



# **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/>.

## I. GROUP STRUCTURE AND SHAREHOLDERS

### I.1. Group structure

Varia US Properties AG is a Swiss listed real estate company according to Article 77 of the Listing Rules (ISIN CH 030 528 529 5, SSN 30 528 529). The Company's market capitalization as of December 31, 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:

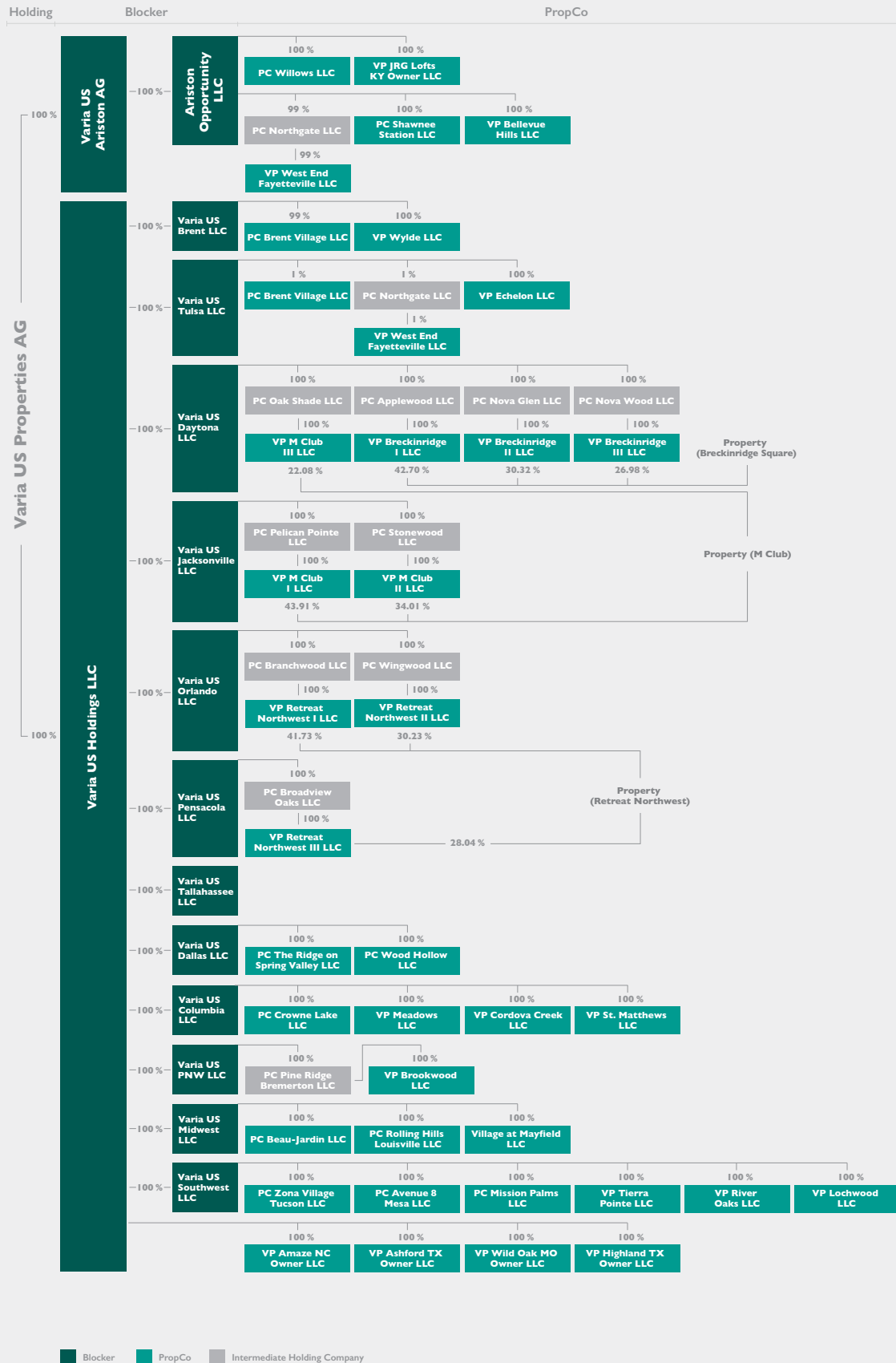
- 100% of shares of Varia US Ariston AG that owns 100% of the membership of Ariston Opportunity LLC, a Delaware entity,
- 100% of Varia US Holdings LLC that owns 100% of the units of twelve limited liability companies called blockers.

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.



### 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	1 <sup>st</sup> capital increase (initial part)
18.01.2016	1,914,610	3,097,074	1.00	1 <sup>st</sup> capital increase (second part)
07.12.2016	3,097,074	6,194,148	1.00	2 <sup>nd</sup> capital increase (IPO initial part)
10.01.2017	464,562	6,658,710	1.00	2 <sup>nd</sup> capital increase (greenshoe option)
13.10.2017	542,105	7,200,815	1.00	3 <sup>rd</sup> capital increase
11.01.2018	1,800,203	9,001,018	1.00	4 <sup>th</sup> capital increase
01.12.2020	1,125,000	10,126,018	1.00	5 <sup>th</sup> 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 30<sup>th</sup> 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
<b>Total</b>	<b>17,229,549</b>	

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 affiliates 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 31<sup>st</sup> until the release of the Annual Report, (ii) March 31<sup>st</sup> until the release of the quarterly report, (iii) July 1<sup>st</sup> until the release of the Half-Year Report and (iv) September 30<sup>th</sup> 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, provid-

ed 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 Di-

rectors 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 legal entity or a partnership. The independence of the Independent Proxy shall be construed in accordance with Article 728 CO. The term of the Independent Proxy shall end with the closing of the next ordinary General Meeting of Shareholders following the General Meeting of Shareholders that elected the Independent Proxy. Reelection is permissible. The Independent Proxy shall exercise his, her or its responsibilities in accordance with the provisions of the law. The Board of Directors shall ensure that the shareholders have the opportunity to give instructions to the Independent Proxy with respect to each agenda point mentioned in the notice

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

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

### b) Organization of the General Meeting 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 20<sup>th</sup>, 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/](https://variausproperties.com/investors/corporate-calendar/) and the website of the SIX, [www.six-swiss-exchange.com](https://www.six-swiss-exchange.com).

Interested persons can register to receive regular news from the Company under [www.variausproperties.com/investors/investors-info-subscription/](https://www.variausproperties.com/investors/investors-info-subscription/)