

# Annual Report 2018

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VIG FUND, a.s.

**VIG  FUND**

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## 2. Basic Company Information

**Company:** VIG FUND, a.s.  
**Company address:** Templová 747/5, Staré Město, 110 00 Praha 1  
**Legal form:** joint-stock company  
**Identification no.:** 24220809  
**Date of balance:** 31<sup>st</sup> December 2018  
**Accounting period:** 1<sup>st</sup> January 2018 – 31<sup>st</sup> December 2018

VIG FUND, a.s. was founded by registration in the Commercial Register of the Municipal Court in Prague, Section B, File no. 17896 on 1<sup>st</sup> March 2012 (hereinafter referred to as "VIG FUND" or the "Company").

VIG FUND is a joint-stock company, managed by VIG Asset Management, a.s., ID no. 24838233, with registered office at Templová 747/5, Staré Město, 110 00 Praha 1, registered in the Commercial Register of the Municipal Court in Prague, Section B, File no. 17131 (hereinafter referred to as "VIG AM" or "Investment Company").

The line of business of VIG FUND is the acquisition and the lease of real estates, residential and non-residential premises. The Company primarily deals with management of the real estate assets.

### 3. Report of the Board of Directors on Business Activities and Status of Properties

In 2018, the Company performed the following acquisition:

- On 25<sup>th</sup> July 2018 the Company acquired 100% of Atrium Tower sp. z o.o. with its registered office at ul. Jana Pawła II 25, 00-854 Warszawa, Poland, registered in the register of entrepreneurs of KRS by the District Court for the City of Warsaw, XII Commercial Division of the National Court Register, under KRS no. 0000048588.

In 2018 the Company increased its registered capital; it has been increased solely by monetary investments by CZK 671,600, i.e. by issuing 3,358 pcs of new unquoted ordinary shares issued in the name and in documentary form, each in the nominal value of CZK 200.

The economic activities of the Company ended with a profit of TEUR 9,035 for the period from 1<sup>st</sup> January to 31<sup>st</sup> December 2018.

#### The portfolio of VIG FUND

<i>Property</i>	<i>Location</i>
BBC - C	Prague
Havlíčkova Plaza	Prague
Burzovní Palác	Prague
Revoluční	Prague
Jasna	Warsaw
Libra	Warsaw
Atrium Tower	Warsaw
Europeum	Bratislava
Retail Portfolio	Czech Republic
Retail Portfolio	Slovakia
Retail Portfolio	Hungary

#### Status of Properties

##### Assets

In balance sheet as of 31<sup>st</sup> December 2018 the Company reported assets amounting to TEUR 329,123 (out of which TEUR 309,948 represents investment properties and shares).

##### Liabilities

Total liabilities of the Company amounted to TEUR 133,703.

##### Registered share capital

The Company's registered share capital amounts to TEUR 171.

The management of the Company is not aware of any other facts that would significantly affect the financial situation of the Company as of the date of generating the annual report for 2018. The management is furthermore not aware of any substantial lawsuits (active or passive) that could affect the financial situation of the Company for 2018.

#### 4. Expected Company development in 2019

The Company will continue its growth strategy by acquiring additional real estate investments in Central and Eastern Europe and on managing the already acquired properties.

#### 5. Other information

##### Activities in the area of research and development

The Company is currently not active in the area of research and development.

##### Activities in the area of environmental protection and labor-law relations

With respect to environmental protection and labor-law relations, the Company adheres to the corresponding legally binding regulations.

##### Organizational units abroad

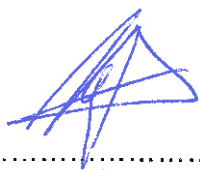

The Company has no organizational unit abroad but holds two properties in Poland directly.

The Company holds 100 % of the share capital in its four subsidiaries abroad. SK BM s.r.o. with the registered seat in the Slovak Republic represents indirect ownership of the VIG FUND of two retail properties in Slovakia, the second Slovakian subsidiary Europeum Business Center s.r.o. holds one property. HUN BM Kft. represents VIG FUND's indirect ownership of one retail property in Hungary and Atrium Tower Sp. z o.o., a Polish subsidiary of VIG Fund is the owner of Atrium Tower.

##### Information on lawsuits or arbitrations

The Company was not involved in lawsuits or arbitrations in 2018 that would significantly affect the financial situation of the Company. The Board of Directors hereby declares that to its knowledge, the annual report gives a true and fair view of the financial position, business activities and results of the Company for the reported period and a true and fair view of the future outlook for the financial situation, business activities and financial results.

4<sup>th</sup> March 2019



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VIG Asset Management, a.s. (Member of the Board of Directors), represented by Dipl. Ing. Caroline Mocker, MSc. MRICS and MMag. Dr. Wolfgang M. Hajek

## 6. Report on relationships between related parties

### The controlled company: VIG FUND, a.s.

The Company is part of the Vienna Insurance Group consolidation group with the ultimate parent company being VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna, Austria.

### Company purpose

The Company enables other companies within the VIG Group to invest into real estate market in CEE.

### The controlling companies:

Shareholder	Share on registered capital
VIG-CZ Real Estate GmbH, Vienna	69.55 %
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	14.16 %
VIG RE zajišťovna, a.s., Prague	2.63 %
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	0.30 %
Pojišťovna České spořitelny, a.s., Vienna Insurance Group, Pardubice	0.64 %
InterRisk Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	1.18 %
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group, Warsaw	1.14 %
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	0.59 %
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	0.82 %
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	1.15 %
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	3.70 %
Compensa Life Vienna Insurance Group SE	1.48 %
AAS "BTA Baltic Insurance Company"	0.35 %
Compensa Vienna Insurance Group, akciné draudimo bendrovė	0.59 %
Wiener Osiguranje Vienna Insurance Group d.d., Zagreb	1.72 %
<b>Total</b>	<b>100.00 %</b>

### Method and means of controlling

Company is controlled through ownership of shares. VIG AM serves as the sole director of the company.

### Related Parties

A list of the subsidiaries of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is stated in part 8 of this Annual Report.

### Real concern

The Company did not conclude any control agreement with Related Parties.

### Contracts and agreements concluded between entities within the Group

The following contracts between the Company and entities within the group were in force in the reported period:

Contract	Contracting party of the Group
Insurance Policy No. 7720716986 and Amendment no. 1, 2 and 3 to the Insurance Policy No. 7720716986	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720794414 and Amendment no. 1 and 2 to the Insurance Policy No. 7720794414	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720826500 and Amendment no. 1 to the Insurance Policy No. 7720826500	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720980394	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7721059519	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7721048829	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7721048818	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7721098601	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7721103870	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy Type 9802 No. 58345 (Property against all risks insurance)	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group
Insurance Policy Type 1306 No. 001022615 (Insurance of Third Party Liability)	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group
Insurance Policy Type 1306 No. 001022614 (Insurance of Third Party Liability)	Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group



