffectiveness recorded for the period.

The amounts accumulated within equity relating to the effective portion of the interest rate cap contracts are recognized in profit or loss within finance costs in the same period as the interest expense on the hedged borrowings.

The effects of the interest rate cap contracts on the Company's financial position and performance are as follows:

Interest Rate Cap Option Contracts	**2023** in USD	**2022** in USD
Carrying Amount (non-current asset)	2,875,604	5,424,697
Notional Amount	172,521,688	188,741,000
Maturity Dates	February 1, 2024 – January 1, 2026	January 1, 2024 – December 1, 2024
Hedge Ratio	1:1	1:1
Weighted average hedged rate for the year	5.13%	5.31%

Currency Risk

The net asset value per share (see Note J) is calculated in USD, the presentation currency of the Group and the functional currency of the Company. The Group's investments are mainly denominated in USD.

Varia is exposed to a certain degree of currency risk towards the CHF, which can adversely affect performance in USD which is the presentation currency in Varia's consolidated financial statements. Fluctuations in the currency exchange rate between the USD and CHF affect the net results and equity of the Group in its consolidated financial statements in USD and, ultimately, the profits in CHF available for distributions. Between 2020 and 2023, the Group entered into currency contracts to mitigate this currency risk. However, the currency overlay program was connected with bond VAR19 which was repaid during 2023, and as a result, the currency overlay program ended. The Group consistently monitors this risk and may enter into additional currency contracts in the future, as needed.

The Group's currency positions at December 31, 2023 and 2022, are predominately in USD as presented on the Consolidated Statements of Financial Position except for those carried and to be settled in CHF as follows:

Assets	December 31, 2023 in USD	December 31, 2022 in USD
Cash and cash equivalents	399,145	1,219,982
Rent and other receivables	65,080	46,132
Total assets	**464,225**	**1,266,114**
Liabilities		
Trade and other payables and interest bearing loans	1,149,993	3,825,219
Distribution payable	12,083,423	10,968,229
Bond borrowing	59,665,227	108,317,300
Net liabilities	**(72,434,418)**	**(121,844,634)**

Other Price Risks

Other price risks (i.e., changes in market prices other than from interest rate risks or currency risk) may affect the value of the investment property held by Varia's subsidiaries. The Group is exposed to price risk other than in respect to financial instruments, mainly property price risk but also property rentals risk.

Varia's asset manager monitors the performance of the real estate companies on a monthly basis by analyzing regular reports and through direct contact with its real estate partner and service providers in the United States of America. Appraisals of the properties by independent experts take place quarterly to determine the fair value of the investment properties as described in Note G. The Board of Directors reviews and subsequently approves the valuations.

The Company attempts to minimize the property price risk incurred at the level of its investments through effective due diligence prior to investing in real estate properties, and monitors on a permanent basis their activities and performance directly with its asset manager or indirectly with its service partners in the United States of America.

The Company also mitigates these risks by investing in a diversified real estate portfolio, spreading its investments through different regions, size of assets, and typology of multifamily asset (senior housing, market rents, and Low-Income Housing Tax Credit [LIHTC] rents). The diversification of the real estate portfolio also relies on a multitude of operating leases entered into by Varia as lessor, none of which is individually significant (less than 1% of rental income).

One of the main risks for Varia is ultimately the value of the properties held in its portfolio. The value of these properties is dependent on a multitude of factors. These factors are mainly the balance between supply and demand in the U.S. multifamily real estate market, financing conditions (i.e., interest rates), level of rents, and vacancies.

The Group obtains external independent valuations on a quarterly basis, and the unrealized profit or loss impacts the property companies' net asset values. The independent market value of the properties as of December 31, 2023 and 2022, was approximately USD 1.300 billion and USD 1.704 billion, respectively.

Liquidity risk

Due to the nature of the real estate equity companies in which the Group invests, through its investments, immediate and full investment of assets is not always possible. Additional investments by Varia are triggered by the availability of cash resulting mainly from new share capital increases, sale of portfolio properties, cash resulting from loan interest payments and paid dividends from its subsidiaries, or subsidiary loans or capital reimbursements. The Group manages its cash at every level of the structure on a monthly basis and has the ability to increase borrowings under interest-bearing loans, if needed.

Varia pursues a long-term investment strategy with a mixture of value-add and opportunistic assets in the U.S. multifamily real estate portfolio, with average holding periods between five to ten years and one to five years, respectively, before the properties are divested.

The maturity analysis of financial liabilities, actual cash flows including interest, is as follows as of December 31, 2023:

	Within 12 months in USD	From 2–5 Years in USD	Later than 5 years in USD	Total in USD
Trade and other payables, less accrued real estate and other taxes and accrued interest	12,540,711	–	–	12,540,711
Distribution payable	12,083,423	–	–	12,083,423
Interest bearing loans and borrowings, including interest	52,372,288	330,052,224	689,560,470	1,071,984,982
Interest bearing bond, including interest	1,715,375	72,914,162	–	74,629,537
	78,711,797	**402,966,386**	**689,560,470**	**1,171,238,653**

The maturity analysis of financial liabilities, actual cash flows including interest, is as follows as of December 31, 2022:

	Within 12 months in USD	From 2–5 Years in USD	Later than 5 years in USD	Total in USD
Trade and other payables, less accrued real estate and other taxes and accrued interest	13,253,277	–	–	13,253,277
Distribution payable	10,968,229	–	–	10,968,229
Interest bearing loans and borrowings, including interest	42,899,066	320,783,813	893,853,279	1,257,536,158
Interest bearing bond, including interest	56,528,091	57,272,772	–	113,800,863
	123,648,663	**378,056,585**	**893,853,279**	**1,395,558,527**

Credit risk

The Group enters into credit exposure with established, creditworthy third parties for interest rate cap option contracts. Receivables are monitored continuously. The Board of Directors monitors credit risk on a regular basis.

The Company holds the majority of its cash with multiple international or known financial institutions which have an investment grade rating. Varia monitors, on a regular basis, the standing of the financial institutions in which it is entering or has business directly or indirectly through its subsidiaries and underlying investments.

The maximum credit risk exposure for cash and cash equivalents, rent and other receivables and escrow accounts is the amount recognized on the Consolidated Statements of Financial Position. Cash and cash equivalents, rent and other receivables and the escrow accounts are not past due.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date, regardless of whether that price is directly observable or based on another estimated valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to fair value measurements are observable and the significance of the inputs to fair value measurement in its entirety, which are described as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs, other than quoted prices included in within Level 1, that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or the liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

At December 31, 2023, Varia's investment properties and derivative financial assets are measured at fair value on a recurring basis by the above fair value hierarchy level as follows:

	Level 1 in USD	Level 2 in USD	Level 3 in USD	Total in USD
Investment property at December 31, 2022	–	–	1,703,750,000	1,703,750,000
Capital improvements	–	–	36,843,265	36,843,265
Net change in fair value (unrealized)	–	–	(174,258,265)	(174,258,265)
Investment property sold	–	–	(266,325,000)	(266,325,000)
Investment property at December 31, 2023	**–**	**–**	**1,300,010,000**	**1,300,010,000**
Derivative financial instruments at December 31, 2022	–	5,424,697	–	5,424,697
Purchase of derivative financial instruments	–	55,000	–	55,000
Sale of derivative financial instruments	–	(75,000)	–	(75,000)
Net change in fair value	–	1,095,354	–	1,095,354
Reclassification of counterparty payments earned out of OCI	–	(3,624,447)	–	(3,624,447)
Derivative financial instruments at December 31, 2023	**–**	**2,875,604**	**–**	**2,875,604**

At December 31, 2022, Varia's investment properties are measured at fair value on a recurring basis by the above fair value hierarchy level as follows:

	Level 1 in USD	Level 2 in USD	Level 3 in USD	Total in USD
Investment property at December 31, 2021	–	–	1,412,010,000	1,412,010,000
Purchase of investment property	–	–	338,175,283	338,175,283
Capital improvements	–	–	28,370,770	28,370,770
Net change in fair value (unrealized)	–	–	153,693,947	153,693,947
Investment property sold	–	–	(228,500,000)	(228,500,000)
Investment property held for sale	–	–	(65,250,000)	(65,250,000)
Investment property at December 31, 2022	**–**	**–**	**1,638,500,000**	**1,638,500,000**
Derivative financial instruments at December 31, 2021	–	–	–	–
Purchase of derivative financial instruments	–	441,500	–	441,500
Net change in fair value (unrealized)	–	5,107,176	–	5,107,176
Reclassification of counterparty payment receivable	–	(123,979)	–	(123,979)
Derivative financial instruments at December 31, 2022	**–**	**5,424,697**	**–**	**5,424,697**

There were no transfers between Levels 1 and 2 and Level 3. See Note G for a reconciliation from the opening to the ending balance of investment property.

Valuation method, standards and principles

Level 3 investments consist of the investment in properties. These are by nature unquoted. The fair values of these investment properties are derived based on independent appraisals. The appraisals are reviewed and approved internally.

The properties are generally valued using the income capitalization approach (direct capitalization), which is the most common methodology employed in valuing multifamily apartment communities in the United States. In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. The relationship between a single year's net operating income expectancy and the total property price or value is known as the capitalization rate. In addition, the independent valuer uses comparable sales analysis of recent transactions to derive market capitalization rates, as well as indicative sales prices of comparable asset sales. In the preparation of valuation analysis, the independent valuer typically relies on current rent rolls, year-to-date operating statements, historical operating statements (where available), operating budgets, and capital expenditure budgets. In some cases, the value indicated by the income capitalization approach is further adjusted by the independent valuer to reflect additional factors such as multi-year property tax abatements, significant lease-up costs or other factors. Based thereon, the independent valuer defines fair value consistent with the definition of market value as commonly applied in the United States.

The appraisal at fair value is based on the assumption that the most probable price for a property approximates a price determined in a competitive and open market under all conditions requisite to a fair sale, with the buyer and the seller each acting prudently, knowledgably, and without undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (i) buyer and seller are typically motivated; (ii) both parties are well informed or well advised, and acting in what they consider their own best interests; (iii) a reasonable time is allowed for exposure in the open market; (iv) payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The market value (fair value) makes no allowance for cost of sale-oriented expenses indicative of a net realizable value, nor does it consider any outstanding liens or delinquent property taxes should they exist.

The independent valuer performs the appraisals in accordance with national and international standards and guidelines in particular with the International Valuation Standards (IVS and RICS/Red Book), as well as in accordance with the requirements of IFRS 13 Fair Value Measurement. The property values determined correspond to the market value (Fair Value) consistent with IFRS as it relates to fair market value. The definition of fair value in IFRS is generally consistent with market value, which are discussed in IVS 300 Valuations for Financial Reporting.

The valuation was determined using significant unobservable inputs. These inputs as of December 31, 2023, include:

Future Rental Cash Inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
Estimated Occupancy Rates	Based on current and expected future market conditions after expiry of any current lease. The occupancy rates applied range from 87.2% to 98.7%.
Maintenance Costs	Including necessary investments to maintain functionality of the propertyfor its expected useful life.
Capitalization Rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date. The capitalization rates range from 5.00% to 6.51%.

The valuation was determined using significant unobservable inputs. These inputs as of December 31, 2022, include:

Future Rental Cash Inflows	Based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.
Estimated Occupancy Rates	Based on current and expected future market conditions after expiry of any current lease. The occupancy rates applied range from 82.1% to 98.9%.
Maintenance Costs	Including necessary investments to maintain functionality of the property for its expected useful life.
Capitalization Rates	Based on actual location, size and quality of the properties and taking into account market data at the valuation date. The capitalization rates range from 3.42% to 6.58%.

Fair value increases (decreases) with lower (higher) capitalization rates and vacancies and with higher (lower) market rents and sales prices. Interest rates can also impact capitalization rates. The economic environment can be considered as exerting the greatest influence on input factors, and the factors outlined above are influenced to varying degrees by market developments. Any intensification of pressure on market rents by negative economic sentiments is usually accompanied by a rise in property vacancy rates. At the same time, a lower capitalization rate may prevail in such market circumstances and to a certain extent, the changes of input factors offset each other.

