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COMPANY PORTRAIT

COMPANY PORTRAIT

- Varia Europe Properties AG (“Varia Europe”) is a Swiss based company tailoring investment strategies to the European real estate market. The investment approach is to build a portfolio of real estate and real estate backed assets, with an initial focus on Italy and Spain.
- The Company is managed by a Board of Directors with strong experience within international real estate markets and our strategies are backed by the knowledge and expertise of Stoneweg Group (“Stoneweg”), the advisor within the investment structure and asset manager of the underlying investments.
- Our ambition is to maintain best in class asset allocation by establishing a diversified pool of real estate, and real estate backed, investment assets which are expected to provide steady capital value growth and income potential. We have a purely bottom-up approach to project selection.
- Through our dedicated Luxembourg compartment, VSO Europe Properties, Varia Europe invests into income generating value-added properties, real estate assets in distressed situations, bridge financing backed by real estate assets and the development of residential properties in key urban centers.
- With dedicated teams in our core markets of Italy and Spain, Stoneweg is responsible for sourcing and securing the opportunities in which we invest and managing these through the entire investment lifecycle, including active asset management and subsequent disposal.
- As the value of the equity pool increases in size and the assets under management also grow, it is our ambition to gain greater exposure to individual investment opportunities.

PORTFOLIO SUMMARY

as at December 31, 2020

PORTFOLIO VALUE

December 2019: EUR 41.3 million

EUR million

41.1

NUMBER OF PROJECTS

December 2019: 17

22

NUMBER OF EXITS

December 2019: 0

1

CAPITAL / INCOME ALLOCATION

December 2019: 61% Capital / 39% Income

Capital

58%

Income

42%

COUNTRY ALLOCATION

December 2019: 68% Spain / 32% Italy

Spain

70%

Italy

25%

Ireland

5%

BRIDGE LOAN/NPL ALLOCATION

December 2019: 16%

24%

INCOME ASSETS ALLOCATION

December 2019: 8%

5%

DEVELOPMENT ALLOCATION

December 2019: 55%

45%

VALUE ADD ALLOCATION

December 2019: 21%

26%

SUMMARY PAGE OF KEY FIGURES

RESULTS (For the year ended December 31)	Unit	December 2020	December 2019	Change
Interests income on investments	EUR mio	1.8	–	–
Gain on redemption of notes	EUR mio	–	0.1	–100%
Loss on redemption of notes	EUR mio	–0.01	–	–
Net Unrealized gain (loss) on revaluation of investments	EUR mio	0.1	0.6	–83%
Total Revenues	EUR mio	2.0	0.8	150%
General and administrative expenses	EUR mio	–0.6	–0.3	100%
Operating profit incl. Revaluation	EUR mio	1.4	0.4	250%
Operating margin	%	71%	55%	29%
EBITDA (Operating Profit less unrealized revaluation)	EUR mio	1.3	–0.2	–750%
Profit Before Income taxes	EUR mio	1.3	0.4	225%
Net Profit for the year	EUR mio	1.3	0.6	116%
Earnings brought forward	EUR mio	1.2	0.6	100%
Retained earnings	EUR mio	2.5	1.2	108%

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BALANCE SHEET (For the year ended December 31)	Unit	December 2020	December 2019	Change
Total Assets	EUR mio	43.8	42.6	3%
Equity	EUR mio	43.4	42.4	2%
Equity ratio	%	99%	99%	0%

PORTFOLIO (As of December 31)	Unit	December 2020	December 2019	Change
Projects		22	17	+5
Number of exits		1	–	+1
Portfolio Value	EUR mio	41.1	41.3	–0.5%

SHARE INFORMATION (As of December 31)	Unit	December 2020	December 2019	Change
Share Price	CHF	1.90	1.83	4%
Number of shares		28,512,619	28,512,619	0%
Market capitalization	CHF mio	54.2	52.0	4%
Earnings per share (EPS)	EUR / share	0.047	0.043	9%
Distribution	CHF / share	–	0.13	–
Distribution	EUR mio	–	1.4	–
Distribution Yield on NAV	%	–	8.1%	–
Distribution Yield on Share Price	%	–	7.3%	–
NAV	EUR / share	1.52	1.49	2%



SHAREHOLDER LETTER

“In 2020, the Company saw positive returns across all strategies and markets, with a portfolio of greater depth and breadth.

Shareholder equity increased from EUR 42.4 million at December 2019 to EUR 43.4 million at December 2020, while the NAV per share (including deferred taxes) increased from EUR 1.49 at December 2019 to EUR 1.52 at December 2020.

Our aim is to continue our efforts to establish greater investment depth within the core markets as we move into 2021.”

	December 31, 2020	December 31, 2019
NAV per Share (EUR)	1.52	1.49
Shareholders Equity (EUR)	43,447,158	42,385,804
Number of Shares	28,512,619	28,512,619
EUR/CHF Rate	1.0802	1.0854

** The Average of ordinary shares outstanding as of December 31, 2020 was 28,512,619*

DEAR SHAREHOLDERS

It is with great pleasure that we present to you the 2020 Annual Report for Varia Europe Properties AG.

The Board of Directors of Varia Europe Properties AG (“The Company” or “Varia Europe”) is pleased to present to its investors the year end results for 2020. The Company generated a total revenue of EUR 1.95 million (December 2019: EUR 0.76 million) and total retained earnings of EUR 2.54 million for the year 2020 (December 2019: EUR 1.19 million). 2020 was a very successful period for the Company, and the Board of Directors is very satisfied with the results achieved. The initiatives have been broadly appreciated and welcomed by all stakeholders. The Company is committed to continue the strategic plan.

The Company’s strategy is to invest into real estate and real estate backed assets in Europe (excluding Switzerland), with an initial focus on Italy and Spain. Key investment segments include value-add commercial income properties, bridge financing backed by real estate assets, real estate assets in distressed situations and residential developments in key urban centers.

Varia Europe is invited to participate in each project sourced and secured through the formal investment processes of Stoneweg Asset Management SA (“Stoneweg”), the advisor within the investment structure and asset manager of the underlying investments.

2020 has been a challenging year with the pandemic disruption. Although a great deal of uncertainty still remains from the pandemic, Stoneweg Group on behalf of Varia Europe managed to remain fully operational with minimal impact on its strategy. We believe our capacity of sourcing income generating and capital gain driven deals alongside our monitoring allows us to achieve very positive results with low impact of this global situation.

For 2021, new markets and strategies will be added in the portfolio. Irish Residential strategy has been consolidated through 2020 and will continue to increase in 2021. In Spain, PRS (Private Rental Sector) strategy keeps being implemented at a steady pace, with a long-term view, as the younger generations tend more and more to rent rather than to buy their apartments. The covid-19 situation helped uncovering off market opportunistic investments with strong performance potential in last mile logistics, student housing or hospitality sectors. As we publish this report, a new strategy has been implemented in Denmark with the allocation of Varia Europe capital into a value-added residential portfolio.

PORTFOLIO

Starting the year with 17 underlying investments, in 2020 the Company invested into 5 additional new opportunities bringing the total invested portfolio to 22 projects by year end.

The allocation to the Bridge Loan/ NPL strategy increased from 16% in December 2019 to 24% in December 2020 and Income Assets decreased from 8% to 5% while Development projects decreased from 55% to 45%. Finally, exposure to value added assets increased from 21% to 26% in 2020.

By year end, the portfolio has allocated 70% in Spain, 25% in Italy and 5% in Ireland (68% in Spain and 32% in Italy in December 2019).



New projects invested during the year included an allocation to:

- Iberia Income III: with the success of the two previous bridge loan funds, IIO III aims to invest up to EUR 150 million following the same strategy as Iberia Income I & II.
- Class Plastics: a 21'836 sqm logistics plant to be refurbished and leased back for 10 years. The asset is located in the 1st ring of Barcelona. This is a capital gain opportunity with a value-add strategy.
- Calvino: financing of a 2 years maturity bridge loan to cover the acquisition price of 83% of the real estate closed end fund IIM managed by Castello SGR in Milano, Italy.
- Varia Ireland: a strategy focused on residential developments, in a market with a strong imbalance between offer and demand for residential units (for sale and to rent).

During the year 2020, project ENI was exited with a strong performance (14.5% IRR, 1.15 Multiple). Hemingway project has also been exited as we write this report in the first semester 2021 with attractive returns (26.3% IRR, 1.17 multiple).

PERFORMANCE

Being registered and domiciled in Switzerland, the reference currency of the Company is the Swiss franc (CHF), while the operational and investment currency is the Euro (EUR), based on the jurisdictions in which the Company invests (namely Spain, Italy and Ireland). This difference in currency, between the Company level and underlying investments, leaves open currency risk, including currency fluctuations which may be affecting on a positive or negative way the performance of the portfolio.

During the period, there was a positive EUR / CHF currency impact on the performance of the portfolio based on the appreciation of the CHF against EUR; the currency moved from 1.0854 (December 2019) to 1.0802 (December 2020), or equivalent of -0.48% during the period.

During the year 2020, Varia Europe recorded a total revenue of EUR 1.95 million (EUR 0,76m total revenue for 2019) with an unrealized gain of EUR 0.13 million. On the other hand, general and administrative expenses increased from EUR 0.34 million in December 2019 to EUR 0.57 million in December 2020 leading to an operating profit of EUR 1.38 million in December 2020 (232% increase between December 2019 and December 2020).

The total net profit of the year 2020 is EUR 1.35 million (EUR 0.56 million in 2019, mainly related to the Company optimization of cash flows structure between Varia Europe and its underlying investments).

NAV increased from EUR 1.49/share in December 2019 to EUR 1.52/share in December 2020.

This increase can be explained by Varia Europe realized and unrealized profits that increased from EUR 0.56 million in December 2019 to EUR 1.35 million in December 2020.

The realized profit of the company was increased during the period. Alongside the higher average number of shares in circulation on the secondary market, this increased the earning per shares from 0.043 in December 2019 to 0.047 during the period.

Total shareholder equity of the Company stood at EUR 43,447,158 and voluntary retained earnings of EUR 2.54 million recorded within the Swiss GAAP FER Financial Statements, with basic earnings per share of EUR 0.047. The average ordinary shares outstanding consisted of 28,512,619 shares for the period.

In summary, 2020 has been a period for investing in opportunistic investments to keep consolidating the Company portfolio on strategies initiated at the end of 2019. The diversification of the portfolio in both sectors and regions implemented with well-balanced return strategies allows Varia Europe to provide risk adjusted returns through stable income generating assets and strong capital gain upsides driven by the development and value-added strategies.

It is through these steps of consolidating the foundation for our future that we look forward to continuing to build and grow the Company as we move into 2021.

Sincerely yours,



Taner Alicehic

Chairman & Executive Member



MANAGEMENT REPORT

PORTFOLIO OVERVIEW

A BREAKDOWN OF THE PORTFOLIO AS OF DECEMBER 31, 2020

During the year 2020, the company increased in size with total shareholder equity value moving from CHF 42.4 million to CHF 43.4 million with the total number of projects increasing from 17 to 22 opportunities.

The portfolio increased its allocation to income generating projects, from 61% capital and 39% income based at December 31, 2019 to 58% capital and 42% income-based opportunities at December 31, 2020. The country allocation moved from 68% Spain, 32% Italy, to 70% Spain, 25% Italy and 5% Ireland within the same period.

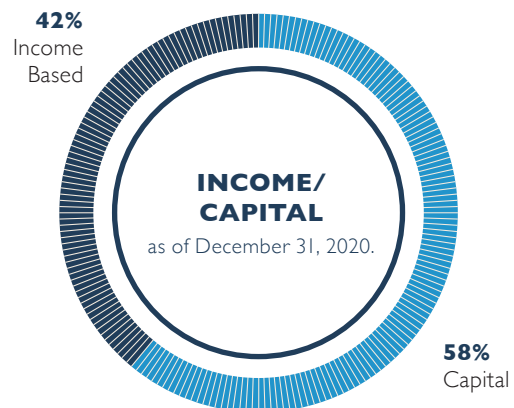
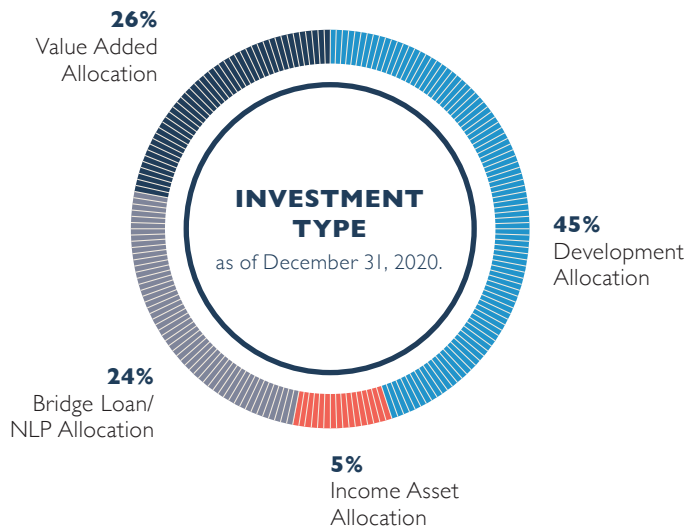
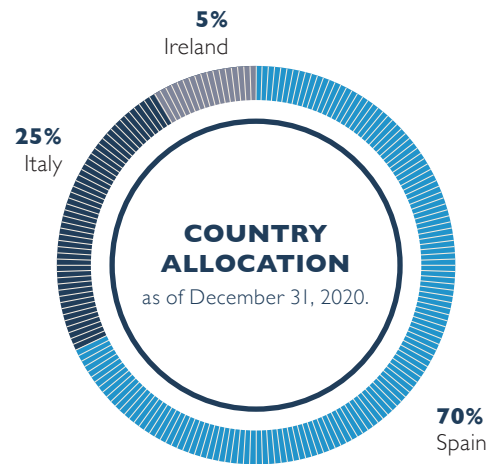
Within the four principal strategies, the allocation to the Bridge Loan/ NPL strategy increased from 16% in December 2019 to 24% in December 2020 and Income Assets decreased from 8% to 5% while Development projects decreased from 55% to 45%. Finally, exposure to value added assets increased from 21% to 26% in 2020.

