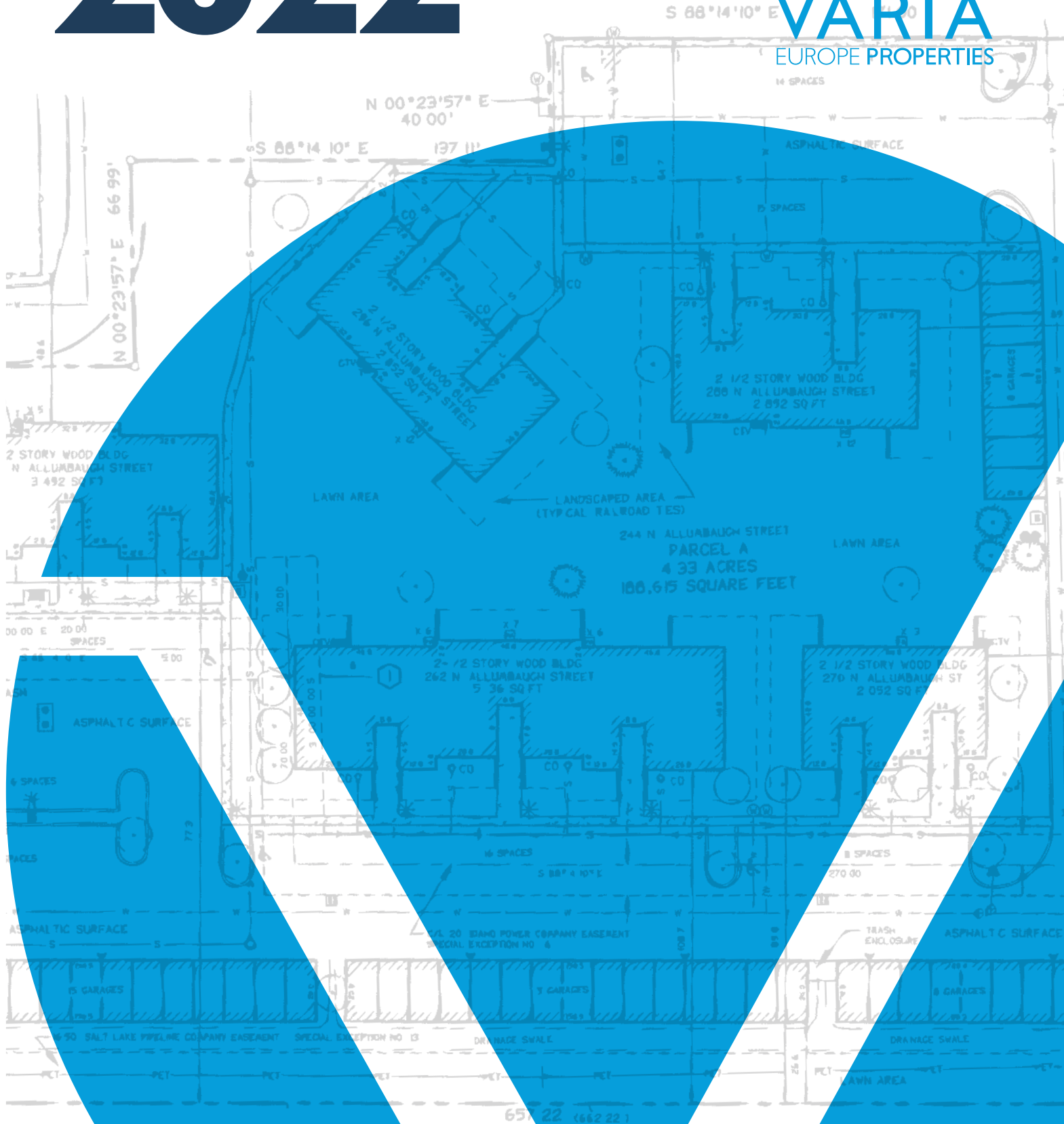


# INTERIM REPORT 2022



**VARIA**  
EUROPE PROPERTIES





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# 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 a focus on Italy, Spain, Ireland and Denmark.
- 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, Spain and Ireland, 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.