On the basis of a sensitivity analysis of investment real estate as of December 31, 2023 and 2022, with fair value as of the consolidated statement of financial position date of USD 1,300,010,000 and USD 1,703,750,000, respectively, an isolated increase in the capitalization rates by 50 basis points would lead to a decrease of approximately USD 108 million and USD 155 million, respectively, in value while a decrease in the capitalization rate by 50 points would lead to an increase of approximately USD 130 million and USD 182 million, respectively, as illustrated by the following table in increments of 10 basis points:

As of December 31, 2023:	Stabilized NOI, Decrease 1% in USD	Stabilized NOI, As Reported in USD	Stabilized NOI, Increase 1% in USD
Capitalization rate, decrease 50 bps	115,656,000	129,956,000	144,256,000
Capitalization rate, decrease 40 bps	87,908,000	101,927,000	115,946,000
Capitalization rate, decrease 30 bps	61,226,000	74,976,000	88,725,000
Capitalization rate, decrease 20 bps	35,550,000	49,041,000	62,531,000
Capitalization rate, decrease 10 bps	10,826,000	24,067,000	37,307,000
Capitalization rate, as reported	(13,000,000)	–	13,000,000
Capitalization rate, increase 10 bps	(35,975,000)	(23,207,000)	(10,439,000)
Capitalization rate, increase 20 bps	(58,145,000)	(45,601,000)	(33,056,000)
Capitalization rate, increase 30 bps	(79,550,000)	(67,222,000)	(54,894,000)
Capitalization rate, increase 40 bps	(100,229,000)	(88,110,000)	(75,991,000)
Capitalization rate, increase 50 bps	(120,220,000)	(108,303,000)	(96,386,000)

As of December 31, 2022:	Stabilized NOI, Decrease 1% in USD	Stabilized NOI, As Reported in USD	Stabilized NOI, Increase 1% in USD
Capitalization rate, decrease 50 bps	166,665,000	181,815,000	204,451,000
Capitalization rate, decrease 40 bps	126,791,000	141,696,000	163,772,000
Capitalization rate, decrease 30 bps	88,583,000	103,250,000	124,791,000
Capitalization rate, decrease 20 bps	51,936,000	66,372,000	87,405,000
Capitalization rate, decrease 10 bps	16,758,000	30,970,000	51,516,000
Capitalization rate, as reported	(17,037,000)	–	17,038,000
Capitalization rate, increase 10 bps	(49,531,000)	(35,750,000)	(16,113,000)
Capitalization rate, increase 20 bps	(80,797,000)	(67,222,000)	(48,010,000)
Capitalization rate, increase 30 bps	(110,902,000)	(97,528,000)	(78,723,000)
Capitalization rate, increase 40 bps	(139,911,000)	(126,732,000)	(108,318,000)
Capitalization rate, increase 50 bps	(167,882,000)	(154,893,000)	(136,855,000)

Financial instruments not measured at fair value
Cash and cash equivalents, rent and other receivables, trade and other payables, and distribution payable are short-term in nature, therefore, the carrying amount is deemed to be fair value at December 31, 2023. Escrow accounts consist of cash accounts held by third-party lenders in USD, and therefore, the carrying amount is deemed to be fair value at December 31, 2023.

Interest-bearing loans and borrowings are initially measured at fair value, less directly attributable transaction costs. After initial recognition, interest-bearing loans are measured at amortized cost.

The fair value (Level 2) of interest-bearing loans and borrowings, based on the risk-free rate at the end of the period using the Daily Treasury Yield rates published by the United States Treasury based on the remaining term of the loan and applying the interest rate spread at inception of the loan, is approximately USD 788 million and USD 900 million at December 31, 2023 and 2022, respectively. The fair value of the listed bond is determined based on the price at SIX (Level 1) and amounts to USD 60.0 million as of December 31, 2023 (USD 53.7 million as of December 31, 2022). The fair value of the total bonds as of December 31, 2022 was USD 107.1 million, and one bond (VAR19) was repaid at maturity on June 20, 2023.

NOTE P.
COMMITMENTS, CONTINGENCIES AND OTHER OFF BALANCE SHEET TRANSACTIONS

As of December 31, 2023, the Group had approximately USD 2.1 million of contractual obligations related to repairs, maintenance, or enhancements. The Group had no contingencies and other off-balance-sheet transactions that would be required to be disclosed.

The operations of the Group may be affected by legislative, fiscal and regulatory developments for which provisions would be made when and where deemed necessary.

NOTE Q.
SEGMENT REPORTING

The Group has determined that Varia and its subsidiaries and underlying investments operate in the sole segment of investment property in the U.S. multifamily real estate market.

NOTE R.
SUBSEQUENT EVENTS

After the balance sheet date, one property was placed for sale with a total fair value of USD 20.0 million (182 units). This property was under contract as of the date the financial statements were available to be issued.

The Board of Directors has evaluated the other events subsequent to the financial statements as of December 31, 2023 and through March 27, 2024, which was the date the financial statements were available to be issued. There were no other subsequent events which would require adjustment to or disclosure in the accompanying financial statements.

Property Portfolio as of December 31, 2023

based on Colliers Figures
(Unaudited Additional Information)

Property	Address	City	State	Zip Code	Fair Value in USD
Amaze @ NoDa	3750 Philemon Avenue	Charlotte	North Carolina	28206	69,300,000
Ashford	1200 North Dairy Ashford Road	Houston	Texas	77079	55,800,000
Avenue 8 Apartments	1050 West 8th Avenue	Mesa	Arizona	85210	38,000,000
Beau Jardin	10347 Sannois Drive	St. Louis	Missouri	63146	20,000,000
Bellevue Hills Apartments	11829 Amerado Boulevard	Bellevue	Nebraska	68123	29,800,000
Breckinridge Square	203 Breckinridge Square	Louisville	Kentucky	40220	33,000,000
Brent Village	1409 Buck Drive	Bellevue	Nebraska	68005	17,000,000
Brookwood Apartments	201 South Kolb Road	Tucson	Arizona	85710	28,570,000
Cordova Creek	7965 Humphrey Hill Drive	Memphis	Tennessee	38016	27,000,000
JRG Lofts	437 West 6th Street	Covington	Kentucky	41011	59,300,000
Lochwood Apartments	55 Lochwood Court	New Albany	Indiana	47150	20,200,000
Mayfield Apartments	919 Aintree Park Drive	Mayfield	Ohio	44143	39,650,000
Mission Palms Apartments	951 West Orange Grove Road	Tucson	Arizona	85704	65,950,000
Residences at Echelon Apartments	3500 SW Hollywood Drive	Lee's Summit	Missouri	64082	56,400,000
Retreat Northwest	1130 Racquet Club North Drive	Indianapolis	Indiana	46260	44,400,000
Ridge on Spring Valley	5704 Spring Valley Road	Dallas	Texas	75254	30,500,000
River Oaks Apartments	7730 East Broadway Boulevard	Tucson	Arizona	85710	33,640,000
Rolling Hills Apartments	9100 Rainbow Springs	Louisville	Kentucky	40241	51,600,000
Shawnee Station	6405 Maurer Road	Shawnee	Kansas	66217	32,600,000
St. Matthews Apartments	400 Mallard Creek Road	Louisville	Kentucky	40207	98,900,000
The M Club	7007 Courthouse Drive	Indianapolis	Indiana	46226	41,100,000
The Meadows Apartment Homes	2154 Meadow Glade Lane	Memphis	Tennessee	38134	22,200,000
The Wylde at Eagle Creek	6612 Eagle Pointe Drive North	Indianapolis	Indiana	46254	31,400,000
Tierra Pointe Apartments	6801 & 6901 Los Volcanes Road NW	Albuquerque	New Mexico	87121	43,500,000
Varia at Oakcrest Apartments	1310 Oakcrest Drive	Columbia	South Carolina	29223	40,200,000
Varia at Highland Village	120 Main Street	Highland Village	Texas	75077	41,700,000
West End at Fayetteville	3050 Plantation Garden Boulevard	Fayetteville	North Carolina	28303	86,100,000
Wild Oaks	7987 NE Flintlock Road	Kansas City	Missouri	64158	60,900,000
Willows of Cumming	225 Nancy Lane	Cumming	Georgia	30040	22,200,000
Wood Hollow Apartments	3875 Post Oak Boulevard	Fort Worth (Euless)	Texas	76040	41,900,000
Zona Village	2855 West Anklam Road	Tucson	Arizona	85745	17,200,000
Total					**1,300,010,000**

1 The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service.
2 As percentage of the total gross potential income as calculated by Colliers.
3 Total potential rental revenue assuming the existing rents in place, as well as market rent values for all vacant units.
4 As of December 31, 2023, 100% of the lettable area of the properties was for residential use.

Ownership Form	Year of Construc-tion	Net Operating Income[1] in USD	Units	Occupancy Rate[2]	Cap Rate[5]	Gross Potential Income[3] in USD	Site Size in sq.ft.	Net Lettable Area[4] in sq.ft.
Sole-Ownership	2019	3,443,859	298	88.93%	5.00%	6,014,070	431,680	221,215
Sole-Ownership	2015	2,790,000	312	94.23%	5.00%	6,288,000	135,579	260,852
Sole-Ownership	1986	2,373,870	194	95.88%	6.25%	3,707,240	385,158	213,400
Sole-Ownership	1965	1,302,642	182	95.05%	6.51%	2,717,040	470,012	159,520
Sole-Ownership	1974	1,863,928	264	94.32%	6.25%	3,950,705	788,000	243,960
Sole-Ownership	1970	1,897,711	294	90.14%	5.75%	4,671,514	695,261	332,280
Sole-Ownership	1971	1,060,490	180	91.11%	6.24%	2,461,510	404,236	147,875
Sole-Ownership	1973	1,786,697	272	87.87%	6.25%	3,634,690	432,586	206,784
Sole-Ownership	1986	1,688,845	196	93.88%	6.25%	3,384,362	851,162	214,038
Sole-Ownership	2021	2,275,735	178	93.26%	5.00%	4,238,558	60,952	131,543
Sole-Ownership	1972	1,263,644	200	95.00%	6.26%	2,768,040	615,938	268,800
Sole-Ownership	1966	2,577,726	252	95.63%	6.50%	5,043,600	778,194	275,505
Sole-Ownership	1979	3,792,042	360	95.28%	5.75%	6,395,900	1,258,842	372,918
Sole-Ownership	2020	2,656,519	243	94.65%	5.00%	4,907,705	485,471	235,513
Sole-Ownership	1973	2,551,061	336	91.96%	5.75%	5,232,576	2,044,532	347,620
Sole-Ownership	1978	1,679,779	207	95.65%	5.51%	3,712,780	324,091	164,933
Sole-Ownership	1982	1,934,389	300	92.33%	5.75%	3,900,350	448,958	212,074
Sole-Ownership	1972	2,967,037	400	93.50%	5.75%	6,359,135	1,120,157	504,740
Sole-Ownership	2001	1,709,046	228	91.23%	5.24%	3,498,285	673,873	210,648
Sole-Ownership	1988 & 1991	4,959,786	600	87.17%	5.01%	9,920,581	1,571,035	587,208
Sole-Ownership	1979	2,362,928	388	91.24%	5.75%	4,792,744	1,694,920	303,544
Sole-Ownership	1986	1,384,709	200	91.00%	6.24%	2,778,623	625,522	191,200
Sole-Ownership	1987	1,804,708	256	91.41%	5.75%	3,969,600	835,350	202,000
Sole-Ownership	1985	2,608,035	352	88.07%	6.00%	4,841,337	521,784	211,720
Sole-Ownership	2000	2,009,496	272	93.38%	5.00%	4,926,300	838,351	299,102
Sole-Ownership	2015	2,186,914	161	93.79%	5.24%	4,184,160	615,593	195,115
Sole-Ownership	2012	4,734,744	360	91.67%	5.50%	7,471,200	1,870,902	425,784
Sole-Ownership	2000	3,046,801	348	89.37%	5.00%	5,873,220	1,047,182	325,365
Sole-Ownership	1996	1,273,687	156	98.72%	5.74%	2,310,096	554,519	147,148
Sole-Ownership	1985	2,421,146	346	87.86%	5.78%	5,730,920	535,374	251,639
Sole-Ownership	1969	1,115,282	183	92.90%	6.48%	2,138,180	249,075	98,868
		71,523,256	**8,518**		**5.50%**	**141,823,021**	**23,364,289**	**7,962,911**