Contract	Contracting party of the Group
Insurance Policy Type 9802 No. 58344 (Property against all risks insurance)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
Insurance Policy Type 9802 No. 82938 (Property against all risks insurance)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
Insurance Policy Type 9802 No. 82937 (Property against all risks insurance)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
Insurance Policy Type 1306 No. 001053339 (Insurance of Third Party Liability)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
Insurance Policy Type 1306 No. 001053338 (Insurance of Third Party Liability)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
Loan Agreement 1	Wiener Städtische Versicherung AG Vienna Insurance Group Donau Versicherung AG Vienna Insurance Group InterRisk Lebensversicherung-AG Vienna Insurance Group InterRisk Versicherung-AG Vienna Insurance Group
Loan Agreement 2	InterRisk Lebensversicherung-AG Vienna Insurance Group
Loan Agreement 3	Wiener Städtische Versicherung AG Vienna Insurance Group Donau Versicherung AG Vienna Insurance Group Compensa Life Vienna Insurance Group SE Compensa Vienna Insurance Group InterRisk Versicherung-AG Vienna Insurance Group InterRisk Lebensversicherung-AG Vienna Insurance Group Poist'ovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group Komunálna poisťovňa, a.s. Vienna Insurance Group
Loan Agreement 4	Wiener Städtische Versicherung AG Vienna Insurance Group Donau Versicherung AG Vienna Insurance Group Compensa Vienna Insurance Group ADB Compensa Life Vienna Insurance Group SE AAS "BTA Baltic Insurance Company" VIG RE zajišťovna, a.s.
Contract on performance of office	VIG Asset Management, a.s.
Amendment of the Contract on performance of office	VIG Asset Management, a.s.



Contract	Contracting party of the Group
Sub-lease contract	VIG Asset Management, a.s.
Data processing agreement (GDPR)	VIG Asset Management, a.s.
Liquidity balancing agreement (Liquiditätsausgleich)	VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe
Service contract	SK BM s.r.o
Guarantee agreement	SK BM s.r.o
Service contract	Europeum Business Center s.r.o.
Service contract	HUN BM Korlátolt Felelősségű Társaság
Guarantee agreement	HUN BM Korlátolt Felelősségű Társaság
Service contract	Atrium Tower Sp.z o.o.
Guarantee agreement	Atrium Tower Sp.z o.o.
Agreement on subscription and purchase of notes	Kooperativa poisťovňa, a.s., Vienna Insurance Group Komunálna poisťovňa, a.s., Vienna Insurance Group
Agreement on subscription and purchase of notes	Kooperativa poisťovňa, a.s., Vienna Insurance Group Česká podnikatelská poisťovňa, a.s., Vienna Insurance Group Compensa Life Vienna Insurance Group SE InterRisk Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group Kooperativa poisťovňa, a.s., Vienna Insurance Group Wiener Städtische Versicherung AG Vienna Insurance Group DONAU Versicherung AG Vienna Insurance Group
Insurance Policy No. K4-X581.801-5 and Amendments	Donau Vienna Insurance Group

#### Other proceedings at the instigation or in the interest of Related Parties

The Company executed no other proceedings in the interest of Related Parties and did not receive or realize other provisions in the interest of or based on instructions of Related Parties.

**Transactions with Related Parties**

Transactions with related parties	2018	2017
STATEMENT OF FINANCIAL POSITION		
Accrued assets	80	59
Other payables, current part	-55	-23
Interest bearing liabilities	-49 543	-41 367
Bonds and interests	-38 253	-40 042
Trade and other payables	-22	-6
STATEMENT OF COMPREHENSIVE INCOME		
Indirect expenditures	-667	-623
Operating expenses	-1	0
Interest expenses	-2 900	-2 945
Insurance paid	-103	-98

The Company issued new shares in 2018 which resulted in increase in Share capital by TEUR 26 and increase in Capital reserve by TEUR 30,141.

**Conclusion**

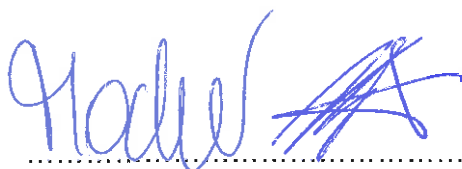
The Company is embedded in the network of Vienna Insurance Group and uses benefits from membership in this international group.

Processing of the Report on relations between Related Parties was ensured by the Board of directors of the Company.

The Board of directors of the Company claims that no damage for the Company was incurred in respect of the contracts listed above, their implementation and relationships with Related Parties.

All agreements with related parties were closed and are performed at arm's length, conditions and all contractual fulfillments, both received and provided, were provided at conditions usual in business relationships.

4<sup>th</sup> March 2019



VIG Asset Management, a.s. (Member of the Board of Directors), represented by Dipl. Ing. Caroline Mocker, MSc. MRICS and MMag. Dr. Wolfgang M. Hajek

## 7. Report of the Supervisory Board

The Supervisory Board has received the annual financial statements for 2018 from the Board of Directors as well as the report on business activities and the status of properties of the Company dating to 31<sup>st</sup> December 2018. The Supervisory Board has carefully read and reviewed these documents. Based on this review, the Supervisory Board has unanimously agreed to approve the annual financial statements prepared by the Board of Directors and the Board of Directors' proposal on the distribution of result of 2018.

Furthermore, the Supervisory Board notes that it was able, both as a whole and individually, through its Chairman and deputies, to supervise the activities of the Company. This was also achieved through regular meetings with representatives of the member of the Board of Directors, which provided sufficient explanation and evidence of the business activities of the Company based on official books and written documents.

In 2018, two Shareholder's Meeting were held, as well as three meetings of the Supervisory Board and one circular resolution of the Supervisory Board.

The Supervisory Board hereby inform that the Company's annual financial statements for 2018 are audited by KPMG Česká republika Audit, s.r.o. (registration no. 71), an auditing company; that the Supervisory Board obtained, reviewed and discussed the financial statements of the Company, and that said review and its final result did not give rise to any issues.



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**Mag. Gerhard Lahner**  
Chairperson of the Supervisory Board

## 8. Related Parties and equity participation of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Registered Office	Participation %
<b>Fully consolidated companies</b>		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" EAD	Bulgaria	100.00
"Compensa Services" SIA	Latvia	100.00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H.	Austria	100.00
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H.	Austria	94.84
Andel Investment Praha s.r.o.	Czech Republic	100.00
Anif-Residenz GmbH & Co KG	Austria	100.00
Arithmetica Consulting GmbH	Austria	100.00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A.	Romania	99.65
ATBIH GmbH	Austria	100.00
Atrium Tower Sp.z.oo	Warsawa	100.00
BCR Asigurari de Viata Vienna Insurance Group S.A.	Romania	94.00
Blizzard Real Sp. z o.o.	Poland	100.00
BTA Baltic Insurance Company AAS	Latvia	90.83
Bulgarski Imoti Asistans EOOD	Bulgaria	100.00
Businesspark Brunn Entwicklungs GmbH	Austria	100.00
CAL ICAL "Globus"	Ukraine	100.00
CAPITOL, akciová spoločnosť	Slovakia	100.00
CENTER Hotelbetriebs GmbH	Austria	80.00
Central Point Insurance IT-Solutions GmbH	Austria	100.00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Czech Republic	100.00
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni	Moldavia	99.99
Compensa Life Vienna Insurance Group SE	Estonia	100.00
Compensa Towarzystwo Ubezpieczeń Na Życie Spolka Akcyjna Vienna Insurance Group	Poland	99.97
Compensa Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group	Poland	99.94
Compensa Vienna Insurance Group, akcinė draudimo bendrovė	Lithuania	100.00
CP Solutions a.s.	Czech Republic	100.00
DBLV Immobesitz GmbH	Austria	100.00
DBLV Immobesitz GmbH & Co KG	Austria	100.00
DBR-Liegenschaften GmbH & Co KG	Germany	100.00
DBR-Liegenschaften Verwaltungs GmbH	Germany	100.00
Deutschmeisterplatz 2 Objektverwaltung GmbH	Austria	100.00
Donau Brokerline Versicherungs-Service GmbH	Austria	100.00
DONAU Versicherung AG Vienna Insurance Group	Austria	100.00

