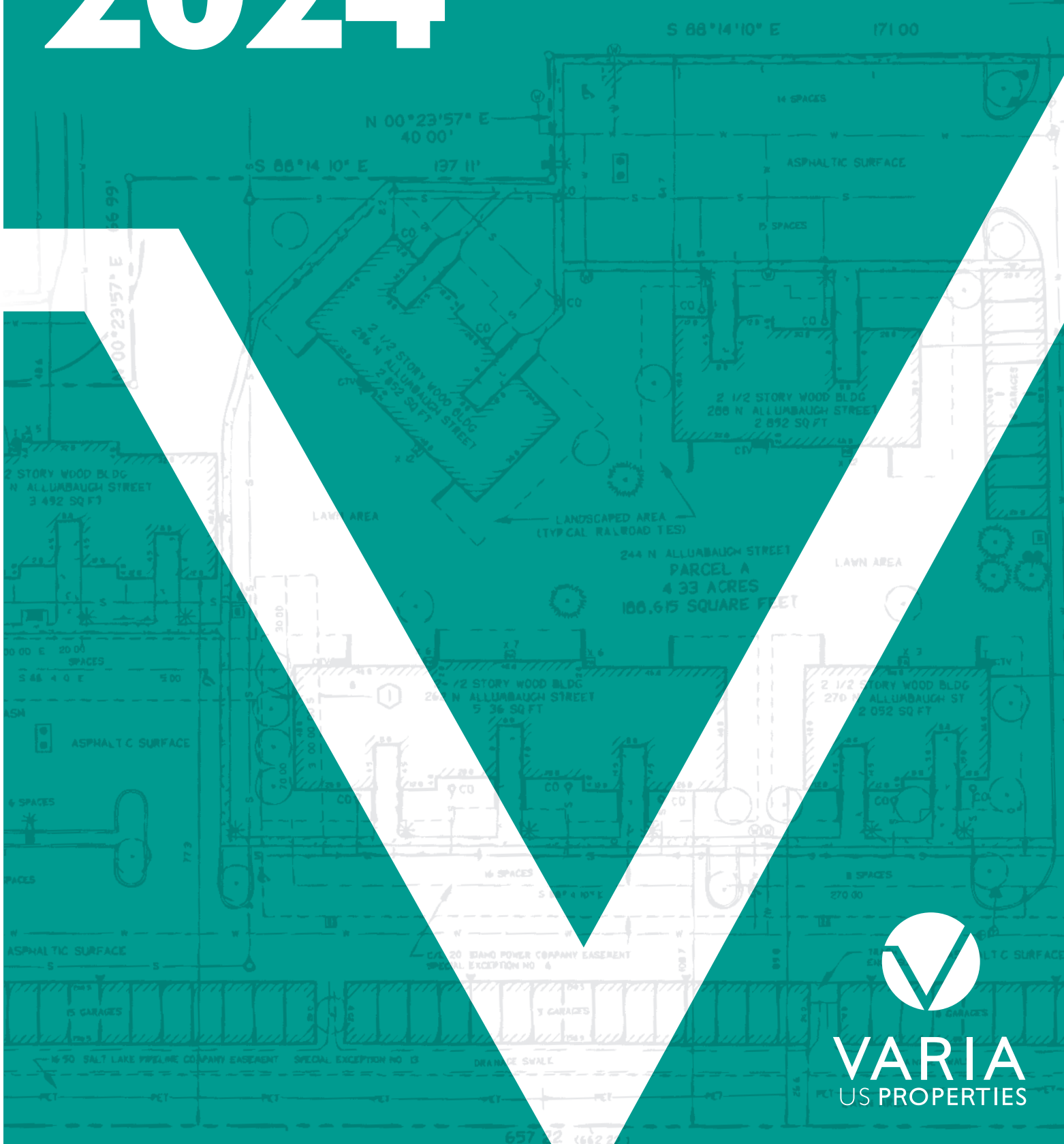


HALF YEAR REPORT

2024



VARIA
US PROPERTIES



288095
NY PORTFOLIO LLC
31 52' (31-52)

2 STORY
244 N ALLU
3 45'

2 1/2 STORY
288 N ALLU
2 892

100 E 2000
SPACES
AS 40 E

PAVED AREA
(ALROAD TES)

244 N ALLU
PARCE
4 33
186.615 S

ASPHALTIC SURFACE

WOOD BLDG
LAUGH STREET
59 FT

17 9

4 SPACES

C/L 20 DIAM POW
SPECIAL EXCEPTION

PRESENT SPECIAL EXCEPTION NO. 13

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KEY FIGURES HY I/2024

RENTAL INCOME

HY 2023: USD 67.0 million

USD million

56.3

TOTAL INCOME

HY 2023: USD 22.4 million

USD million

34.6

EFFECTIVE GROSS INCOME (EGI)¹

HY 2023: USD 85.3 million

USD million

69.2

FAIR VALUE PORTFOLIO ADJUSTMENT

HY 2023: USD -57.2 million

USD million

-32.7

OPERATING LOSS

(including revaluation)
HY 2023: USD -35.1 million

USD million

-4.0

LOSS FOR THE PERIOD

HY 2023: USD -46.9 million

USD million

-13.4

NORMALIZED FFO PER SHARE

HY 2023: USD 0.78

USD

0.61

EARNINGS PER SHARE

HY 2023: USD -4.64

USD

-1.33

NAV PER SHARE⁴

December 31, 2023: USD 39.23

USD

35.57

EBITDA²

HY 2023: USD 27.9 million

USD million

30.7

EBITDA MARGIN

(without revaluation)
HY 2023: 32.7%

44.3%

NORMALIZED FFO³

HY 2023: USD 7.9 million

USD million

6.2

¹ EGI defined as total income less unrealized revaluation.

² EBITDA defined as operating profit less unrealized revaluation.

³ Normalized FFO defined as FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items.

⁴ NAV excluding distribution payable is USD 37.79 at June 30, 2024, USD 40.42 at December 31, 2023.

SUMMARY PAGE OF KEY FIGURES

RESULTS (For the Period Ended)	Unit	June 30, 2024	June 30, 2023	Change
Rental Income	USD mio	56.3	67.0	-15.9%
<i>Rental Income like for like*</i>	USD mio	55.6	53.3	4.3%
Other Income and Insurance Proceeds	USD mio	11.0	12.6	-12.8%
Total Realized Income (total income less unrealized valuation)	USD mio	69.2	85.3	-18.8%
Realized Gains on disposal of properties	USD mio	2.0	5.8	-65.9%
Unrealized Loss on revaluation of properties	USD mio	-34.7	-62.9	-44.9% ³
Net Loss on revaluation of properties	USD mio	-32.7	-57.2	-42.8% ³
<i>Revaluation of properties like for like*</i>	USD mio	-34.7	-55.6	-37.6% ³
Total Income	USD mio	34.6	22.4	54.4%
Operating Expenses	USD mio	38.6	57.4	-32.9%
Operating Loss including revaluation	USD mio	-4.0	-35.1	-88.6% ³
Operating Margin ¹	%	N/A	N/A	N/A
Operating Margin Excluding Revaluation ²	%	42.7	27.8	14.9%
EBITDA (Operating Loss less unrealized revaluation)	USD mio	30.7	27.9	10.1%
EBITDA Margin	%	44.3	32.7	11.6%
Normalized EBITDA (EBITDA less insurance proceeds)	USD mio	28.5	25.8	10.1%
Normalized EBITDA Margin	%	42.5	30.3	12.2%
Net Loss before tax	USD mio	-20.3	-63.4	-67.9% ³
Net Loss	USD mio	-13.4	-46.9	-71.4% ³
Funds from Operations (FFO) (net profit or loss excluding fair value gain or loss and transaction costs, tax effected)	USD mio	11.8	6.3	88.1%
Normalized FFO (FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items)	USD mio	6.2	7.9	-21.5%
BALANCE SHEET (As of)	Unit	June 30, 2024	December 31, 2023	Change
Total Assets	USD mio	1,313.2	1,366.9	-3.9%
Equity	USD mio	360.2	397.3	-9.3%
Equity ratio	%	27.4	29.1	-1.7%
Interest bearing Debt (gross of unamortized debt issuance costs)	USD mio	863.1	877.6	-1.7%
Interest bearing Debt ratio	%	65.7	64.2	1.5%
Average interest of debt at the property level	%	4.6	4.6	0.0%
Average maturity of debt at the property level	years	6.0	6.5	-7.2%
PORTFOLIO	Unit	June 30, 2024	December 31, 2023	Change
Properties	number	30	31	-3.2%
Units as of	number	8,336	8,518	-2.1%
Units Like for Like as of**	number	8,336	8,336	0.0%
<i>Units Like for Like as of the Month Ending***</i>	number	8,336	8,336	0.0%
Portfolio value	USD mio	1,257.2	1,300.0	-3.3%
Portfolio Value Like for Like as of**	USD mio	1,257.2	1,280.0	-1.8%
Market value per unit	USD	150,812	152,619	-1.2%
Gross Potential Income (Market per Colliers)	USD mio	141.4	141.8	-0.3%
Monthly rent per unit held for the full month ending	USD	1,241	1,223	1.4%
Monthly rent per unit Like for Like as of the Month Ending***	USD	1,241	1,225	1.3%
Occupancy rate as of	%	93.7	92.2	1.5%
<i>Occupancy rate Like for Like as of the Month Ending***</i>	%	93.7	92.1	1.6%
SHARE INFORMATION	Unit	2024	2023	Change
Market capitalization – June 30, 2024 and December 31, 2023	CHF mio	344.3	384.8	-10.5%
Earnings per share (EPS) – June 30, 2024 and 2023	USD / share	-1.33	-4.64	-71.3% ³
NAV – June 30, 2024 and December 31, 2023	USD / share	35.57	39.23	-9.3%
NAV excluding deferred taxes – June 30, 2024 and December 31, 2023	USD / share	40.94	45.45	-9.9%
NAV excluding distribution payable – June 30, 2024 and December 31, 2023	USD / share	37.79	40.42	-6.5%
Share price – June 30, 2024 and December 31, 2023	CHF/ share	34.00	38.00	-10.5%
Funds from Operations (FFO) (net profit or loss excluding fair value gain and transaction costs, tax effected) – June 30, 2024 and 2023	USD / share	1.17	0.62	88.1%
Normalized FFO (FFO less debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items) – June 30, 2024 and 2023	USD / share	0.61	0.78	-21.5%

¹ Operating Margin is calculated as Operating Profit (Loss) including revaluation divided by Total Income. Operating Margin for the three months ended June 30, 2024 and 2023 is not applicable as an operating loss was incurred during the period.