5 *The direct capitalization rate for Amaze @ NoDa, JRG Lofts and Residences at Echelon cannot be reclaculated solely by dividing net operating income by fair value due to Colliers' inclusion of the present value of multi-year property tax abatements in the determination of overall fair value for these assets. The present values of multi-year property tax abatements for Amaze @ NoDa, JRG Lofts and Residences at Echelon as appraised by Colliers are USD .4 million, USD 13.8 million and USD 3.3 million, respectively. The abatement periods range from 3 to 26 years and are valued at discount rates ranging from 3% to 5%.*

Varia US Properties AG and Subsidiaries

Consolidating Statement of Financial Position

For the Year Ended December 31, 2023

(Unaudited Additional Information)

ASSETS	Varia US Ariston AG in USD	Varia US Holdings LLC in USD	Varia US Properties AG in USD	Eliminations in USD	Consolidated in USD
Current assets					
Cash And Cash Equivalents	7,171,854	36,003,880	3,623,392	–	46,799,126
Rent And Other Receivables	179,609	5,102,883	–	–	5,282,492
Income Tax Receivable	–	12,600	–	–	12,600
Prepaid Expenses And Other Current Assets	217,432	2,028,588	4,720,222	–4,655,141	2,311,101
Due From Related Party	–202,929	–	26,089,392	–25,886,463	–
Total current assets	**7,365,966**	**43,147,951**	**34,433,006**	**–30,541,604**	**54,405,319**
Non–current assets					
Investment Property	230,000,000	1,070,010,000	–	–	1,300,010,000
Investment in Subsidiaries	–	–	314,280,041	–314,280,041	–
Other Assets	54,803	–	–	–	54,803
Derivative Financial Instruments	10,594	2,865,010	–	–	2,875,604
Long-Term Loans	–	–	118,139,054	–118,139,054	–
Escrow Accounts	242,784	9,280,392	–	–	9,523,176
Deferred Tax Assets	1,557,563	38,627,172	–	–40,184,735	–
Total non–current assets	**231,865,744**	**1,120,782,574**	**432,419,095**	**–472,603,830**	**1,312,463,583**
Total assets	**239,231,710**	**1,163,930,525**	**466,852,101**	**–503,145,434**	**1,366,868,902**
LIABILITIES AND EQUITY					
Current liabilities					
Current Maturities Of Interest Bearing Loans and borrowings	–	14,463,391	–	–	14,463,391
Trade And Other Payables	2,523,015	22,465,506	1,186,624	–4,655,137	21,520,008
Distribution Payable	–	–	12,083,423	–	12,083,423
Income Tax Payable	425,716	2,012,567	67,507	–	2,505,790
Rent Received In Advance	309,883	1,790,575	–	–	2,100,458
Short Term Borrowing From Related Parties	–	–	–	–	–
Due To Related Party	–	26,089,392	–202,929	–25,886,463	–
Total current liabilities	**3,258,614**	**66,821,431**	**13,134,625**	**–30,541,600**	**52,673,070**
Non-current liabilities					
Interest Bearing Loans And Borrowings, Net Of Current Maturities	137,442,731	657,292,526	59,186,514	–	853,921,771
Loans From Member	–	118,139,052	–	–118,139,052	–
Deferred Tax Liability	25,951,569	77,254,344	–	–40,184,735	63,021,178
Total non-current liabilities	**163,394,300**	**852,685,922**	**59,186,514**	**–158,323,787**	**916,942,949**
Total liabilities	**166,652,914**	**919,507,353**	**72,321,139**	**–188,865,387**	**969,616,019**
Issued Share Capital	–	–	10,297,221	–	10,297,221
Share Premium From Capital Contributions	18,178,901	143,769,122	191,058,954	–161,948,023	191,058,954
Reserves	–3,314	2,725,252	6,764,557	–	9,486,495
Retained Earnings (Accumulated Deficit)	63,152,709	97,928,798	186,410,230	–161,081,524	186,410,213
Treasury Stock At Cost	–8,749,500	–	–	8,749,500	–
Equity attributable to equity holders of the parent	**72,578,796**	**244,423,172**	**394,530,962**	**–314,280,047**	**397,252,883**
Total equity	**72,578,796**	**244,423,172**	**394,530,962**	**–314,280,047**	**397,252,883**
Total liabilities and equity	**239,231,710**	**1,163,930,525**	**466,852,101**	**–503,145,434**	**1,366,868,902**

Varia US Properties AG and Subsidiaries

Consolidating Statement of Profit or Loss

For the Year Ended December 31, 2023

(Unaudited Additional Information)

	Varia US Ariston AG in USD	Varia US Holdings LLC in USD	Varia US Properties AG in USD	Eliminations in USD	Consolidated in USD
Income					
Rental Income	17,543,562	106,445,014	–	–	123,988,576
Equity In Earnings Of Subsidiaries	–	–	–147,646,820	147,646,820	–
Interest Income On Loans	–	1,078,598	22,390,614	–23,469,212	–
Other Income	2,625,938	17,442,915	136,158	–	20,205,011
Insurance Proceeds	56,154	6,745,836	–	–	6,801,990
Net Gain (Loss) From Fair Value Adjustment On Investment Property	–5,768,963	–168,489,302	–	–	–174,258,265
Effective income	**14,456,691**	**–36,776,939**	**–125,120,048**	**124,177,608**	**–23,262,688**
Operating expenses					
Third Party Salaries And Employees	–1,963,207	–13,829,194	–790,506	–	–16,582,907
Utilities	–1,370,005	–9,926,454	–	–	–11,296,459
General and Administrative	–1,055,854	–4,930,584	–587,085	–12	–6,573,535
Advertising	–257,921	–2,180,904	–	–	–2,438,825
Repairs and Maintenance	–656,658	–6,211,310	–	–	–6,867,968
Contract Services	–256,166	–1,852,535	–24,341	–	–2,133,042
Real Estate And Other Taxes	–1,500,066	–12,840,751	–	–	–14,340,817
Property Insurance	–753,370	–7,251,107	–44,873	–	–8,049,350
Asset Management Fee	–736,595	–5,996,535	–	–	–6,733,130
Property Management Fees	–578,501	–3,564,191	–	–	–4,142,692
Legal/Audit/Accouting Fees	–75,413	–420,790	–1,462,810	–	–1,959,013
Professional Services	–156,633	–888,277	–	–	–1,044,910
Transaction Costs	–1,910,013	–13,607,832	–	–	–15,517,845
Total operating expenses	**–11,270,402**	**–83,500,464**	**–2,909,615**	**–12**	**–97,680,493**
Net operating income	**3,186,289**	**–120,277,403**	**–128,029,663**	**124,177,596**	**–120,943,181**
Other operating expenses					
Debt Interest	–6,635,197	–37,843,190	–2,751,004	–	–47,229,391
Debt Defeasance	–	–652,135	–	–	–652,135
Capital Expenditures	–306,214	–4,240,809	–	–	–4,547,023
Total other operating expenses	**–6,941,411**	**–42,736,134**	**–2,751,004**	**–**	**–52,428,549**
Net property income	**–3,755,122**	**–163,013,537**	**–130,780,667**	**124,177,596**	**–173,371,730**
Administrative expenses					
Net Currency Foreign Exchange Gain	–50,303	–	–7,126,197	–	–7,176,500
Member Loan Interest	–	–22,390,614	–1,078,598	23,469,212	–
Total administrative expenses	**–50,303**	**–22,390,614**	**–8,204,795**	**23,469,212**	**–7,176,500**
Operating profit and loss	**–3,805,425**	**–185,404,151**	**–138,985,462**	**147,646,808**	**–180,548,230**
Profit (loss) attributable to noncontrolling interests	**–3,805,425**	**–185,404,151**	**–138,985,462**	**147,646,808**	**–180,548,230**
Profit (loss) attributable to equity holders of the parent before provision for income tax	**–3,805,425**	**–185,404,151**	**–138,985,462**	**147,646,808**	**–180,548,230**
Provision For Income Tax	384,082	41,178,684	–23,501	–	41,539,265
Other Comprehensive Income	–3,314	–2,522,075	–	–	–2,525,389
Total comprehensive income for the year	**–3,424,657**	**–146,747,542**	**–139,008,963**	**147,646,808**	**–141,534,354**

STATUTORY AUDITOR'S REPORT
TO THE GENERAL MEETING OF VARIA US PROPERTIES AG, ZUG
REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

KPMG

Statutory Auditor's Report

To the General Meeting of Varia US Properties AG, Zug

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Varia US Properties AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 77 to 112) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) 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 Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Key Audit Matters

VALUATION OF INVESTMENT PROPERTIES

COMPLETENESS, EXISTENCE AND ACCURACY OF DEFERRED TAX ASSETS AND LIABILITIES

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

KPMG

VALUATION OF INVESTMENT PROPERTIES

Key Audit Matter

Investment properties form a substantial part of the balance sheet and showed the following values as at 31 December 2023:

- Investment properties: USD 1'300'010'000

The Group's total investment properties portfolio is valued at fair value as at the balance sheet date. The valuation is based on the external valuation expert's report.

For the purpose of determining the fair value, the appraiser considered each of the three commonly accepted valuation approaches including the cost, sales comparison, and income approaches. In deriving the market value of the Subject Properties, the appraiser utilized the direct capitalization method of the income approach.

The fair value estimates are significantly influenced by assumptions and estimates with regard, in particular, to the expected future income and expenses and the capitalization rate used for each property depending on its individual rewards / circumstances for the income approach and the choice of the peer group for the sales comparison approach.

Our response

In the course of our audit, we assessed the external valuation expert's competence and independence. We inquired with management about the valuation methodology. We involved our own real estate valuation specialists to support our audit procedures.

For all investment properties, we performed, amongst others, the following audit procedures:

- Assessing the reasonableness of the methodology and selected key assumptions used.
- Assessing the reasonableness of the fair value estimates as of 31 December 2023.

We also considered the appropriateness of disclosures in the consolidated financial statements

For further information on the valuation of investment properties refer to the following:

- Note B – Basis of Preparation and Significant Accounting Policies, section "Investment property".
- Note C – Critical Accounting Judgements and Key Sources of Estimation, section "Fair value measurement of investment property".
- Note G – Investment Property.
- Note O – Financial Risk Management, sections "Fair value measurement" and "Valuation method, standards, and principles".

KPMG

COMPLETENESS, EXISTENCE AND ACCURACY OF DEFERRED TAX ASSETS AND LIABILITIES

Key Audit Matter

As at 31 December 2023, deferred tax assets and liabilities amounted to:

- Deferred tax liability: USD 63’021’178

Deferred taxes arise due to temporary differences between the values in the tax accounts and the consolidated balance sheet. The calculation of deferred taxes takes into account the expected point in time when, and the manner in which, the assets and liabilities are expected to be realized or settled. The applied tax rates correspond to those that are enacted or substantively enacted at the balance sheet date. Deferred taxes primarily result from valuation differences between the fair values of investment properties and their values for tax purposes.

In the calculation of the deferred taxes, assumptions and estimates must be made with regards to the fiscally relevant investment costs and the fair values of the properties as well as the tax rates applicable at the time the tax differences are realized.

In assessing the deferred tax assets, management considers the extent to which it is probable that sufficient taxable profit will be available to allow the benefit of part or all of those deferred tax assets. The ultimate realization of deferred tax assets relating to temporary differences is dependent upon the generation of future taxable profit during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Our response

In the course of our audit, we critically assessed the calculation of deferred taxes on investment properties with the support of our tax specialists.

Based on the overall portfolio, we performed, amongst others, the following audit procedures:

- Evaluating the calculation method used to determine deferred tax assets and liabilities.
- Critically assessing the reasonableness of the income tax rates used.

For a sample identified based on quantitative and qualitative factors, we performed, amongst others, the following audit procedures:

- Test the mathematical accuracy of the amounts used in the calculation and agree the calculated amounts to the recorded general ledger balances and reconcile the significant permanent differences to underlying support.
- Agree individual temporary differences and the total of the temporary differences included on the current provision schedule to the corresponding gross change in temporary differences presented on the deferred tax provision schedules.
- Assessing the reasonableness of the basis difference of investment properties, by performing testing overs book versus tax investment property difference.