DVIB GmbH	Austria	100.00
ELVP Beteiligungen GmbH	Austria	100.00
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H.	Austria	99.77
Europeum Business Center, s.r.o.	Slovakia	100.00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH	Austria	100.00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft	Austria	55.00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH	Austria	99.92
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H.	Austria	100.00
HUN BM Kft.	Hungary	100.00
Insurance Company Nova Ins EAD	Bulgaria	100.00
Insurance Company Vienna osiguranje d.d., Vienna Insurance Group	Bosnia and Herzegovina	100.00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP"	Bulgaria	100.00
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Germany	100.00
interRisk Towarzystwo Ubezpieczeń Spółka Akcyjna Vienna Insurance Group	Poland	100.00
InterRisk Versicherungs-AG Vienna Insurance Group	Germany	100.00
INTERSIG VIENNA INSURANCE GROUP Sh.A.	Albania	89.98
Joint Stock Company Insurance Company GP! Holding	Georgia	90.00
Joint Stock Company International Insurance Company IRAO	Georgia	100.00
Joint Stock Insurance Company WINNER-Vienna Insurance Group	North Macedonia	100.00
Kaiserstraße 113 GmbH	Austria	100.00
KÁLVIN TOWER Ingatlanfejlesztési es Beruházási Korlátolt Felelősségű Társaság	Hungary	100.00
Kapitol pojišťovací a finanční poradenství, a.s.	Czech Republic	100.00
KOMUNÁLNA poisťovňa, a.s. Vienna Insurance Group	Slovakia	100.00
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	Slovakia	98.47
Kooperativa pojišťovna, a.s., Vienna Insurance Group	Czech Republic	97.28
Limited Liability Company "UIG Consulting"	Ukraine	100.00
LVP Holding GmbH	Austria	100.00
MAP Bürodienstleistung Gesellschaft m.b.H.	Austria	100.00
MH 54 Immobilienanlage GmbH	Austria	100.00
NEUE HEIMAT OberAustria Gemeinnützige Wohnungs-und SiedlungsgesmbH	Austria	99.82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H.	Austria	61.00
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG	Austria	100.00
OMNIASIG VIENNA INSURANCE GROUP S.A.	Romania	99.50
Palais Hansen Immobilienentwicklung GmbH	Austria	56.55
Passat Real Sp. z o.o.	Poland	100.00
Pension Insurance Company Doverie AD	Bulgaria	92.58
PFG Holding GmbH	Austria	89.23



PFG Liegenschaftsbewirtschaftungs GmbH & Co KG	Austria	92.88
Pojišťovna České spořitelny, a.s., Vienna Insurance Group	Czech Republic	100.00
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG	Austria	100.00
Private Joint-Stock Company "INSURANCE COMPANY "KNAZHA LIFE VIENNA INSURANCE GROUP"	Ukraine	97.80
Private Joint-Stock Company "Insurance company" Ukrainian insurance group"	Ukraine	100.00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP"	Ukraine	99.99
PROGRESS Beteiligungsges.m.b.H.	Austria	70.00
Projektbau GesmbH	Austria	100.00
Projektbau Holding GmbH	Austria	90.00
Rathstraße 8 Liegenschaftsverwertungs GmbH	Austria	100.00
Ray Sigorta Anonim Sirketi	Turkey	94.96
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH	Austria	100.00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG	Austria	100.00
SCHWARZATAL Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH	Austria	100.00
SECURIA majetkovosprávna a podielová s.r.o.	Slovakia	100.00
Seesam Insurance AS	Estonia	100.00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH	Austria	100.00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH	Austria	66.70
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A.	Albania	89.05
SK BM, s.r.o.	Slovakia	100.00
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Austria	54.17
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group	North Macedonia	94.26
SVZ GmbH	Austria	100.00
SVZD GmbH	Austria	100.00
SVZI GmbH	Austria	100.00
T 125 GmbH	Austria	100.00
TBI BULGARIA EAD in Liquidation	Bulgaria	100.00
TECHBASE Sciene Park Vienna GmbH	Austria	100.00
twinformatics GmbH	Austria	100.00
UAB "Compensa Services"	Lithuania	100.00
UNION Vienna Insurance Group Biztosító Zrt.	Hungary	98.84
Untere Donaulände 40 GmbH & Co KG	Austria	100.00
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H.	Austria	51.46
Vienibas Gatve Investments OÜ	Estonia	100.00
Vienibas Gatve Properties SIA	Latvia	100.00
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group	Poland	100.00



Vienna-Life Lebensversicherung AG Vienna Insurance Group	Liechtenstein	100.00
VIG FUND, a.s.	Czech Republic	100.00
VIG ND, a.s.	Czech Republic	100.00
VIG Properties Bulgaria AD	Bulgaria	99.97
VIG RE zajišťovna, a.s.	Czech Republic	100.00
VIG REAL ESTATE DOO	Serbia	100.00
VIG Real Estate GmbH	Austria	100.00
VIG Services Ukraine, LLC	Ukraine	100.00
VIG-AT Beteiligungen GmbH	Austria	100.00
VIG-CZ Real Estate GmbH	Austria	100.00
VITEC Vienna Information Technology Consulting GmbH	Austria	51.00
VLTAVA majetkovosprávní a podílová spol.s.r.o.	Czech Republic	100.00
WGPV Holding GmbH	Austria	100.00
Wiener Osiguranje Vienna Insurance Group ad	Bosnia and Herzegovina	100.00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje	Croatia	97.82
WIENER RE akcionarsko društvo za reosiguranje, Beograd	Serbia	100.00
WIENER STÄDTISCHE OSIGURANJE akcionarsko društvo za osiguranje Beograd	Serbia	100.00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Austria	97.75
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H.	Austria	100.00
WILA GmbH	Austria	100.00
WNH Liegenschaftsbesitz GmbH	Austria	100.00
WOFIN Wohnungsfinanzierungs GmbH	Austria	100.00
WSBV Beteiligungsverwaltung GmbH & Co KG	Austria	100.00
WSV Beta ImmoHolding GmbH	Austria	100.00
WSV ImmoHolding GmbH	Austria	100.00
WSV Vermögensverwaltung GmbH	Austria	100.00
WWG Beteiligungen GmbH	Austria	87.07