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 Relative to Q2 2023, the loss for Q2 2024 decreased which represents income growth relative to the comparative period.

* Like for Like compares assets that were held for the full periods of Q2 2023 and Q2 2024

** 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.



PORTFOLIO SUMMARY

as of June 30, 2024

PORTFOLIO VALUE*

December 31, 2023: USD 1,300.0 million

USD million **1,257.2**

NUMBER OF PROPERTIES

December 31, 2023: 31

30

NUMBER OF UNITS

December 31, 2023: 8,518

8,336

AVERAGE MONTHLY RENT PER UNIT

December 31, 2023: USD 1,223

USD **1,241**

INTEREST-BEARING DEBT RATIO

December 31, 2023: 64.2%

65.7%

GROSS POTENTIAL INCOME*

December 31, 2023: USD 141.8 million

USD million **141.4**

MARKET VALUE PER UNIT

December 31, 2023: USD 152,619

USD **150,812**

OCCUPANCY RATE

December 31, 2023: 92.2%

93.7%

EFFECTIVE GROSS INCOME*

December 31, 2023: USD 132.7 million

USD million **132.4**

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



SHAREHOLDER LETTER

DEAR SHAREHOLDERS,

The first six months of 2024 have seen the beginning of a stabilization in the US real estate market, with Fed rates remaining constant, insurance markets gaining capacity as well as price stability, and inflation decreasing steadily.

Cap rates also started to stabilize even though the price discovery process is still ongoing, mostly due to some volatility in the Treasury rates. Transaction volumes remained low, despite three large institutional transactions that have closed since the beginning of the year. Institutional investors mostly remained on the sidelines and are extremely selective in their investment decisions.

The level of uncertainty and geopolitical risk remained elevated during the reporting period, which is not expected to change in the foreseeable future. Although this situation has had a limited impact on the real estate market so far, we continue to monitor global developments as any significant events would likely impact the market we are in.

As the labor market started to contract over the summer, it is anticipated that the Federal Reserve will introduce a rate cut

in the next few weeks, with potentially one more cut before the end of this year. These rate cuts should support the beginning of the rebound of the market and favor more transactions, as we have forecasted in our outlook for 2024.

Zooming in on Varia US, the Company pursued its strategy, disposing of one asset during the first six months of the year. Occupancy rates improved, like for like rental income grew consistently with past performances, and valuations decreased slightly on a like for like basis since the beginning of the year, which is a significant improvement compared to the first half of 2023.

The Board of Directors actively monitors the evolving landscape and expresses its confidence in the Company's ability to continue navigating these challenging times. The improved portfolio creates a strong foundation for growth once the market shifts upwards.

The upcoming sections of this report will dive deeper into the half year 2024 results of the Company and provide further insights into its performance.

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I. FINANCIAL HIGHLIGHTS (CONSOLIDATED IFRS FINANCIAL STATEMENTS)

a) Profit and loss:

Rental income amounted to USD 56.3 million (USD 67.0 million for the six months ending June 30, 2023) and rental income like for like increased by 4.3% to USD 55.6 million (USD 53.3 million for the six months ending June 30, 2023).

Varia US incurred a fair value loss of USD 32.7 million during the first six months of 2024 (loss of USD 57.2 million for the six months ending June 30, 2023), which includes a realized gain of USD 2.0 million on disposal of properties (USD 5.8 million for the six months ending June 30, 2023).

Total operating expenses for the first half of 2024 declined to USD 38.6 million (USD 57.4 million for the

same period in 2023). This decrease is due to the reduced size of the portfolio and to lower transaction costs.

The Company closed the reporting period with a loss of USD 13.4 million (loss of USD 46.9 million for the six months ending June 30, 2023), which translates into a loss per share of USD 1.33 (HY 2023: loss of USD 4.64 per share). This negative performance is mainly due to the net loss from fair value adjustment on investment properties.

Funds From Operations (FFO), defined as net profit excluding fair value gain or loss and transaction costs (tax effected), for the first half of 2024 almost doubled to USD 11.8 million (USD 6.3 million for the six months

ended June 30, 2023). The normalized FFO, which excludes debt cost amortization, insurance proceeds, foreign exchange gain or loss, and other non-cash items, amounts to USD 6.2 million (USD 7.9 million for the comparative period).

In these results, we can see the beginning of the stabilization of the US real estate market mentioned in our introduction. The fair value loss is less significant compared to the first half of 2023, and the Company continues to perform well on the operating side. The portfolio is getting stronger, and its quality keeps improving with the sale of non-strategic properties. Stoneweg, the Asset Manager of Varia US Properties, is positioning the portfolio to benefit from the expected market rebound and to comply with new regulations when they are adopted.

in the income statement, and they are stated at fair value on the balance sheet.

b) Balance sheet

The balance sheet of the Company has been reduced by about USD 53.7 million as per June 30, 2024 compared to December 31, 2023 due to the sale of the property mentioned above, and the slightly reduced valuation of the portfolio. Total assets equal USD 1.31 billion (USD 1.37 billion as of December 31, 2023), and total equity amounts to USD 360 million (USD 397 million at the end of 2023). The cash position of the Company sits at USD 36.8 million (USD 46.8 million as of December 31, 2023).

The real estate value appraised by Colliers International decreased to USD 1.26 billion as of June 30, 2024 (USD 1.30 billion as of December 31, 2023). On a like for like basis, this represents a slight decrease of 1.8%. The remaining difference is due to the sale of one asset.

The Net Asset Value (NAV) per share decreased to USD 35.57 as of June 30, 2024 (USD 39.23 as of December 31, 2023). At the end of the reporting period, the NAV per share excluding deferred taxes was USD 40.94 (USD 45.45 as of December 31, 2023).

Other comprehensive income

For the second year, Varia US publishes other comprehensive income in its income statement related to the interest rate caps the Company purchased to limit its exposure to variable interest rates. These positions must be disclosed, and a detailed note is published within the financial statements. The fair value changes of the rate caps do not impact the net profit of the Company

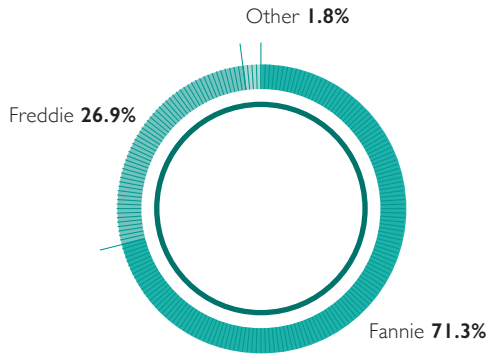
2. LOANS AND LEVERAGE

At the end of the first half of 2024, the balance of the existing mortgage loans (gross of deferred financing costs) was USD 807.5 million (USD 818.0 million as of December 31, 2023). The total interest-bearing debt was reduced to USD 863.1 million (USD 877.6 million as of December 31, 2023), which corresponds to an interest-bearing debt ratio of 65.7% at the end of the reporting period (64.2% as of December 31, 2023). The average interest rate on mortgage loans at the property

level remains stable at 4.6%. Most of the loans have a fixed interest rate, except USD 171.5 million of variable rate borrowings which all have interest rate caps to protect the Company against interest rate risk. These variable rate loans provide Varia US with the flexibility to repay loans within the credit facility without having to pay heavy loan defeasance or yield maintenance penalties. They have all reached their cap and their interest rates cannot go beyond where they are today.

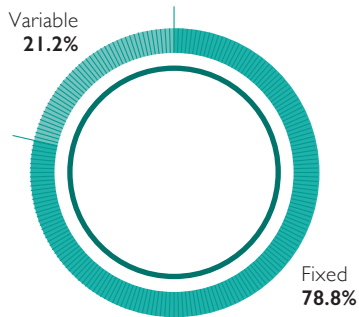
The split of the lenders for the mortgage loans is the following:

Counterparty risk in %



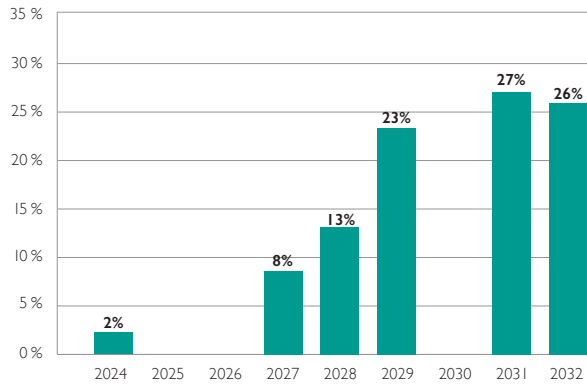
The split between variable and fixed rates is the following:

Fixed vs Variable in credit facilities



The weighted average maturity of mortgage loans is 6.0 years (6.5 years at the end of 2023) and the breakdown of maturities is well balanced, as shown below:

Maturity breakdown in %



3. GENERAL UPDATE

a) Acquisitions / Dispositions

During the first six months of the year, the Company did not acquire any property and sold, as already communicated, one non-strategic asset: Beau Jardin, a property with 182 units located in St. Louis (MO), was acquired in April of 2017 and sold seven years later in the course

of Q2 2024. The gross IRR of this investment was 13.6% and the gross multiple was 2.09x. This disposition was executed in line with the strategy of the Company to improve the quality and the vintage of the portfolio.