For further information on deferred taxes refer to the following:

- Note M – Income taxes

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 consolidated financial statements, the stand-alone financial statements of the company, the compensation report and our auditor’s reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, ISA 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

KPMG

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee 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 or its relevant committee 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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with Art. 728a para. 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 consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG SA

Bruno Beça
Licensed Audit Expert
Auditor in Charge

Philippine Bouvard
Licensed Audit Expert

Geneva, 27 March 2024

KPMG SA, Esplanade de Pont-Rouge 6, CH-1211 Geneva

STATUTORY FINANCIAL STATEMENTS

December 31, 2023

Varia US Properties AG, Zug

BALANCE SHEET AS OF DECEMBER 31, 2023

(with comparative balance sheet as of December 31, 2022)

ASSETS	Notes	December 31, 2023 in CHF	December 31, 2022 in CHF
Cash and cash equivalents		3,036,436	2,151,642
Prepaid expenses		54,538	42,589
Prepaid expenses borrowing costs current	2.6	250,000	351,100
Accrued interests income	2.1/2.3	3,901,051	5,934,271
Short-term interest bearing loans related parties	2.3	22,033,203	170,057
Current assets		**29,275,228**	**8,649,659**
Long-term loans	2.1	108,552,442	247,024,543
Investments	2.2	173,285,114	173,285,114
Prepaid expenses borrowing costs non-current	2.6	191,780	441,780
Non-current assets		**282,029,336**	**420,751,437**
	Total assets	**311,304,564**	**429,401,096**

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	December 31, 2023 in CHF	December 31, 2022 in CHF
Trade accounts payable	2.4	70,162	117,200
Short-term interest bearing borrowing	2.6	–	50,000,000
Dividend payable	2.7	10,126,018	10,126,018
Accrued expenses	2.5	924,242	981,010
Provision for taxes		56,572	2,438,235
Current liabilities		**11,176,994**	**63,662,463**
Long-term interest bearing borrowing	2.6	50,000,000	50,000,000
Non-current liabilities		**50,000,000**	**50,000,000**
Liabilities		**61,176,994**	**113,662,463**
Share capital	2.7	**10,126,018**	**10,126,018**
General legal retained earnings	2.7	6,527,000	4,227,000
Reserves from capital contributions	2.7	191,456,643	222,847,299
Legal capital reserves		**197,983,643**	**227,074,299**
Retained earnings brought forward		44,847,660	32,544,163
Net (loss) profit for the year		–2,829,751	45,994,153
Voluntary retained earnings		**42,017,909**	**78,538,316**
Shareholders' equity		**250,127,570**	**315,738,633**
	Total liabilities and shareholders' equity	**311,304,564**	**429,401,096**

Varia US Properties AG, Zug

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2023

(with comparative profit and loss statement for the year ended December 31, 2022)

	Notes	For the year ended December 31, 2023 in CHF	For the year ended December 31, 2022 in CHF
Revenues from investments	2.2	–	29,400,000
Interest income on loans	2.1	19,719,664	25,049,598
Net income		**19,719,664**	**54,449,598**
Directors' fees and social charges	2.13	–596,452	–549,728
Directors' share plan	2.13	–103,952	–140,250
Third party rent		–11,890	–10,856
Communications, publicity and marketing		–251,778	–293,880
Travel and entertainment expenses		–71,158	–118,411
Accounting and administration expenses	2.8	–259,876	–312,090
Legal and other consulting fees	2.9	–722,108	–431,208
Audit fees		–328,802	–341,757
Insurances		–40,530	–25,357
IT costs		–21,911	–21,180
Other operating expenses		–48,308	–10,846
Direct taxes on capital		–19,694	–9,001
Operating expenses		**–2,476,459**	**–2,264,564**
Operating profit before non-operating result, financial result and income taxes		**17,243,205**	**52,185,034**
Non-operating expenses		–3,399	–
Non-operating income		–	30,372
Financial income	2.10	705,692	146,086
Financial expenses	2.10	–20,704,779	–3,874,169
Prior year income	2.11	16,475	12,919
Prior year expenses	2.12	–86,945	–76,854
(Loss) Profit before income taxes		**–2,829,751**	**48,423,388**
Income taxes		–	–2,429,235
	Net (loss) profit for the year	**–2,829,751**	**45,994,153**

Varia US Properties AG, Zug

NOTES TO THE STATUTORY FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1 PRINCIPLES

1.1 General information

Varia US Properties AG ("Varia" or "the Company") was created on September 17, 2015 and registered with the Zug Commercial register on September 28, 2015 under UID number CHE-320.748.468. The Company is a Swiss company limited by shares established under the relevant provisions of the Swiss code of obligations ("SCO"). Its address is Gubelstrasse 19, 6300 Zug, Switzerland.

As a Swiss real estate investment company, Varia's purpose is to acquire, hold and sell properties indirectly in the United States of America ("USA"). Accordingly, the Company is fully dedicated to investments in the US multifamily real estate market. Since 2015, it assembled a portfolio currently held through Varia's subsidiaries that mainly comprise low-moderate incomee and workforce multifamily housing properties. The Company and its subsidiaries pursue a long-term growth strategy aimed at offering investors risk adjusted access to the US multi-family real estate market.

On December 8, 2016, the Company proceeded to its initial public offering ("IPO") and listed its shares on the SIX Swiss Exchange in Zürich (Switzerland). Subsequently in 2017, in 2018 and in 2020 Varia US carried out additional capital increase transactions.

Varia' common shares are traded under the ticker symbol VARN.

Following the enactment on January 1, 2020 of the new Swiss Federal Act on Tax Reform and AHV Financing (“TRAF”), the Company is subject to an ordinary taxation at the federal and Zug cantonal and communal levels. Taxable profits are subject to an effective corporate income tax of approximately 12%.

1.2 General aspects

These financial statements were prepared in accordance with the Swiss accounting legislation (32nd title of the Code of Obligations). The balance sheet figures as of December 31, 2023 are compared with the figures as of December 31, 2022 when the profit and loss statement figures for the year 2023 are compared with these for the year 2022.

The Board of Directors of the Company is ultimately responsible for the policies, the valuations, and the management of the activities. In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern and accordingly to use the going concern basis of accounting.

The statutory financial statements for the year ended December 31, 2023 were approved by the Board of Directors on March 27, 2024, and are subject to the approval of the shareholders meeting on April 24, 2024. The statutory financial statements of Varia US Properties AG for the year ended December 31, 2022 were approved by the Ordinary General Meeting of Shareholders on April 25, 2023.

The financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest CHF, except when otherwise indicated.

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

1.3 Financial assets

Financial assets include loans. Loans granted in foreign currencies are translated into Swiss francs (CHF) using the exchange rate prevailing on the dates of the transactions. At the balance sheet date, the long-term loans are valued on the historical cost basis, as these loans have an equity nature.

1.4 Investments

Investments include subsidiaries. The acquisitions in foreign currencies are translated into Swiss francs (CHF) using the exchange rate prevailing on the dates of the transactions. At the balance sheet date, the investments are valued at the lower of the historical cost basis or net realisable value if permanently impaired.

1.5 Foreign currency items

The Company prepares and presents its statutory financial statements in Swiss franc (CHF) in accordance with the article 958d alinea 3 of SCO. The separate group consolidated financial statements are prepared in accordance with the International Financial Reporting Standards in US dollar (USD).

Short-term monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. For the translation of the balances in USD in CHF, the closing rate applied at the end of the year is 0.8380 (31.12.2022: 0.9232). Non-monetary assets as well as equity items are presented at historical rate.

During the year, the transactions in foreign currencies are translated at the exchange rate on the day the transaction takes place. Profit and loss statements transactions are also translated in CHF at the exchange rate on the day the transaction took 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.

1.6 Currency overlay management program

In March 2020, the Company enters into a currency overlay management program with the bank Edmond de Rothschild to mitigate the risk of currency losses in USD when the CHF is strengthening against the USD and for the impact it could have on its first long-term interest bearing bond 2019–2023 of CHF 50 million (in 2022: CHF 50 million, see Note 2.6) when converted in USD in the group consolidated financial statements.

The program uses short term foreign currency forward contracts to hedge cash flows in USD against the risk of the strengthening of the CHF based on the trend in the market. As a result, the Company is entering each quarter into multiple short-term currency transactions, which are settled on the last day of the quarter (value date). Any currency open contract at the end of the period or year is presented at fair value and accounted for in the financial statements at the closing date. Gains and losses on financial instruments are recorded in the profit and loss statement.

The overlay management program was stopped and cancelled on June 20, 2023 with the reimbursement at maturity of the bond 2019–2023 of CHF 50 millions (Note 2.6).

2 INFORMATION ON BALANCE SHEET AND PROFIT AND LOSS STATEMENT BALANCES

2.1 Long-term loans – Accrued interests income – Interest income on loans

The Company is financing partially the operations of its subsidiaries through long term loans by mean of promissory notes contracts for periods less than 5 years bearing interests at 10% per annum. At the end of the year, interests due were accounted for in accrued interests income.

During the year 2023, Varia entered into a restructuration of its long-term loans as several promissory notes issued on November 1, 2018 came to maturity on October 1, 2023 for a total amount of USD 173,223,903. To reimburse these matured long-term loans, two short-term loans previously issued in 2023 by Varia US Holdings LLC to Varia of USD 56,000,000 and USD 19,800,000 were compensated with their interests for a total amount of USD 76,878,568. The remaining amount of the promissory notes was paid with the issuance by Varia of both, a short-term loan of USD 60,000,000 and a new 5-year long-term loan of USD 36,345,304, to Varia US Holdings LLC.

On November 1, 2023, another promissory note of USD 21,460,821 with Varia US PNW came to maturity. Varia issued a new 5-year long-term loan to Varia US Holdings LLC for an amount of USD 21,460,821 (CHF 19,495,395).

These long-term loans reimbursements resulted in a currency loss of CHF 13,544,912 due to the difference between the CHF historical cost basis of the promissory notes re-paid and the proceeds in CHF at their maturity dates.

The long-term loans transactions in 2023 were:

	in USD	in CHF
Long-term loans as of January 1, 2023	**255,017,650**	**247,024,543**
Proceeds from the reimbursement of promissory notes matured on October 1, 2023	–173,223,903	–158,099,040
Exchange loss on the reimbursement of the loans matured on October 1, 2023	–	–11,968,160
New promissory note to Varia US Holdings LLC issued on October 1, 2023	36,345,304	33,171,852
Proceed from the reimbursement of the loan matured on November 1, 2023	–21,460,821	–19,495,395
Exchange loss on the reimbursement of the loan matured on November 1, 2023	–	–1,576,752
New promissory note to Varia US Holdings LLC issued on November 1, 2023	21,460,821	19,495,395
Long-term loans as of December 31, 2023	**118,139,052**	**108,552,442**

During the year 2022, no loans were entered into or repaid.