Company	Registered Office	Participation %
<b>At equity consolidated companies</b>		
AB Modřice, a.s.	Czech Republic	100.00
AIS Servis, s.r.o.	Czech Republic	100.00
Benefita, a.s.	Czech Republic	100.00
Beteiligungs- und Immobilien GmbH	Austria	25.00
Beteiligungs- und Wohnungsanlagen GmbH	Austria	25.00
ČPP Servis, s.r.o.	Czech Republic	100.00
CROWN-WSF spol. s.r.o.	Czech Republic	30.00
ERSTE društvo s ograniceonom odgovornoscu za upravljanje obveznim i dobrovoljnim mirovinskim fondovima	Croatia	25.30
FinServis Plus, s.r.o.	Czech Republic	100.00

GLOBAL ASSISTANCE, a.s.	Czech Republic	100.00
Gewista-Werbe-gesellschaft m.b.H.	Austria	33.00
Global Expert, s.r.o.	Czech Republic	100.00
HOTELY SRNÍ, a.s.	Czech Republic	100.00
KIP, a.s.	Czech Republic	100.00
Main Point Karlín II., a.s.	Czech Republic	100.00
Pražská softwarová s.r.o	Czech Republic	100.00
S - budovy, a.s.	Czech Republic	100.00
SURPMO, a.s.	Czech Republic	100.00
Sanatorium Astoria, a.s.	Czech Republic	100.00
VBV - Betriebliche Altersvorsorge AG	Austria	23.71
Österreichisches Verkehrsbüro Aktiengesellschaft	Austria	36.58

Company	Registered Office	Participation %
<b>Non-consolidated companies</b>		
"Assistance Company "Ukrainian Assistance Service" LLC	Ukraine	100.00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H.	Austria	20.13
"Medical Clinic "DIYA" LLC	Ukraine	100.00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H.	Austria	79.51
Akcionarsko društvo za životno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group	Montenegro	100.00
AlBA Services GmbH	Austria	48.87
Amadi GmbH	Germany	100.00
Anif-Residenz GmbH	Austria	97.75
AQUILA Hausmanagement GmbH	Austria	97.75
AREALIS Liegenschaftsmanagement GmbH	Austria	48.87
Autosig SRL	Romania	99.50
B&A Insurance Consulting s.r.o.	Czech Republic	48.45
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99.94
Brunn N68 Sanierungs GmbH	Austria	48.87
Bulstrad Trudova Meditzina EOOD	Bulgaria	100.00
Camelot Informatik und Consulting Gesellschaft m.b.H.	Austria	92.86
CAPITOL BROKER DE PENSII PRIVATE S.R.L.	Romania	98.16
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L.	Romania	98.16
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L.	Romania	98.16
CARPLUS Versicherungsvermittlungsagentur GmbH	Austria	97.75
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia	Poland	99.98
DIRECT-LINE Direktvertriebs-GmbH	Austria	97.75
DV Asset Management EAD	Bulgaria	100.00
DV CONSULTING EOOD	Bulgaria	100.00
DV Invest EAD	Bulgaria	100.00
DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H.	Austria	100.00
EBS Wohnungsgesellschaft mbH Linz	Austria	24.44

EBV-Leasing Gesellschaft m.b.H.	Austria	72.32
EGW Datenverarbeitungs-Gesellschaft m.b.H.	Austria	71.92
EGW Liegenschaftsverwertungs GmbH	Austria	71.92
EGW Wohnbau gemeinnützige Ges.m.b.H.	Austria	71.92
Erste Bank und Sparkassen Leasing GmbH	Austria	47.90
Erste Biztosítási Alkusz Kft	Hungary	98.64
European Insurance & Reinsurance Brokers Ltd.	United Kingdom	85.00
EXPERTA Schadenregulierungs-Gesellschaft mbH	Austria	99.44
Finanzpartner GmbH	Austria	48.87
Foreign limited liability company "InterInvestUchastie"	Belarus	100.00
GELUP GmbH	Austria	32.58
GEO HOSPITALS LLC	Georgia	93.50
GGVier Projekt-GmbH	Austria	53.76
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG	Austria	22.80
Global Assistance Polska Spolka z ograniczona odpowiedzialnoscia	Poland	99.99
GLOBAL ASSISTANCE SERVICES s.r.o.	Czech Republic	100.00
GLOBAL ASSISTANCE SERVICES SRL	Romania	99.70
GLOBAL ASSISTANCE SLOVAKIA s.r.o.	Slovakia	99.11
Global Services Bulgaria JSC	Bulgaria	100.00
Hausservice Objektbewirtschaftungs GmbH	Austria	20.72
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH	Austria	98.29
immodat GmbH	Austria	20.72
IMOVE Immobilienverwertung- und -verwaltungs GmbH	Austria	20.72
InterRisk Informatik GmbH	Germany	100.00
ITIS Spolka z ograniczona odpowiedzialnoscia	Poland	49.01
JAHORINA AUTO d.o.o.	Bosnia and Herzegovina	100.00
Joint Stock Company "Curatio"	Georgia	90.00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje	North Macedonia	100.00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company	Belarus	98.26
KWC Campus Errichtungsgesellschaft m.b.H.	Austria	48.87
Lead Equities II Auslandsbeteiligungs AG	Austria	21.59
Lead Equities II.Private Equity Mittelstandsfinanzierungs AG	Austria	21.59
LiSciV Muthgasse GmbH & Co KG	Austria	22.80
MC EINS Investment GmbH	Austria	48.87
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság	Hungary	98.99
Nuveen Management Austria GmbH	Austria	34.21
PFG Liegenschaftsbewirtschaftungs GmbH	Austria	73.96
POLISA - ŻYCIE Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia	Poland	99.97
Privat Joint-Stock Company "OWN SERVICE"	Ukraine	100.00
Renaissance Hotel Realbesitz GmbH	Austria	40.00

Risk Consult Bulgaria EOOD	Bulgaria	51.00
Risk Consult Polska Sp.z.o.o.	Poland	68.14
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H.	Austria	51.00
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi	Turkey	64.19
Risk Experts Risiko Engineering GmbH	Austria	12.24
Risk Experts s.r.o.	Slovakia	51.00
Risk Logics Risikoberatung GmbH	Austria	51.00
Rößlergasse Bauteil Drei GmbH	Austria	100.00
Rößlergasse Bauteil Zwei GmbH	Austria	97.75
S. C. SOCIETATEA TRAINING IN ASIGURARI S.R.L.	Romania	98.45
S.C. CLUB A.RO S.R.L.	Romania	99.68
S.C. Risk Consult & Engineering Romania S.R.L.	Romania	51.00
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama	Croatia	100.00
SB Liegenschaftsverwertungs GmbH	Austria	40.26
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH	Austria	97.75
Slovexperta, s.r.o.	Slovakia	98.51
Soleta Beteiligungsverwaltungs GmbH	Austria	22.80
Sparkassen-Versicherungsservice Gesellschaft m.b.H.	Austria	97.75
Spoldzielnia Usługowa VIG EKSPERT W WARSZAWIE	Poland	99.97
SVZ ImmoHolding GmbH	Austria	97.75
SVZ ImmoHolding GmbH & Co KG	Austria	97.75
TAUROS Capital Investment GmbH & Co KG	Austria	23.27
TAUROS Capital Management GmbH	Austria	24.93
TBI Info EOOD	Bulgaria	99.10
TOGETHER CCA GmbH	Austria	24.71
twinfaktor GmbH	Austria	74.16
UAB "Compensa Life Distribution"	Lithuania	100.00
UNION-Informatikai Szolgáltató Kft.	Hungary	98.64
Untere Donaulände 40 GmbH	Austria	98.65
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H.	Austria	32.58
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia	Poland	99.98
Vienna International Underwriters GmbH	Austria	100.00
viesure innovation center GmbH	Austria	98.87
VIG AM Services GmbH	Austria	100.00
VIG Asset Management, a.s.	Czech Republic	100.00
VIG Management Service SRL	Romania	98.45
VIG Services Bulgaria EOOD	Bulgaria	100.00
VIG Services Shqiperi Sh.p.K.	Albania	89.52
VÖB Direkt Versicherungsagentur GmbH	Austria	48.87
WAG Wohnungsanlagen Gesellschaft m.b.H.	Austria	24.44
WIBG Holding GmbH & Co KG	Austria	97.75