One of the key investments initiated during the first half of 2020 is Iberia Income III. With the success of the two previous bridge loan funds, IIO III aims to invest up EUR 150 million following the same strategy as Iberia Income I & II.

Another investment executed this first half year is Class Plastics, a 21,836 sqm logistics plant to be refurbished and leased back for a 10 years leasing contract. The asset is located in the 1st ring of Barcelona. This is a capital gain opportunity with a value-add strategy.

Finally, Varia Europe implemented the Varia Ireland Strategy during 2020. The aim is to implement several residential developments for sale or rent located in Dublin and its periphery. The opportunity is backed up by a strong governmental support for residential developments and strong real estate fundamentals. Varia Europe will also continue to increase its allocation in value-add investments in logistics, student housing or hospitality.

Varia Europe will keep implementing new investments by enlarging its footprint in Europe through the Danish residential portfolio allocation to be invested in the first semester 2021.



PORTFOLIO ALLOCATION DECEMBER 31, 2020

Varia Europe	Geography	Strategy	Return Strategy	Sector	Maturity
Development Strategy					
PRS	Spain	Development	Income	Residential	9 yrs
Sp. Phoenix CAT	Spain	Development	Capital	Residential	5 yrs
Sp. Phoenix II	Spain	Development	Capital	Residential	5–6 yrs
Varia Ireland	Ireland	Development	Capital	Residential	4 yrs
Compagnoni	Italy	Development	Capital	Residential	3 yrs
Skyline	Spain	Development	Capital	Residential	4 yrs
Niccolini	Italy	Development	Capital	Residential	4 yrs
Added Value Strategy					
Vittoria	Italy	Added Value	Income	Mixed Use	3 yrs
Gran Turia	Spain	Added Value	Capital	Retail	4 yrs
Minor	Spain	Added Value	Capital	Hospitality	3–4 yrs
Class Plastic	Spain	Added Value	Capital	Logistics	2 yrs
Hemingway	Spain	Added Value	Capital	Student Housing	8mths
Bridge Loan Strategy					
Ib. Income Opp. III	Spain	Bridge Loan	Income	Mixed: Commercial. Residential	1–2 yrs
Calvino	Italy	Bridge Loan	Income	Residential	3 yrs
Ib. Income Opp.	Spain	Bridge Loan	Income	Mixed: Commercial. Residential	1–2 yrs
Ib. Income Opp. II	Spain	Bridge Loan	Income	Mixed: Commercial. Residential	2 yrs
Barigello (VSO XXIX)	Italy	Bridge Loan	Income	Residential	3–4 yrs
VSO V	Spain	Bridge Loan	Capital	Residential	4 yrs
Income Strategy					
Preziosi	Italy	Income	Income	Office	3 yrs
NPL Strategy					
Medio (VSO XX)	Italy	NPL	Income	Mixed: Office. Hospitality. Residential	3–4 yrs
Albatros/Boulevard/ Guaraldi	Italy	NPL	Income	Mixed: Residential. Office. Retail	2 yrs
DELA (VSO VII)	Italy	NPL	Capital	Office	4 yrs

	Investment Date	Target IRR	% Effective Allocation	Varia Ownership ¹	Varia Ownership ²
			45%		
	Q4 2019	10%–12%	14.7%	24.4%	6.4%
	Q1 2018	8%–10%	11.6%	15.9%	5.9%
	Q1 2018	10%–12%	7.7%	9.8%	3.2%
	Q3 2020	20%–25%	5.2%	7.0%	7.0%
	Q1 2018	15%–20%	2.8%	18.1%	9.1%
	Q4 2018	11%–12%	2.6%	5.2%	1.3%
	Q4 2018	10%–15%	0.6%	3.9%	1.9%
			26%		
	Q2 2019	10%–12%	8.4%	17.6%	5.3%
	Q4 2019	10%–15%	6.5%	46.4%	46.4%
	Q3 2020	20%–27%	3.9%	31.9%	15.9%
	Q1 2020	10%–15%	3.9%	32.1%	32.1%
	Q3 2020	20%–25%	3.9%	14.6%	14.6%
			22%		
	Q1 2020	13%–15%	11.0%	33.1%	33.1%
	Q1 2020	10%–15%	5.2%	77.5%	77.5%
	Q1 2018	10%–12%	2.5%	2.1%	2.1%
	Q4 2018	10%–12%	2.1%	0.5%	0.5%
	Q4 2018	11%–13%	0.9%	9.1%	9.1%
	Q3 2017	11%–13%	0.2%	3.2%	3.2%
			5%		
	Q1 2018	10%–15%	5%	24.9%	12.5%
			2%		
	Q4 2017	10%–12%	1.4%	11.4%	3.4%
	Q1 2018	10%–15%	0.6%	6.2%	3.1%
	Q3 2017	15%–20%	0.4%	9.7%	3.8%

¹ on number of notes owned by Stoneweg group vehicles
² on total number of notes of the project

PORTFOLIO PROJECTS

PRS

Investment Overview

Strategy	Development
Location	Spain
Sector	Residential
Investment Date	Q4 2019
Maturity Expected	9 yrs
Number of Projects	2
Target Equity Size	€ 500 million
Varia Europe Ownership (on capital raised by Stoneweg)	24%
Target IRR	10%–12%

Summary Update

- As of today, the strategy has a € 50 million commitment from Stoneweg in addition to the € 350 million from our partner M&G.
- Process of extending the equity raising period to September 2021 due to Covid-19 pandemic.
- In April, we closed the third deal for the strategy with the acquisition of Cosmetoda (forward purchase), with works starting in March following the granting of the license. In terms of pipeline, we are in advanced negotiations for potential deals in Madrid and expect to close two transactions by summer.

SPANISH PHOENIX II

Investment Overview

Strategy	Development
Location	Spain
Sector	Residential
Investment Date	Q1 2018
Maturity Expected	5–6 yrs
Number of Projects	9
Program Size	€ 130 million
Varia Europe Ownership (on capital raised by Stoneweg)	10%
Target IRR	10%–12%

Summary Update

- Delay of construction has been limited to 1–2 months in line with the mandatory lockdown period in the country.
- Sales slowed down during the second half of the year given the unstable environment and restrictions in place.
- 2021 started strong (especially for the Madrid assets), we expect this trend to continue as restrictions are lifted.
- Given the nature of the assets (residential sector), target buyer is not foreign and still has access to interesting financing terms provided by the low interest rate environment that has prevailed.
- The Cosmetoda block sale was completed in April through a forward purchase. Following the granting of the license works, started in March and are progressing well.
- Following various negotiations with Neinor (top Spanish residential developer, listed), a sale has been agreed for Kodak and the SPA was signed in May. Closing is expected by August upon satisfaction of the outstanding conditions precedents.
- As anticipated, the pandemic has generated an overall pricing uncertainty for developers that has negatively affected land plots. Consequently, we have revised the exit business plan for Kodak and Carriles, in line with the deal negotiated and comparables on the market.

SPANISH PHOENIX CAT

Investment Overview

Strategy	Development
Location	Spain
Sector	Residential
Investment Date	Q1 2018
Maturity Expected	5 yrs
Number of Projects	9
Program Size	€ 85 million
Varia Europe Ownership (on capital raised by Stoneweg)	16%
Target IRR	8%–10%

Summary Update

- Delay of construction has been limited to 1–2 months in line with the mandatory lockdown period in the country.
- Sales slowed down during the second half of the year given the unstable environment and restrictions in place.
- 2021 started strong, we expect this trend to continue as restrictions are lifted.
- Given the nature of the assets (residential sector), target buyer is not foreign and still has access to interesting financing terms provided by the low interest rate environment that has prevailed.
- Although sales slowed down during the second half of last year, the pace has caught up in 2021. We remain confident and expect the momentum to continue as restrictions are lifted and uncertainty becomes clearer for the market.
- In parallel, we anticipate that the progress on the construction of Badalona Torres (with Phase I now almost finished) will further support sales as potential clients will be able to visit the finished product by July.
- The Cosmetoda block sale was completed in April through a forward purchase to PRS investor. Following the granting of the license, works started in March and are progressing well.

VARIA IRELAND

Investment Overview

Strategy	Development
Location	Ireland
Sector	Residential
Investment Date	Q3 2020
Maturity Expected	4 yrs
Number of Projects	6
Program Size	€ 20 million
Varia Europe Ownership (on capital raised by Stoneweg)	7%
Target IRR	20%–25%

Summary Update

- Irish economy strongly recovered from the first wave of Covid-19 and is expected to do so from the current increase. Mortgages rate granted become more competitive (1.95% rate: lowest in Ireland in more than a decade) and support to buy incentives have increased.
- The initial capital for the strategy was received just before the end of Q2 2019. Since then, we have secured additional commitments taking the total strategy equity to € 21.6 million.
- 6 deals with a total investment value of € 15.8 million have been executed.
- Work at full capacity to execute the identified projects and to manage the existing portfolio.

PROJECT COMPAGNONI

Investment Overview

Strategy	Development
Location	Italy
Sector	Residential
Investment Date	Q1 2018
Maturity Expected	3 yrs
Number of Projects	1
Acquisition Price	€ 11 million
Varia Europe Ownership (on capital raised by Stoneweg)	18%
Target IRR	15%–20%

Summary Update

- Signing of PSPA on the residual available units for € 17 million net of sales fees achieving 100% sales.
- Except the timing element, mostly due to Covid-19, the remaining assumptions of the business plan are unchanged.

PROJECT SKYLINE

Investment Overview

Strategy	Development
Location	Spain
Sector	Residential
Investment Date	Q4 2018
Maturity Expected	4 yrs
Number of Projects	2
Total Investment	€ 225 million
Varia Europe Ownership (on capital raised by Stoneweg)	5%
Target IRR	11%–12%

Summary Update

- Iconic asset of 24 floors, 100m high, superb common areas.
- Resilience proven to the pandemic: construction remains as planned with expected delivery in August 2022.
- Foundations works were completed in Q3 2020.
- Focus is currently on the concrete structure above ground and the façade. Having recently reached the 17th floor in June.
- Sales have been very strong since the beginning of the 2021 year and well ahead of forecast, with an average of 8 units sold per month. As a result, the senior financing was activated in April consequently stabilizing the project and avoiding further capital calls.

PROJECT NICCOLINI

Investment Overview

Location	Italy
Sector	Residential
Investment Date	Q4 2018
Maturity Expected	4 yrs
Number of Units	73
Total Investment	€ 33 million
Varia Europe Ownership (on capital raised by Stoneweg)	4%
Target IRR	10%–15%

Summary Update

- Reconversion of an old building into 73 new apartments.
- As of Q4 2020, 100% pre-sales were reached on the project.
- Anticipation of a timing impact with CAPEX end by Q3 2021.
- Collection of payments for the sales latest September 2021.

PROJECT VITTORIA

Investment Overview

Strategy	Added Value
Location	Italy
Sector	Mixed Use
Investment Date	Q2 2019
Maturity Expected	3 yrs
Number of Projects	1
Acquisition total outflows	€ 69 million
Varia Europe Ownership (on capital raised by Stoneweg)	18%
Target IRR	10%–12%

Summary Update

- Real estate complex (residential, office, retail, hotel, gym) acquired through creditor composition plan.
- Preliminary SPA signed with Hines on the residential complex for € 135 million. Expected closing Q3 2021.
- Asset Management team is considering two exit scenarios of the Hotel:
 - Organizing a formal auction/beauty contest on the asset as it is.
 - Reconvert the hotel into a residential asset.