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# PORTFOLIO SUMMARY

as at June 30, 2022

## PORTFOLIO VALUE

December 2021: EUR 41.1 million

EUR million

**41.9**

## NUMBER OF PROJECTS

December 2021: 20

**19**

## NUMBER OF EXITS

December 2021: 4

**1**

## CAPITAL / INCOME ALLOCATION

December 2021: 57% Capital / 43% Income

Capital

**67%**

Income

**33%**

## COUNTRY ALLOCATION

December 2021: 65% Spain, 25% Italy, 5% Ireland, 5% Denmark

Spain

**59%**

Italy

**29%**

Ireland

**7%**

Denmark

**5%**

## BRIDGE LOAN/NPL ALLOCATION

December 2021: 25%

**30%**

## INCOME ASSETS ALLOCATION

December 2021: 4%

**5%**

## DEVELOPMENT ALLOCATION

December 2021: 46%

**36%**

## VALUE ADD ALLOCATION

December 2021: 24%

**29%**

## SUMMARY PAGE OF KEY FIGURES

<b>RESULTS</b> (For the Period Ended June 30)	<b>Unit</b>	<b>June 30, 2022</b>	<b>June 30, 2021</b>	<b>Change</b>
Interests income on investments	EUR mio	1.0	1.0	0%
Gain on redemption of notes	EUR mio	–	–	–
Loss on redemption of notes	EUR mio	–	–	–
Net Unrealized gain (loss) on revaluation of investments	EUR mio	0.8	–0.6	222%
Total Revenues	EUR mio	1.7	0.3	405%
General and administrative expenses	EUR mio	0.3	0.3	–3%
Operating profit incl. Revaluation	EUR mio	1.5	0.1	2168%
Operating Margin	%	84%	19%	349%
EBITDA (Operating Profit less unrealized revaluation)	EUR mio	0.7	0.7	1%
Profit Before Income taxes	EUR mio	1.5	0.1	2579%
Net Profit (loss) for the period	EUR mio	1.31	–0.03	4303%
Earnings brought forward	EUR mio	1.7	2.5	–33%
Retained earnings	EUR mio	3.0	2.5	20%

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<b>BALANCE SHEET</b> (As of)	<b>Unit</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>Change</b>
Total Assets	EUR mio	43.6	42.2	3%
Equity	EUR mio	43.2	41.9	3%
Equity Ratio	%	99%	99%	–

<b>PORTFOLIO</b> (As of)	<b>Unit</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>Change</b>
Projects		19	20	–1
Number of exits		1	4	–3
Portfolio Value	EUR mio	41.9	41.1	1.9%

<b>SHARE INFORMATION</b> (As of)	<b>Unit</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>	<b>Change</b>
Share Price	CHF/ share	1.4	1.8	–20%
Number of shares		28 512 619	28 512 619	–
Market capitalization	CHF mio	40.9	50.9	–20%
Earnings per share (EPS)	EUR / share	0.046	–0.004	4303%
Distribution paid during the period	CHF / share	–	0.05	–
Distribution paid during the period	EUR mio	–	1.4	–
Distribution Yield on NAV	%	–	3.2%	–
Distribution Yield on Share Price	%	–	2.8%	–
NAV	EUR / share	1.52	1.47	3.1%







# SHAREHOLDER LETTER

# DEAR SHAREHOLDERS,

It is with great pleasure that we present to you the 2022 Interim Report for Varia Europe Properties AG (Varia Europe).

The Board of Directors of Varia Europe Properties AG ("The Company" or "Varia Europe") is pleased to present to its investors the half-year results for 2022. The Company generated a total revenue of EUR 1.73 million (June 2021: EUR 0.34 million) and has retained earnings of EUR 3.0 million for the half-year 2022 (June 2021: EUR 2.51 million). The First Half-Year of 2022 was a successful period for the Company, and the Board is 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.

From an investment perspective, we believe the strength of the portfolio lies the diversification of its assets, whether from a geographic, sectorial or income point of view. The underlying total portfolio is being consolidating and the Company targets a full stabilization of its assets.

As we publish this report, the Company has distributed from its investments CHF 10 million on September 30<sup>th</sup>, 2022, representing a distribution of approximately CHF 0.35/share and 24% of the NAV/share as of 31.12.2021

## PORTFOLIO

Starting the year with 20 underlying investments, in 2021 the Company exited 1 asset bringing the total invested portfolio to 19 projects by end of the period.

Project PRS was exited in June 2022. A first down payment was received at this date and a second one shall be executed by December 31, 2022. The completion of these two payments would generate an IRR of 6.7% and a multiple of 1.20x. Overall, all the projects exited generated a consolidated IRR of 8.0% and a multiple of 1.17x.

The allocation to the Bridge Loan/ NPL strategy increased from 25% in December 2021 to 30% in June 2022 and Income Assets increased from 4% to 5% while Development projects decreased from 46% to 36%. Finally, exposure to Value Added assets increased from 24% to 29% in June 2022.

By half-year end the portfolio has allocated approximately 59% in Spain, 29% in Italy, 7% in Ireland and 5% in Denmark (65% in Spain, 25% in Italy, 5% in Ireland and 5% in Denmark in December 2021).