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WIBG Projektentwicklungs GmbH & Co KG	Austria	97.75
Wien 3420 Aspern Development AG	Austria	23.92
Wiener Städtische Donau Leasing GmbH	Austria	97.75
WINO GmbH	Austria	97.75
WSBV Beteiligungsverwaltung GmbH	Austria	97.75
WSV Triesterstraße 91 Besitz GmbH & Co KG	Austria	97.75

## 9. Financial statements for 2018



***VIG FUND, a.s.***

Financial Statements

As of 31st December 2018



**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Identification number: 242 20 809

Legal form: joint-stock company

Subject of business: renting of properties, flats and non residential premises

Date of Financial Statements: 31st December 2018

Date of preparation: 4th March 2019

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**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2018

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**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2018

**A. STATEMENT OF FINANCIAL POSITION***For the year ended 31st December*

<i>In thousands of euro</i>	<b>Note</b>	<b>2018</b>	<b>2017 restated</b>
<b>Assets</b>			
<b>Non-current assets</b>		<b>309 948</b>	<b>276 049</b>
Investment properties	1.2	250 031	243 890
Shares	1.3	59 917	32 959
<b>Current assets</b>		<b>19 175</b>	<b>12 168</b>
Tax receivables	2.10	122	344
Trade receivables	1.4	960	1 127
Other receivables	1.5	1 539	231*
Cash and cash equivalents	1.6	15 115	8 589
Accrued assets	1.7	1 439	1 817*
Other assets		0	60
<b>Total assets</b>		<b>329 123</b>	<b>288 217</b>

\* The comparative balances were restated by the Company. For further details please refer to 1.5 Other receivables.

**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2018

**STATEMENT OF FINANCIAL POSITION CONTINUED**

<i>For the year ended 31st December</i>			
<i>In thousands of euro</i>	<b>Note</b>	<b>2018</b>	<b>2017 restated</b>
<b>Equity</b>			
Share capital	2.1	171	145
Capital reserve	2.2	134 460	104 319
Transaction reserve	2.2	41 431	41 431
Available for sale reserve	2.2	0	1 445
Profit/Loss of the current period		9 035	6 689
Retained earnings	2.3	10 323	6 297*
<b>Total equity</b>		<b>195 420</b>	<b>160 326</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>		<b>124 947</b>	<b>119 295</b>
Loans, non-current part	2.4	66 643	60 802
Bonds issued	2.5	38 424	40 221
Other payables, non-current part	2.6	1 673	1 157
Deferred tax liabilities	2.10	18 207	17 115*
<b>Current liabilities</b>		<b>8 756</b>	<b>8 596</b>
Loans, current part	2.4	3 824	3 462
Trade payables	2.7	2 025	1 269
Provisions	2.8	193	341
Accrued liabilities	2.9	1 284	1 296
Other payables, current part	2.11	1 430	2 228
<b>Total liabilities</b>		<b>133 703</b>	<b>127 891</b>
<b>Total equity and liabilities</b>		<b>329 123</b>	<b>288 217</b>

\* The comparative balances were restated by the Company. For further details please refer to Changes in accounting policies in section 3.

**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2018

**B. STATEMENT OF COMPREHENSIVE INCOME***For the year ended 31st December*

<i>In thousands of euro</i>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Rental income	3.1	12 686	12 318
Operating costs charged to tenants	3.1	2 602	2 329
Operating expenses	3.2	3 889	3 822
Other operating income	3.3	796	412
<b>Net operating income</b>		<b>12 145</b>	<b>11 237</b>
Indirect expenditures	3.4	-933	-875
<b>Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses</b>		<b>11 212</b>	<b>10 362</b>
Revaluation of investment property	1.2	219	-110
<b>Operating result</b>		<b>11 431</b>	<b>10 252</b>
Interest income		54	1
Dividend income	3.5	1 200	1 000
Other financing revenues		81	80
Interest expenses	3.6	-3 820	-3 936
Foreign currency gain/loss	3.7	-71	109
Revaluation of shares	1.3	1 718	0
Other financing expenses		-4	-4
<b>Financial result</b>		<b>-842</b>	<b>-2 750</b>
<b>Net result before taxes</b>		<b>10 589</b>	<b>7 502</b>
Current income tax	3.8	-463	-402
Deferred income tax	3.8	1 091	411
<b>Profit (loss) after tax</b>		<b>9 035</b>	<b>6 689</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Revaluation of shares, available for sale financial assets, gross		0	214
Revaluation of shares		0	214
<b>Other comprehensive income total</b>		<b>0</b>	<b>214</b>
<b>Total comprehensive income</b>		<b>9 035</b>	<b>6 903</b>

**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2018

**C. CASH FLOW STATEMENT***For the year ended 31st December*

<i>In thousands of euro</i>	Note	2018	2017
<b>Cash flows from operating activities</b>			
Profit before tax		10 589	7 502
Adjustments to reconcile profit before tax to net cash flows:			
Valuation gains/loss on investment property	1.2	-249	110
Change in provisions	2.8	-148	206
Dividend income	3.5	0	-1 000
Interest income		-54	-1
Interest expense	3.6	3 820	3 936
Working capital adjustments			
Decrease/(increase) in trade and other receivables and accruals		-481	-159
(Decrease)/increase in trade, other payables and accruals		461	558
Income tax paid		-263	-850
<b>Net cash flow from/(used in) operating activities</b>		<b>13 705</b>	<b>10 620</b>
<b>Cash flows from investment activities</b>			
investments in properties and acquisition of businesses, net of cash acquired		-39 202	-4 520
Repayment of loans provided to group companies		5 343	0
Dividends received	3.5	0	1 000
Interest received		54	1
<b>Net cash from/(used in) investment activities</b>		<b>-33 805</b>	<b>-3 519</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		43 665	0
Redemption of borrowings - repayment of bank loan	2.4	-1 974	-1 893
Redemption of borrowings - repayment of other loans from group companies	2.4	-35 507	-1 440
Proceeds from issue of share capital		30 167	0
Redemption of bonds	2.5	-1 797	-1 736
Dividend paid		-4 108	-4 062
Interest paid	3.6	-3 820	-3 936
<b>Net cash (used in)/from financing activities</b>		<b>26 626</b>	<b>-13 067</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>6 526</b>	<b>-6 480</b>
Effect of acquisition of businesses, cash acquired		0	0
Cash and cash equivalents at 1 January	1.6	8 589	14 555
<b>Cash and cash equivalents at 31 December</b>	1.6	<b>15 115</b>	<b>8 589</b>