PROJECT GRAN TURIA

Investment Overview

Strategy	Added Value
Location	Spain
Sector	Retail
Investment Date	Q4 2019
Maturity Expected	4 yrs
Number of Projects	1
Acquisition Price	€ 5 million
Varia Europe Ownership (on capital raised by Stoneweg)	46%
Target IRR	10%–15%

Summary Update

- Refurbishment works started in June 2020, with expected completion by March 2022.
- Business plan has been revised to account for the pandemic effect in the sector – exit has been delayed by one year to December 2023.

PROJECT MINOR

Investment Overview

Strategy	Added Value
Location	Spain
Sector	Hospitality
Investment Date	Q3 2020
Maturity Expected	3–4 yrs
Total Keys	467
Total Investment	€ 43 million
Varia Europe Ownership (on capital raised by Stoneweg)	32%
Target IRR	20%–27%

Summary Update

- Multi asset acquisition completed in October 2020 comprising two 4-star hotels, two apartment complexes and a seafront beach club located in Menorca.
- Works have been successfully completed at the end of May, in time for the 2021 summer season.
- Exit on sales completion, expected by Q4 2023.

PROJECT CLASS PLASTICS

Investment Overview

Strategy	Added Value
Location	Spain
Sector	Logistics
Investment Date	Q1 2020
Maturity Expected	2 yrs
Number of Projects	1
Total Investment	€ 9 million
Varia Europe Ownership (on capital raised by Stoneweg)	32%
Target IRR	10%–15%

Summary Update

- Logistics plant in Martorelles, 27km away from Barcelona, near Amazon and Coca-Cola.
- Currently under exclusivity with a reputable investor at an interesting price with expected closing by the end of 2021, once the tenant has vacated. Negotiations are ongoing with the tenant (Class Plastics) to terminate their lease contract, which is a condition for the sale.

PROJECT HEMINGWAY

Investment Overview

Strategy	Added Value
Location	Spain
Sector	Student Housing
Investment Date	Q3 2020
Maturity	8 mths
Number of rooms	126
Total Investment	€ 14 million
Varia Europe Ownership (on capital raised by Stoneweg)	15%
Target IRR	20%–25%

Summary Update

- Successful sale completed via share deal in February 2021 achieving a higher IRR than anticipated (21.7% / 1.26x at asset level) and securing a strong exit 1.5 years in advance of the initial business plan.
- The asset proved resilient as we managed to keep healthy levels of occupancy despite the pandemic environment, consequently driving investor appetite.

IBERIA INCOME OPPORTUNITIES III

Investment Overview

Strategy	Bridge Loan
Location	Spain
Sector	Mixed: Commercial, Residential
Investment Date	Q1 2020
Maturity Expected	1–2 yrs
Number of Loans	3
Current Total Commitment	€ 21 million
Varia Europe Ownership (on capital raised by Stoneweg)	33%
Target IRR	13%–15%

Summary Update

- No potential loss on the notional or interest is expected on the outstanding balance of the current positions, no provision was booked during the fourth quarter.

IBERIA INCOME OPPORTUNITIES II

Investment Overview

Strategy	Bridge Loan
Location	Spain
Sector	Mixed: Commercial, Residential
Investment Date	Q4 2018
Maturity Expected	2 yrs
Number of Loans	25
Current Total Commitment	€ 144 million
Varia Europe Ownership (on capital raised by Stoneweg)	1%
Target IRR	10%–12%

Summary Update

- Negative adjustment linked to the year-end review of the collateral valuations post-covid.
- Provisions have been based on the excess to the 100% LTV on these new valuations.

Risk Overview	# of loans	Gross IRR	Status
Blended Portfolio	34	11.70%	Expected
Reimbursed Loans	9	13.97%	Realized
No Risk on Principal or interests	12	12%–14%	Expected
No risk on principal and partial risk on interests	13	8%–12%	Expected

Note: Estimated Average gross IRR, expected for the blended portfolio includes the reimbursed loans, as well as the current positions.

IBERIA INCOME OPPORTUNITIES I

Investment Overview

Strategy	Bridge Loan
Location	Spain
Sector	Mixed: Commercial, Residential
Investment Date	Q1 2018
Maturity Expected	1–2 yrs
Number of Loans	15
Current Total Commitment	€ 46 million
Varia Europe Ownership (on capital raised by Stoneweg)	2%
Target IRR	10%–12%

Summary Update

- Extension of the maturity of the fund from 31.12.2020 to 31.12.2021.
- Negative adjustment linked to the year-end review of the collateral valuations post-covid.
- Provisions have been based on the excess to the 100% LTV on these new valuations.

Risk Overview	# of loans	Gross IRR	Status
Blended Portfolio	26	10.80%	Expected
Reimbursed Loans	11	13.92%	Realized
No Risk on Principal or interests	8	12%–14%	Expected
No risk on principal and partial risk on interests	4	5%–10%	Expected
Partial risk on principal	3	N/A	Expected

Note: Estimated Average gross IRR, expected for the blended portfolio includes the reimbursed loans, as well as the current positions.

PROJECT CALVINO

Investment Overview

Strategy	Bridge Loan
Location	Italy
Sector	Residential
Investment Date	Q1 2020
Maturity Expected	3 yrs
Number of Loans	1
Varia Europe Ownership (on capital raised by Stoneweg)	78%
Target IRR	10%–15%

Summary Update

- The owner of the asset is discussing with the banks to get a € 26 million Capex Facility for the development of the asset.
- The business plan will be updated as soon as updates on Capex and Building permit will be available.

PROJECT BARIGELLO (VSO XXIX)

Investment Overview

Strategy	Bridge Loan
Location	Italy
Sector	Residential
Investment Date	Q4 2018
Maturity Expected	3–4 yrs
Number of Projects	1
Varia Europe Ownership (on capital raised by Stoneweg)	9%
Target IRR	11%–13%

Summary Update

- Refinancing of the borrower in progress for sign-off, leading to repayment of the loan within Q3 2021.

VSO V

Investment Overview

Strategy	Bridge Loan
Location	Italy
Sector	Residential
Investment Date	Q4 2018
Maturity Expected	3–4 yrs
Number of loans	1
Remaining equity at risk	€ 0.8 million
Varia Europe Ownership (on capital raised by Stoneweg)	9%
Target IRR	11%–13%

Summary Update

- The sale of the remaining asset has taken longer due to the impact of current Covid-19 situation.
- The materialization of this sale at the beginning of Q3 2021 would allow the investors of this vehicle to reach a multiple of close to 1.1x and an IRR of 5.5%–6.0%.

VSO V Capital Summary

Launch Date	June 2017
Subscribed nominal	€ 11.5 million
Cumulated distributions	€ 10.8 million
Remaining Equity at risk	€ 0.8 million

PROJECT PREZIOSI

Investment Overview

Strategy	Income
Location	Italy
Sector	Office
Investment Date	Q1 2018
Maturity Expected	3 yrs
Number of Projects	2
Acquisition Price	€ 23 million
Varia Europe Ownership (on capital raised by Stoneweg)	25%
Target IRR	10%–15%

Summary Update

Genova Update:

- ABB informed their willingness to release part of the building and to enter a new lease for € 1.5 million with execution first half 2021.
- Ongoing discussions to find a replacement in vacated space, jointly managed with ABB as main tenant of the building.

Carimate Update:

- Exit closed for € 1.3 million in Q1 2021.

PROJECT MEDIO

Investment Overview

Strategy	NPL
Location	Italy
Sector	Mixed: Office, Hospitality, Residential
Investment Date	Q4 2017
Maturity Expected	3–4 yrs
Number of borrowers	7
Acquisition Price	€ 36 million
Varia Europe Ownership (on capital raised by Stoneweg)	11%
Target IRR	10%–12%

Summary Update

- Acquisition of 11 claims towards 7 borrowers for € 36 million vs a GBV of € 58.2 million.
- Judicial recovery ongoing for 3 claims.
- Settlement agreement signed with borrowers or ongoing.
- One claim filed for bankruptcy (Immobiliare Alpina).
- IRR expected to decrease in light of:
 - Issues with Mediterranea and Archi, as well as with Pucci claim settlement.
 - Additional delays with court being closed and judicial recoveries all postponed. We are waiting from further guidance and communication from local authorities.

PROJECT ALBATROS/GUARALDI**Investment Overview**

Strategy	NPL
Location	Italy
Sector	Mixed: Residential, Office, Retail
Investment Date	Q1 2018
Maturity Expected	2 yrs
Number of Claims	18
Acquisition Price	€ 16 million
Varia Europe Ownership (on capital raised by Stoneweg)	6%
Target IRR	10%–15%

Summary Update

- Total Gross Book Value of € 46 million backed by 14 assets directly, as well as 2 additional assets indirectly, through the personal guarantee from the borrower.
- Borrower obtained a term sheet from Solution Bank for the potential refinancing of the borrower partial exit of the investments by Q2 2021 – anticipated repayment to VSO by 31.07.2021 for a remaining amount of € 9.5 million, enabling 14% IRR at investment level.

PROJECT DELA**Investment Overview**

Strategy	NPL
Location	Italy
Sector	Office
Investment Date	Q3 2017
Maturity Expected	4 yrs
Number of Claims	3
Acquisition Price	€ 27 million
Varia Europe Ownership (on capital raised by Stoneweg)	10%
Target IRR	15%–20%

Summary Update

- Hotel Tiberio: agreed with the borrower a settlement agreement composed by 3 payments of roughly € 0.9 million plus a final payment of € 30.3 million.
- Peonia: Claim sold for € 0.7 million and to be recovered in Q2 2021.
- Acero: Claim already sold in Q4 2017 for € 5 million.

INVESTMENT STRUCTURING

INVESTMENT STRUCTURING

The Company participates in real estate investments through participations in VSO compartments. VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company. VSO has different compartments with distinct real estate investment strategies. The Company is a noteholder (notes are issued in registered form) of VSO compartments. The notes are not tradable instruments and not listed at any exchange or the like.

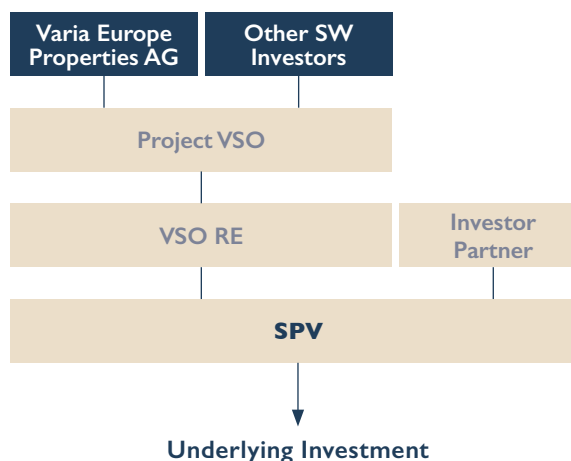
As a noteholder, the Company invests in debt instruments (notes) allowing it to participate in the underlying assets' returns through variable yields. The result is that the notes participate fully in the investment as if the Company had invested into equity (without any voting or related rights). The notes are linked to the assets confined exclusively to the respective compartment.

The Company only decides to invest into a specific VSO compartment or program, while the investment decisions in the VSO compartments are taken by the Board of Directors of VSO depending on the individual strategy of each VSO compartment. The allocations are done with the objective to participate in different investment strategies.

The proceeds from the issuance of notes by the VSO compartment are used to carry out the investment strategies via Special Purpose Vehicles (SPV) created for each asset of the compartment. The sole purpose of the SPV is to implement the relevant investment strategy for the respective asset at the local level.

The Company has no direct influence on the management and investment decisions of VSO compartments themselves and the exit of the investments is dependent on the realization of the underlying assets. VSO compartments and underlying assets owned by VSO compartments are advised and managed by Stoneweg group entities.