## PERFORMANCE

Varia Europe recorded a total revenue of EUR 1.73 million (EUR 0.34 million total revenue in June 2021) including the impact of an unrealized gain of EUR 0.76 million. On the other hand, general and administrative expenses decreased from EUR 0.28 million in June 2021 to EUR 0.27 million in June 2022 leading to an operating profit of EUR 1.46 million in June 2022 (2168% between June 2021 and June 2022).

The total net profit of the first half-year 2022 is EUR 1.31 million (total net loss of EUR 0.03 million in the first half-year 2021), implying also the increase on the earning per shares from -0.004 in December 2021 to 0.046 during the period.

The NAV per share of the company increased at EUR 1.52/shares in June 2022 (EUR 1.47/shares in December 2021). The underlying portfolio value increased at approximately EUR 41.9 million (+1.85% during the first half-year 2022).

Total shareholder equity of the Company stood at EUR 43,242,693 and voluntary retained earnings of EUR 3.01 million recorded within the Swiss GAAP FER Financial Statements. The average ordinary shares outstanding was 28,512,619 shares for the period.

Being registered and domiciled in Switzerland, the reference currency for 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, Ireland and Denmark). This difference in currency, between the Company level and underlying investments, leaves op-currency risk, including currency fluctuations which may be affecting on a positive or negative way the performance of the portfolio.

As we progress through 2022, the Company targets a stabilization of its current assets. This strategic decision remains in line with the goal to keep providing risk adjusted returns through stable income generating assets and strong capital gain upsides driven by development and value-added strategies. The Company proved a strong track record with the investments executed and exited with attractive results in seven different positions. The consolidated performances on the exited assets exhibit a realized IRR of 8% and a realized multiple of 1.17x. We expect during 2022 onward to exit and collect distributions from several investments currently in the portfolio with positive results.

Sincerely yours,



**Taner Alicehic**  
Chairman & Executive Member



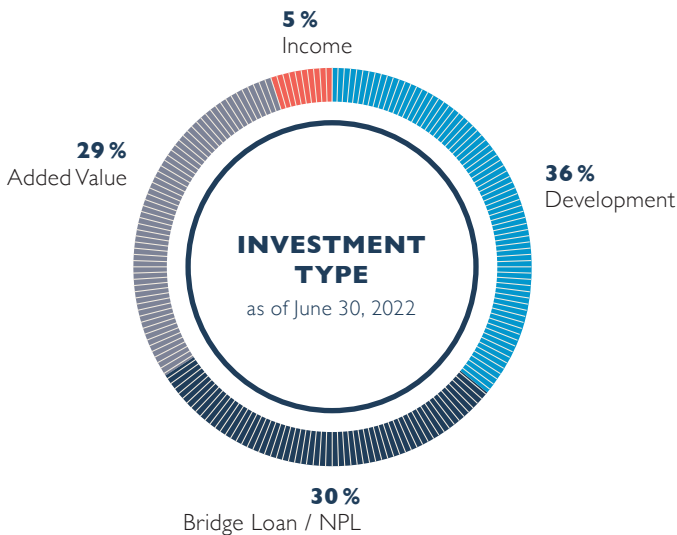
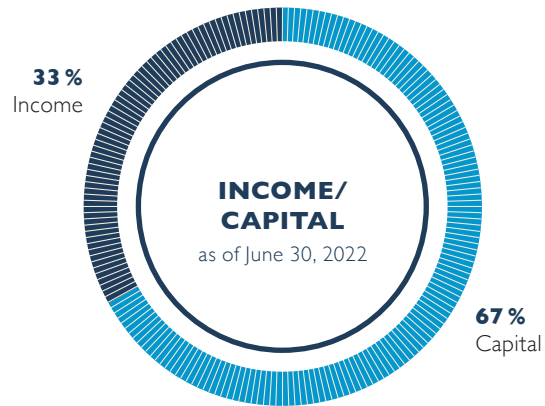
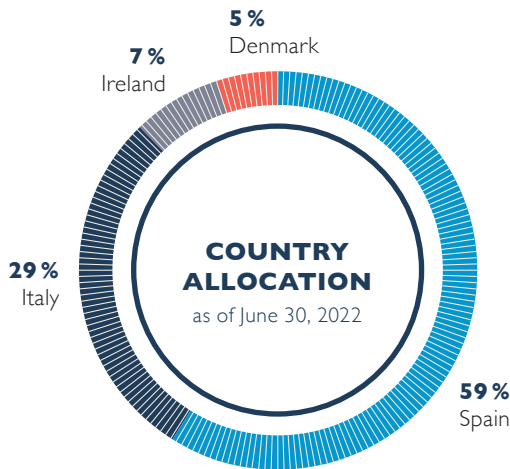


# PORTFOLIO OVERVIEW

**A BREAKDOWN OF THE PORTFOLIO AS OF JUNE 30, 2022**

During the first half-year 2022, the company increased in size with total shareholder equity value moving from EUR 41.9 million to EUR 43.2 million with the total number of projects decreasing from 20 to 19 opportunities. The portfolio moved its allocation to income generating projects, from 57% capital and 43% income based at December 31, 2021 to 67% capital and 33% income-based opportunities at June 30, 2022. The country allocation moved from 65% Spain, 25% Italy, 5% Ireland and 5% Denmark to 59% Spain and 29% Italy, 7% Ireland and 5% Denmark within the same period.