Loans to subsidiaries

Company name	**Long term loans December 31, 2023** in CHF	**Accrued interest December 31, 2023** in CHF	**Interest income for the year 2023** in CHF
Varia US Daytona LLC	–	–	379,702
Varia US Jacksonville LLC	–	–	195,775
Varia US Orlando LLC	5,742,442	262,887	711,361
Varia US Pensacola LLC	–	–	460,303
Varia US Tulsa LLC	14,701,220	670,003	1,550,932
Varia US Tallahassee LLC	–	–	417,039
Varia US Brent LLC	8,236,020	378,091	904,721
Varia US Dallas LLC	–	–	972,180
Varia US Columbia LLC	27,205,513	1,237,774	3,396,190
Varia US PNW LLC	–	–	5,599,371
Varia US Midwest LLC	–	–	1,828,244
Varia US Southwest LLC	–	–	2,240,512
Varia US Holdings LLC	52,667,247	1,063,334	1,063,334
Total	**108,552,442**	**3,612,090**	**19,719,664**

Company name	**Long term loans December 31, 2022** in CHF	**Accrued interest December 31, 2022** in CHF	**Interest income for the year 2022** in CHF
Varia US Daytona LLC	8,372,635	198,528	823,380
Varia US Jacksonville LLC	4,333,756	102,362	424,538
Varia US Orlando LLC	9,266,260	228,362	947,112
Varia US Pensacola LLC	10,285,377	240,671	998,163
Varia US Tulsa LLC	17,828,153	444,988	1,848,762
Varia US Tallahassee LLC	9,189,200	218,050	937,421
Varia US Brent LLC	10,710,969	266,542	1,105,461
Varia US Dallas LLC	21,951,030	508,308	2,439,318
Varia US Columbia LLC	44,955,965	1,099,701	4,559,644
Varia US PNW LLC	21,072,147	499,394	2,142,731
Varia US Midwest LLC	40,460,399	955,905	3,964,534
Varia US Southwest LLC	48,598,652	1,171,460	4,858,534
Total	**247,024,543**	**5,934,271**	**25,049,598**

2.2 Investments

From its creation, the Company has developed its investments' portfolio by means of the establishment of newly created investments entities. The investments are the following as at December 31, 2023:

Investments	December 31, 2023 in CHF	December 31, 2022 in CHF
Varia US Ariston AG	34,000,928	34,000,928
Varia US Holdings LLC	139,284,186	139,284,186
Total investments at acquisition costs	**173,285,114**	**173,285,114**

As of December 31, 2023, the accumulated equity value of Varia US in its investments' equities – including the result for the year then ended – amounted to USD 317,001,968 or CHF 265,650,522 at USD/CHF closing exchange rate (December 31, 2022 – USD 467.2 million or CHF 431.3 million), presenting therefore a total value in excess of CHF 51,351,446 (CHF 258.0 million) over the investments acquisition values.

On April 29, 2022, the General Annual Meeting of the Shareholders of Varia US Ariston AG decided a dividend distribution to the Company of CHF 29,400,000 that has been collected by compensation with the short-term interest bearing borrowing due by Varia US to its subsidiary (Note 2.4).

On November 30, 2022, Varia US Ariston AG proceeded to the liquidation of its direct subsidiary Ariston Opportunity Fund Ltd (Bahamas) by its absorption by its indirect subsidiary Ariston Opportunity LLC (Delaware USA).

In 2023, no dividend was distributed by either Varia US Ariston AG or Varia US Holdings LLC.

The investments directly held by Varia US or indirectly through its subsidiaires are the following:

Company (directly held)	Domicile	31.12.23 Share in capital in %	31.12.23 Voting rights in %	Incorporation date
Varia US Ariston, AG	Zug, Switzerland	100.00	100.00	10.12.19
Varia US Holdings, LLC	Delaware, USA	100.00	100.00	16.11.21

Company (indirectly held)	Domicile	31.12.23 Share in capital in %	31.12.23 Voting rights in %	Incorporation date
Directly held by Varia US Holdings LLC				
Varia US Daytona, LLC	Delaware, USA	100.00	100.00	19.11.15
Varia US Jacksonville, LLC	Delaware, USA	100.00	100.00	19.11.15
Varia US Orlando, LLC	Delaware, USA	100.00	100.00	19.11.15
Varia US Pensacola, LLC	Delaware, USA	100.00	100.00	19.11.15
Varia US Tallahassee, LLC	Delaware, USA	100.00	100.00	17.03.16
Varia US Tulsa, LLC	Delaware, USA	100.00	100.00	01.03.16
Varia US Brent LLC	Delaware, USA	100.00	100.00	17.03.16
Varia US Dallas LLC	Delaware, USA	100.00	100.00	27.10.16
Varia US Columbia LLC	Delaware, USA	100.00	100.00	28.10.16
Varia US PNW LLC	Delaware, USA	100.00	100.00	17.11.16
Varia US Midwest LLC	Delaware, USA	100.00	100.00	07.12.16
Varia US Southwest LLC	Delaware, USA	100.00	100.00	10.04.17
Directly held by Varia US Ariston AG				
Ariston Opportunity LLC	Delaware, USA	100.00	100.00	27.08.13

Company (directly held)	**Domicile**	**31.12.22 Share in capital in %**	**31.12.22 Voting rights in %**	**Incorporation date**
Varia US Ariston, AG	Zug, Switzerland	100.00	100.00	10.12.19
Varia US Holdings, LLC	Delaware, USA	100.00	100.00	16.11.21

Company (indirectly held)	**Domicile**	**31.12.22 Share in capital in %**	**31.12.22 Voting rights in %**	**Incorporation date**
Directly held by Varia US Holdings LLC				
Varia US Daytona, LLC	Delaware, USA	100.00	100.00	19.11.15
Varia US Jacksonville, LLC	Delaware, USA	100.00	100.00	19.11.15
Varia US Orlando, LLC	Delaware, USA	100.00	100.00	19.11.15
Varia US Pensacola, LLC	Delaware, USA	100.00	100.00	19.11.15
Varia US Tallahassee, LLC	Delaware, USA	100.00	100.00	17.03.16
Varia US Tulsa, LLC	Delaware, USA	100.00	100.00	01.03.16
Varia US Brent LLC	Delaware, USA	100.00	100.00	17.03.16
Varia US Dallas LLC	Delaware, USA	100.00	100.00	27.10.16
Varia US Columbia LLC	Delaware, USA	100.00	100.00	28.10.16
Varia US PNW LLC	Delaware, USA	100.00	100.00	17.11.16
Varia US Midwest LLC	Delaware, USA	100.00	100.00	07.12.16
Varia US Southwest LLC	Delaware, USA	100.00	100.00	10.04.17
Directly held by Varia US Ariston AG				
Ariston Opportunity LLC	Delaware, USA	100.00	100.00	27.08.13

Company (indirectly held)	Domicile	31.12.23 Share in capital in %	31.12.23 Voting rights in %
Indirectly held by subsidiaries of Varia US Holdings LLC			
PC Applewood, LLC	Delaware, USA	100.00	100.00
PC Avenue 8 Mesa LLC	Delaware, USA	100.00	100.00
PC Beau-Jardin LLC	Delaware, USA	100.00	100.00
PC Branchwood, LLC	Utah, USA	100.00	100.00
PC Brent Village, LLC	Delaware, USA	100.00	100.00
PC Broadview Oaks, LLC	Utah, USA	100.00	100.00
PC Crowne Lake, LLC	Delaware, USA	100.00	100.00
PC Mission Palms LLC	Delaware, USA	100.00	100.00
PC Northgate, LLC	Utah, USA	1.00	1.00
PC Nova Glen, LLC	Utah, USA	100.00	100.00
PC Nova Wood, LLC	Utah, USA	100.00	100.00
PC Oak Shade, LLC	Utah, USA	100.00	100.00
PC Pelican Pointe, LLC	Utah, USA	100.00	100.00
PC Pine Ridge Bremerton, LLC	Delaware, USA	100.00	100.00
PC Rolling Hills Louisville LLC	Delaware, USA	100.00	100.00
PC Stonewood, LLC	Utah, USA	100.00	100.00
PC The Ridge on Spring Valley, LLC	Delaware, USA	100.00	100.00
PC Wingwood, LLC	Utah, USA	100.00	100.00
PC Wood Hollow, LLC	Delaware, USA	100.00	100.00
PC Zona Village Tucson LLC	Delaware, USA	100.00	100.00
VP Tierra Pointe LLC	Delaware, USA	100.00	100.00
VP River Oaks LLC	Delaware, USA	100.00	100.00
VP Meadows LLC	Delaware, USA	100.00	100.00
Village at Mayfield LLC	Delaware, USA	100.00	100.00
VP Cordova Creek LLC	Delaware, USA	100.00	100.00
VP Brookwood LLC	Delaware, USA	100.00	100.00
VP Breckinridge I LLC	Delaware, USA	100.00	100.00
VP Breckinridge II LLC	Delaware, USA	100.00	100.00
VP Breckinridge III LLC	Delaware, USA	100.00	100.00
VP Wylde LLC	Delaware, USA	100.00	100.00
VP Echelon LLC	Delaware, USA	100.00	100.00
VP West End Fayetteville LLC	Delaware, USA	1.00	1.00
VP St. Matthews LLC	Delaware, USA	100.00	100.00
VP Lochwood LLC	Delaware, USA	100.00	100.00
VP M Club I LLC	Delaware, USA	100.00	100.00
VP M Club II LLC	Delaware, USA	100.00	100.00
VP M Club III LLC	Delaware, USA	100.00	100.00

Company (indirectly held)	Domicile	31.12.23 Share in capital in %	31.12.23 Voting rights in %
VP Retreat Northwest I LLC	Delaware, USA	100.00	100.00
VP Retreat Northwest II LLC	Delaware, USA	100.00	100.00
VP Retreat Northwest III LLC	Delaware, USA	100.00	100.00
VP Amaze NC Owner LLC	Delaware, USA	100.00	100.00
VP Ashford TX Owner LLC	Delaware, USA	100.00	100.00
VP Wild Oak MO Owner LLC	Delaware, USA	100.00	100.00
VP Highland TX Owner LLC	Delaware, USA	100.00	100.00

Company (indirectly held)	Domicile	31.12.22 Share in capital in %	31.12.22 Voting rights in %
Indirectly held by subsidiaries of Varia US Holdings LLC			
PC Applewood, LLC	Delaware, USA	100.00	100.00
PC Avenue 8 Mesa LLC	Delaware, USA	100.00	100.00
PC Beau-Jardin LLC	Delaware, USA	100.00	100.00
PC Branchwood, LLC	Utah, USA	100.00	100.00
PC Brent Village, LLC	Delaware, USA	100.00	100.00
PC Broadview Oaks, LLC	Utah, USA	100.00	100.00
PC Crowne Lake, LLC	Delaware, USA	100.00	100.00
PC Devonshire Gardens, LLC	Delaware, USA	100.00	100.00
PC Devonshire Place, LLC	Delaware, USA	100.00	100.00
PC Devonshire, LLC	Delaware, USA	100.00	100.00
PC King Crossing, LLC	Utah, USA	100.00	100.00
PC Maryland Park, LLC	Delaware, USA	100.00	100.00
PC Mission Palms LLC	Delaware, USA	100.00	100.00
PC Northgate, LLC	Utah, USA	1.00	1.00
PC Nova Glen, LLC	Utah, USA	100.00	100.00
PC Nova Wood, LLC	Utah, USA	100.00	100.00
PC Oak Shade, LLC	Utah, USA	100.00	100.00
PC Parkway Square, LLC	Delaware, USA	100.00	100.00
PC Pelican Pointe, LLC	Utah, USA	100.00	100.00
PC Pine Ridge Bremerton, LLC	Delaware, USA	100.00	100.00
PC Rolling Hills Louisville LLC	Delaware, USA	100.00	100.00
PC Stonewood, LLC	Utah, USA	100.00	100.00
PC Tally Square, LLC	Delaware, USA	100.00	100.00
PC The Ridge on Spring Valley, LLC	Delaware, USA	100.00	100.00
PC Wingwood, LLC	Utah, USA	100.00	100.00
PC Wood Hollow, LLC	Delaware, USA	100.00	100.00
PC Zona Village Tucson LLC	Delaware, USA	100.00	100.00
VP Tierra Pointe LLC	Delaware, USA	100.00	100.00
VP River Oaks LLC	Delaware, USA	100.00	100.00
VP Meadows LLC	Delaware, USA	100.00	100.00
VP Woodridge LLC	Delaware, USA	100.00	100.00
Village at Mayfield LLC	Delaware, USA	100.00	100.00
VP Cordova Creek LLC	Delaware, USA	100.00	100.00
VP 860 East LLC	Delaware, USA	100.00	100.00
VP Brookwood LLC	Delaware, USA	100.00	100.00
VP Lynnfield Place LLC	Delaware, USA	100.00	100.00
VP Breckinridge I LLC	Delaware, USA	100.00	100.00
VP Breckinridge II LLC	Delaware, USA	100.00	100.00
VP Breckinridge III LLC	Delaware, USA	100.00	100.00