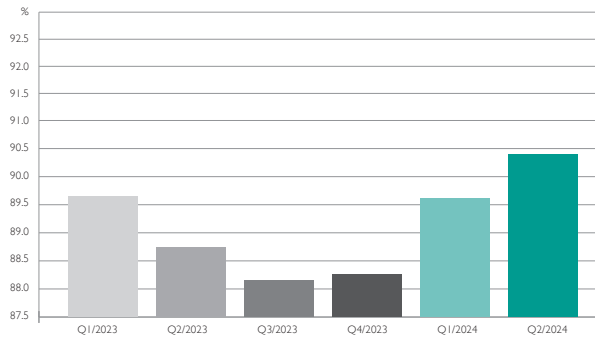
b) Portfolio status

At the end of the reporting period, the portfolio consisted of 30 properties (31 as of December 31, 2023) totaling 8,336 units (8,518 as of December 31, 2023) in 13 US states.

The physical occupancy rate of the portfolio was up to 93.7% on average (92.2% as of December 31, 2023).

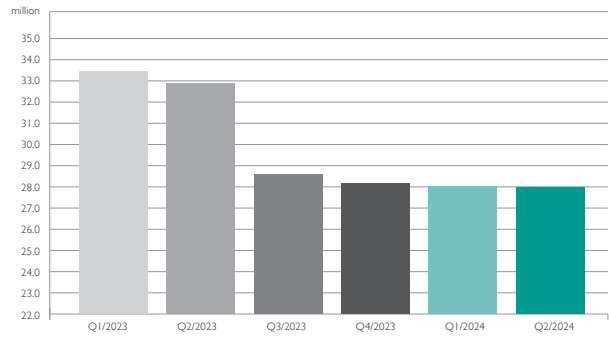
Other property level KPIs are reflected below. Please note that the figures below are absolute numbers and do not reflect like for like data.

Economic occupancy* (Q1/2023–Q2/2024)



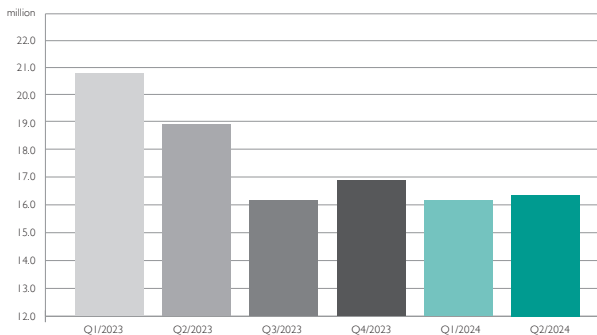
Economic occupancy, which refers to the percentage of potential rental income being collected (i.e., incorporating both physical occupancy as well as other economic components such as bad debt), increased in Q2 2024 by nearly 1%. This increase in economic occupancy was primarily driven by a decrease in physical vacancy.

Net Rental Revenue* (Q1/2023–Q2/2024)



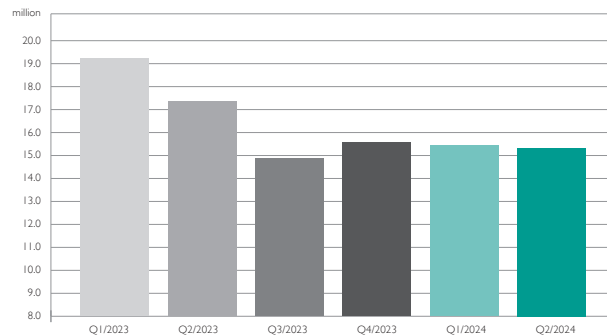
The net rental revenue is a bit lower at the end of Q2 due to the asset sale during the quarter.

Net Operating Income* (Q1/2023–Q2/2024)



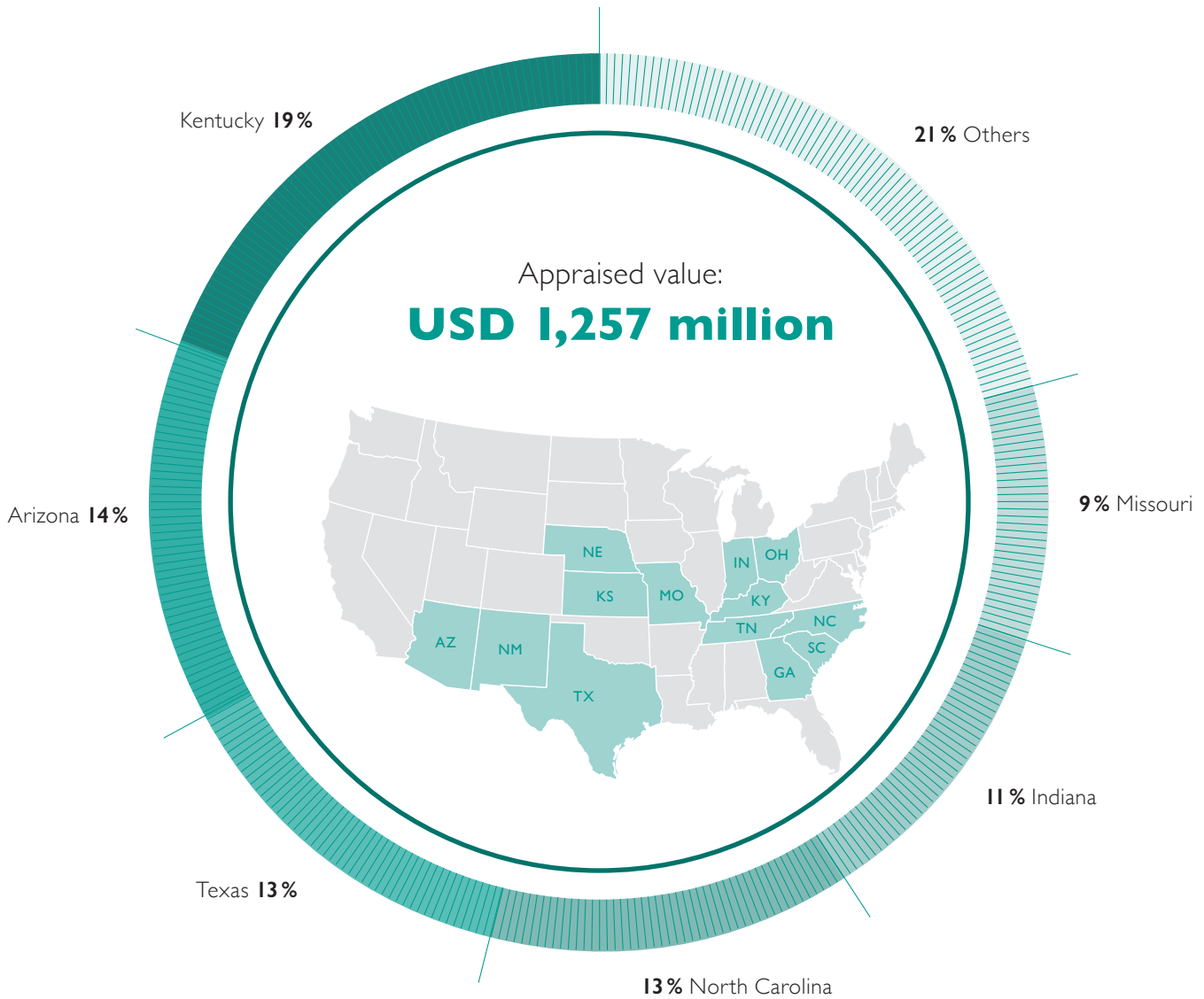
Net operating income and EBITDA remained relatively consistent quarter over quarter.

EBITDA* (Q1/2023–Q2/2024)



*The data summarized herein represents property level data only.

The chart below shows the geographical allocation of the portfolio and demonstrates its regionally balanced diversification.



The average rent per unit continued to increase, yet at a slower pace, thanks to the improvement of the portfolio quality, reaching USD 1,241/month at the end of the reporting period (USD 1,223/month as of December 31, 2023) for an average value per unit of USD 150,812 (USD 152,619 as of December 31, 2023).

c) Portfolio valuation

At the end of the period, the portfolio was valued at USD 1,257.2 million (USD 1,300.0 million as of December 31, 2023). On a like for like basis, the portfolio's value decreased by 1.8% or USD 22.85 million, which is the result of a slight expansion of cap rates.

d) ESG initiatives

In the first half of 2024, Varia US has made significant strides in advancing its Environmental, Social and Governance (ESG) initiatives. The Company started two Fitwel and two Building Research Establishment Environmental Assessment Method (BREEAM) certifications and successfully secured two ENERGY STAR® Performance Certifications, with three additional certifications currently in progress. Varia US remains on track to meet or exceed the number of ENERGY STAR certifications received last year by the end of 2024.

For the third consecutive year, Varia US submitted its Global Real Estate Sustainability Benchmark (GRESB) assessment, demonstrating continued commitment to transparency and sustainability. The results will be disclosed later this year, and are expected to reflect the enhanced asset-level data collection efforts that have been a focus in recent years.

In the first half of 2024, Varia US published its first comprehensive 2023 Carbon Accounting Report, marking a significant step in the Company's strategic approach to carbon management. This report not only outlines Varia's commitment to achieving net zero by 2050, but also introduces science-based targets for the first time, providing a clear roadmap for emission reductions. [\[2023 Carbon Analysis Footprint\]](#). Additionally, the Company released its 2023 ESG Annual Report, now in its third year, which delivers a detailed and practical assessment of progress across all ESG pillars, reflecting Varia US's focused efforts on sustainability and operational performance. [\[ESG Annual Report 2023\]](#).