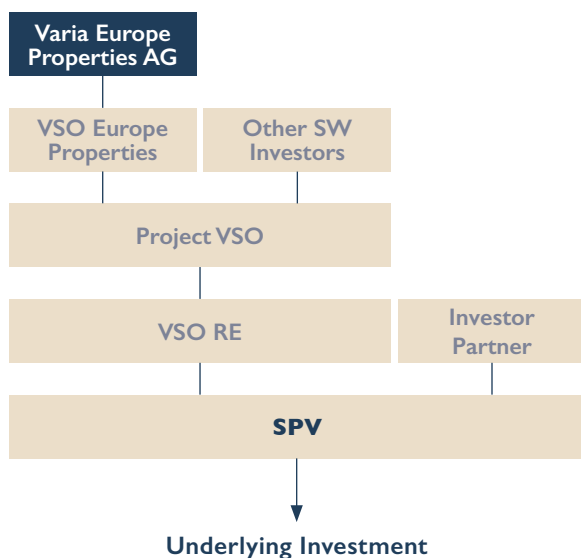
Example I – The following graphics depict a typical investment structures for real estate assets



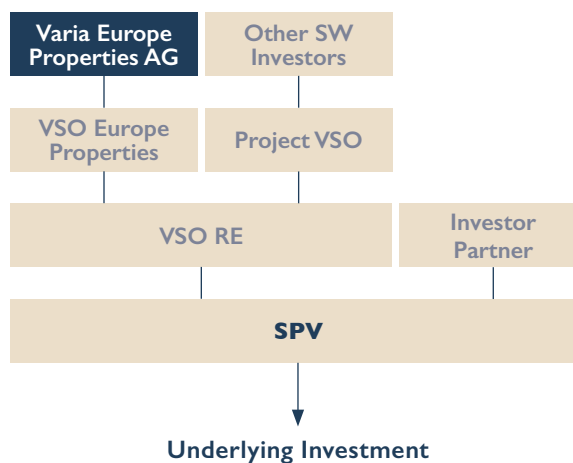
For real estate assets, as an explanation of the above, the Company is a noteholder in an underlying project VSO compartment of Varia Structured Opportunities SA. The VSO compartment is the level where Stoneweg investors participate in pooling equity resources for a specific project or strategy. The VSO compartment holds tracking shares which have been issued by Varia Structured Opportunities Real Estate (VSO RE) a private limited liability company under the laws of the Grand Duchy of Luxembourg, in relation to that specific project.

At SPV level, as a tool for incentivizing local partners, the SPV will be jointly owned by VSO RE and a partner investor helping to manage the risk / return profile of the local project.

Example 2 – Varia Europe Properties AG into VSO Europe Properties:



Example 3 – VSO Europe Properties invested directly to VSO RE:

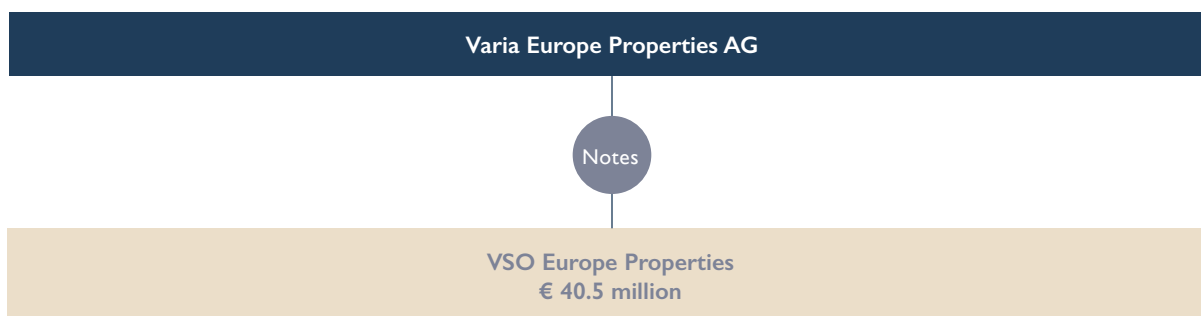


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For operational ease, a dedicated VSO compartment, VSO Europe Properties, has been created from February 23, 2018, in which all future Company transactions will be held and processed. For Spanish related projects, VSO Europe Properties will typically become a noteholder of the relevant project level VSO.

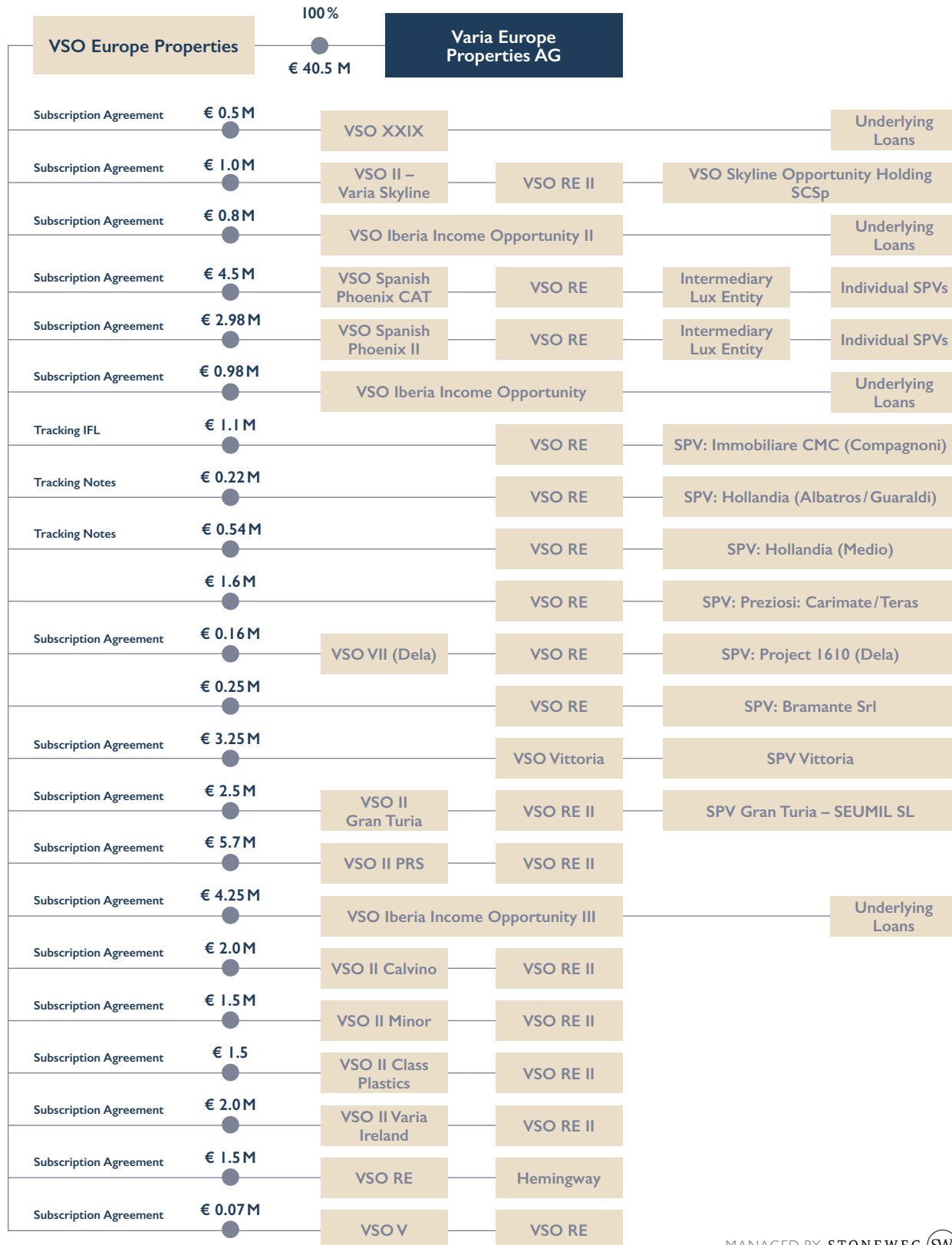
VSO Europe Properties can invest directly through VSO RE, rather than as a noteholder of another Project VSO. In this case the link is between VSO Europe Properties and VSO RE. This is typically the case for Italian projects.

As of 31 December 2020, the Company held the allocation into VSO notes:



On December 22, 2020, Varia Europe Properties AG subscribed 696 notes of EUR 1,000 of VSO Europe Properties. The Company settled the subscription amount in kind with the contribution of its full ownership of the VSO notes in the compartments VSO V, VSO VII, VSO Spanish Phoenix II and VSO XX for a total of EUR 787,392.

As of 31 December 2020, VSO Europe Properties had allocated capital in the following manner:





COMPENSATION REPORT

Varia Europe Properties AG's sustainable development and its continued success as a business are built on a systematic and transparent compensation system. This report provides an overview of the Company's compensation principles and practices designed to support business goals and to align the interests of the leadership team with those of the Company's shareholders.

OVERVIEW

Varia Europe Properties AG (the "Company") is a real estate holding company incorporated in Zug. The Company has a Board of Directors but no direct employees. The Company has retained Real Estate Investment Solutions AG ("REIS") as the Company's Strategic Advisor, while Stoneweg group ("Stoneweg") acts as the advisor within the investment structure and asset manager of the underlying investments. All operational tasks have been outsourced to these entities.

For that reason, the compensation report only relates to the compensation of the members of the Board of Directors. Neither the members, nor the relevant chairman of any committee, i.e. Audit&Risk and Compensation committee, of the Company received any remuneration for their role in these committees.

Pursuant to article 4.4 of the Company's articles of association, the Board of Directors members and the persons whom the Board of Directors has entrusted with the executive management receive a fixed remuneration that may be complemented by a variable component for the persons whom the Board of Directors has entrusted with the executive management; reimbursement of expenses incurred on behalf of the Company may be paid to members, provided that they submit supporting documentation.

The Board of Directors determines on an annual basis and at its discretion the fixed remuneration to be paid to the individual members from the period from the next General Meeting of Shareholders to the following one. The remuneration is determined following the recommendations of the compensation committee and within the limits of the total amount approved by the General Meeting of Shareholders.

During its June 15, 2020 session, the compensation committee looked at the remuneration of Swiss listed and non-listed real estate companies of similar size and concluded that the remuneration in the Company is in line with market standards.

The compensation committee also looked at the remuneration of the delegates the Board of Directors has entrusted with the executive management of the Company. This remuneration is determined on a discretionary basis, taking into account the fact that delegates are also compensated and remunerated by Stoneweg and REIS for their activities, and that the remuneration paid by the Company is linked to their duties in Switzerland for the Company, including coordinating with Stoneweg team members.

PURPOSE OF THE COMPENSATION REPORT

The compensation report meets the provisions of the Ordinance against Excessive Compensation in Listed Companies (art. 13 and seqq.) and is put to a consultative vote at the General Meeting of Shareholders.

COMPENSATION PAID

Compensation period from the 2019 General Meeting of Shareholders to the 2020 General Meeting of Shareholders

The General Meeting of Shareholders of June 28, 2019 approved the following decisions:

- Maximum amount of CHF 30,000 for the compensation of the members of the Board of Directors for the term of office until the next ordinary General Meeting of Shareholders
- Maximum amount of CHF 5,000 for the compensation of the persons whom the Board of Directors has entrusted with the executive management of the Company for the compensation period until the next ordinary General Meeting of Shareholders.
- Of the CHF 30,000 approved by shareholders, the sum of CHF 16,290 was paid, CHF 15,000 of fixed compensation and CHF 1,290 of social security contributions.

Compensation period from the 2020 General Meeting of Shareholders to the 2021 General Meeting of Shareholders

On July 23, 2020, the General Meeting of Shareholders of Varia Europe Properties AG approved the following decisions:

1. It elected the following persons as Board of Directors members:
 - Taner Alicehic, Chairman
 - Jaume Sabater Martos, member
 - Pierre Grégoire Baudin, member
2. It elected Jaume Sabater Martos as member of the Compensation committee for the term of office until the next ordinary General Meeting of Shareholders.
3. It approved the following compensation package for the Board of Directors members according to article 3.7 of the Articles of Association:
 - Maximum amount of CHF 60,000 for the compensation of the members of the Board of Directors for the term of office until the next ordinary General Meeting of Shareholders.
 - Maximum amount of CHF 5,000 for the compensation of the persons whom the Board of Directors has entrusted with the executive management of the Company for the compensation period until the next ordinary General Meeting of Shareholders.

COMPENSATION FOR THE FINANCIAL YEAR

The Board of Directors attendance fees during the financial year 2020 were the following:

Member	Function	Fixed compensation (cash) in CHF	Social security contributions in CHF	Total compensation in CHF
Taner Alicehic	Chairman of the Board	5,000	430	5,430
Jaume Sabater Martos	Vice Chairman of the Board	5,000	430	5,430
Pierre Grégoire Baudin	Member of the Board	5,000	430	5,430
Total		15,000	1,290	16,290

The Board of Directors attendance fees during the financial year 2019 were the following:

Member	Function	Fixed compensation (cash) in CHF	Social security contributions in CHF	Total compensation in CHF
Taner Alicehic	Chairman of the Board	5,000	430	5,430
Jaume Sabater Martos	Vice Chairman of the Board	5,000	430	5,430
Pierre Grégoire Baudin	Member of the Board	5,000	430	5,430
Total		15,000	1,290	16,290

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Compensation schedule	2020 AGM to 2021 AGM in CHF	2019 AGM to 2020 AGM in CHF
Fixed compensation	15,000	15,000
Social security contributions	1,290	1,290
Total compensation	16,290	16,290
Amount approved by AGM	60,000	30,000
Difference	43,710	13,710

FULL BOARD OF DIRECTORS COMPENSATION DISCLOSURE

In the year 2020, the Board of Directors members received the above-mentioned fixed compensation. The Company does not have other performance related compensation. Therefore, none of the Board of Directors members received any additional performance related compensation in shares or other stocks and there was no performance related compensation for the Board of Directors members.