Within the four principal strategies, the allocation to the Bridge Loan/ NPL strategy increased from 25% in December 2021 to 30% in June 2022 and Income Assets increased from 4% to 5% while Development projects decreased from 46% to 36%. Finally, exposure to Value Added assets increased from 24% to 29% in June 2022.



**PORTFOLIO ALLOCATION JUNE 30, 2022**

Varia Europe	Geography	Strategy	Return Strategy	Sector	Investment Date
<b>Development Strategy</b>					
Sp. Phoenix CAT	Spain	Development	Capital	Residential	Q1 2018
Sp. Phoenix II	Spain	Development	Capital	Residential	Q1 2018
Varia Ireland	Ireland	Development	Capital	Residential	Q3 2020
Compagnoni	Italy	Development	Capital	Residential	Q1 2018
Skyline	Spain	Development	Capital	Residential	Q4 2018
Niccolini (Milan)	Italy	Development	Capital	Residential	Q4 2018
<b>Added Value Strategy</b>					
Vittoria	Italy	Added Value	Capital	Mixed Use	Q2 2019
Gran Turia	Spain	Added Value	Capital	Retail	Q4 2019
Minor	Spain	Added Value	Capital	Hospitality	Q3 2020
VIGA	Denmark	Added Value	Capital	Residential	Q1 2021
<b>Bridge Loan Strategy</b>					
Ib. Income Opp. III	Spain	Bridge Loan	Income	Mixed: Commercial, Residential	Q1 2020
Calvino	Italy	Bridge Loan	Income	Residential	Q1 2020
Ib. Income Opp.	Spain	Bridge Loan	Income	Mixed: Commercial, Residential	Q1 2018
Ib. Income Opp. II	Spain	Bridge Loan	Income	Mixed: Commercial, Residential	Q4 2018
Blackglan	Ireland	Bridge Loan	Capital	Residential	Q4 2020
Barigello (VSO XXIX)	Italy	Bridge Loan	Income	Residential	Q4 2018
<b>Income Strategy</b>					
Preziosi	Italy	Income	Income	Office	Q1 2018
<b>NPL Strategy</b>					
Medio (VSO XX)	Italy	NPL	Income	Mixed: Office, Hospitality, Residential	Q4 2017
DELA (VSO VII)	Italy	NPL	Capital	Office	Q3 2017



	Maturity Date	Target IRR	% Effective Allocation	Varia Ownership <sup>1</sup>	Varia Ownership <sup>2</sup>
			<b>36.1%</b>		
	Q3 2023	6%–8%	14.6%	15.5%	5.8%
	Q3 2023	6%–8%	9.8%	9.8%	3.2%
	Q2 2023	15%–20%	4.9%	6.6%	6.6%
	Q1 2023	13%–15%	3.5%	18.1%	9.1%
	Q1 2023	8%–10%	3.3%	5.2%	1.3%
	Q3 2022	10%–15%	0.1%	3.9%	1.9%
			<b>28.6%</b>		
	Q2 2023	8%–11%	10.6%	17.6%	5.3%
	Q4 2024	10%–15%	8.1%	46.4%	46.4%
	Q4 2024	20%–25%	4.9%	15.7%	7.8%
	Q4 2024	10%–15%	5.0%	75.0%	2.1%
			<b>27.7%</b>		
	Q4 2024	10%–12%	13.8%	10.5%	10.5%
	Q3 2022	10%–15%	6.5%	35.9%	35.9%
	Q4 2022	4%–6%	2.3%	2.1%	2.1%
	Q4 2022	8%–10%	2.3%	0.6%	0.6%
	Q4 2022	11%–14%	1.6%	5.8%	5.8%
	Q4 2022	11%–13%	1.2%	9.1%	9.1%
			<b>5.2%</b>		
	Q4 2022	10%–13%	5.2%	24.9%	12.5%
			<b>2.4%</b>		
	Q1 2023	7%–10%	1.8%	11.4%	3.4%
	Q3 2022	10%–15%	0.6%	9.7%	3.8%