Stoneweg US, on behalf of Varia US, is submitting its ESG data to the Carbon Disclosure Project (CDP) for the first time in 2024, covering the 2023 calendar year. This marks a significant step in the company's commitment to carbon accounting and transparency. Additionally, Stoneweg US reported to the United Nations Principles for Responsible Investment (UN PRI) for the second consecutive year.

Varia US has now achieved over 80% coverage of asset-level building performance data as part of the US Department of Energy's Better Buildings and Better Climate Challenge. This milestone enables Varia US to receive an

evaluation of its progress toward its energy efficiency, decarbonization, and water efficiency goals, underscoring the Company's dedication to achieving these targets by 2033.

Varia US has also completed a comprehensive water fixture retrofit project at Wood Hollow (a 346-unit complex just East of Fort Worth, TX) in the first half of 2024, with an expected return on investment of approximately 2.5 years. Solar installations totalling around 100 kilowatts of capacity are in progress, contributing to a meaningful decarbonization of approximately 2% of Varia's 2023 Scope 2 emissions. The company has initiated several exterior lighting LED retrofit projects, which are anticipated to deliver significant payback, and launched three smaller-scale heating, ventilation, and air conditioning (HVAC), Heat Pump and Natural Gas Electrification projects aimed at enhancing resident experience and capturing rent premiums, with an estimated unlevered IRR of approximately 12% over a five-year hold period.

In terms of data collection and analysis, Varia US has invested in real-time whole-building data monitoring technology for the first time, enabling more efficient and automated building energy management. Furthermore, a portfolio-wide asset-level energy, water, and waste technical assessment is underway, which will inform future investments in building performance for the 2025 capex budget, resident quality of life, and asset value.

Significant improvements have been observed in water consumption at Mission Palms (located in Tucson, AZ) following the implementation of a manual metering project to measure the property's well water usage. The company is committed to thoughtful water management in this arid region of the United States.

On the governance front, the ESG Board Committee continued to meet quarterly, with ongoing updates to the Board of Directors that are instrumental in supporting the company's long-term ESG strategy.

Resident satisfaction has shown consistent improvement, with the June 2024 satisfaction score reaching 3.92, just 5 basis points shy of the Kingsley Index target. This positive trend underscores the importance of quality service in optimizing value outcomes through reduced vacancy loss, maximized rents, and lower operating expenses due to reduced turnover.

e) Corporate activities

In April 2024, the shareholders of the Company approved a dividend of CHF 2.00 per share to be paid in four quarterly installments on or around August 7, 2024, November

7, 2024, February 7, 2025, and May 7, 2025. No other significant corporate activities occurred during the first half of 2024.

4. MARKET COMMENTARY

a) Real estate

Overall, the multifamily real estate market remained slow and uncertain during the first six months of the year, with low transaction volume, untouched Fed rates at 5.25%, stable Secured Overnight Financing Rates (SOFR) at around 5.3%, Treasury volatility, large spreads between sellers' and buyers' expectations, economic and political uncertainties, and a high level of new supply pushing higher vacancy and lower rents.

However, signs of improvement started to appear; the insurance market improved with more capacity and stabilized pricing, inflation continued its slow movement downwards and the labor market started to cool down, thus increasing the probability of one or two rate cuts by the Fed later this year. There was a clear reduction in the number of construction permits issued during the first half of 2024, which will support rents and occupancy rates in 2025.

According to Cushman & Wakefield (Multifamily market shift, July 2024), the occupancy rate increased by 10 basis points in the second quarter on average in the US. Absorption was high in Q2 2024 with nearly 140,000 units, which is the fourth highest figure since 2000. Construction starts have plunged, down 60% compared to Q2 2023. Rent growth started to improve with a slight increase of 1.7% compared to the second quarter of 2023. Despite the overall low transaction volumes, three major transac-

tions were closed in the US real estate industry since the beginning of the year: Blackstone acquired AIR Communities, a publicly traded REIT, in April for approximately USD 10 billion. Lennar's Quatterra sold 5,200 units to KKR for USD 2.1 billion in June. Finally, EQR purchased a portfolio of 3,572 units from Blackstone for nearly USD 1 billion at the beginning of August.

Our acquisitions team based in St. Petersburg and Dallas also witnessed a reduction of the bid-ask spread in recent weeks and the appetite from investors for well located, newer products started to grow. Finally, the larger investment managers saw their capital raising activities improve significantly in Q2 compared to Q1 and to 2023 in general.

All these data points tend to show that an improvement in the market has started to appear and that the expected window of opportunity for investment is opening. The fundamentals supporting Varia US' investment strategy remain valid and strong. The Sunbelt and Midwest markets continue to benefit from population and job migration; the number of renters by choice and/or necessity is increasing, and the sustainability focus supports improved returns and value creation, even if it is still challenging to isolate the positive effects of this performance on the financials of the Company.

b. Currency consideration

Since the beginning of 2024, the US dollar has strengthened against the Swiss franc from 0.84 at the beginning of January, to 0.90 in June 2024.

The following graph represents the exchange rate of the USD to Swiss francs:

Exchange Rate



In line with its strategy, the Company does not hedge currency risk. Any investment in Varia US corresponds to a long-term hold in US dollars and any long-term hedging against the currency risk could significantly impact the performance of the Company. To mitigate this risk, the Company implemented a quarterly distribution to shareholders in August 2019, to avoid having

excess cash on its books, and to diversify the currency exchange dates.

Looking at the last ten years, the currency exchange has been relatively stable, or volatile within limits. The US dollar was at CHF 0.89 in June 2014 and at 0.90 in June 2024.

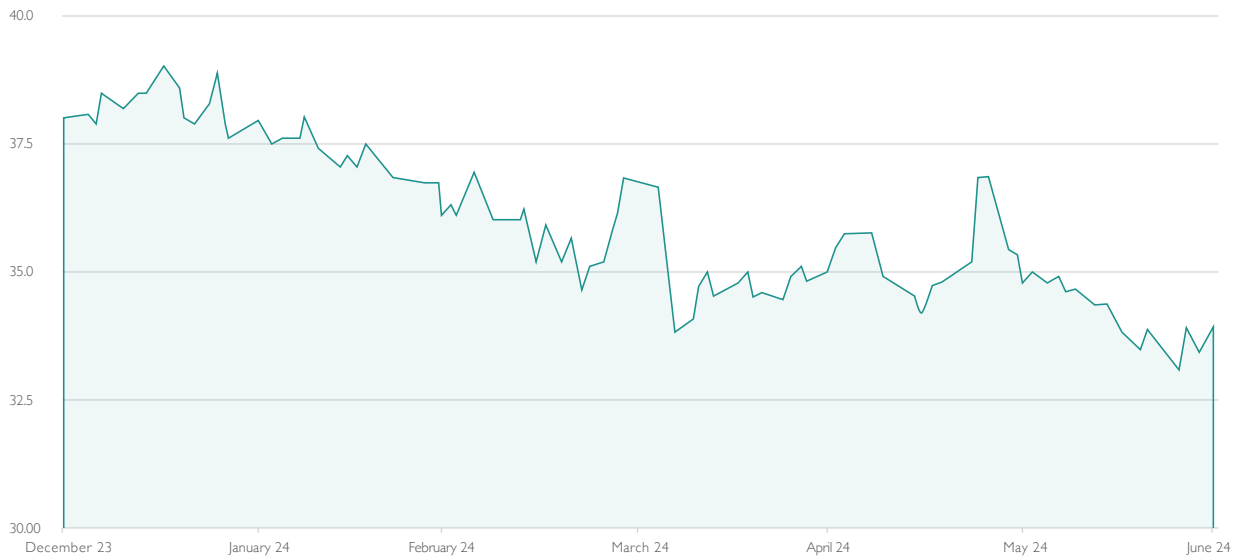
Exchange Rate



c) Share price

Since the beginning of the year, the share price has been declining as well. It started the year at CHF 38.00 and ended the semester at CHF 34.00 per share. The highest price paid for a share was CHF 39.00 on January

15, 2024. Compared to the Net Asset Value, and using the exchange rate of June 30, the Company's shares are traded at a slight agio at the end of the reporting period.



The total number of shares traded during the first half of 2024 was lower than the previous year at 290,959 (410,764 during the first half of 2023), which represents

an average volume per day of 2,366 shares (3,313 shares per day for the same period in 2023).

5. OUTLOOK ON THE SECOND HALF OF THE YEAR

a) Post-period portfolio developments

At the end of the first half of 2024, the Company had four dispositions pending, one in Cleveland (OH), one close to Louisville (IN), one in Kansas City (MO), and one in Cummings (GA). The Cleveland property closed on July 17, 2024, and the one in Louisville on July 30, 2024. The remaining two properties are expected to close by the end of 2024. More details about these sales will be disclosed in the annual 2024 report

b) Conclusion

Until the end of the ongoing year, the US real estate market should continue to warm up despite the presidential election in November. More and more opportunities are expected to appear on the market and valuations should start to level up at a gradual pace.

The slow depreciation of the dollar versus Swiss francs will likely continue to impact the performance of the

Company in its base currency, but operations should remain strong and the portfolio will continue to perform well.

The Board evaluates various options to provide additional financial resources to the Company, be it through a new corporate bond, a capital increase or any other restructuring of Varia that would translate into additional equity at hand to benefit from the coming investment opportunities.

The Board of Directors would like to thank all the dedicated staff members based in Switzerland and in the US that are involved in the management of the Company and its real estate assets. It also wants to express its gratitude to the investors for their continuous support and trust.