There was no additional compensation to the Board of Directors members for their role as Board of Directors member or for additional work, except for the Board of Directors members paid by REIS that are involved in the asset management duties of this company. No loans or credit facilities were granted to members of the Board of Directors or any other related parties in the 2020 financial year. Board of Directors expenses will be paid on top of the remuneration package proposed above, especially for Board of Directors members travelling from abroad to Switzerland for Board of Directors meetings.

Due to the pandemic situation, the Board of Directors did not travel abroad. Hence the Company did not incur any travel expenses.

In 2020, Real Estate Investment Solutions AG (REIS) charged the Company CHF 305,628 in consulting fees.

During the reporting year ended December 31, 2019, Real Estate Investment Solutions AG (REIS) and Stoneweg Asset Management SA, have charged the Company CHF 595,000 and CHF 298,000 respectively in placement and capital increase fees that have been accounted for as transaction costs against the share premium proceeds.

Stoneweg has not received any direct remuneration from the Company for its work during the years 2020 and 2019 (except the above-mentioned placement and capital increase fees). This decision has been taken due to the fact that Stoneweg is indirectly remunerated from its work as advisor of the VSO compartments and asset manager of the local entities holding the real estate assets.

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

Report of the statutory auditor

to the General Meeting of Varia Europe Properties AG

Zug

We have audited the accompanying remuneration report of Varia Europe Properties AG for the year ended 31 December 2020.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Varia Europe Properties AG for the year ended 31 December 2020 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers SA

Jean-Sébastien Lassonde
Audit expert
Auditor in charge

Maxime Véron
Audit expert

Geneva, 30 July 2021

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SWISS GAAP FER FINANCIAL STATEMENTS

December 31, 2020

Varia Europe Properties AG, Zug

BALANCE SHEET AS OF DECEMBER 31, 2020

ASSETS	Notes	December 31, 2020 in EUR	December 31, 2019 in EUR
Cash and cash equivalents		746,224	1,253,533
Prepaid expenses		12,257	10,693
Accrued assets	2.1	1,833,866	–
Current assets		2,592,347	1,264,226
Investments at fair value	2.1	41,076,104	41,282,663
Deferred tax assets	2.3	111,924	82,663
Non-current assets		41,188,028	41,365,327
	Total assets	43,780,375	42,629,553
LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	December 31, 2020 in EUR	December 31, 2019 in EUR
Trade payable to third parties		–	102,960
Other current liabilities		4,014	–
Accrued expenses	2.2	276,437	106,442
Accrued taxes	2.3	52,766	34,347
Current liabilities		333,217	243,749
Total liabilities		333,217	243,749
Share capital	2.4	512,433	512,433
Reserves from capital contributions	2.4	40,393,413	40,680,454
Legal capital reserves		40,393,413	40,680,454
Retained earnings brought forward		1,192,917	632,812
Net profit for the year		1,348,395	560,104
Voluntary retained earnings		2,541,312	1,192,917
Total shareholders' equity		43,447,158	42,385,804
	Total liabilities and shareholders' equity	43,780,375	42,629,553

Varia Europe Properties AG, Zug

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	For the year ended December 31, 2020 in EUR	For the year ended December 31, 2019 in EUR
Interests income on investments	2.1	1,833,866	–
Gain on redemption of notes	2.1	–	121,076
Loss on redemption of notes	2.1	–14,377	–
Gain on investments fair value adjustment	2.1	133,860	656,700
Loss on investments fair value adjustment	2.1	–3,021	–19,346
Revenues		1,950,328	758,430
Directors' fees and social charges	2.8	–15,008	–
Communications, publicity and marketing		–12,108	–15,597
Accounting and administration expenses		–97,280	–95,036
Legal and other consulting fees		–349,373	–51,617
Audit fees		–51,913	–51,588
Insurances		–9,039	–6,067
Share capital decrease expenses		–	–93,823
Other operating expenses		–6,298	–896
Direct taxes on capital		–30,635	–28,820
Operating expenses		–571,655	–343,445
Operating profit		1,378,673	414,985
Financial income	2.6	58,772	24,627
Financial expenses	2.6	–48,024	–63,511
Prior year income	2.7	12,358	17,748
Prior year expenses	2.7	–82,645	–
Profit before income taxes		1,319,134	393,849
Income tax expense		–	–
Deferred income tax benefit (expense)		29,261	166,256
Net profit for the year		1,348,395	560,104
Earnings per share (EPS): Basic and diluted earnings, per share	2.5	0.0473	0.0435

Varia Europe Properties AG, Zug

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	For the year ended December 31, 2020 in EUR	For the year ended December 31, 2019 in EUR
Operating activities			
Net profit for the year		1,348,395	560,104
Gain on redemption of notes		–	–121,076
Loss on redemption of notes		14,377	–
Gain on investments fair value adjustment		–133,860	–656,700
Loss on investments fair value adjustment		3,021	19,346
Change in accrued assets		–1,833,866	–
Change in prepaid expenses		–1,564	–9,100
Change in trade payable to third parties		–102,960	57,272
Change in other current liabilities		4,013	–
Change in accrued expenses		169,995	–228,416
Change in accrued taxes		18,419	20,795
Change in deferred taxes		–29,261	–166,255
Cash flow from operating activities		–543,290	–524,030
Investing activities			
Investment notes acquisition		–	–24,999,945
Investment notes redemption		323,021	1,600,076
Cash flow from investing activities		323,021	–23,399,869
Financing activities			
Proceeds from ordinary share capital increase		–	26,128,737
Expenses incurred in 2020 related to the ordinary share capital increase on December 12, 2019		–287,040	–
Dividend distributions from reserves from capital contributions		–	–1,354,280
Cash flow from financing activities		–287,040	24,774,457
Change in cash and cash equivalents for the year		–507,309	850,558
Cash at the beginning of year		1,253,533	402,975
Cash and cash equivalents at the end of the year		746,224	1,253,533
Change in cash and cash equivalents for the year		–507,309	850,558

Varia Europe Properties AG, Zug

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2020

	Number of shares	Share capital in EUR	Reserves from capital contributions in EUR	Voluntary retained earnings in EUR	Total equity in EUR
Balance at December 31, 2018	11,981,945	10,478,078	5,940,352	632,813	17,051,243
Dividend distribution of CHF 0.08 per share on June 28, 2019 from reserves from capital contributions		–	–833,403	–	–833,403
Reduction of the nominal value from CHF 1.00 to CHF 0.02 on October 7, 2019		–10,268,516	10,268,516	–	–
Extraordinary dividend distribution of CHF 0.05 per share on October 7, 2019 from reserves from capital contributions		–	–520,877	–	–520,877
Ordinary share capital increase on December 12, 2019	16,530,674	302,871	25,825,866	–	26,128,737
Net profit for the year		–	–	560,104	560,104
Balance at December 31, 2019	28,512,619	512,433	40,680,454	1,192,917	42,385,804
Expenses incurred in 2020 related to the ordinary share capital increase on December 12, 2019		–	–287,040	–	–287,040
Net profit for the year		–	–	1,348,395	1,348,395
Balance at December 31, 2020	28,512,619	512,433	40,393,414	2,541,311	43,447,159



Varia Europe Properties AG, Zug

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

(prepared in accordance with Swiss GAAP FER)

I PRINCIPLES

1.1 General information

Varia Europe Properties AG ("Varia" or "the Company") was registered with the Zug Commercial register on April 20, 2017 under UID number CHE—342.208.571. The Company is a Swiss stock corporation established under the relevant provisions of the Swiss code of obligations ("SCO"). Its address is Gubelstrasse 19, 6300 Zug, Switzerland. The Company is listed on the BX Bern eXchange in Switzerland.

As a Swiss real estate investment company, Varia's purpose is to participate in real estate investments in Europe (other than in Switzerland), through notes issued by Varia Structured Opportunities SA ("VSO") compartments. VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company. VSO has different compartments with distinct real estate investment strategies. The Company is a noteholder of one VSO compartment, allowing it to participate indirectly in the underlying investments. As a noteholder, Varia invests in a debt instrument (notes) allowing it to participate in the underlying assets returns through variable yield.

Investment decisions are taken by the Board of Directors depending on the individual investment and strategies with the objective to participate in Spain and Italy, with 5 different investments' main asset classes:

- 1 **Developments:** participation in real estate constructions with a special focus on residential for sale developments.
- 2 **Bridge Loans:** participation in real estate loans backed by 1st lien mortgages, with a 12 to 36 months maturity.
- 3 **Income Assets:** participation in commercial real estate assets with existing tenants.
- 4 **Non Performing Loans:** participation in non performing loans sold by banks at 40% to 60% discount to Gross Book Value and backed by real estate assets.

- 5 **Value Add Assets:** participation in commercial real estate assets to implement repositioning or restructuring strategies through active asset management.

As a noteholder, Varia has formally no direct influence on the management and investment decision of VSO Europe compartments themselves and the exit of the investments is dependent on the realisation of the underlying assets. However, the Board of Directors of Varia, when subscribing to/redeeming notes, also expresses its allocation preferences to the investment strategies offered by VSO Europe. Accordingly, the VSO Europe's Board of Directors may consider these elements, on the basis that Varia Europe is the sole holder of the notes issued by VSO Europe.

VSO compartments and underlying assets owned by VSO compartments are advised and managed by Stoneweg group entities.

The statutory financial statements for the year ended December 31, 2020 were approved by the Board of Directors on July 13, 2021.

1.2 General aspects

These financial statements were prepared in accordance with all of the existing guidelines and reporting recommendations of the Swiss generally accepted accounting principles (Swiss GAAP FER). The Company is listed on the BX Bern eXchange in Switzerland. As a result, the Board of Directors has decided to apply the Swiss GAAP FER, in accordance in particular with Swiss GAAP FER 31.

The Board of Directors of the Company is ultimately responsible for the policies, valuations, and management of the activities.

The financial statements are presented in Euro (EUR) and all values are rounded to the nearest EUR.

1.3 Foreign currency items

The Company's functional currency is the Euro (EUR) and from January 1, 2019, the Company's reporting and presentation currency for its Swiss GAAP FER financial statements is the Euro (EUR). Previously they were presented in Swiss francs (CHF).

Short-term monetary assets, financial assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. For the translation of CHF into EUR, the closing rate applied at the end of the year is 1.0802 (31.12.2019: 1.0854). Other non-monetary assets as well as equity items are presented at their historical exchange rates.

Transactions in foreign currencies are translated at the exchange rate on the day the transaction takes place.

Foreign exchange profits and losses are recorded in the profit and loss statement.

1.4 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank with an original maturity of three months or less. They are recorded at their nominal value. In the cash flow statement, cash and cash equivalents consist of the cash and cash equivalents as defined above, less current account overdrafts ("Net Cash").

1.5 Investments

At the balance sheet date, the investments are valued at fair value.

The fair value of investments are calculated on a quarterly basis by a third party entity in charge of the corporate services of Varia Structured Opportunities SA ("VSO"), the Luxembourg securitization company where Varia invests its assets. For the annual financial statements, fair value is based on the audited net asset values of the different VSO compartments. The gains and losses on investments fair value adjustment are recognized in the profit and loss statement.

Each VSO compartment has a different strategy and therefore the fair value of each VSO is determined with a tailored different valuation method:

- 1 For assets under construction and assets generating cash flow, an external valuation by Cushman & Wakefield is performed bi-annually at the period- or year-end using the red book guidelines for market rent and market value. This valuation, adjusted for tax and performance fee provision, is then taken into account by the third party responsible for calculating the value of the net asset values of the VSO compartment.
- 2 For bridge loans, the fair value is determined by the nominal value of the loans plus accrued and paid interest. Nominal value can be adjusted down should VSO's Board of Directors estimate that there is a risk of recoverability.
- 3 For non performing loans the fair value is determined by the acquisition cost plus accrued interest. The acquisition value can be adjusted downward should VSO's Board of directors estimate that there is a risk of recoverability.

VSO compartments are not listed and do not provide any redemption feature, therefore reducing the liquidity of the investment. VSO compartments are to be seen as private equity investments with a limited life span. Notes can be sold to other investors. Redemptions are made upon decisions of the VSO's Board of Directors.

The revenue recognition principles related to the investments are disclosed in note 1.6.

1.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Revenue resulting from the redemption of notes are recognized at the time of the transaction. It corresponds to the gain or loss resulting from the difference between the redemption proceeds net of expenses and the last fair value of the notes.

Investments are mark-to-market and the gains and losses on investments (unrealized and realized) are recognized in the profit and loss statement.

1.7 Income tax

The tax expense for the year comprises current income taxes and deferred taxes. Tax is recognized in the profit and loss statement.

Current income tax liabilities and assets for the current year are measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred tax is recognized in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is determined using tax regulations and rates that have been enacted or substantively enacted at the balance sheet date and are expected to apply. No income taxes but capital taxes were paid during the year ended December 31, 2020 (31.12.2019 – nil).