<sup>1</sup> on number of notes owned by Varia Structured Opportunities compartments  
<sup>2</sup> on total number of notes of the project

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# SWISS GAAP FER FINANCIAL STATEMENTS

June 30, 2022

Varia Europe Properties AG, Zug

## BALANCE SHEET AS OF JUNE 30, 2022

ASSETS	Notes	June 30, 2022 in EUR	December 31, 2021 in EUR
Cash and cash equivalents		517,505	371,247
Prepaid expenses		6,895	13,294
Accrued assets	2.1	969,214	310,577
<b>Current assets</b>		<b>1,493,614</b>	<b>695,118</b>
Investments at fair value	2.1	41,878,785	41,117,591
Deferred tax assets	2.3	205,144	391,337
<b>Non-current assets</b>		<b>42,083,929</b>	<b>41,508,928</b>
<b>Total assets</b>		<b>43,577,543</b>	<b>42,204,046</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>Notes</b>	<b>June 30, 2022 in EUR</b>	<b>December 31, 2021 in EUR</b>
Trade payable to third parties		69,956	30,755
Accrued expenses	2.2	253,082	215,647
Accrued taxes	2.3	11,812	28,825
<b>Current liabilities</b>		<b>334,850</b>	<b>275,227</b>
<b>Total liabilities</b>		<b>334,850</b>	<b>275,227</b>
<b>Share capital</b>		<b>512,433</b>	<b>512,433</b>
Reserves from capital contributions		39,721,334	39,721,334
<b>Legal capital reserves</b>		<b>39,721,334</b>	<b>39,721,334</b>
Retained earnings brought forward		1,695,053	1,810,597
Net profit (loss) for the period or year		1,313,873	-115,544
<b>Voluntary retained earnings</b>		<b>3,008,926</b>	<b>1,695,053</b>
<b>Total shareholders' equity</b>	2.4	<b>43,242,693</b>	<b>41,928,819</b>
<b>Total liabilities and shareholders' equity</b>		<b>43,577,543</b>	<b>42,204,046</b>

Varia Europe Properties AG, Zug

## PROFIT AND LOSS STATEMENT FOR THE PERIOD ENDED JUNE 30, 2022

	Notes	For the period ended June 30, 2022 in EUR	For the period ended June 30, 2021 in EUR
Interests income on investments	2.1	969,214	969,214
Gain on investments fair value adjustment	2.1	761,195	–
Loss on investments fair value adjustment	2.1	–	–626,459
<b>Revenues</b>		<b>1,730,409</b>	<b>342,756</b>
Directors' fees and social charges	2.8	–8,397	–29,144
Communications, publicity and marketing		–7,882	–7,886
Accounting and administration expenses		–64,660	–70,807
Legal and other consulting fees		–123,988	–121,286
Audit fees		–21,586	–28,726
Insurances		–6,569	–5,298
Other operating expenses		–5,577	–491
Direct taxes on capital		–30,445	–14,696
<b>Operating expenses</b>		<b>–269,103</b>	<b>–278,334</b>
<b>Operating profit</b>		<b>1,461,306</b>	<b>64,422</b>
Financial income	2.6	25,405	1,872
Financial expenses	2.6	–7,612	–9,978
Prior year income		36,999	268
<b>Profit before income taxes</b>		<b>1,516,098</b>	<b>56,585</b>
Deferred income tax benefit (expense)		–202,224	–87,847
<b>Net (loss) profit for the period</b>		<b>1,313,873</b>	<b>–31,262</b>
<b>Earnings per share (EPS):</b> Basic and diluted earnings, per share	2.5	<b>0.0461</b>	<b>–0.0011</b>

Varia Europe Properties AG, Zug

## CASH FLOW STATEMENT FOR THE PERIOD ENDED JUNE 30, 2022

	Notes	For the period ended June 30, 2022 in EUR	For the period ended June 30, 2021 in EUR
<b>Operating activities</b>			
Net profit (loss) for the period		1,313,873	-31,262
Gain on investments fair value adjustment	2.1	-761,195	-
Loss on investments fair value adjustment	2.1	-	626,459
Change in accrued assets		-658,637	864,652
Change in prepaid expenses		6,399	-457
Change in trade payable to third parties		39,201	-3,155
Change in accrued expenses		37,435	8,994
Change in accrued taxes		-17,012	-37,726
Change in deferred taxes		186,194	89,618
<b>Cash flow from operating activities</b>		<b>146,258</b>	<b>1,517,122</b>
<b>Investing activities</b>			
Investment notes acquisition	2.1	-	-1,833,866
<b>Cash flow from investing activities</b>		<b>-</b>	<b>-1,833,866</b>
<b>Cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents for the period</b>		<b>146,258</b>	<b>-316,745</b>
Cash at the beginning of the period		371,247	746,224
Cash and cash equivalents at the end of the period		517,505	429,479
<b>Change in cash and cash equivalents for the period</b>		<b>146,258</b>	<b>-316,745</b>