**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00  
 Non – consolidated Financial Statements as of 31st December 2018

**D. STATEMENT OF CHANGES IN EQUITY**

<i>For the year ended 31st December</i>	Note	Share capital	Capital reserve	Transaction reserve	Available for sales reserve	Profit/Loss of the current period	Retained earnings	Total equity
<i>In thousands of euro</i>								
<b>Closing balance as of 31st December 2016</b>		145	104 319	41 431	1 231	7 857	2 502	157 485
Profit or loss after tax		0	0	0	0	6 689	0	6 689
Other comprehensive income		0	0	0	214	0	0	214
Prior period profit distribution		0	0	0	0	-3 795*	3 795*	0
Dividend distribution		0	0	0	0	-4 062	0	-4 062
<b>Closing balance as of 31st December 2017</b>		145	104 319	41 431	1 445	6 689	6 297	160 326
Profit or loss after tax		0	0	0	0	9 035	0	9 035
Reclassification under IFRS 9		0	0	0	-1 445*	0	1 445*	0
Shares issued	2.2	26	30 141	0	0	0	0	30 167
Prior period profit distribution	2.3	0	0	0	0	-2 581	2 581	0
Dividend distribution		0	0	0	0	-4 108	0	-4 108
<b>Closing balance as of 31st December 2018</b>		171	134 460	41 431	0	9 035	10 323	195 420

\* For detail refer to Change in accounting policies in section 3.

**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2018

**E. GENERAL NOTES****1. INFORMATION CONCERNING THE COMPANY****1.1 Description of the accounting unit**

Company:	VIG FUND, a.s. („the Company“)
Identification number:	242 20 809
Date of Establishment:	The Company was set up by the Articles of association on 27th November 2011. The Company was registered into the Commercial Register on 1st March 2012.
Registered Office:	Templová 747/5, Prague 1, postcode 110 00
Legal form:	Joint-stock company („akciová společnost“)
Subject of business:	Renting of properties, flats and non residential premises
Trade Register File Nr:	Section B, entry 17896 of the Commercial Register kept by the Municipal court in Prague
Country of incorporation:	Czech Republic
Accounting period:	1st January 2018 – 31st December 2018

The Company has been established for an indefinite period of time.

The Company has entrusted the management of its assets to investment company VIG Asset Management, a.s., ID no. 248 38 233, having its registered office at Prague 1, Templová 747, post code 110 00, registered in the Commercial Register administered by the Municipal court in Prague, section B, insert 17131.

**1.2 Establishment of the Company**

The Company has been established on 1st March 2012.

**1.3 Statutory bodies in the course of the accounting period**

The Board of Directors members are:

Name	Function	From (date)	To (date)
VIG Asset Management, a.s.	Board of Directors	16. 7. 2014	31. 12. 2018

The Supervisory Board members are:

Name	Function	From (date)	To (date)
Dr. Martin Simhandl	Chairperson of Supervisory Board	1.3.2012	1.10.2018
Professor Elisabeth Stadler	Deputy chairperson of Supervisory Board	13.12.2018	31.12.2018
Professor Elisabeth Stadler	Chairperson of Supervisory Board	1.10.2018	13.12.2018
Mag. Gerhard Lahner	Chairperson of Supervisory Board	13.12.2018	31.12.2018
Mag. Gerhard Lahner	Supervisory Board member	16.8.2017	13.12.2018
Mag. Roland Gröll	Supervisory Board member	1.3.2012	31.12.2018

**1.4 Employees**

The Company had no employees in 2018 and 2017. All Company activities are provided by suppliers.

**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2018

**1.5 Shareholders**

The Company is a part of the VIG consolidation group with parent company being VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna, Austria, the ultimate shareholder.

The shareholders as of 31st December 2018 and 2017 are as follows:

Investor	Share on registered capital (in %)	
	2018	2017
VIG-CZ Real Estate GmbH, Vienna	69.55%	71.57 %
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	14.16%	16.70 %
Kooperativa poisťovna a.s. Vienna Insurance Group, Bratislava	3.70%	1.59 %
VIG RE zajišťovna, a.s., Prague	2.63%	3.11 %
Wiener Osiguranje Vienna Insurance Group d.d., Zagreb	1.72%	1.33 %
Compensa Life Vienna Insurance Group SE, Tallin	1.48%	0%
Interrisk Towarzystow Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	1.18%	0.79 %
Komunálna poisťovna, a.s. Vienna Insurance Group, Bratislava	1.15%	1.06 %
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	1.14%	0.79 %
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	0.82%	0.72 %
Pojišťovna České spořitelny, a.s., Vienna Insurance Group, Pardubice	0.64%	0.75 %
Compensa Vienna Insurance Group, akciné draudimo bendrovė, Vilnius	0.59%	0%
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	0.59%	0.44 %
AAS „BTA Baitic Insurance Company“, Riga	0.35%	0%
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	0.30%	0.35 %
Poisťovna Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	0%	0.79 %
VIG ND, a.s.	0%	0.01 %
<b>Total</b>	<b>100%</b>	<b>100%</b>

**2. ACCOUNTING PRINCIPLES**

The separate financial statements of the Company were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. This follows §19a sec. 1 of the Accounting Act as stated in the Articles of Association. The financial statements are presented in thousands of euro (rounded according to the commercial rounding method).

The Company follows the Business Corporations Act as a whole in the process according to Article 777 et seq. 5 of the Act No 90/2012 Coll.

**3. ACCOUNTING POLICIES****Functional currency**

The Company determined Euro as its functional currency in accordance with IAS 21.

**Business operations in foreign currency**

The Company records foreign currency transactions at the exchange rate at the date of the relevant transaction. Any resulting foreign currency gains or losses are recognised in the income statement of the relevant business year. Utilized foreign currencies are CZK, HUF and PLN.

The foreign currency translation of business operations (transactions) was based on the current exchange rates. As of reporting dates the following exchange rates were used:

**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2018

FX rates EUR	quantity	31.12.2018	31.12.2017
HUF	1	320.961	310.328
CZK	1	25.725	25.540
PLN	1	4.302	4.177

**Investment properties - classification**

The "Investment properties" item consists of investment properties and properties under development that are held neither for own use, nor for sale in the ordinary course of business, but to earn rental income and for capital appreciation.

**Investment properties - valuation**

All investment properties are measured according to the fair value model specified as one of the option under IAS 40. Under this model, the investment properties are measured at fair value at the relevant reporting date. Differences compared with the current book value prior to revaluation (fair value of previous year plus subsequent/additional acquisition) are recognised in the statement of comprehensive income under "Revaluation of investment property".

**Sensitivity analysis**

The properties owned by Company are valued annually at fair market value by the external appraisers. The values determined by these experts are heavily dependent on the underlying assumptions. A change in the underlying assumptions can therefore lead to fluctuations in the value of a property.

The table below illustrates the sensitivity of the property value to a change in rental income and yield. An increase of rental income by 2.5% respectively 5% and unchanged yield will lead to an increase of the value of the properties by TEUR 5,182 respectively TEUR 10,144. On the other side a decline of rental income would lead to an according reduction in the asset values.