Company (indirectly held)	Domicile	31.12.22 Share in capital in %	31.12.22 Voting rights in %
VP Harrison Point LLC	Delaware, USA	100.00	100.00
VP Wylde LLC	Delaware, USA	100.00	100.00
VP Echelon LLC	Delaware, USA	100.00	100.00
VP West End Fayetteville LLC	Delaware, USA	1.00	1.00
VP Aura LLC	Delaware, USA	100.00	100.00
VP St. Matthews LLC	Delaware, USA	100.00	100.00
VP Lochwood LLC	Delaware, USA	100.00	100.00
VP M Club I LLC	Delaware, USA	100.00	100.00
VP M Club II LLC	Delaware, USA	100.00	100.00
VP M Club III LLC	Delaware, USA	100.00	100.00
VP Retreat Northwest I LLC	Delaware, USA	100.00	100.00
VP Retreat Northwest II LLC	Delaware, USA	100.00	100.00
VP Retreat Northwest III LLC	Delaware, USA	100.00	100.00
VP Amaze NC Owner LLC	Delaware, USA	100.00	100.00
VP Ashford TX Owner LLC	Delaware, USA	100.00	100.00
VP Wild Oak MO Owner LLC	Delaware, USA	100.00	100.00
VP Highland TX Owner LLC	Delaware, USA	100.00	100.00

Company (indirectly held)	Domicile	31.12.23 Share in capital in %	31.12.23 Voting rights in %
Indirectly held by Ariston Opportunity LLC			
PC Northgate, LLC	Utah, USA	99.00	99.00
PC Shawnee Station, LLC	Utah, USA	100.00	100.00
PC Willows, LLC	Utah, USA	100.00	100.00
VP Bellevue Hills, LLC	Delaware, USA	100.00	100.00
VP JRG Lofts KY Owner LLC	Delaware, USA	100.00	100.00
VP West End Fayetteville, LLC	Delaware, USA	99.00	99.00

Company (indirectly held)	Domicile	31.12.22 Share in capital in %	31.12.22 Voting rights in %
Indirectly held by Ariston Opportunity LLC			
PC Northgate, LLC	Utah, USA	99.00	99.00
PC Shawnee Station, LLC	Utah, USA	100.00	100.00
PC Tuscany Bay, LLC	Utah, USA	100.00	100.00
PC Willows, LLC	Utah, USA	100.00	100.00
VP Bellevue Hills, LLC	Delaware, USA	100.00	100.00
VP JRG Lofts KY Owner LLC	Delaware, USA	100.00	100.00
VP West End Fayetteville, LLC	Delaware, USA	99.00	99.00

2.3 Short-term interest bearing loans related parties

Varia US is entering from time to time into short-term borrowing contracts with its subsidiaries to finance capital for the acquisitions of real estate properties or other short-term cash needs. These loans are generally granted for a 12-month period.

At year-end 2023, the loans were the followings:

Company name	Short term loans 31.12.23 in USD	Short term loans 31.12.23 in CHF	Accrued receivable interest 31.12.23 in CHF
Short-term interest bearing loans			
Varia US Holdings LLC	26,089,392	21,863,146	288,961
Short-term current account with subsidiaries			**Accumulated net accrued payable interest 31.12.23** in CHF
Varia US Ariston AG	202,929	170,057	–45,928
Total	**26,292,321**	**22,033,203**	

On October 1, 2023, Varia entered into a short-term loan agreement with Varia US Holdings LLC for a amount of USD 60,000,000 at 4.43% interest rate and a 48-month repayment date, with early repayment permitted at any time without penalties. This loan was part of the refinancing of the long-term loans reimbursed at their maturity date (Note 2.1). On October 16, 2023, the loan was partly reimbursed by Varia US Holding LLC with a payment of USD 33,910,608. Accordingly the short-term loan at year-end 2023 amounted to USD 26,089,392 or CHF 21,863,146.

As at December 31, 2023 and 2022, the short-term current receivable balance due by Varia US Ariston AG was unchanged with a balance of CHF 170,057.

2.4 Trade accounts payable

	31.12.23 in CHF	31.12.22 in CHF
EDR currency overlay management fees	–	20,188
Accounting and tax fees	19,518	18,135
Professional fees	–	69,419
Board members travel expenses	50,644	–
Other expenses	–	9,458
Total	**70,162**	**117,200**

2.5 Accrued expenses

	31.12.23 in CHF	31.12.22 in CHF
Audit fees	319,868	319,869
Accounting fees	30,145	87,180
Legal and other consulting fees	25,517	18,850
Directors' fees and social charges	9,218	6,418
VAT on acquisition of services abroad	75,065	21,719
Accrued interests on bonds	330,822	418,840
Accrued interests due to related parties	45,928	–
Other expenses	87,679	108,134
Total	**924,242**	**981,010**

2.6 Interest-bearing liabilities | Prepaid expenses borrowing costs

Bond 3% 2019 – 2023 CHF 50,000,000

	31.12.22 in CHF	Additions in CHF	Reimbursement in CHF	31.12.23 in CHF
Short-term				
Bond 3% 2019 – 2023 valor 47974437	50,000,000	–	–50,000,000	–
Long-term				
Bond 2.875% 2021 – 2025 valor 55369581	50,000,000	–	–	50,000,000
Total	**100,000,000**	**–**	**–50,000,000**	**50,000,000**

Based on the resolution of its Board of Directors on June 14, 2019, the Company issued and publicly offered on June 18, 2019 in Switzerland an initial aggregate principal amount of CHF 50,000,000 of 3% unsecured bond due 2023 divided into 10,000 bonds with denomination of CHF 5,000 and integral multiples thereof. The admission of the bonds for trading became effective on the closing date on June 20, 2019. The bonds was listed at the SIX Swiss Exchange under the valor 47974437 and had been fully subscribed by Bank Vontobel AG, as lead manager and principal paying agent, at a price of 100%.

The bonds beared interest from (but excluding) June 20, 2019 until June 23, 2023 at a rate of 3.0% of their principal amount per annum, payable semi-annually in arrear on December 20 and June 20 of each year.

The costs for the issuance and the listing of the bond borrowing 2019 – 2023 amounted to CHF 850,000. They were recognized as prepaid expenses borrowing costs in the balance sheet and expensed on a straight-line basis over the 4 year duration of the bonds within the financial expenses along with the bonds interests.

These costs comprised the commission of CHF 500,000 for the underwriting, management and selling commission and CHF 100,000 of out-of-pocket and other expenses paid to the Bank Vontobel as well as CHF 250,000 of Stoneweg Asset Management SA placement fees.

The bond 2019 – 2023 of CHF 50,000,000 has been fully repaid at its maturity date on June 20, 2023. Accordingly, the residual balance of the costs for issuance that were recognized in the Prepaid expenses borrowing costs were fully expensed as disclosed below.

Bond 2.875% 2021 – 2025 CHF 50,000,000
Based on the resolution of its Board of Directors on September 14, 2021, the Company issued and publicly offered on October 5, 2021 in Switzerland an aggregate principal amount of CHF 50,000,000 of 2.875% unsecured bonds due in 2025 divided into 10,000 bonds with denominations of CHF 5,000 and integral multiples thereof. The admission of the bonds for trading became effective on the closing date on October 7, 2021. The bonds are listed at the SIX Swiss Exchange under the valor 55369581 and have been fully subscribed by Bank Vontobel AG, as lead manager and principal paying agent, at a price of 100%.

The bonds bear interest from (but excluding) October 7, 2021 until October 7, 2025 at a rate of 2.875% of their principal amount per annum, payable semi-annually in arrear on April 7 and October 7 of each year.

Varia has the right to reopen and increase the aggregate principal amount at any time and without prior consultation of or permission of the holders of the bonds through the issuance of further bonds which will be fungible with the actual bonds.

Varia or any subsidiary may, either directly or indirectly, at any time purchase bonds at any price in the open market or otherwise. These bonds may be held, resold or, at the option of Varia, surrendered to the principal paying agent for cancellation. All bonds which are redeemed or surrendered to Bank Vontobel shall be immediately cancelled and cannot be reissued or resold.

A redemption could occur also at the option of the bonds' holders upon a change of control and in accordance with the terms and conditions of the prospectus.

The management of Varia expects to redeem all outstanding bonds at par at maturity on October 7, 2025 in accordance with the terms and conditions of the prospectus. Nevertheless, Varia has the option to redeem the bonds at any time between the issue and maturity dates, in whole, but not in part only, at par, if 85% or more of the aggregate principal amount have been redeemed or purchased and cancelled at the time of the notice period (not less than 30 nor more than 60 days prior notice of the principal paying agent).

The costs for the issuance and the listing of the bond borrowing 2021–2025 amounted to CHF 1,000,000. They are recognized as prepaid expenses borrowing costs in the balance sheet and expensed on a straight-line basis over the 4 year duration of the bonds within the financial expenses along with the bonds interests.

These costs comprised the commission of CHF 430,000 for the underwriting, management and selling commission, a cosmofunding platform fee of CHF 20,000 and CHF 50,000 of out-of-pocket and other expenses paid to the Bank Vontobel as well as CHF 500,000 of Stoneweg Asset Management SA issue fees.

Prepaid expenses borrowing costs

At December 31, 2023, the Prepaid expenses borrowing costs are presented in the balance sheet as follows:

Bond 3% 2019 – 2023	**31.12.23** in CHF	**31.12.22** in CHF
Bond borrowing issuance costs	850,000	850,000
Accumulated costs expensed	–850,000	–748,900
	–	**101,100**
Bond 2.875% 2021 – 2025		
Bond borrowing issuance costs	1,000,000	1,000,000
Accumulated costs expensed	–558,220	–308,220
	441,780	691,780
Total	**441,780**	**792,880**

Current	250,000	351,100
Non-current	191,780	441,780
	441,780	**792,880**

2.7 Share capital | Reserves from capital contributions | General legal retained earnings

The share capital at December 31, 2023 was divided in 10,126,018 (December 31, 2022 – 10,126,018) ordinary registered shares of a par value of CHF 1.00 each, fully paid.

	Number of shares	Share capital in CHF	Reserves from capital contributions in CHF	General legal Retained earnings in CHF
Balance as of December 31, 2021	**10,126,018**	**10,126,018**	**239,048,928**	**2,559,000**
Allocation to the general legal reserve on April 29, 2022	–	–		1,668,000
Dividend distribution of CHF 0.60 per share from the reserve from capital contributions paid on May 11, 2022	–	–	–6,075,611	
Additional cash dividend, out of the capital contribution reserve to be paid in quarterly installments on August 10, 2022, November 10, 2022, February 10, 2023 and on May 10, 2023.	–	–	–10,126,018	–
Balance as of December 31, 2022	**10,126,018**	**10,126,018**	**222,847,299**	**4,227,000**
Allocation to the general legal reserve on April 25, 2023	–	–	–	2,300,000
Dividend distribution of CHF 0.60 per share from the reserve from capital contributions paid on May 10, 2023	–	–	–6,075,611	–
Additional cash dividend, out of the capital contribution reserves to be paid in quarterly installments on August 9, 2023, November 9, 2023, February 9, 2024 and on May 9, 2024.	–	–	–10,126,018	–
Extraordinary cash dividend, out of the capital contribution reserves paid on November 9, 2023	–	–	–15,189,027	–
Balance as of December 31, 2023	**10,126,018**	**10,126,018**	**191,456,643**	**6,527,000**

On April 29, 2021, the general meeting approved to extend the authorization to increase the share capital and to increase the amount of authorised capital. Accordingly, the board of directors was authorised to increase the share capital at any time until April 29, 2023 by a maximum amount of CHF 2,500,000 by issuance of a maximum of 2,500,000 registered shares, of a par value of CHF 1.00 each, to be fully paid. The board did not use this capital increase authorisation.

On April 29, 2022, the general meeting of the shareholders approved the appropriation of the available earnings at December 2021, comprising the allocation to the general legal reserve of CHF 1,668,000 and, the payments, out of the reserve from capital contribution of a first dividend of CHF 0.60 per shares of CHF 6,075,611 and of an additional dividend of CHF 10,126,018, and out of the retained earnings of respectively CHF 6,075,611 and CHF 10,126,018. This additional dividend was payable in four quarterly installments on or about August 10, 2022, November 10, 2022, February 10, 2023 and May 10, 2023.

On April 25, 2023, the general meeting of the shareholders approved the appropriation of the available earnings at December 2022, comprising the allocation to the general legal reserve of CHF 2,300,000 and, the payments out of the reserve from capital contribution of a first dividend of CHF 0.60 per shares of CHF 6,075,611 and of an additional dividend of CHF 10,126,018, and out of the retained earnings of respectively CHF 6,075,611 and CHF 10,126,018. This additional dividend is payable in four quarterly installments on or about August 9, 2023, November 9, 2023, February 9, 2024 and May 9, 2024.