Sincerely yours,
In the name of the Board

Manuel Leuthold
Chairman

Jaume Sabater
Vice-Chairman

Patrick Richard
Executive Member of the Board

CONSOLIDATED IFRS FINANCIAL STATEMENTS

June 30, 2024

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Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION JUNE 30, 2024 AND DECEMBER 31, 2023

ASSETS	Notes	June 30, 2024 in USD	December 31, 2023 in USD
Current assets:			
Cash and cash equivalents		36,829,026	46,799,126
Rent and other receivables		2,706,959	5,282,492
Current portion of derivative financial instruments	8	1,273,130	2,833,857
Income tax receivable		12,600	12,600
Prepaid expenses and other current assets		5,647,746	2,311,101
Assets held for sale	1	113,075,000	–
Total current assets		159,544,461	57,239,176
Noncurrent assets:			
Investment property	1	1,144,090,000	1,300,010,000
Escrow accounts		9,459,294	9,523,176
Other assets		–	54,803
Derivative financial instruments	8	116,404	41,747
Total noncurrent assets		1,153,665,698	1,309,629,726
Total assets		1,313,210,159	1,366,868,902
LIABILITIES AND EQUITY	Notes	June 30, 2024 in USD	December 31, 2023 in USD
Current liabilities:			
Current maturities of interest-bearing loans and borrowings	2	–	14,463,391
Trade and other payables		19,277,372	21,520,008
Distribution payable	8	22,503,430	12,083,423
Income tax payable		830,016	2,505,790
Rent received in advance		1,300,979	2,100,458
Liabilities associated with assets held for sale	1	69,593,023	–
Total current liabilities		113,504,820	52,673,070
Noncurrent liabilities:			
Interest-bearing loans and borrowings, net of current maturities	2	785,158,073	853,921,771
Deferred tax liability		54,350,089	63,021,178
Total noncurrent liabilities		839,508,162	916,942,949
Total liabilities		953,012,982	969,616,019
Equity:			
Issued share capital		10,297,221	10,297,221
Share premium from capital contributions		179,994,254	191,058,954
Legal reserves		6,764,557	6,764,557
Revaluation reserves	3	1,241,387	2,721,938
Retained earnings		161,899,758	186,410,213
Total equity		360,197,177	397,252,883
Total liabilities and equity		1,313,210,159	1,366,868,902

The notes on pages 24 to 35 form an integral part of these financial statements.

Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME THREE MONTHS ENDED JUNE 30, 2024 AND 2023

	Three Months Ended June 30, 2024 in USD	Three Months Ended June 30, 2023 in USD
Rental income	28,170,115	32,908,164
Other income	4,361,731	5,466,059
Insurance proceeds	1,597,361	1,065,700
Net loss from fair value adjustment on investment property	(11,892,948)	(5,987,693)
Total income	22,236,259	33,452,230
Real estate operating expenses	8,946,290	10,492,872
Expenses for third-party on-site workforces	3,855,603	4,599,512
Repairs, maintenance and minor replacements	2,392,224	3,167,557
Property management fees	914,424	1,115,254
Transaction costs	833,744	11,913,205
Other expenses	3,089,610	4,104,037
Total operating expenses	20,031,895	35,392,437
Operating profit (loss)	2,204,364	(1,940,207)
Interest expense	10,413,368	13,946,334
Debt defeasance	–	659,244
Net foreign currency exchange losses	572,699	963,990
Total finance costs	10,986,067	15,569,568
Loss before income tax expense	(8,781,703)	(17,509,775)
Income tax benefit	(2,345,363)	(4,568,816)
Loss for the quarter	(6,436,340)	(12,940,959)
Earnings per share: Basic and diluted earnings, on loss for the quarter	(0.64)	(1.28)
Other comprehensive (loss) income		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedge	(900,146)	1,029,616
Cost of hedging	14,347	(394,930)
Other comprehensive (loss) income for the quarter	(885,799)	634,686
Total comprehensive loss for the quarter	(7,322,139)	(12,306,273)

Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME SIX MONTHS ENDED JUNE 30, 2024 AND 2023

	Notes	Six Months Ended June 30, 2024 in USD	Six Months Ended June 30, 2023 in USD
Rental income	I	56,316,043	66,971,305
Other income	I	8,739,601	10,558,538
Insurance proceeds		2,225,492	2,022,696
Net loss from fair value adjustment on investment property	I	(32,719,806)	(57,162,789)
Total income		34,561,330	22,389,750
Real estate operating expenses	6	18,250,458	20,433,018
Expenses for third party on-site workforces		7,425,178	8,868,670
Repairs, maintenance and minor replacements		4,303,804	5,882,872
Property management fees		1,835,548	2,264,583
Transaction costs		833,744	11,913,205
Other expenses		5,903,444	8,084,880
Total operating expenses		38,552,176	57,447,228
Operating loss		(3,990,846)	(35,057,478)
Interest expense	4	20,750,739	25,790,094
Debt defeasance	4	–	659,244
Net foreign currency exchange (gains) losses	4	(4,411,788)	1,894,088
Total finance costs		16,338,951	28,343,426
Loss before income tax expense		(20,329,797)	(63,400,904)
Income tax benefit	5	(6,884,042)	(16,465,432)
Loss for the period		(13,445,755)	(46,935,472)
Earnings per share: Basic and diluted earnings on loss for the period		(1.33)	(4.64)
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedge reserve	3	(1,396,077)	(413,906)
Cost of hedging reserve	3	(84,474)	51,782
Other comprehensive loss for the period		(1,480,551)	(362,124)
Total comprehensive loss for the period		(14,926,306)	(47,297,596)

Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY SIX MONTHS ENDED JUNE 30, 2024 AND 2023

	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		–	–	–	–	(46,935,472)	(46,935,472)
Changes in cash flow hedging reserve		–	–	–	(413,906)	–	(413,906)
Changes in cost of hedging reserve		–	–	–	51,782	–	51,782
Other comprehensive loss		–	–	–	(362,124)	–	(362,124)
Total comprehensive loss		–	–	–	(362,124)	(46,935,472)	(47,297,596)
Allocation to legal reserves		–	–	2,283,546	–	(2,283,546)	–
Capital and retained earnings distributions		–	(18,170,122)	–	–	(18,170,122)	(36,340,244)
Balance at June 30, 2023		10,297,221	207,953,714	6,764,557	4,885,203	295,378,466	525,279,161
Balance at December 31, 2023		10,297,221	191,058,954	6,764,557	2,721,938	186,410,213	397,252,883
Loss for the period		–	–	–	–	(13,445,755)	(13,445,755)
Changes in cash flow hedging reserve	3	–	–	–	(1,396,077)	–	(1,396,077)
Changes in cost of hedging reserve	3	–	–	–	(84,474)	–	(84,474)
Other comprehensive loss		–	–	–	(1,480,551)	–	(1,480,551)
Total comprehensive loss		–	–	–	(1,480,551)	(13,445,755)	(14,926,306)
Capital and retained earnings distributions	3	–	(11,064,700)	–	–	(11,064,700)	(22,129,400)
Balance at June 30, 2024		10,297,221	179,994,254	6,764,557	1,241,387	161,899,758	360,197,177

Varia US Properties AG and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS SIX MONTHS ENDED JUNE 30, 2024 AND 2023

	Notes	Six Months Ended June 30, 2024 in USD	Six Months Ended June 30, 2023 in USD
Cash flows from operating activities:			
Loss before income tax		(20,329,797)	(63,400,904)
Adjustments to reconcile loss before income tax to net cash provided by operating activities:			
Net loss from fair value adjustment on investment property	1	32,719,806	57,162,789
Finance costs	4	16,338,951	28,343,426
		28,728,960	22,105,311
Working capital adjustments:			
Decrease (increase) in rent and other receivables		2,575,533	(356,455)
Increase in prepaid expenses and other current assets		(3,336,645)	(4,591,963)
Decrease (increase) in escrow accounts		63,882	(3,694,086)
Decrease (increase) in other assets		54,803	(1,017)
Decrease in trade and other payables, excluding accrued interest		(2,088,225)	(567,706)
Decrease in rent received in advance		(799,479)	(37,498)
Cash generated from operating activities		25,198,829	12,856,586
Income taxes received		91,714	3,349,892
Income taxes paid		(3,522,235)	(3,394,038)
Net cash provided by operating activities		21,768,308	12,812,440
Cash flows from investing activities:			
Capital expenditure on investment property	1	(11,899,806)	(15,212,789)
Proceeds from sale of investment property	1	22,025,000	201,700,000
Net cash provided by investing activities		10,125,194	186,487,211
Cash flows from financing activities:			
Payments of principal on interest bearing loans and borrowings		(10,465,000)	(178,963,112)
Interest paid		(21,997,539)	(25,852,899)
Counterparty payments received on interest rate cap option contracts		2,120,630	1,369,255
Payments made on purchase of interest rate cap option contracts		(85,000)	–
Counterparty payments received on sale of rate cap option contracts		–	41,000
Debt defeasance paid	4	–	(659,244)
Payments of debt issuance costs	2	–	(1,190,838)
Proceeds from interest-bearing loans and borrowings	2	–	30,213,391
Payment of capital distribution and retained earnings		(11,363,060)	(24,803,078)
Net cash used by financing activities		(41,789,969)	(199,845,525)
Net decrease in cash and cash equivalents		(9,896,467)	(545,874)
Cash and cash equivalents at beginning of year		46,799,126	77,354,907
Exchange (loss) gain on cash and cash equivalents		(73,633)	1,450,389
Cash and cash equivalents at end of period		36,829,026	78,259,422

Varia US Properties AG and Subsidiaries

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 condensed consolidated interim 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 June 30, 2024, and has never employed any staff. Common shares are listed on the SIX Swiss Stock Exchange under the symbol: VARN.

The accompanying condensed consolidated interim financial statements of the Group as of June 30, 2024, and for the six months then ended were authorized by the Board of Directors for issue on August 27, 2024. These condensed consolidated interim financial statements are presented in U.S. dollars (USD) and all values are rounded to the nearest dollar, except when otherwise indicated.