In case of a yield increase by 0.25% respectively 0.5% and leaving the rental income unchanged the values of the properties would decrease by TEUR 10,079 respectively TEUR 19,600. A yield decrease would result in the opposite effect, namely accordingly higher asset values.

Combination of changes in rental income as well as yield changes and subsequent fair value of the property are shown in the table below.

		Relative change in rental income				
		-5.00%	-2.50%	0.00%	2.50%	5.00%
Relative yield changes	-0.50%	262 572	268 090	273 608	279 123	284 638
	-0.25%	250 971	256 201	261 430	266 656	271 882
	0.00%	240 321	245 287	250 031	255 213	260 175
	0.25%	230 507	235 230	239 952	244 672	249 391
	0.50%	221 432	225 932	230 431	234 927	239 424

The table contains rounded figures.

**Determination of fair value**

Investment property is remeasured at fair value, which is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion. The Company applies valuation method which is based on capitalized income approach and uses current and market rental income and yields obtained by direct or indirect comparison with sales of comparable real estate in the market for the calculation (Level 3 of fair value hierarchy). The valuations are carried out by independent real estate valuation experts in accordance with the standards defined by the Royal Institution of Chartered Surveyors (RICS) unless another method is more appropriate.

**Investment – shares in companies**

The Company is an investment entity in accordance with IFRS 10. The Company accounts for investment in subsidiaries (Investment – shares in companies) in accordance with IFRS 9 in its separate financial statements.

The change in fair value revaluation of Investment – shares in companies is presented in the Financial result section of the Statement of Comprehensive Income.

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**Receivables and other financial assets**

Trade receivables from the provision of services, other receivables and other financial assets are measured initially at fair value, and thereafter at amortised cost, applying the effective interest-rate method with deduction for any reduction for impairments.

**Cash and cash equivalents**

Cash and cash equivalents include cash, as well as bank balances with original maturities of three months or less from the acquisition date. Bank balances with original maturities of more than three months are recognised under the receivables and other assets.

**Finance cost**

Finance costs consist of interest expenses and other costs which occur in connection with the borrowing of funds. Finance cost is recognized using the effective interest method.

**Other financial liabilities**

Other financial liabilities, such as trade payables, are assigned to the category "financial liabilities at amortised cost" (FLAC) and measured upon receipt at fair value, and thereafter at amortised acquisition cost.

**Interest bearing liabilities**

All loans and bonds are initially recognized at fair value less directly attributable transaction cost. After initial recognition, loans and bonds are measured at amortized cost using the effective interest method.

**Derivative financial instruments**

The Company uses derivative financial instruments in order to hedge against risks. In particular, the Company entered into a loan agreement with a variable interest rate having the obligation from this agreement to enter into an interest rate swap with the loan creditor to fix the interest rate. The Company considered the swap as embedded derivative as it constitutes one unit with the underlying financial instrument. Therefore, the Company does not account for the swap separately from the underlying loan agreement.

**Impairment**

In accordance with IAS 36, the Company performs impairment tests when there are indications that an asset may be impaired. The Company determines the recoverable amount, which is the higher of the fair value less the cost of selling and value in use. If the carrying amount of an asset exceeds the recoverable amount, the difference is recognised as an impairment loss. If there is an indication that the reasons for impairment no longer exist or have decreased, the impairment loss is reversed to the carrying amount of the respective asset.

The Company does not recognize a loss allowance for expected credit losses on financial assets in accordance with IFRS 9 as such loss would be immaterial.

**Provisions and contingent liabilities**

Provisions are recognised if the Company has legal or constructive obligations towards a third party due to a past event and the obligation is likely to lead to an outflow of funds. Such provisions are stated at the value which can be determined by the best possible estimate at the time the financial statements are prepared. Long-term provisions (provisions to be settled in more than one year) are discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

**Current taxes**

The income tax expense for the accounting period is calculated from the taxable income using the tax rate enacted and applicable in the Czech Republic and Poland, respectively, for the Polish investment properties. Current income tax assets and liabilities are measured at amounts which are expected to be received from or paid to the respective tax authority.

**Deferred taxes**

Deferred taxes are recognized on all temporary differences between the tax values of assets and liabilities and their carrying amount in the financial statements. Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which it can be utilised.

Deferred tax is measured at the enacted tax rates that are expected to apply to the year when the underlying asset or liability will be settled.



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### **Operating lease contracts**

The Company has entered into commercial property leases on its investment property portfolio. The Company determined that it retains all significant risks and rewards of ownership of these properties. Therefore, the Company accounts for the leases as operating leases.

### **Recognition of revenues**

Rental income is recognised on a straight-line basis over the term of the lease unless a different method is more appropriate to the existing circumstances. Incentives, such as rent-free periods or reduced rents for a certain period are applied for some tenants in accordance with the lease contracts, and recognized on straight line basis.

### **Dividend income**

The Company recognizes dividend income when the shareholder's right to receive payment is established.

### **Judgments and estimates**

When preparing the financial statements, the Company's management uses judgments and estimates. These judgments and estimates affect the recognition and value of assets, liabilities, income, expenses and the information given in the notes.

The judgments and estimates on fair value of investment properties carry a risk that they may lead to a material adjustment in their value. The fair value of investment properties is determined based on appraisals prepared by independent property experts. The appraisals are based on discounted cash flow models. The preparation of these appraisals involves use of assumptions, such as applied yield and expected cash flow from rentals. A change in these assumptions may lead to an increase or decrease in the value of the investment properties.

### **Changes in accounting policies**

#### **1) Business Combinations**

According to IAS 40, judgement is needed to determine whether the acquisition of an investment property is a business combination. Reference should be made to IFRS 3 to determine whether an acquisition represents a business combination.

In the past, the Company treated acquisitions of investment property companies as business combinations. Starting 2018, the Company decided to evaluate more aspects whether the element of process is involved. Acquisitions of investment property companies where substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets should be treated as acquisition of group of assets and liabilities. The following indicators shall be analyzed in order to determine whether process element is involved and whether business combination should be accounted for

- (i) The acquired company conducts major processes, apart from owning and letting properties;
- (ii) The acquired company employs personnel carrying out major processes.

The Company believes that the above described change of accounting policies provides reliable and more relevant information on acquisitions. In a transaction when no or little processes are acquired, the Company will present the acquisition as acquisition of group of assets and liabilities. Consequently, no deferred tax liability or asset shall be recognized at acquisition (initial recognition exemption) and, thus, there will be no need to adjust the carrying value of the investment property by the same amount.

In 2016 the Company acquired and subsequently merged with VIG FUND Revoluční, s.r.o in accordance with IFRS 3 Business Combinations principles. In line with the change in accounting policy described above the accounting treatment for this transaction was changed.