2 INFORMATION ON BALANCE SHEET AND PROFIT AND LOSS STATEMENT BALANCES

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2.1 Investments

As at December 31, 2020 the Company owned notes of only one compartment as per the below table:

Compartments	Fair value 31.12.2019 in EUR	Redemption at sale price for the year in EUR	Realized gain / loss for the year in EUR	Subscription or transfer out into another com- partment in EUR	Fair value adjustment in EUR	Fair value 31.12.2020 in EUR
VSO V	93,300	–	–	–92,848	–452	–
VSO VII	93,119	–	–	–90,701	–2,418	–
VSO X	337,398	–323,021	–14,377	–	–	–
VSO Spanish Phoenix II	483,951	–	–	–503,459	19,508	–
VSO XX	100,534	–	–	–100,384	–150	–
VSO Europe Properties	40,174,360	–	–	787,392	114,352	41,076,104
Total	41,282,663	–323,021	–14,377	–	130,839	41,076,104

During the year, the investment notes in VSO X were fully redeemed with total proceeds of EUR 323,021 which resulted in a realized loss of EUR 14,377.

On December 22, 2020, Varia Europe Properties AG subscribed to 696 notes of EUR 1,000 of VSO Europe Properties. The Company settled the subscription amount in kind with the contribution of the VSO notes held in the compartments VSO V, VSO VII, VSO Spanish Phoenix II and VSO XX for a total EUR 787,392.

On September 23, 2020, Varia Structured Opportunities SA proceeded to a modification of the Private Placement Memorandum for the programme VSO Europe Properties. A minimum annual interest of 5% on this VSO outstanding principal notes amount is now earned from January 1, 2020 by the Company. Therefore Varia Europe Properties AG recognized in 2020 an interest income of EUR 1,833,866 from its investment in VSO Europe Properties.

As at December 31, 2019, the Company owned notes of different compartments as per the below table:

Compartments	Fair value 31.12.2018 in EUR	Redemption at sale price for the year in EUR	Realized gain/ loss on redemp- tion for the year in EUR	Acquisition/ reinvestment for the year in EUR	Fair value adjustment as of 31.12.2019 in EUR	Fair value 31.12.2019 in EUR
VSO V	225,895	-142,010	18,010	-	-8,594	93,300
VSO VII	184,338	-121,896	37,896	-	-7,219	93,119
VSO X	282,258	-	-	-	55,140	337,398
VSO Spanish Phoenix II	487,485	-	-	-	-3,533	483,952
VSO XX	98,239	-	-	-	2,295	100,534
VSO Europe Properties	15,846,150	-1,336,170	65,170	24,999,945	599,265	40,174,360
Total	17,124,365	-1,600,076	121,076	24,999,945	637,354	41,282,663

The investments of Varia in the VSO notes are the following at the end of the year:

Compartments	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.20)	Percentage held by Varia of total outstanding notes value (31.12.20)
VSO Europe Properties	Luxembourg	Spain & Italy	Diversified	37,256	100.0%

All new investments are made through a dedicated Luxembourg compartment, VSO Europe Properties, of which Varia is the sole noteholder. VSO Europe Properties is investing either as a noteholder into other VSO compartments, or through VSO RE, a holding company regrouping the ownership rights in the underlying SPV's which owns the investments. At the end of the year, VSO Europe Properties is a noteholder in the following underlying VSO compartments:

Underlying compartments	Domicile	Country of investments	Strategy	Percentage held by VSO Europe Properties of total outstanding notes value (31.12.2020)
VSO RE: SPV Niccolini	Luxembourg	Italy	Development	3.9%
VSO VII	Luxembourg	Italy	Non Performing Loans	9.7%
VSO XXIX	Luxembourg	Italy	Bridge Loans	9.1%
VSO RE: SPV Preziosi / Carimate / Teras	Luxembourg	Italy	Income assets	24.9%
VSO XX	Luxembourg	Italy	Non Performing Loans	2.0%
VSO RE: SPV Medio – Securitization Notes	Luxembourg	Italy	Non Performing Loans	9.4%
VSO RE: SPV Boulevard / Guaraldi	Luxembourg	Italy	Non Performing Loans	6.2%
VSO RE: SPV Compagnoni	Luxembourg	Italy	Development	18.1%
VSO Iberia Income Opportunity	Luxembourg	Spain	Bridge Loans	2.1%
VSO Iberia Income Opportunity II	Luxembourg	Spain	Bridge Loans	0.5%
VSO Spanish Phoenix II	Luxembourg	Spain	Development	9.8%
VSO Spanish Phoenix CAT	Luxembourg	Spain	Development	15.9%
VSO II Skyline	Luxembourg	Spain	Development	5.2%
VSO RE: Vittoria	Luxembourg	Italy	Added Value	17.6%
VSO PRS	Luxembourg	Spain	Development	24.4%
VSO Gran Turia	Luxembourg	Spain	Added Value	46.4%
VSO V	Luxembourg	Spain	Bridge Loans	3.2%
VSO II Varia Ireland	Luxembourg	Ireland	Development	7.0%
VSO II Minor	Luxembourg	Spain	Added Value	31.9%
VSO II Class Plastics	Luxembourg	Spain	Added Value	32.1%
VSORE II: Hemingway	Luxembourg	Spain	Added Value	14.6%
VSO II Calvino	Luxembourg	Spain	Bridge Loans	77.5%
VSO Iberia Income III	Luxembourg	Spain	Bridge Loans	33.1%

The investments of Varia in the VSO notes were the following at December 31, 2019:

Compartments	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.19)	Percentage held by Varia of total outstanding notes value (31.12.19)
VSO V	Luxembourg	Spain	Bridge Loans	65	3.2%
VSO VII	Luxembourg	Italy	Non Performing Loans	49	3.0%
VSO X	Luxembourg	Italy	Income assets	225	1.6%
VSO Spanish Phoenix II	Luxembourg	Spain	Development	482	2.2%
VSO XX	Luxembourg	Italy	Non Performing Loans	96	2.0%
VSO Europe Properties	Luxembourg	Spain & Italy	Diversified	36,560	100.0%

Underlying compartments	Domicile	Country of investments	Strategy	Percentage held by VSO Europe Properties of total outstanding notes value (31.12.2019)
VSO RE: SPV Niccolini	Luxembourg	Italy	Development	3.9%
VSO VII	Luxembourg	Italy	Non Performing Loans	6.7%
VSO XXIX	Luxembourg	Italy	Bridge Loans	9.1%
VSO RE: SPV Preziosi / Carimate / Teras	Luxembourg	Italy	Income assets	25.0%
VSO RE: SPV Medio – Securitization Notes	Luxembourg	Italy	Non Performing Loans	9.4%
VSO RE: SPV Boulevard / Guaraldi	Luxembourg	Italy	Non Performing Loans	6.2%
VSO RE: SPV Compagnoni	Luxembourg	Italy	Development	18.1%
VSO Iberia Income Opportunity	Luxembourg	Spain	Bridge Loans	2.1%
VSO Iberia Income Opportunity II	Luxembourg	Spain	Bridge Loans	0.6%
VSO Spanish Phoenix II	Luxembourg	Spain	Development	8.2%
VSO Spanish Phoenix CAT	Luxembourg	Spain	Development	17.9%
VSO II Skyline	Luxembourg	Spain	Development	5.9%
VSO RE: Vittoria	Luxembourg	Italy	Added Value	17.9%
VSO PRS	Luxembourg	Spain	Development	100.0%
VSO Gran Turia	Luxembourg	Spain	Added Value	100.0%

2.2 Accrued expenses

	31.12.2020 in EUR	31.12.2019 in EUR
Audit fees	46,288	46,066
Accounting fees	59,318	42,009
Legal and consulting fees	126,788	–
Transfer stamp duty on investments	40,598	–
Other expenses	3,445	18,367
Total	276,437	106,442

2.3 Accrued and deferred taxes

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

	31.12.2020 in EUR	31.12.2019 in EUR
Accrued taxes		
Capital tax provision	52,766	34,347
Deferred taxes		
Deferred tax assets	153,032	278,537
Deferred tax liabilities	–41,108	–195,873
Net tax assets and liabilities	111,924	82,663
Deferred tax assets	111,924	82,663

Following the enactment on January 1, 2020 of the new Swiss Federal Act on Tax Reform and AHV Financing ("TRAF"), any preferential tax status is no longer granted to companies. Taxable profits are subject from January 1, 2020 in the canton of Zug to an effective corporate income tax of approximately 11.9% (2019: 14.4%), including the direct federal tax. Accordingly the deferred tax assets and liabilities were calculated with the tax rate of 11.9% at December 31, 2020.

The adjustment of the tax provision related to previous year of EUR 12,358 in 2020 is presented in the prior year income.

2.4 Shareholders' equity

The changes in the shareholders' equity captions from December 31, 2018 to 2020 are presented in the Statement of changes in equity.

The share capital at December 31, 2020 is divided in 28,512,619 ordinary registered shares of a par value of CHF 0.02 each, fully paid. There are no preferential rights attributed to the shares.

Net asset value per share at year-end	31.12.20 in EUR	31.12.2019 in EUR
Total shareholders' equity at year-end before any dividend distribution	43,447,158	42,385,804
Number of ordinary shares outstanding at year-end	28,512,619	28,512,619
Net asset value per share	1.5238	1.4866

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

On December 18, 2020, the the Swiss federal tax authorities confirmed their agreement for the reserves from capital contributions as of December 31, 2019 for a maximum amount of CHF 45,181,100 (EUR 41,826,606) in the sense of article 20 paragraph 3 of the Federal Income Tax Act.

2.5 Earnings per share (EPS)

	31.12.2020 in EUR	31.12.2019 in EUR
Net profit of the year	1,348,395	560,104
Average of ordinary shares outstanding	28,512,619	12,887,735
Basic and diluted earnings, per share	0.0473	0.0435

There is no dilutive effect on shares at December 31, 2020 and 2019.

2.6 Financial result

	31.12.2020 in EUR	31.12.2019 in EUR
Financial income		
Foreign currency exchange gains	58,772	24,627
Total	58,772	24,627
Financial expenses		
Bank fees	-511	-
Foreign currency exchange losses	-49,613	-63,511
Total	-50,124	-63,511

2.7 Prior years income and expenses

	31.12.2020 in EUR	31.12.2019 in EUR
Expenses related to prior years		
Transfer stamp duty on investments	-40,598	-
Deloitte Luxembourg VSO compartments audit fees 2019	-27,040	-
Directors' fees and social charges	-15,007	-
Total	-82,645	-
Income related to prior years		
Directors' fees	-	17,748
Excess of prior years taxes provisions	12,358	-
Total	12,358	17,748

2.8 Segment reporting

The Company is investing its funds in investments mostly related to real estate properties that present similar features even if related to underlying investments in different geographical regions and/or countries, and different risk profiles within the real estate asset class. Management has determined that the Company only operates in the sole investments property segment in Europe and accordingly the profit and loss statement presents a result of this sole segment.

2.9 Related party transactions

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control or to exercise significant influence over the other party in making financial and operating decisions. Related parties of the Company include:

- Board of Directors of Varia Europe Properties AG
- Board of Directors of Varia Structured Opportunities SA, Luxembourg
- Stoneweg Asset Management SA, Geneva (Switzerland) and its subsidiaries.

Board of Directors

The Board of Directors is considered as key management. In the year 2020, Directors' fees of CHF 30,000 (EUR 27,773) were paid in total covering the fees for the years 2020 and 2019. In the previous year, no expenses were paid nor accrued. The fees paid for the year 2019 are presented in the profit and loss statement under "previous year expenses".

No other compensation was paid to the Board of Directors members for their role or for additional work. In particular, no performance related compensation and no compensation in shares or other stocks were never allocated to Board of Directors members. No loans or credit facilities were granted to any members of the Board of Directors or related parties during the years 2020 and 2019 and there were no such receivables outstanding as at December 31, 2020 and 2019.

Transactions of Varia with Stoneweg Asset Management SA, its subsidiaries and Real Estate Investment Solutions AG

Management fees

During the years 2020 and 2019, the activities of Varia were administered and managed by Stoneweg Asset Management SA and its subsidiaries ("Stoneweg"),

which is also acting as advisor to Varia Structured Opportunities SA (VSO). Stoneweg has not received any direct remuneration from Varia for its work as Stoneweg is indirectly remunerated as advisor of the VSO compartments and asset manager of the local entities holding the assets.

Placement, capital increase and advisory services fees	2020 in EUR	2019 in EUR
Stoneweg Asset Management SA	–	271,800
Real Estate Investment Solutions AG (REIS)	283,640	543,700
Total	283,640	815,500

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The 2019 placement and capital increase fees amounting to EUR 815,500 were accounted for as transaction costs and deducted from the share premium proceeds recorded in the Reserves from capital contributions. The fees of EUR 283,640 in 2020 were in relation to

advisory services provided to the Company for the years 2019 and 2020 and were recorded as legal and other consulting fees presented in the profit and loss statement.