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

USD/CHF average exchange rate for the period January 1, 2024 to June 30, 2024	0.88890
USD/CHF exchange rate at June 30, 2024	0.89995
USD/CHF average exchange rate for the period January 1, 2023 to June 30, 2023	0.91190
USD/CHF exchange rate at June 30, 2023	0.90079

Basis of Preparation and Material Accounting Policies

The condensed consolidated interim financial statements for the interim reporting period as of June 30, 2024 and for the six months then ended have been prepared in accordance with International Accounting Standard 34 ("IAS 34") Interim Financial Reporting and the Directive on Financial Reporting ("DFR") of the SIX Swiss Exchange. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report as of December 31, 2023, and for the year then ended and any public announcements made by Varia US Properties AG during the interim reporting period. The preparation of condensed consolidated interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The critical accounting estimates and judgments have been set out in detail in Note C of the Company's audited consolidated annual financial statements for the year ended December 31, 2023. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. No new accounting standards relevant for Varia US Properties AG came into force as of January 1, 2024.

NOTE I INVESTMENT PROPERTY

No investment properties were acquired and one was disposed during the six months ended June 30, 2024 compared to the 2023 annual report:

Property	Location	Fair Value of Investment Property at December 31, 2023 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 June 30, 2024 in USD
Beau Jardin	St. Louis, MO	20,000,000	–	2,025,000	(22,025,000)	–

The total investment property at fair value, including assets held for sale, decreased from USD 1,300,010,000 as of December 31, 2023 to USD 1,257,165,000 as of June 30, 2024. The components of changes in value related to investment properties are as follows as of June 30, 2024:

	in USD
Investment property and assets held for sale at December 31, 2023	1,300,010,000
Capital improvements	11,899,806
Sale of investment property	(22,025,000)
Net loss from fair value adjustment on investment property	(32,719,806)
Fair value of investment property at June 30, 2024	1,257,165,000
Investment property held for sale	(113,075,000)
Investment property excluding assets held for sale at June 30, 2024	1,144,090,000

As of June 30, 2024, the Company had approximately USD 1.6 million of contractual obligations related to repairs, maintenance, or enhancements to its investment properties. None of the contractual obligations were with related parties. Additionally, there were no contractual obligations to purchase, construct or develop investment property.

The valuation of investment properties as of June 30, 2024 was carried out by Colliers International Valuation & Advisory Services. The external valuations were used to calculate the net loss from fair value adjustment

on investment property for the six months ended June 30, 2024. See NOTE 8 – FINANCIAL RISK MANAGEMENT for additional information on valuation techniques and inputs.

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, the asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value, an active program to find a buyer must be initiated, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and there should be no significant changes to the plan that might impact the sale.

Four properties met all five IFRS assets held for sale criteria as of June 30, 2024 with a total fair value of USD 113.1 million. Balances for the non-current investment property and the associated non-current mortgage liability have been reclassified to assets held for sale and liabilities associated with assets held for sale, respectively, as of June 30, 2024. Management assessed the related assets for impairment upon classification as assets held for sale and determined that no impairment losses were required to be recorded as the carrying amounts are expected to be recovered through sale.

The following table summarizes the recognized amounts of assets and liabilities held for sale as of June 30, 2024:

	in USD
Investment Property	113,075,000
Total assets held for sale	113,075,000
Interest bearing loans and borrowings	69,593,023
Total liabilities associated with assets held for sale	69,593,023

Income Related to Investment Properties

The components of income related to investment properties are as follows:

	Six months ended June 30, 2024 in USD	Six months ended June 30, 2023 in USD
Rental income (in accordance with IFRS 16)	56,316,043	66,971,305
Net loss from fair value adjustment on investment property	(32,719,806)	(57,162,789)
Other income (revenues from contracts with customers):		
Monthly and one-time fees	4,663,012	6,229,994
Utility fees charged through to tenants	3,607,587	4,328,544
Interest Income	469,002	–
Total other income	8,739,601	10,558,538
Total income related to investment properties	32,335,838	20,367,054

NOTE 2 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 assets held for sale, in the amount of USD 1,257,165,000 as of June 30, 2024.

During the six months ended June 30, 2024, the Company sold one property (see Note 1). This transaction resulted in USD 10.5 million of principal payments.

	in USD
Balance of mortgages as of December 31, 2023, including any liabilities associated with assets held for sale	809,198,648
Cash movements:	
Payments of principal on mortgages	(10,465,000)
Noncash movements:	
Amortization of debt issuance costs	802,272
Balance of mortgages as of June 30, 2024, including any liabilities associated with assets held for sale	799,535,920
Balance of bonds as of December 31, 2023	59,186,514
Noncash movements:	
Amortization of debt issuance costs	135,450
Effect of foreign currency translation adjustment	(4,106,788)
Balance of bonds as of June 30, 2024	55,215,176
Balance of interest-bearing loans and borrowings as of June 30, 2024	854,751,096

The fixed and variable advance terms on the credit facilities are as follows as of June 30, 2024:

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

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 June 30, 2024:

Years Ending June 30,	in USD
2025	14,606,603
2026	56,484,908
2027	13,028,057
2028	53,133,148
2029	171,145,114
Thereafter	554,672,687
Total future scheduled principal payments	863,070,517

Loan costs and accumulated amortization	(8,319,421)
Liabilities associated with assets held for sale	(69,593,023)
Total interest bearing loans and borrowings	785,158,073

NOTE 3 EQUITY

Changes to equity during the six months ended June 30, 2024 compared to the 2023 annual report include a change in revaluation reserves related to the interest rate cap derivatives, a decrease in retained earnings due to the net loss for the six months ended June 30, 2024, and a decrease in both retained earnings and the share

premium from capital contributions for dividends declared on April 24, 2024.

Revaluation reserves included in equity relate to the following hedging instruments:

	Cost of Hedging Reserve in USD	Intrinsic Value of Interest Rate Cap Options in USD	Total Revaluation Reserves in USD
Opening Balance January 1, 2024	18,035	2,703,903	2,721,938
Change in fair value of hedging instrument recognized in OCI		(1,396,077)	(1,396,077)
Costs of hedging deferred and recognized in OCI	(84,474)		(84,474)
Counter party payments accrued or received from hedging instrument recognized in OCI	–	2,154,015	2,154,015
Counter party payments accrued or received from hedging instrument reclassified from OCI to profit or loss	–	(2,154,015)	(2,154,015)
Closing Balance June 30, 2024	(66,439)	1,307,826	1,241,387

For the six months ended June 30, 2024, counterparty payments accrued or received in the amount of USD 2,154,015 related to the interest rate cap option contracts were reclassified from the cash flow hedging re-

serve to the statement of profit or loss as a reduction of interest expense. See NOTE 8 – FINANCIAL RISK MANAGEMENT for further information on cash flow hedging.

Earnings per share as of June 30:	2024 in USD	2023 in USD
Earnings per share attributable to equity holders for the period:		
Loss for the period attributable to ordinary equity holders of the Company	(13,445,755)	(46,935,472)
Calculation of weighted-average number of shares:		
Shares outstanding December 31, 2023 (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 per share attributable to the ordinary equity holders of the Company from operations – basic (calculated on the weighted-average number of ordinary shares outstanding, see above)	(1.33)	(4.64)
Loss per share attributable to the ordinary equity holders of the Company from operations – fully diluted (calculated on the weighted-average number ordinary shares outstanding, see above)	(1.33)	(4.64)

NAV per share:	as of June 30, 2024 in USD	as of December 2023 in USD
Equity attributable to Varia US Properties AG Shareholders	360,197,177	397,252,883
Number of shares	10,126,018	10,126,018
NAV per share	35.57	39.23
Equity attributable to Varia US Properties AG Shareholders (excluding deferred taxes)	414,547,266	460,274,061
Number of shares	10,126,018	10,126,018
NAV per share (excluding deferred taxes)	40.94	45.45

NOTE 4 **FINANCE COSTS**

Finance costs for the six months ended June 30, 2024 and 2023 amounted to approximately USD 16.3 million and USD 28.3 million, respectively. Finance costs include interest paid and accrued on interest-bearing loans and borrowings of approximately USD 20.8 million and USD 25.8 million, respectively, debt defeasance costs of USD 0 and USD 0.7 million, respectively, and the foreign exchange gain of USD 4.4 million (gains of

USD 4,420,745 less losses of USD 8,958) and foreign exchange net loss of USD 1.9 million (gains of USD 1,708,695 less losses of USD 3,602,783), respectively, resulting primarily from changes in the exchange rate between CHF and USD currency rates on foreign currency bank accounts and bonds payable in CHF.

NOTE 5 INCOME TAX

Income taxes are composed of the following:

	Six Months Ended June 30, 2024 in USD	Six Months Ended June 30, 2023 in USD
Provision for income tax benefit:		
Deferred U.S. federal and state income benefit	(7,300,739)	(17,619,768)
Current Swiss federal, cantonal and communal income tax expense	416,697	1,154,336
Total income tax benefit	(6,884,042)	(16,465,432)

Income tax benefit or expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for US federal and state income tax expense is 25% for the six months ended June 30, 2024 and June 30, 2023. Due to the net losses incurred during the six months ended June 30, 2024 and 2023, which were both driven by the fair value loss on investment property, the Company

realized approximately USD 7.3 million and USD 17.6 million, respectively, of US federal and state income tax benefits on the Consolidated Statement of Profit or Loss and Other Comprehensive Income. For the six months ended June 30, 2024 and 2023, there was no current US federal and state income tax expense. All Swiss income taxes are current for the six months ended June 30, 2024 and 2023.