Varia Europe Properties AG, Zug

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED JUNE 30, 2022

	Number of shares	Share capital in EUR	Reserves from capital contributions in EUR	Voluntary retained earnings in EUR	Total equity in EUR
<b>Balance at December 31, 2020</b>	<b>28,512,619</b>	<b>512,433</b>	<b>40,393,414</b>	<b>2,541,312</b>	<b>43,447,159</b>
Dividend distribution on August 24, 2021	–	–	–672,080	–730,715	<b>–1,402,795</b>
Net loss for the year	–	–	–	–115,544	<b>–115,544</b>
<b>Balance at December 31, 2021</b>	<b>28,512,619</b>	<b>512,433</b>	<b>39,721,334</b>	<b>1,695,053</b>	<b>41,928,820</b>
Net loss for the period	–	–	–	1,313,873	<b>1,313,873</b>
<b>Balance at June 30, 2022</b>	<b>28,512,619</b>	<b>512,433</b>	<b>39,721,334</b>	<b>3,008,926</b>	<b>43,242,693</b>

Varia Europe Properties AG, Zug

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2022

(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") compartment. 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, Italy, Ireland and Denmark, 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 may consider these elements, on the basis that Varia Europe is the sole holder of the notes issued by VSO Europe.

#### 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 EUR into CHF, the closing rate applied at the end of the period is 0.9960 (30.06.2021: 1.0980). 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 interim and annual financial statements, fair value is based on the audited net asset values of the VSO compartment. 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-end or year-end using the red book guidelines for market rent and market value. This valuation is then taken into account to value VSO's investments, adjusted for tax and performance fee provisions.
- 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 acquisition 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 taxes

The tax expense for the period or 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, 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.



In assessing the deferred tax assets, the Company's management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

No income taxes were paid during the period ended June 30, 2022 (30.06.2021 – nil) or the year ended December 31, 2021 (31.12.2020 – nil). Capital taxes of EUR 30,445 were paid during the period and EUR 28,445 during the year ended December 31, 2021.

## 2 INFORMATION ON BALANCE SHEET AND PROFIT AND LOSS STATEMENT BALANCES

### 2.1 Investments

25

As at June 30, 2022 the Company owned notes of only one compartment as per the below table:

Compartments	Fair value 31.12.2021 in EUR	Redemption at sale price for the period in EUR	Realized gain / loss for the period in EUR	Investment in nominal value of the notes in EUR	Fair value adjustment in EUR	Fair value 30.06.2022 in EUR
VSO Europe Properties	41,117,591	–	–	–	761,195	41,878,785
<b>Total</b>	<b>41,117,591</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>761,195</b>	<b>41,878,785</b>

For the 6-month periods ending June 30, 2022 and 2021, Varia Europe Properties AG recognized a 5% interest income of EUR 969,214 from its investment in VSO

Europe Properties including EUR 969,214 (31.12.2021: EUR 310,577) of accrued assets presented in the balance sheet as accrued assets at the end of the period.

As at December 31, 2021 the Company owned notes of only one compartment as per the below table:

Compartments	Fair value 31.12.2020 in EUR	Redemption at sale price for the year in EUR	Realized gain / loss for the year in EUR	Investment in nominal value of the notes in EUR	Fair value adjustment in EUR	Fair value 31.12.2021 in EUR
VSO Europe Properties	41,076,104	–	–	1,833,866	–1,792,379	41,117,591
<b>Total</b>	<b>41,076,104</b>	<b>–</b>	<b>–</b>	<b>1,833,866</b>	<b>–1,792,379</b>	<b>41,117,591</b>

For the year ending December 31, 2021, Varia Europe Properties AG recognized a 5% interest income of EUR 1,954,493 from its investment in VSO Europe Properties

including EUR 310,577 of accrued interests presented in the balance sheet as accrued assets at year-end 2021.