Shareholding rights of Board of Directors members

The following Board of Directors Members owned directly or indirectly shares of the Company as follows:

Name	Function	Shares 31.12.2020	Shares 31.12.2019
Taner Alicehic	Chairman	215,667	215,667
Jaume Sabater Martos	Member	306,667	306,667
Pierre Grégoire Baudin	Member	219,697	219,697
Total		742,031	742,031

3 OTHER INFORMATION

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

Varia Europe Properties AG had no employees at December 31, 2020 and has never employed any staff.

3.2 Contingent liabilities

As of December 31, 2020 and 2019, the Company had no contingencies and other off-balance sheet transactions that would have to be disclosed herein.

3.3 Significant events occurring after the balance sheet date

Since the balance sheet date as of December 31, 2020, there have been no further events that would have a material impact on the financial statements and related disclosure.

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

**STATUTORY AUDITOR'S REPORT
TO THE GENERAL MEETING OF VARIA EUROPE PROPERTIES AG, ZUG
REPORT ON THE AUDIT OF THE SWISS GAAP FER FINANCIAL STATEMENTS**

Report of the statutory auditor

to the General Meeting of Varia Europe Properties AG

Zug

Report on the audit of the (Swiss GAAP FER) financial statements

Opinion

We have audited the financial statements of Varia Europe Properties AG, which comprise the balance sheet as at 31 December 2020, profit and loss statement, cash flow statement, statement of changes in equity and notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 39 to 53) give a true and fair view of the financial position of the entity as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with Swiss GAAP FER.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: EUR 437'000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	EUR 437'000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of a real estate investment company that does not engage in operating activities is most commonly measured.

We agreed with the Board of Directors that we would report to them misstatements above EUR 43'700 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
<p>The purpose of the entity is to participate in real estate investments in Europe (other than in Switzerland), through investments in compartments of Varia Structured Opportunities SA ("VSO"). VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company.</p> <p>The investments are done through subscription of notes, which are issued by the relevant compartments. As a noteholder, the entity is invested in debt instruments and participates in the underlying assets' returns through variable yields.</p> <p>The investments in VSO compartments represent EUR 41.1 million of the total assets of EUR 43.8 million. We consider the valuation of investments in VSO a key audit matter due to the magnitude of the line item.</p>	<p>The audit procedures we performed in order to evaluate the valuation of investments included, amongst others, the following:</p> <ul style="list-style-type: none"> - We obtained an independent confirmation of the number of notes of the underlying VSO compartments held as at 31 December 2020. We agreed the confirmation details to the accounting records used for the valuation of the investment. - For investments in VSO compartments, we obtained the audited financial statements of VSO. We reconciled the net asset value as per the audited financial statements to the net asset value used to value the VSO compartments held by Varia Europe Properties AG as at 31 December 2020. - We read the independent auditors' report to ensure there were no modifications to the report.



Refer to note 2.1 (Investments).

Based on our audit procedures, we consider Management's accounting, presentation and disclosure of investments to be reasonable.

Responsibilities of the Board of Directors for the financial statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

PricewaterhouseCoopers SA

Jean-Sébastien Lassonde
Audit expert
Auditor in charge

Maxime Véron
Audit expert

Geneva, 30 July 2021







SWISS CO FINANCIAL STATEMENTS

December 31, 2020

Varia Europe Properties AG, Zug

BALANCE SHEET AS OF DECEMBER 31, 2020

ASSETS	Notes	December 31, 2020 in CHF	December 31, 2019 in CHF
Cash and cash equivalents		806,071	1,360,584
Prepaid expenses		13,240	11,606
Accrued assets	2.1	1,980,942	–
Current Assets		2,800,253	1,372,190
Investments	2.1	44,001,192	44,231,130
Non-current assets		44,001,192	44,231,130
	Total Assets	46,801,445	45,603,320

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	December 31, 2020 in CHF	December 31, 2019 in CHF
Trade payable to third parties		–	111,753
Other current liabilities		4,336	–
Accrued expenses	2.2	298,607	115,532
Accrued taxes	2.3	56,998	37,583
Current liabilities		359,941	264,868
Total liabilities		359,941	264,868
Share capital	2.4	570,252	570,252
Reserves from capital contributions	2.4	45,076,590	45,382,573
Legal capital reserves		45,076,590	45,382,573
Accumulated loss brought forward		–614,373	–303,832
Net profit/(loss) for the year		1,409,035	–310,541
Voluntary retained earnings/(accumulated loss)		794,662	–614,373
Total shareholders' equity		46,441,504	45,338,452
	Total liabilities and shareholders' equity	46,801,445	45,603,321

Varia Europe Properties AG, Zug

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	For the year ended December 31, 2020 in CHF	For the year ended December 31, 2019 in CHF
Interest income on investments	2.1	1,980,942	–
Gain on redemption of investments	2.1	100,232	136,160
Loss on redemption of investments	2.1	–17,621	–62,673
Impairment on investments	2.1	33,849	–25,652
Revenues		2,097,402	47,835
Directors' fees and social charges		–16,211	–
Communications, publicity and marketing		–12,938	–17,413
Accounting and administration expenses		–104,611	–104,021
Legal and other consulting fees	2.6	–375,870	–57,387
Audit fees		–54,658	–55,912
Share capital decrease expenses		–	–102,694
Insurances		–9,811	–6,870
Other operating expenses		–6,801	–1,002
Direct taxes on capital		–33,268	–31,409
Operating expenses		–614,168	–376,708
Operating profit		1,483,233	–328,873
Financial income	2.5	24,910	5,006
Financial expenses	2.5	–23,178	–6,674
Expenses related to prior years	2.6	–89,279	–
Income related to prior years	2.6	13,350	20,000
Net profit/(loss) for the year		1,409,035	–310,541

Varia Europe Properties AG, Zug

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

I PRINCIPLES

1.1 General information

Varia Europe Properties AG ("Varia" or "the Company") was registered with the Zug Commercial register on April 20, 2017 under UID number CHE—342.208.571. The Company is a Swiss stock corporation established under the relevant provisions of the Swiss Code of Obligations ("SCO"). Its address is Gubelstrasse 19, 6300 Zug, Switzerland. The Company is listed on the BX Bern eXchange in Switzerland.

As a Swiss real estate investment company, Varia's purpose is to participate in real estate investments in Europe (other than in Switzerland), through notes issued by Varia Structured Opportunities SA ("VSO") compartments. VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company. VSO has different compartments with distinct real estate investment strategies. The Company is a noteholder of one VSO compartment, allowing it to participate indirectly in the underlying investments. As a noteholder, Varia invests in a debt instrument (notes) allowing it to participate in the underlying assets returns through variable yield.

The statutory financial statements for the year ended December 31, 2020 were approved by the Board of Directors on July 13, 2021.

1.2 General aspects

These financial statements were prepared in accordance with the Swiss accounting legislation (32nd title of the Code of Obligations).

The Board of Directors of the Company is ultimately responsible for the policies, valuations, and management of the activities.

The financial statements are presented in Swiss francs (CHF) and all values are rounded to the nearest CHF.

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

1.3 Foreign currency items

The Company prepares and presents its statutory financial statements in Swiss franc (CHF) in accordance with article 958d alinea 3 of the Swiss Code of Obligations.

Short-term monetary assets and liabilities in foreign currencies are converted at the exchange rate on the balance sheet date. For the translation of EUR into CHF, the closing rate applied at the end of the year is 1.0802 (31.12.2019: 1.0854).

The investments are valued at their acquisition's historical exchange rate. Transactions in foreign currencies are translated at the exchange rate on the day the transaction takes place.

Foreign exchange profits and losses are recorded in the profit and loss statement, except for unrealized exchange profits on long term monetary assets and liabilities which are deferred in the balance sheet, if any.

1.4 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank with an original maturity of three months or less. They are recorded at their nominal value.

1.5 Investments

At the balance sheet date, the investments are valued at the lower of the historical cost or net realisable value if permanently impaired.

The revenue recognition principles related to the investments are disclosed in note 1.6.

1.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Interest income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Revenue resulting from the redemption of notes are recognized at the time of the transaction. It corresponds to the gain or the loss resulting from the difference between the redemption proceeds net of expenses and the acquisition value of the notes.

2 INFORMATION ON BALANCE SHEET AND PROFIT AND LOSS STATEMENT BALANCES

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2.1 Investments

From its creation, the Company has developed its investments' portfolio by investing in notes of compartments of an investment vehicle based in Luxembourg, named Varia Structured Opportunities ("VSO"). The investments are done through subscription into notes issued by the relevant compartments; these notes do not provide voting rights and have to be seen as a debt instrument issued by the relevant compartment. Therefore a consolidation, even in cases of majority of notes held by Varia, is not required as the notes do not provide a control over the investments made by the compartments.

As a noteholder, the Company invests in debt instruments (notes) allowing it to participate in the underlying assets' returns through variable yields. The result is that the notes participate fully in the investment as if the Company had invested into equity (without any voting or related rights). The notes are linked to the assets confined exclusively in the respective VSO compartment.

As at December 31, 2020, the Company owned notes of different compartments as per the below table:

Compartments	Acquisition value as of 31.12.2019* in CHF	Redemption at acquisition value for the year in CHF	Acquisition / reinvestment of the year in CHF	Impairment as of 31.12.20 in CHF	Book value as of 31.12.2020 in CHF
VSO V	74,711	-74,711	-	-	-
VSO VII	56,321	-56,321	-	-	-
VSO X	263,788	-263,788	-	-	-
VSO Spanish Phoenix II	555,239	-555,239	-	-	-
VSO XX	113,011	-113,011	-	-	-
VSO Europe Properties	43,201,909	-	799,281	-	44,001,192
Total	44,264,979	-1,063,069	799,281	-	44,001,192

During the year, the investment notes in VSO X were fully redeemed with total proceeds of CHF 346,398 which resulted in a capital gain of CHF 100,232 and a currency loss of CHF 17,621.

On December 22, 2020, Varia Europe Properties AG subscribed 696 notes of EUR 1,000 of VSO Europe Properties. The Company settled the subscription amount in kind with the contribution of its full ownership of the VSO notes in the compartments VSO V, VSO VII, VSO Spanish Phoenix II and VSO XX. These VSO notes were transferred at their acquisition value for a total of CHF 799,281.

On September 23, 2020, Varia Structured Opportunités SA proceeded to a modification of the clause of interests of the Private Placement Memorandum for the programme VSO Europe Properties. A minimum annual interest of 5% on this VSO outstanding principal notes amount is now earned from January 1, 2020 by the Company. Therefore Varia Europe Properties AG recognized in 2020 interests income of CHF 1,980,942 from its VSO Europe Properties investment.

As at December 31, 2019, the Company owned notes of different compartments as per the below table:

Compartments	Acquisition value as of 31.12.2018* in CHF	Redemption at acquisition value for the year in CHF	Acquisition / reinvestment of the year in CHF	Impairment as of 31.12.2019 in CHF	Book value as of 31.12.2019 in CHF
VSO V	217,236	-142,526	-	-	74,711
VSO VII	152,870	-96,550	-	-	56,321
VSO X	263,788	-	-	-	263,788
VSO Spanish Phoenix II	555,239	-	-	-29,957	525,282
VSO XX	113,011	-	-	-3,892	109,119
VSO Europe Properties	17,204,790	-1,457,820	27,454,940	-	43,201,910
Total	18,506,935	-1,696,895	27,454,940	-33,849	44,231,130

*Acquisition Value is defined as original acquisition cost of investments adjusted for subsequent acquisitions and sales, before any impairment

The investments of Varia in the VSO notes are the following at the end of the year:

Compartment	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.20)	Percentage held by Varia of total outstanding notes value (31.12.20)
VSO Europe Properties	Luxembourg	Spain & Italy	Diversified	37,256	100.0%

The investments of Varia in the VSO notes were the following at December 31, 2019:

Compartment	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.19)	Percentage held by Varia of total outstanding notes value (31.12.19)
VSO V	Luxembourg	Spain	Bridge Loans	65	3.2%
VSO VII	Luxembourg	Italy	Non Performing Loans	49	3.0%
VSO X	Luxembourg	Italy	Income assets	225	1.6%
VSO Spanish Phoenix II	Luxembourg	Spain	Development	482	2.2%
VSO XX	Luxembourg	Italy	Non Performing Loans	96	2.0%
VSO Europe Properties	Luxembourg	Spain & Italy	Diversified	36,560	100.0%

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2.2 Accrued expenses

	31.12.2020 in CHF	31.12.2019 in CHF
Audit fees	50,000	50,000
Accounting fees	64,075	45,597
Legal and consulting fees	136,957	–
Transfer stamp duty on investments	43,854	–
Other expenses	3,721	19,935
Total	298,607	115,532

2.3 Accrued taxes

The accrued taxes consist of provisions for the capital tax related to the year.