NOTE 6 REAL ESTATE OPERATING AND OTHER EXPENSES

Real estate operating expenses and other expenses consist of the following:

	Six Months Ended June 30, 2024 in USD	Six Months Ended June 30, 2023 in USD
Utility expenses	4,977,816	5,926,151
Property and other taxes	7,227,472	7,867,808
Property insurance	3,623,090	4,378,767
Contract services at property level	1,121,270	1,076,196
Advertising expenses	1,300,810	1,184,096
Total real estate operating expenses	18,250,458	20,433,018
Legal, audit, and accounting fees	522,811	803,931
Professional fees	287,034	405,437
Asset management fees	2,138,948	3,515,088
General and administrative	2,954,651	3,360,424
Total other expenses	5,903,444	8,084,880

NOTE 7 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)
- Stoneweg US, LLC

Stoneweg remuneration fees for services provided to Varia subsidiaries and underlying investments during the reporting periods were as follows for the six months ended June 30:

For the six months ended June 30:	2024 in USD	2023 in USD
Asset management fees charged to Varia direct subsidiaries	2,138,948	3,515,088
Transaction fees	–	146,000
Promotion fee on sale of properties	542,471	8,253,307
Refinancing fees	–	290,000
Construction management fees	189,795	139,296

Varia US Properties AG is party to an Asset Management Agreement with Stoneweg SA and Stoneweg US, LLC (Stoneweg) to manage the investments and administration activities of the Company. Outstanding amounts due to Stoneweg as of June 30, 2024 and December 31, 2023, are comprised of accrued asset management fees of USD 1,051,095 and USD 1,546,266, respectively.

Key management compensation: The Board of Directors is considered as key management. Expense in the amount of CHF 407,416 was paid or accrued as of June 30, 2024 (as of June 30, 2023: CHF 381,370). There were no outstanding amounts due to the Board of Directors as of June 30, 2024 and December 31, 2023. On June 3, 2024, Board members subscribed a total of 5,500 shares at a price of CHF 34.80 each. These shares were sold to Board members at a 50% discounted price of CHF 17.40 for a total expense of CHF 95,700 for the six months ended June 30, 2024. There were social charges expensed relating to the sale of shares to Board members totaling CHF 2,602 for the six months ended June 30, 2024.

NOTE 8 FINANCIAL RISK MANAGEMENT

The Group's currency positions at June 30, 2024 and December 31, 2023, 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	June 30, 2024 in USD	December 31, 2023 in USD
Cash and cash equivalents	487,072	399,145
Rent and other receivables	52,169	65,080
Total assets	539,241	464,225

Liabilities	June 30, 2024 in USD	December 31, 2023 in USD
Trade and other payables and interest bearing loans	1,622,241	1,149,993
Distribution payable	22,503,430	12,083,423
Bond borrowing	55,558,439	59,665,227
Net liabilities	(79,144,869)	(72,434,418)

The maturity analysis of financial liabilities, actual cash flows including interest, is as follows as of June 30, 2024:

	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	8,681,818	–	–	8,681,818
Distribution payable	22,503,430	–	–	22,503,430
Interest bearing loans and borrowings, including interest	52,724,714	378,931,702	613,981,857	1,045,638,273
Interest bearing bond, including interest	1,597,305	56,357,092	–	57,954,397
	85,507,267	435,288,794	613,981,857	1,134,777,918

Derivative financial instruments utilized for hedging of interest rate risk on variable borrowings

The Company has the following derivative financial instruments in the following line items in the balance sheet:

	June 30, 2024 in USD	December 31, 2023 in USD
Current assets		
Interest rate cap option contracts – cash flow hedges	1,273,130	2,833,857
Non-current assets		
Interest rate cap option contracts – cash flow hedges	116,404	41,747
Total derivative financial instrument assets	1,389,534	2,875,604

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 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 Company's accounting policy for its qualifying cash flow hedges is explained in the Basis of Preparation and Significant Accounting Policies note in the annual report. A breakdown of movements in the revaluation reserves related to cash flow hedges is disclosed in NOTE 3 – EQUITY.

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

Interest Rate Cap Option Contracts	June 30, 2024 in USD	December 31, 2023 in USD
Carrying Amount	1,389,534	2,875,604
Notional Amount	172,521,688	172,521,688
Maturity Dates	October 1, 2024 – February 1, 2026	February 1, 2024 – January 1, 2026
Hedge Ratio	1:1	1:1
Weighted average hedged rate for the year	5.13%	5.13%

Valuation Methods, Standards and Principles

The properties are valued using the income capitalization approach (direct capitalization). Derivative financial instruments (interest rate cap option contracts) are valued using options pricing models (e.g., Black-Scholes model). The same valuation methods, standards and principles described on pages 109–111 of the 2023 annual report were applied as of June 30, 2024.

Fair Value

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:

- 1) **Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- 2) **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
- 3) **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.

Derivative financial instruments (interest rate cap option contracts) are valued using options pricing models (e.g., Black Scholes model) and are included in level 2 of the fair value hierarchy.

At June 30, 2024, Varia's investment properties and derivative financial instrument 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 including assets held for sale at December 31, 2023	–	–	1,300,010,000	1,300,010,000
Capital improvements	–	–	11,899,806	11,899,806
Net change in fair value (unrealized)	–	–	(32,719,806)	(32,719,806)
Investment property sold	–	–	(22,025,000)	(22,025,000)
Investment property held for sale	–	–	(113,075,000)	(113,075,000)
Investment property at June 30, 2024	–	–	1,144,090,000	1,144,090,000
Derivative financial instruments at December 31, 2023	–	2,875,604	–	2,875,604
Purchase of derivative financial instruments	–	85,000	–	85,000
Net change in fair value	–	582,945	–	582,945
Reclassification of counterparty payments earned out of OCI	–	(2,154,015)	–	(2,154,015)
Derivative financial instruments at June 30, 2024	–	1,389,534	–	1,389,534

There were no transfers between Levels 1 and 2 and Level 3. The investment property valuations were determined using significant unobservable inputs. These inputs as of June 30, 2024, 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.
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Estimated Occupancy Rates	Based on current and expected future market conditions after expiry of any current lease. The occupancy rates applied range from 88.7% to 100%.
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 5.00% to 6.89%.

On the basis of a sensitivity analysis of investment real estate as of June 30, 2024 with fair value of USD 1,257,165,000, an isolated increase in the capitalization rates by 50 basis points would lead to a decrease of approximately USD 102 million in value while a decrease

in the capitalization rate by 50 basis points would lead to an increase in value of approximately USD 122 million as illustrated by the following table in increments of 10 basis points:

As of June 30, 2024:	Stabilized NOI, Decrease 1% in USD	Stabilized NOI, As Reported in USD	Stabilized NOI, Increase 1% in USD
Capitalization rate, decrease 50 bps	108,440,000	122,234,000	136,028,000
Capitalization rate, decrease 40 bps	82,391,000	95,922,000	109,453,000
Capitalization rate, decrease 30 bps	57,317,000	70,595,000	83,872,000
Capitalization rate, decrease 20 bps	33,165,000	46,198,000	59,232,000
Capitalization rate, decrease 10 bps	9,884,000	22,682,000	35,481,000
Capitalization rate, as reported	(12,572,000)	–	12,572,000
Capitalization rate, increase 10 bps	(34,245,000)	(21,892,000)	(9,540,000)
Capitalization rate, increase 20 bps	(55,177,000)	(43,035,000)	(30,894,000)
Capitalization rate, increase 30 bps	(75,404,000)	(63,467,000)	(51,530,000)
Capitalization rate, increase 40 bps	(94,961,000)	(83,222,000)	(71,483,000)
Capitalization rate, increase 50 bps	(113,882,000)	(102,334,000)	(90,786,000)

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 June 30, 2024. 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 June 30, 2024. 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 764.7 million and USD 788.0 million at June 30, 2024 and December 31, 2023, respectively. The fair value of the listed bond is determined based on the price at SIX (Level 1) and amounts to USD 55.0 million as of June 30, 2024 and USD 60.0 million as of December 31, 2023.

NOTE 9 SUBSEQUENT EVENTS

After the balance sheet date, two properties with a fair value of USD 60.2 million (452 units) were disposed. Both properties were classified as held for sale in the accompanying financial statements. There were no oth-

er subsequent events which would require adjustment to or disclosure in the accompanying condensed consolidated interim financial statements.

Property Portfolio as of June 30, 2024

based on Colliers figures

Property	Address	City	State	Zip Code	Fair Value in USD
Amaze @ NoDa	3750 Philemon Avenue	Charlotte	North Carolina	28206	69,500,000
Ashford	1200 North Dairy Ashford Road	Houston	Texas	77079	52,800,000
Avenue 8 Apartments	1050 West 8th Avenue	Mesa	Arizona	85210	39,400,000
Bellevue Hills Apartments	11829 Amerado Boulevard	Bellevue	Nebraska	68123	28,300,000
Breckinridge Square	203 Breckinridge Square	Louisville	Kentucky	40220	34,800,000
Brent Village	1409 Buck Drive	Bellevue	Nebraska	68005	14,500,000
Brookwood Apartments	201 South Kolb Road	Tucson	Arizona	85710	28,000,000
Cordova Creek	7965 Humphrey Hill Drive	Memphis	Tennessee	38016	25,400,000
JRG Lofts	437 West 6th Street	Covington	Kentucky	41011	57,600,000
Lochwood Apartments	55 Lochwood Court	New Albany	Indiana	47150	22,625,000
Mayfield Apartments	919 Aintree Park Drive	Mayfield	Ohio	44143	37,550,000
Mission Palms Apartments	951 West Orange Grove Road	Tucson	Arizona	85704	64,580,000
Residences at Echelon Apartments	3500 SW Hollywood Drive	Lee's Summit	Missouri	64082	54,100,000
Retreat Northwest	1130 Racquet Club North Drive	Indianapolis	Indiana	46260	43,600,000
Ridge on Spring Valley	5704 Spring Valley Road	Dallas	Texas	75254	29,200,000
River Oaks Apartments	7730 East Broadway Boulevard	Tucson	Arizona	85710	31,510,000
Rolling Hills Apartments	9100 Rainbow Springs	Louisville	Kentucky	40241	51,100,000
Shawnee Station	6405 Maurer Road	Shawnee	Kansas	66217	30,900,000
St. Matthews Apartments	400 Mallard Creek Road	Louisville	Kentucky	40207	97,400,000
The M Club	7007 Courthouse Drive	Indianapolis	Indiana	46226	40,600,000
The Meadows Apartment Homes	2154 Meadow Glade Lane	Memphis	Tennessee	38134	19,900,000
The Wylde at Eagle Creek	6612 Eagle Pointe Drive North	Indianapolis	Indiana	46254	31,000,000
Tierra Pointe Apartments	6801 & 6901 Los Volcanes Road NW	Albuquerque	New Mexico	87121	41,400,000
Varia at Oakcrest Apartments	1310 Oakcrest Drive	Columbia	South Carolina	29223	39,300,000
Varia at Highland Village	120 Main Street	Highland Village	Texas	75077	42,000,000
West End at Fayetteville	3050 Plantation Garden Boulevard	Fayetteville	North Carolina	28303	87,300,000
Wild Oaks	7987 NE Flintlock Road	Kansas City	Missouri	64158	63,900,000
Willows of Cumming	225 Nancy Lane	Cumming	Georgia	30040	22,000,000
Wood Hollow Apartments	3875 Post Oak Boulevard	Eules	Texas	76040	39,500,000
Zona Village	2855 West Anklam Road	Tucson	Arizona	85745	17,400,000
Total					1,257,165,000