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

Compartments	Domicile	Country of investments	Strategy	Number of Notes held by Varia 30.06.2022	Percentage held by Varia of total outstanding notes value 30.06.2022
VSO Europe Properties	Luxembourg	Denmark, Italy, Ireland, Spain	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 period, 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 (30.06.2022)
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 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	9.8%
VSO Spanish Phoenix CAT	Luxembourg	Spain	Development	15.5%
VSO II Skyline	Luxembourg	Spain	Development	5.2%
VSO RE: Vittoria	Luxembourg	Italy	Added Value	17.6%
VSO Gran Turia	Luxembourg	Spain	Added Value	46.4%
VSO II Varia Ireland	Luxembourg	Ireland	Development	6.6%
VSO II Minor	Luxembourg	Spain	Added Value	15.7%
VSO II Calvino	Luxembourg	Italy	Bridge Loans	35.9%
VSO Iberia Income Opportunity III	Luxembourg	Spain	Bridge Loans	10.5%
VSO II Blackglen	Luxembourg	Ireland	Bridge Loans	5.8%
VIGA RE	Denmark	Denmark	Added Value	75.0%

The investments of Varia in the VSO notes were the following at December 31, 2021:

Compartments	Domicile	Country of investments	Strategy	Number of Notes held by Varia (31.12.2021)	Percentage held by Varia of total outstanding notes value (31.12.2021)
VSO Europe Properties	Luxembourg	Denmark, Italy, Ireland, Spain	Diversified	37,256	100.0%

Underlying compartments	Domicile	Country of investments	Strategy	Percentage held by VSO Europe Properties of total outstanding notes value (31.12.2021)
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 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	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	15.1%
VSO Gran Turia	Luxembourg	Spain	Added Value	46.4%
VSO II Varia Ireland	Luxembourg	Ireland	Development	6.6%
VSO II Minor	Luxembourg	Spain	Added Value	15.7%
VSO II Calvino	Luxembourg	Italy	Bridge Loans	77.5%
VSO Iberia Income Opportunity III	Luxembourg	Spain	Bridge Loans	13.0%
VSO II Blackglen	Luxembourg	Ireland	Bridge Loans	5.8%
VIGA RE	Denmark	Denmark	Added Value	74.9%

## 2.2 Accrued expenses

	30.06.2022 in EUR	31.12.2021 in EUR
Audit fees	21,586	48,398
Accounting fees	33,885	87,924
Legal and consulting fees	188,989	62,632
Directors fees	8,622	14,074
Other expenses	–	2,619
<b>Total</b>	<b>253,082</b>	<b>215,647</b>

## 2.3 Accrued and deferred taxes

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

	30.06.2022 in EUR	31.12.2021 in EUR
<b>Accrued taxes</b>		
<b>Capital tax provision</b>	<b>11,812</b>	<b>28,825</b>
<b>Deferred taxes</b>		
Deferred tax assets	410,287	391,337
Allowance on deferred tax assets	–205,144	–
Deferred tax assets, net	205,144	391,337
Deferred tax liabilities	–	–
<b>Net tax assets and liabilities</b>	<b>205,144</b>	<b>391,337</b>
<b>Deferred tax assets</b>	<b>205,144</b>	<b>391,337</b>

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% (2021: 11.9%), including the direct federal tax. Accordingly the deferred tax assets and liabilities were calculated with the tax rate of 11.9% at June 30, 2022.

## 2.4 Shareholders' equity

The changes in the shareholders' equity captions from December 31, 2020 to June 30, 2022 are presented in the Statement of changes in equity.

The share capital at June 30, 2022 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 period-end or year-end)	30.06.2022 in EUR	31.12.2021 in EUR
Total shareholders' equity before any dividend distribution	43,242,693	41,928,819
Number of ordinary shares outstanding	28,512,619	28,512,619
<b>Net asset value per share</b>	<b>1.5166</b>	<b>1.4705</b>

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

On December 18, 2020, 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)

	30.06.2022 in EUR	30.06.2021 in EUR
Net (loss) profit of the period	1,313,873	-31,262
Average of ordinary shares outstanding	28,512,619	28,512,619
<b>Basic and diluted earnings, per share</b>	<b>0.0461</b>	<b>-0.0011</b>

There is no dilutive effect on shares at June 30, 2022 and 2021.

## 2.6 Financial result

	30.06.2022 in EUR	30.06.2021 in EUR
<b>Financial income</b>		
Foreign currency exchange gains	25,405	1,872
<b>Total</b>	<b>25,405</b>	<b>1,872</b>
<b>Financial expenses</b>		
Bank fees	350	322
Foreign currency exchange losses	7,262	9,656
<b>Total</b>	<b>7,612</b>	<b>9,978</b>

## 2.7 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.

## 2.8 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
- REIS Partners AG

## Board of Directors

The Board of Directors is considered as key management. In the 6-month period ended in June 30, 2022, Director's fees and social charges of EUR 8,622 (CHF 8,587.50) were accrued (2021 – EUR 29,144).

No other compensation was paid to the Board 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 members. No loans or credit facilities were granted to any members of the Board or related parties during the period ended in June 30, 2022 and 2021 and there were no such receivables outstanding as at the same periods.