On November 3, 2023, an extraordinary general meeting of the shareholders approved the payment of an additional dividend distribution from the capital contribution reserves of CHF 15,189,027 and from the voluntary retained earnings of CHF 15,189,027 for a total amount of CHF 30,378,054 or CHF 3 per share paid in full on November 9, 2023.

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

Major shareholders

The following tables indicate Varia's major shareholders holding shares and voting rights of 3% and more as of December 31, 2023 and 2022 (number of shares according to the public disclosures of shareholdings at SIX: Swiss Exchange voting rights) and in aggregate the other shareholders:

As at December 31, 2023:

Shareholders	Investor type	Number of shares	Partici-pation in %
Varia SPC – Inv. Opportunities SP	Fund	4,089,226	40.38
Philae Fund – MB Prime	Fund	706,572	6.98
Other shareholders with a participation below 3% individually	Banks, funds, pension funds, foundation and companies	5,330,220	52.64
Total		**10,126,018**	**100.00**

The fund Varia SPC is representing approximately 35 different investors (December 31, 2022 – 35 investors) ultimately holding the fund directly or indirectly. In Varia SPC, none of the shareholders represents more than 3% of the issued shares.

As at December 31, 2022:

Shareholders	Investor type	Number of shares	Partici-pation in %
Varia SPC – Inv. Opportunities SP	Fund	4,084,581	40.34
Philae Fund – MB Prime	Fund	716,863	7.08
Other shareholders with a participation below 3% individually	Banks, funds, pension funds, foundation and companies	5,324,574	52.58
Total		**10,126,018**	**100.00**

2.8 Accounting and administration expenses

	2023 in CHF	2022 in CHF
Accounting and tax compliance consultants fees	169,452	178,478
Banks custody and Market Making fees	6,516	72,204
Advisory services fees for US investments reorganisation	–	23,424
Corporate Sustainability Strategies GRESB advisory fees	39,752	–
Other administrative charges	44,156	37,984
Total	**259,876**	**312,090**

2.9 Legal and other consulting fees

	2023 in CHF	2022 in CHF
Baker & McKenzie legal and advisory fees	137,729	283,287
Mazars SA tax and consulting fees	20,966	9,520
Green Initiative (ESG)	–	65,650
Evercore Group LLC sustainability advisory fees	467,804	–
Other legal and consulting fees	95,609	72,751
Total	**722,108**	**431,208**

2.10 Financial result

Financial income	2023 in CHF	2022 in CHF
Interests income	106,929	–
Short-term loans interests income related parties	289,386	–
Foreign currency exchange gains	309,377	146,086
Total	**705,692**	**146,086**

Financial expenses	2023 in CHF	2022 in CHF
Short-term borrowing interests related parties	984,421	50,162
Other interests	–	3,059
Bonds borrowing interests and issuance costs	2,501,933	3,400,562
Bank fees	9,174	11,840
Bank charges on overlay program	40,377	80,753
Foreign currency exchange losses	17,168,874	327,793
Total	**20,704,779**	**3,874,169**

The currency overlay management program Varia US entered into with the bank Edmond de Rothschild from March 2020 generated in 2023 a negative result of CHF 149,064 (2022 – net positive result of CHF 96,658) in the foreign currency exchange gains and losses when the related program management fees amounting to CHF 40,377 (2022 – CHF 80,753) were presented separately in the bank charges of the currency overlay management program.

The overlay management program was stopped and cancelled on June 20, 2023 with the reimbursement at maturity of the bond 2019-2023 of CHF 50 millions (Note 2.6).

The foreign currency exchange loss of CHF 17,186,874 includes the loss of CHF 13,544,912 related to the reimbursement of the long-term loans described in Note 2.1.

2.11 Previous year income

	2023 in CHF	2022 in CHF
Previous years final taxations	–	12,919
Previous year other income	16,475	–
Total	**16,475**	**12,919**

2.12 Previous year expenses

	2023 in CHF	2022 in CHF
Prior year final taxations	36,878	46,429
Prior year expenses related to capital increase	35,186	–
Prior year other expenses	14,881	30,425
Total	**86,945**	**76,854**

2.13 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 and its subsidiaires include:

- Board of Directors of Varia US Properties AG
- Stoneweg SA, Geneva (Switzerland) and its subsidiaries
- Stoneweg US LLC (USA)

Board of Directors

The Board of Directors is considered key management. In the year under consideration, expense in the amount of CHF 700,404 was paid or accrued as of December 31, 2023 (2022 – CHF 689,978), including CHF 103,952 (2022 – 140,250) related to the Directors' share plan.

In June 2019, the Company established a Board member share plan that entitles Board members to purchase on a voluntary basis Varia US's shares at a discount subject to certain selling restrictions and within the limits decided by the Board. The chairperson is authorised to purchase up to 1,000 shares when the other members are limited to 750 shares, in each case per year between one annual general meeting to the next year meeting.

On June 1, 2022, Board members subscribed a total of 5,500 shares at a price of CHF 51.00 each, that were purchased in the market by Varia US and sold to the members at a 50% discounted price of CHF 25.50 for a total cost of CHF 140,250 for the Company.

On June 1, 2023, Board members subscribed a total of 5,500 shares at a price of CHF 36.80 each, that were purchased in June and July 2023 in the market by Varia US and sold to the members at a 50% discounted price of CHF 18.40 for a total cost of CHF 101,200 for the Company (plus the related social charges of CHF 2,752).

These shares are subject to a restriction period of 4 years during which they can not be sold, transferred, given, assigned, or otherwise divested.

No other compensation to the Board members for their role or for additional work, except for the Board members paid by Stoneweg Asset Management SA that are involved in the asset management duties of the Company. In particular, no performance related compensation and no compensation in shares or other stocks were allocated to Board members aside of the Board member share plan. No loans or credit facilities were granted to any member of the Board or related parties during the period and there were no such receivable outstanding as at December 31, 2023.

Transactions of Varia US with Stoneweg SA, Stoneweg US, LLC and their subsidiaries and Real Estate Investment Solutions AG

Varia US Properties AG entered into an Asset Management Agreement with Stoneweg SA and Stoneweg US, LLC (Stoneweg) and their subsidiaries to manage the investments and the administration activities of the Company.

For the years ended on December 31, 2023 and 2022, Stoneweg Asset Management SA has not charged any fees to the Company.

Transactions of Varia US subsidiaries with Stoneweg SA and Stoneweg US, LLC

Stoneweg remuneration fees for the services provided to Varia subsidiaries and underlying investments during the reporting period are disclosed in note N to Varia US Properties AG consolidated financial statements for the year ended December 31, 2023.

Shareholding rights of Board of Directors members
The following Board Members owned directly or indirectly shares of the Company as of December 31, 2023 as follows:

Name	Function	31.12.23 Shares	31.12.22 Shares
Manuel Leuthold	Non-executive member, Chairman of the Board of Directors	8,500	7,500
Jaume Sabater Martos	Executive member, Vice-Chairman of the Board of Directors	11,525	9,500
Patrick Richard	Executive member, Delegate of the Board of Directors	50,000	50,000
Taner Alicehic	Non-executive member, Member of the Audit and Risk Committee	26,483	25,508
Grégoire Baudin	Non-executive member	47,341	46,591
Stefan Buser	Non-executive member, Chairman of the Compensation Committee, Member of the Audit and Risk Committee	6,312	5,562
Dany Roizman	Non-executive member	36,420	35,290
Beat Schwab	Non-executive member, Chairman of the Audit and Risk Committee, Member of the Compensation Committee	6,066	5,316

3 OTHER INFORMATION

3.1 Declaration on the number of full-time positions on annual average
Varia US Properties AG has no employees at December 31, 2023 and has never employed any staff.

3.2 Contingent liabilities and tax uncertainties
As of December 31, 2016, the Company had signed a tenancy agreement for the Company office in Zug which started on January 1, 2017 and requires monthly rental payments of CHF 920. This rent can be terminated with a six month notice at the end of each quarter.

The Company has no other contingencies and no other off-balance sheet transactions as of December 31, 2023 (2022 – nil) that would be required to be disclosed.

The operations of the Company may be affected by other legislative, fiscal and regulatory developments for which provisions would be made when and where deemed necessary.

3.3 Significant events occurring after the balance sheet date
The Board of Directors has evaluated the other events subsequent to the financial statements as of December 31, 2023 and through March 27, 2024, which was the date the financial statements were available to be issued. There were no other subsequent events which would require adjustment to or disclosure in the accompanying financial statements.

Varia US Properties AG, Zug

PROPOSITION OF APPROPRIATION OF THE AVAILABLE EARNINGS

Voluntary retained earnings at December 31, 2022	in CHF
Retained earnings as at December 31, 2022	78,538,316
Decisions of the general shareholders meeting on April 25, 2023 (Note 2.7):	
Allocation to the general legal retained earning	–2,300,000
Dividend distribution of CHF 0.60 per share paid on May 10, 2023	–6,075,611
Cash dividend payable in quarterly installments on August 9, 2023, November 9, 2023, February 9, 2024 and on May 9, 2024	–10,126,018
Retained earnings carried forward on April 25, 2023 general meeting	**60,036,687**
Decisions of the extraordinay shareholders meeting on November 3, 2023 (Note 2.7): Extraordinary cash dividend distribution paid on November 9, 2023	–15,189,027
Retained earnings carried forward	**44,847,660**
Net loss for the year ended December 31, 2023	–2,829,751
Available earnings	**42,017,909**

The Board of Directors of Varia US Properties AG proposes to the annual general meeting the following appropriation of the accumulated profits:

Proposition of appropriation	in CHF
Cash dividend distribution, out of the retained earnings, payable in quarterly installments on August 7, 2024, November 7, 2024, February 7, 2025, and May 7, 2025	10,126,018
Balance to be carried forward	31,891,891
Total	**42,017,909**

Proposition of distribution of reserves from capital contributions	in CHF
Reserve from capital contributions as of December 31, 2022	**222,847,299**
Dividend distribution of CHF 0.60 per share from the reserve from capital contributions paid on May 10, 2023	–6,075,611
Cash dividend, out of the capital contribution reserve payable in quarterly installments on August 9, 2023, November 9, 2023, February 9, 2024 and on May 9, 2024	–10,126,018
Reserve from capital contributions carried forward on April 25, 2023 general meeting	**206,645,670**
Decisions of the extraordinay shareholders meeting on November 3, 2023 (Note 2.7): Extraordinary cash dividend distribution paid on November 9, 2023	–15,189,027
Reserve from capital contributions as of December 31, 2023	**191,456,643**

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

Proposition of appropriation	in CHF
Cash dividend distribution, out of the capital contribution reserve, payable in quarterly installments on August 7, 2024, November 7, 2024, February 7, 2025, and May 7, 2025	10,126,018
Balance to be carried forward	181,330,625
Total	**191,456,643**

STATUTORY AUDITOR'S REPORT
TO THE GENERAL MEETING OF VARIA US PROPERTIES AG, ZUG
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

KPMG

Statutory Auditor's Report

To the General Meeting of Varia US Properties AG, Zug

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Varia US Properties AG (the Company), which comprise the balance sheet as at 31 December 2023, and the profit and loss statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 125 to 145) 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, together with 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.

Key Audit Matters

VALUATION OF INVESTMENTS

Key audit matters are those matters that, in our professional judgment, 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.

KPMG

VALUATION OF INVESTMENTS

Key Audit Matter

Varia US Properties AG developed its investment portfolio by means of the establishment of investments entities and the acquisition of shares of the Ariston Opportunity Fund Ltd (“investments”). During the 2022 reporting year the Company proceeded to the liquidation of its indirect subsidiary Ariston Opportunity Fund Ltd by its absorption by its indirect subsidiary Ariston Opportunity LLC.

At the balance sheet date, these investments amount to CHF 173.3 million CHF. The investments are valued at the lower of the historical cost and the recoverable amount. Management undertakes an annual impairment assessment to compare the book values to their recoverable amount. That recoverable amount is determined by the net assets of each investment.

Our response

As part of our audit, we challenged management’s assessment of investments and the valuation methodology used.

Our procedures included the following:

- We reperformed impairment tests on the basis of the net assets according to audited financial information of investments.
- If the recoverable amount of an investment was less than the carrying amount, we tested that a corresponding impairment loss was recognized.