	31.12.2020 in CHF	31.12.2019 in CHF
Balance at the beginning of the year	37,583	15,270
Capital tax payments	–504	–9,096
Capital tax provision	19,919	31,409
Balance at the end of the year	56,998	37,583

Following the enactment on January 1, 2020 of the new Swiss Federal Act on Tax Reform and AHV Financing (“TRAF”), any preferential tax status is no longer granted to companies. Taxable profits are subject from January 1, 2020 in the canton of Zug to an effective corporate income tax of approximately 12% (2019: 14.6%), including the direct federal tax.

2.4 Shareholders' equity

The share capital at December 31, 2019 is divided in 28,512,619 ordinary registered shares of a par value of CHF 0.02 each, fully paid.

	Number of shares	Share capital in CHF	Reserves from capital contributions in CHF	Voluntary retained earnings (accumulated deficit) in CHF	Total equity in CHF
Balance as of December 31, 2018	11,981,945	11,981,945	6,832,422	-303,832	18,510,535
Dividend distribution of CHF 0.08 per share from the reserves from capital contributions on June 28, 2019			-958,556		-958,556
Reduction of the share capital by diminution of the nominal value per share from CHF 1.00 to CHF 0.02 on October 7, 2019. Capital contribution of the proceed from the reduction of capital to the Reserves from capital contributions.		-11,742,306	11,742,306		-
Extraordinary dividend distribution of CHF 0.05 on October 7, 2019 from reserves from capital contributions			-599,097		-599,097
Ordinary share capital increase on December 12, 2019	16,530,674	330,613	28,365,498		28,696,112
Net loss for the year				-310,541	-310,541
Balance as of December 31, 2019	28,512,619	570,252	45,382,573	-614,373	45,338,453
Expenses incurred in 2020 related to the ordinary share capital increase on December 12, 2019			-305,983		-305,983
Net profit for the year				1,409,035	1,409,035
Balance as of December 31, 2020	28,512,619	570,252	45,076,590	794,662	46,441,504

The share capital at December 31, 2020 is divided in 28,512,619 ordinary registered shares of a par value of CHF 0.02 each, fully paid. There are no preferential rights attributed to the shares.

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

On December 18, 2020, the the Swiss federal tax authorities confirmed their agreement for the reserves from capital contributions as of December 31, 2019 for a maximum amount of CHF 45,181,100 in the sense of article 20 paragraph 3 of the Federal Income Tax Act.

Major shareholders

The following table indicates Varia's major shareholders holding shares and voting rights of 5% and more as of December 31, 2020 and 2019:

Shareholders	Investor Type	2020 Number of shares	2020 Participation in %	2019 Number of shares	2019 Participation in %
Dryades Sarl, Luxembourg	Fund	6,928,549	24.30	n/a	n/a

Shareholding rights of Board of Directors members

The following Board of Directors members owned directly or indirectly shares of the Company as follows:

Name	Function	Shares 31.12.2020	Shares 31.12.2019
Taner Alicehic	Chairman	215,667	215,667
Jaume Sabater Martos	Member	306,667	306,667
Pierre Grégoire Baudin	Member	219,697	219,697
Total		742,031	742,031

2.5 Financial result

	31.12.2020 in CHF	31.12.2019 in CHF
Financial income		
Foreign currency exchange gains	24,910	5,006
Total	24,910	5,006
Financial expenses		
Bank fees	-547	-422
Foreign currency exchange losses	-22,631	-6,252
Total	-23,178	-6,674

2.6 Prior years income and expenses

	31.12.2020 in CHF	31.12.2019 in CHF
Expenses related to prior years		
Transfer stamp duty on investments	-43,854	-
Deloitte Luxembourg VSO compartments audit fees 2019	-29,214	-
Directors' fees and social charges	-16,211	-
Total	-89,279	-
Income related to prior years		
Directors' fees	-	20,000
Excess of prior years taxes provisions	13,350	-
Total	13,350	20,000

2.7 Related party balance sheet positions

Accrued expenses	31.12. 2020 in CHF	31.12.2019 in CHF
Real Estate Investment Solutions AG (REIS), advisory services fees	123,992	–
Total	123,992	–

3 OTHER INFORMATION

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

Varia Europe Properties AG had no employees at December 31, 2020 and has never employed any staff.

3.2 Contingent liabilities

As of December 31, 2020 and 2019, the Company had no contingencies and other off-balance sheet transactions.

3.3 Significant events occurring after the balance sheet date

Since the balance sheet date as of December 31, 2020, there have been no further events that would have a material impact on the financial statements and related disclosure.

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

PROPOSAL BY THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF LEGAL RESERVES FROM CAPITAL CONTRIBUTIONS AS AT DECEMBER 31, 2020

PROPOSITION OF APPROPRIATION OF THE AVAILABLE EARNINGS	31.12.2020 in CHF	31.12.2019 in CHF
Voluntary retained earnings		
Accumulated deficit brought forward	-614,373	-303,832
Net profit/(loss) for the year	1,409,035	-310,541
Available earnings (accumulated deficit)	794,662	-614,373

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

PROPOSITION OF DISTRIBUTION FROM AVAILABLE EARNINGS	31.12.2020 in CHF	31.12.2019 in CHF
Dividend distribution	750,000	-
Balance to be carried forward	44,662	-614,373
Total	794,662	-614,373

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RESERVE FROM CAPITAL CONTRIBUTIONS	31.12.2020 in CHF	31.12.2019 in CHF
Legal reserves from capital contribution carried over from previous year	45,382,573	6,832,422
Dividend distribution of CHF 0.08 per ordinary share on June 28, 2019	-	-958,556
Capital contributions from the proceeds from the reduction of capital on October 7, 2019	-	11,742,306
Extraordinary dividend distribution of CHF 0.05 per ordinary share on October 7, 2019	-	-599,097
Capital contributions on December 12, 2019	-	28,365,498
Expenses incurred in 2020 related to the ordinary share capital increase on December 12, 2019	-305,983	-
Total legal reserves from capital contribution at year-end	45,076,590	45,382,573

Proposition of distribution of reserves from capital contributions

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

PROPOSITION OF APPROPRIATION	31.12.2020 in CHF	31.12.2019 in CHF
Dividend distribution	750,000	-
Balance to be carried forward	44,326,590	45,382,573
Total	45,076,590	45,382,573

**STATUTORY AUDITOR'S REPORT
TO THE GENERAL MEETING OF VARIA EUROPE PROPERTIES AG, ZUG
REPORT ON THE AUDIT OF THE SWISS CO FINANCIAL STATEMENTS**

Report of the statutory auditor

to the General Meeting of Varia Europe Properties AG

Zug

Report on the audit of the (Swiss CO) financial statements

Opinion

We have audited the financial statements of Varia Europe Properties AG, which comprise the balance sheet as at 31 December 2020, profit and loss statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pages 59 to 68) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 468'000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Valuation of investments

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 468'000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of a real estate investment company that does not engage in operating activities is most commonly measured.

We agreed with the Board of Directors that we would report to them misstatements above CHF 46'800 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

Valuation of investments

Key audit matter	How our audit addressed the key audit matter
<p>The purpose of the entity is to participate in real estate investments in Europe (other than in Switzerland), through investments in compartments of Varia Structured Opportunities SA ("VSO"). VSO is a public limited company incorporated under the laws of the Grand Duchy of Luxembourg, organized as a securitization company.</p> <p>The investments are done through subscription of notes, which are issued by the relevant compartments. As a noteholder, the entity is invested in debt instruments and participates in the underlying assets' returns through variable yields.</p> <p>The investments are valued at acquisition cost, adjusted for impairment losses.</p> <p>The investments in VSO compartments represent CHF 44 million of the total assets of CHF 46.8 million.</p>	<p>The audit procedures we performed in order to evaluate the valuation of investments included, amongst others, the following:</p> <ul style="list-style-type: none"> - We obtained an independent confirmation of the number of notes held for the underlying VSO compartments as at 31 December 2020. We agreed the confirmation details to the accounting records. - For investments in VSO compartments, we obtained an audit report from Mazars Luxembourg, auditor of VSO. <p>We compared the net asset value as per the audited report to the carrying value of the VSO compartments held by Varia Europe Properties AG as at 31 December 2020. When the net asset value was lower than the carrying value, we verified whether Management had recorded an impairment loss.</p>



We consider the valuation of investments in VSO a key audit matter due to the magnitude of the line item. Refer to note 2.1 (Investments).

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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

Additionally, we point out that contrary to the requirements of article 958 para. 3 CO, a business report was not prepared within six months of the end of the financial year and submitted to the general meeting of shareholders for approval. Furthermore, the annual general meeting did not convene within six months of the end of the financial year, which is contrary to the requirements of article 699 para. 2 CO.

PricewaterhouseCoopers SA

Jean-Sébastien Lassonde
Audit expert
Auditor in charge

Maxime Véron
Audit expert

Geneva, 30 July 2021



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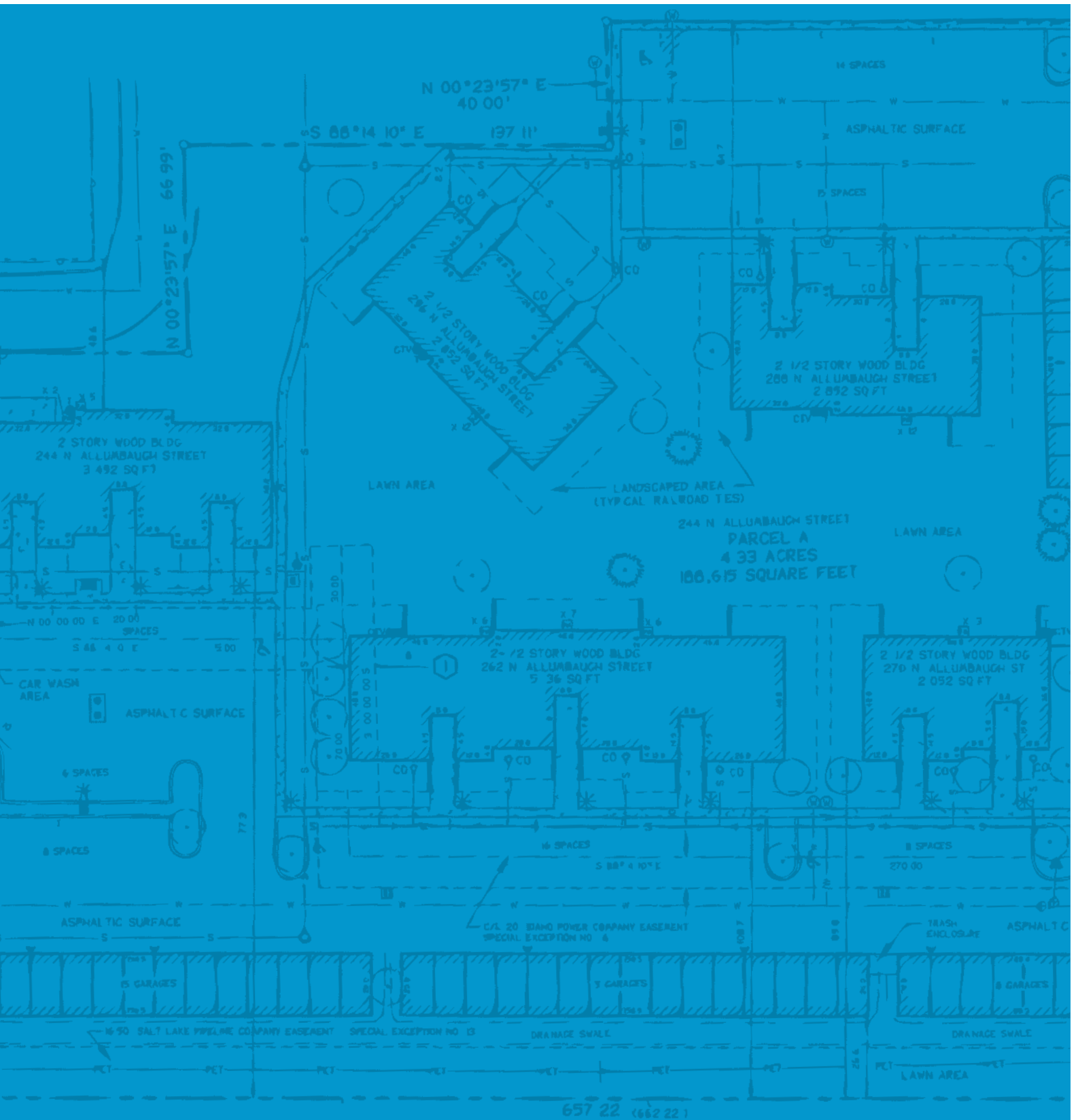
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