### Transactions of Varia with Stoneweg Asset Management SA, its subsidiaries and REIS Partners AG

#### Management fees

During the period ended June 30, 2022 and 2021, 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	30.06.2022 in EUR	30.06.2021 in EUR
REIS Partners AG	116,142	114,139
<b>Total</b>	<b>116,142</b>	<b>114,139</b>

### 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 30.06.2022	Shares 31.12.2021
Taner Alicehic	Chairman	215,667	215,667
Jaume Sabater Martos	Member	306,667	306,667
Pierre Grégoire Baudin	Member	219,697	219,697
<b>Total</b>		<b>742,031</b>	<b>742,031</b>

## 3 OTHER INFORMATION

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

Varia Europe Properties AG had no employees at June 30, 2022 and has never employed any staff.

### 3.2 Contingent liabilities

As of June 30, 2022 and 2021, 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 June 30, 2022, 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.

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# CONTACT

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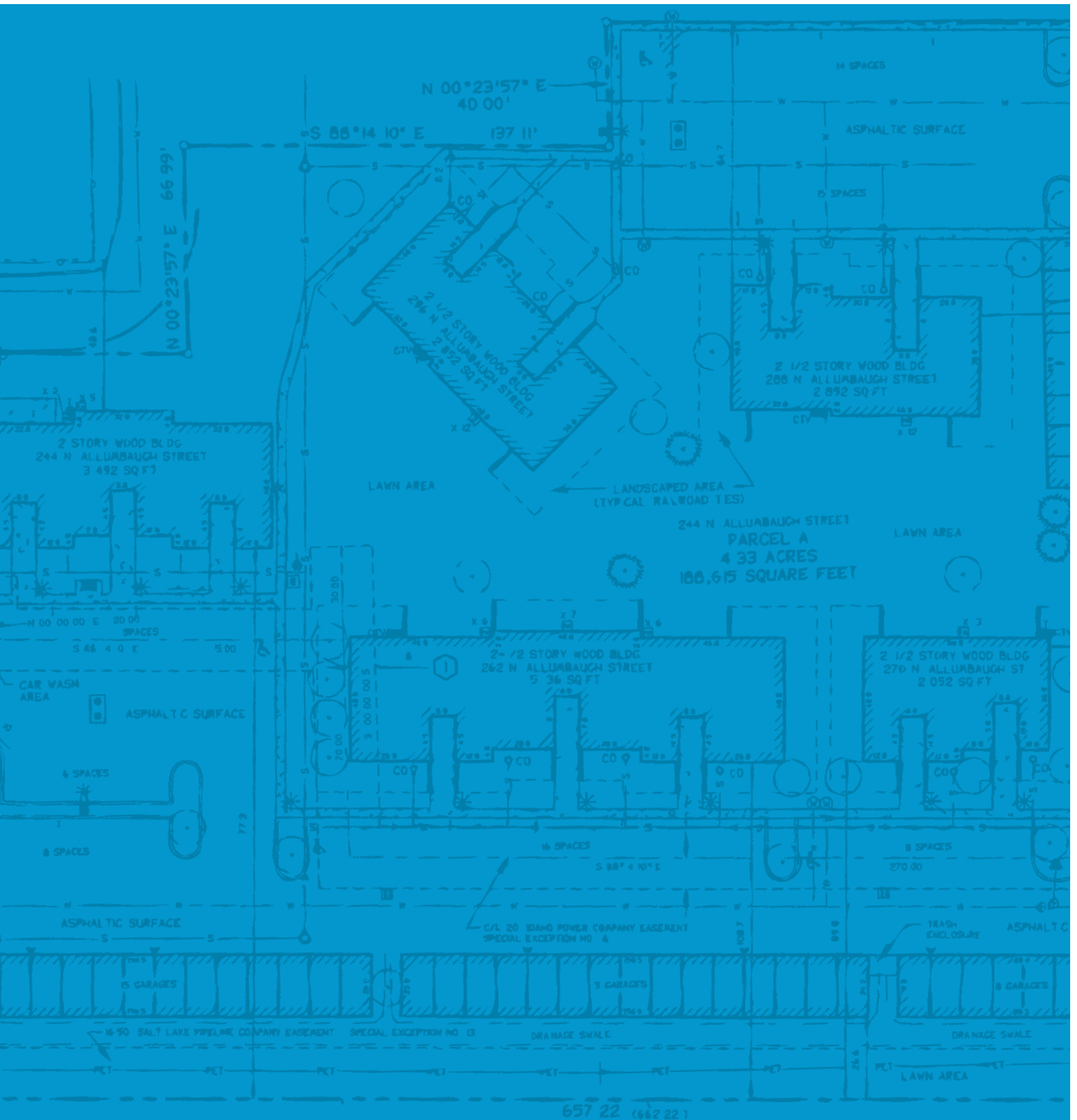
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