For further information on the valuation of investments refer to the following:

- Note 2.2 “Investments”

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 consolidated financial statements, the stand-alone financial statements of the Company, the compensation 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.

KPMG

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.

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

- Identify and assess the risks of material misstatement of the financial statements, 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.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee 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 or its relevant committee 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.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

We further confirm that the proposed appropriation of available earnings and the proposed appropriation of capital contributions comply with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG SA

Bruno Beça
Licensed Audit Expert
Auditor in Charge

Philippine Bouvard
Licensed Audit Expert

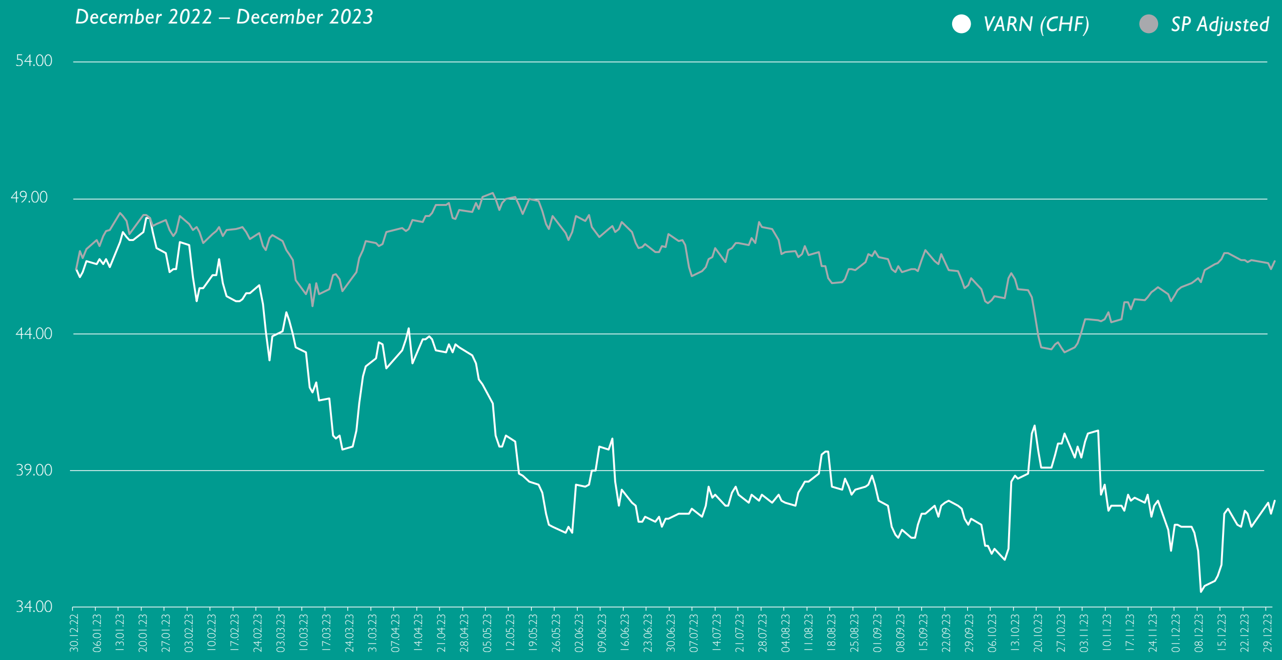
Geneva, 27 March 2024

KPMG SA, Esplanade de Pont-Rouge 6, CH-1211 Geneva

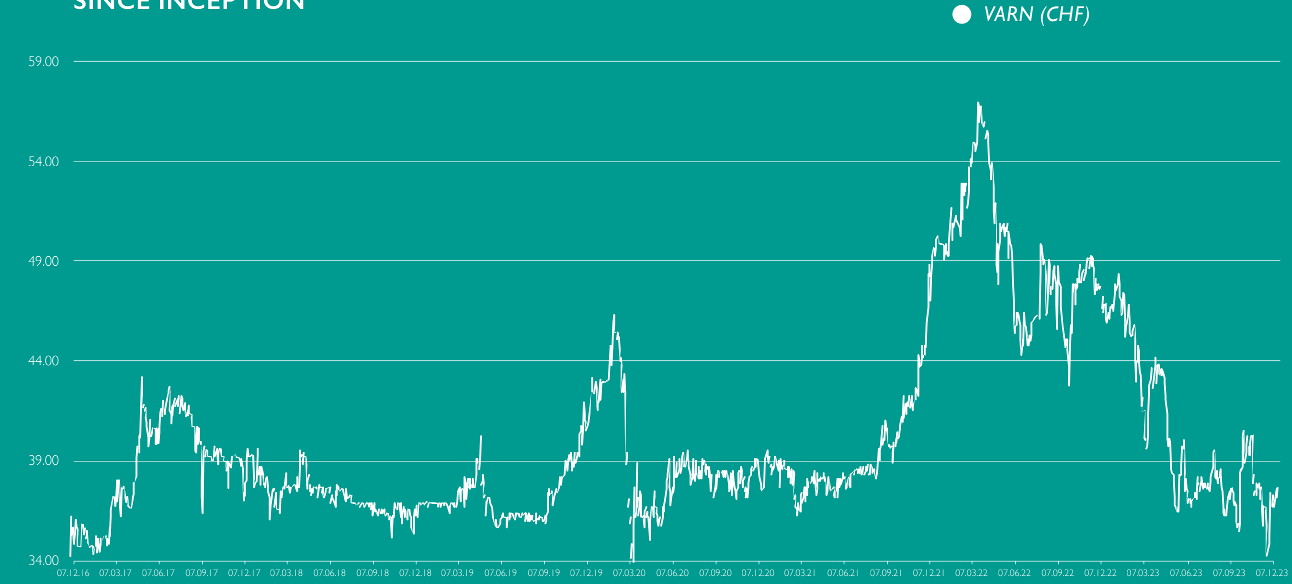
SHARE INFORMATON

SHARE PRICE

December 2022 – December 2023



SINCE INCEPTION



VARIA STOCK AND CAPITAL STRUCTURE

	2023
Listing	SIX Swiss Exchange (standard for Real Estate Companies)
Ticker symbol	VARN
Swiss security number	30 528 529
ISIN	CH 030 528 529 5
Nominal value per share (CHF)	CHF 1.00 per registered share
Total registered shares	10,126,018
Registered share capital	10,126,018
Conditional share capital	–
Total voting rights	**10,126,018**

KEY STOCK EXCHANGE FIGURES PER SHARE

	2023
Share price high	CHF 48.60
Share price low	CHF 34.50
Closing rate	CHF 38.00
Average volume per trading day (number of shares)	2,818
Market capitalization per December 31	CHF 384,788,684

Varia US Properties shares are listed on the Swiss Stock Exchange (SIX) since December 8, 2016. The shares have been issued at the offer price of CHF 35.00 per share. The all-time high in the reporting year was CHF 48.60. At the end of 2023, share price was at CHF 38.00. On December 31, 2023, market capitalization was CHF 384,788,684.

KEY FIGURES PER SHARE

	2023
Earnings per share – basic	USD (13.73)
Earnings per share – diluted	USD (13.73)
Operational cash flow per share	USD 3.76
Free cash flow per share	USD 0.12
Equity per share attributable to Varia	USD 39.23
Distribution per share	CHF 5.00

SHAREHOLDER STRUCTURE

As of December 31, 2023, there were 914 shareholders entered in the share register. 27.54% of registered shareholders were domiciled in Switzerland, 72.46% outside Switzerland. The following shareholders held 3% or more of the outstanding share capital of Varia US Properties at year-end:

Name	31.12.2023
Varia SPC – Inv. Opportunities SP	40.4%
Philae Fund – MB Prime	7.0%

CONTACT

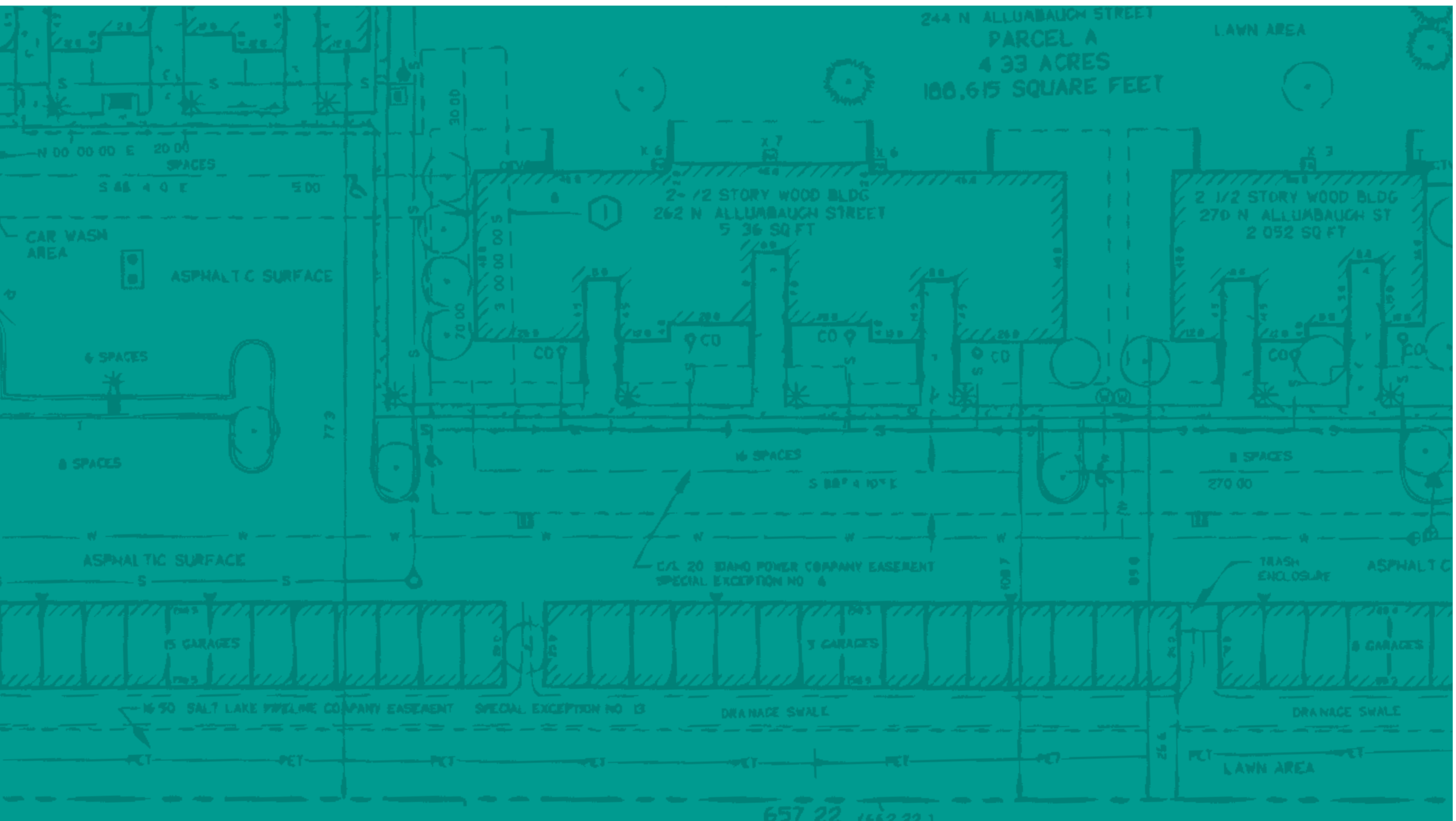
Contact for Investors

Juerg Staehelin
c/o IRF Reputation AG
Raemistrasse 4
P.O. Box
CH–8024 Zurich
Phone +41 43 244 81 51
investors@variausproperties.com

IMPRINT
VARIA US PROPERTIES AG

CONCEPT
IRF REPUTATION AG, ZURICH

DESIGN AND TYPESETTING
M3 GMBH, WETZIKON



VARIA US PROPERTIES AG
Gubelstrasse 19
6300 Zug
Switzerland
Phone CH +41 (0)22 552 40 30
Phone US +1 727 339 6630
info@variausproperties.com
variausproperties.com

MANAGED BY STONEWEG SW