	Ownership Form	Year of Construction	Net Operating Income ¹ in USD	Units	Occupancy Rate ²	Vacancy Rate	Cap Rate ⁵	Gross Potential Income ³ in USD	Site Size in sq.ft.	Net Lettable Area ⁴ in sq.ft.
	Sole-Ownership	2019	3,475,000	298	94.97%	5.03%	5.00%	6,080,410	431,680	221,270
	Sole-Ownership	2015	2,770,569	312	92.95%	7.05%	5.25%	6,230,280	135,579	260,852
	Sole-Ownership	1986	2,465,048	194	92.78%	7.22%	6.25%	3,906,000	385,158	213,400
	Sole-Ownership	1974	1,838,008	264	92.42%	7.58%	6.50%	4,099,552	788,000	243,960
	Sole-Ownership	1970	2,003,408	294	92.86%	7.14%	5.75%	4,954,325	695,261	332,090
	Sole-Ownership	1971	943,318	180	95.56%	4.44%	6.50%	2,474,193	404,236	147,869
	Sole-Ownership	1973	1,750,512	272	92.65%	7.35%	6.25%	3,720,760	432,586	206,784
	Sole-Ownership	1986	1,653,133	196	95.41%	4.59%	6.50%	3,473,410	851,162	214,038
	Sole-Ownership	2021	3,024,000	178	93.26%	6.74%	5.25%	4,196,806	60,952	131,543
	Sole-Ownership	1972	1,265,146	200	94.50%	5.50%	5.59%	2,780,400	615,938	268,800
	Sole-Ownership	1966	2,585,850	252	95.63%	4.37%	6.89%	5,041,760	778,194	275,575
	Sole-Ownership	1979	3,713,614	360	91.67%	8.33%	5.75%	6,494,060	1,258,842	372,918
	Sole-Ownership	2020	2,840,250	243	96.71%	3.29%	5.25%	4,971,375	485,471	235,552
	Sole-Ownership	1973	2,505,471	336	91.07%	8.93%	5.75%	5,296,356	2,044,532	347,620
	Sole-Ownership	1978	1,604,504	207	91.30%	8.70%	5.50%	3,816,120	324,091	166,194
	Sole-Ownership	1982	1,811,619	300	92.00%	8.00%	5.75%	3,962,700	448,958	212,074
	Sole-Ownership	1972	3,068,589	400	95.75%	4.25%	6.00%	6,488,770	1,120,157	504,640
	Sole-Ownership	2001	1,620,082	228	95.61%	4.39%	5.24%	3,669,000	673,873	210,648
	Sole-Ownership	1988 & 1991	4,868,106	600	95.83%	4.17%	5.00%	10,012,848	1,571,035	587,718
	Sole-Ownership	1979	2,438,931	388	90.72%	9.28%	6.00%	4,905,340	1,686,441	303,544
	Sole-Ownership	1986	1,340,159	200	93.50%	6.50%	6.75%	2,837,478	625,522	191,200
	Sole-Ownership	1987	1,858,619	256	92.19%	7.81%	6.00%	3,990,720	835,350	202,000
	Sole-Ownership	1985	2,482,686	352	91.48%	8.52%	6.00%	4,809,361	521,784	211,720
	Sole-Ownership	2000	1,962,821	272	93.01%	6.99%	5.00%	4,806,840	838,351	299,102
	Sole-Ownership	2015	2,206,005	161	95.65%	4.35%	5.25%	4,234,960	615,593	195,115
	Sole-Ownership	2012	4,802,494	360	95.56%	4.44%	5.50%	7,653,660	1,870,902	425,784
	Sole-Ownership	2000	3,352,829	348	91.95%	8.05%	5.25%	6,314,100	1,047,182	325,488
	Sole-Ownership	1996	1,266,779	156	100.00%	0.00%	5.76%	2,310,096	554,519	147,148
	Sole-Ownership	1985	2,285,171	346	88.73%	11.27%	5.75%	5,681,120	535,374	251,639
	Sole-Ownership	1969	1,132,356	183	92.90%	7.10%	6.50%	2,186,440	249,075	98,868
			70,935,078	8,336			5.64%	141,399,240	22,885,801	7,805,153

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 June 30, 2024, 100 % of the lettable area of the properties was for residential use.

5 The direct capitalization rate for Amaze @ NoDa, JRG Lofts and Residences at Echelon cannot be recalculated 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 13.4 million and USD 3.4 million, respectively. The abatement periods range from 3 to 26 years and are valued at discount rates ranging from 3.0% to 5.3%.

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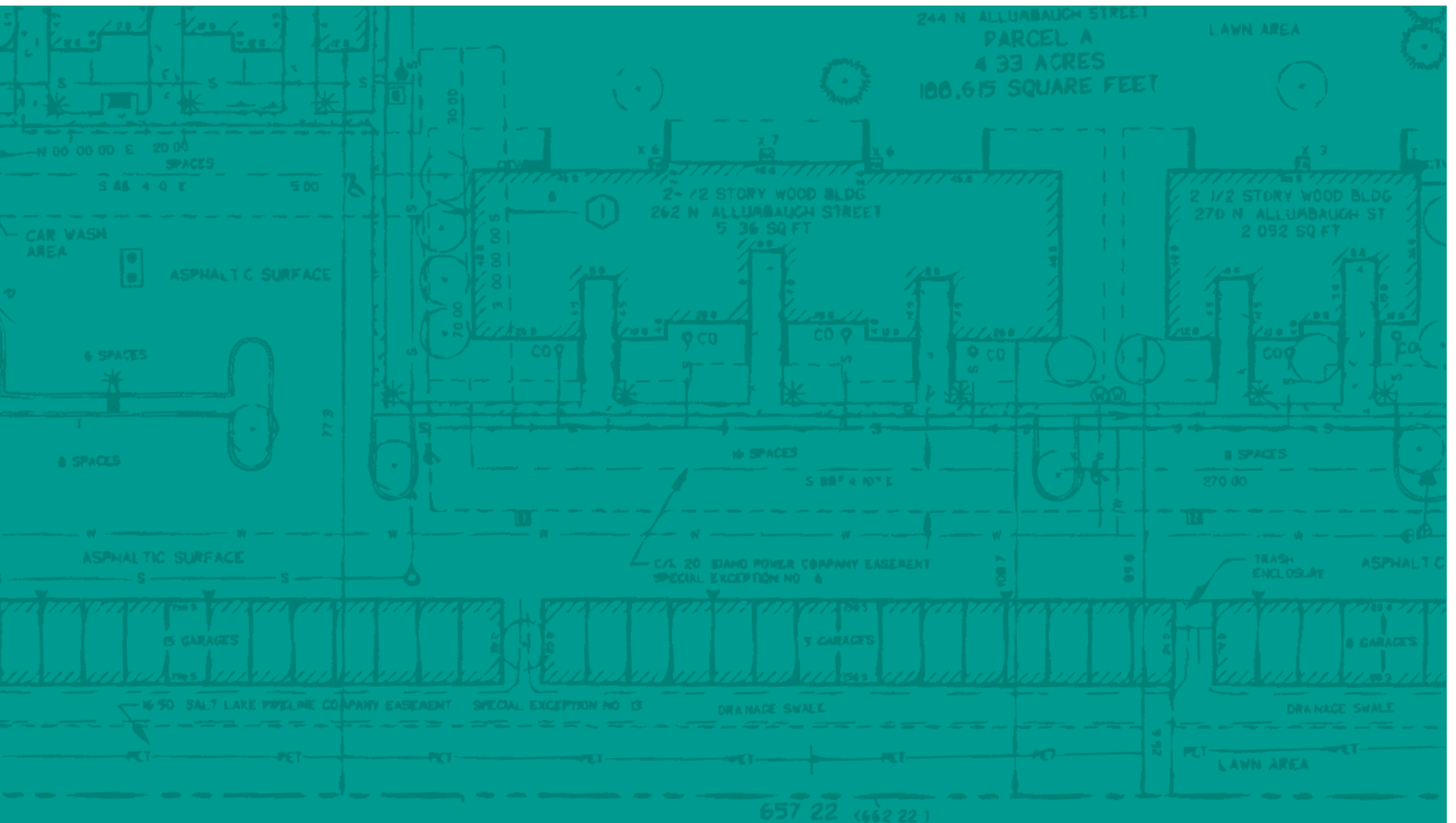
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CONCEPT

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