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The following table presents the amount of the adjustment for each financial statement line affected:

Balance Sheet Line	31. 12. 2016			31. 12. 2017		
	Original	Adjustment	Adjusted	Original	Adjustment	Adjusted
Retained Earnings	2 502	0	2 502	3 645	2 652	6 297
Deferred Tax Liability	19 356	-2 652	16 704	19 767	-2 652	17 115

Income Statement Line						
	Original	Adjustment	Adjusted	Original	Adjustment	Adjusted
Revaluation of investment property	-1 957	3 274	1 317	-110	0	-110
Deferred Income Tax	-404	-622	1 026	-411	0	-411
Profit after tax	5 205	2 652	7 857	6 689	0	6 689

**2) Revaluation of Investment – shares in companies**

Previously, Investment – shares in companies were classified as available for sale financial assets; they were measured at fair value with unrealised changes in fair value being reported in Other Comprehensive Income in accordance with IAS 39. Since 2018, the Company classifies Investment – shares in companies as financial asset measured at fair value through profit or loss in accordance with IFRS 9. Revaluation of Investment – shares in companies is presented in the Financial result section of the Statement of Comprehensive Income. The Company decided to implement IFRS 9 without using the option under IFRS 9.5.7.1 (b), thus gain or loss from revaluation of shares are recognised in profit and loss from 2018 onwards.

With respect to the transition the Company decided to apply IFRS 9 without restating the prior periods. The cumulative amount of Available for sale reserve as at 1<sup>st</sup> January 2018 was transferred from Other Comprehensive Income to retained earnings in 2018. The following table presents the amount of the adjustment for each financial statement line affected:

Balance Sheet Line	1. 1. 2018		
	Original	Adjustment	Adjusted
Retained Earnings	6 297	1 445	7 742
Available for sale reserve	1 445	-1 445	0

**Standards and interpretations announced, but not yet adopted by the EU**

The following changes or revisions to standards and interpretations had been announced as of the balance sheet date, but have not yet been adopted by the EU, and are therefore not applicable:

Standard/Interpretation [IAS 8.31 (a), 8.31(c)]	Nature of impending change in accounting policy [IAS 8.31 (b)]	Possible impact on financial statements [IAS 8.30 (b); 31 (c)]
<p><b>IFRS 16 - Leases</b></p> <p>(Effective for annual periods beginning of or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15)</p>	<p>IFRS 16 supersedes IAS 17 <i>Leases</i> and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.</p> <p>Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.</p> <p>The new Standard introduces a number of limited scope exceptions for lessees which include:</p> <ul style="list-style-type: none"> <li>• leases with a lease term of 12 months or less and containing no purchase options, and</li> <li>• leases where the underlying asset has a low value ('small-ticket' leases).</li> </ul> <p>Lessor accounting, however, shall remain largely unchanged and the distinction between operating and finance leases will be retained.</p>	<p>The Company does not expect that the new Standard, when initially applied, will have material impact on the financial statements because the the Company is not part to a contractual arrangement that would be in the scope of IFRS 16.</p>
<p><b>IFRIC 23 Uncertainty over Income Tax Treatments</b></p> <p>Effective for annual periods beginning on or after 1 January 2019. Early application is permitted</p>	<p>IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. Under IFRIC 23, the key test is whether it is probable that the tax authority will accept the entity's chosen tax treatment. If it is probable that the tax authorities will accept the uncertain tax treatment then the tax amounts recorded in the financial statements are consistent with the tax return with no uncertainty reflected in measuring current and deferred taxes.</p> <p>Otherwise, the taxable income (or tax loss), tax bases and unused tax losses shall be determined in a way that</p>	<p>The Entity does not expect that the Interpretation, when initially applied, will have material impact on the financial statements as the Entity does not operate in a complex tax environment and does not have material uncertain tax positions.</p>



	<p>better predicts the resolution of the uncertainty, using either the single most likely amount or expected (sum of probability weighted amounts) value. An entity must assume the tax authority will examine the position and will have full knowledge of all the relevant information.</p>	
<p><b>Amendments to IFRS 9 Prepayment Features with Negative Compensation</b>  (Effective for annual periods beginning on or after 1 January 2019)</p>	<p>These amendments address concerns raised about accounting for financial assets that include particular contractual prepayment options. In particular, the concern was related to how a company would classify and measure a debt instrument if the borrower was permitted to prepay the instrument at an amount less than the unpaid principal and interest owed. Such a prepayment amount is often described as including 'negative compensation'. Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss.</p> <p>The amendments enable entities to measure at amortized cost some prepayable financial assets with so-called negative compensation.</p>	<p>The Entity does not expect that the amendments will have a material impact on the financial statements because [the Entity does not have prepayable financial assets with negative compensation].</p>

#### 4. INVESTMENT OBJECTIVE AND INVESTMENT POLICY

The objective of the Company is to increase the value of the managed assets in the long term by investing in the following assets:

- a. immovable property, including accessories thereof, and in interest in real estate companies that generate regular income, particularly in countries in which VIG Group operates or intends to operate; if VIG Group enters a new market, the Company can also invest in this market.
- b. liquid assets with lower risk, especially deposits on the bank accounts, money market instruments and bonds.

The Company will reinvest income from investments in accordance with investment objectives.

#### 5. PRINCIPLES OF VALUATION OF COMPANY ASSETS

The assets arising from the Company's investment activities are subject to valuation at their fair value. The method of setting the fair value of the Company's assets is laid down according to IFRS 13.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The real estates and participations in real estate companies owned by the Company are valued in accordance with the Act, on a regular basis, once a year, as of 31st December.

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The Company's financial statements are subject to approval of the General Meeting, in accordance with the Company's Articles of Association. The Company's financial statements must be audited.

**6. INFORMATION ON RISKS, RISK PROFILE****Credit risk**

Credit risk is the risk that an issuer or a counterparty fails to keep their obligations resulting in the financial loss of the Company – The credit risk should be primarily based on the failure by entities with payments to the Company to fulfil their obligations.

The Company primarily minimises those risks by screening its counterparties, by setting the limits on the amounts of receivables due from individual counterparties and by appropriate contractual arrangements.

The maximum credit risk represents the amounts reported under financial assets in the statement of financial position.

The following table summarizes the Company's exposure to credit risk:

Credit risk	Trade receivables		Cash and cash equivalents	
	2018	2017	2018	2017
Gross balance, out of which:	1 018	1 211	15 115	8 589
- Past due, not impaired	201	0	0	0
- Neither past due, nor impaired	759	1 127	15 115	8 589
- Impaired receivables	58	84	0	0
Impairment, out of which	-58	-84	0	0
- Specific allowance	-58	-84	0	0
- General allowance	0	0	0	0
<b>Total</b>	<b>960</b>	<b>1 127</b>	<b>15 115</b>	<b>8 589</b>

**Liquidity risk**

Liquidity risk is the risk that financial liabilities cannot be settled at the time they are payable. An important aspect in managing of the liquidity risk is to secure necessary cash position to be able to pay the Company's financial liabilities when they are due. The Company manages its liquidity position by monitoring expected and actual cash inflows and outflows on a regular basis. Further the Company maintains cash and liquid deposits to meet the unexpected liabilities.

The following table shows the contractually agreed repayments of financial liabilities:

Liquidity risk	1 year		1 - 5 years		more than 5 years		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Interest bearing liabilities	5 674	5 394	24 941	22 942	78 276	76 149	108 891	104 485
Trade payables	2 025	1 269	0	0	0	0	2 025	1 269
Other payables	1 430	2 228	1 673	1 157	0	0	3 103	3 385
<b>Total</b>	<b>9 129</b>	<b>8 891</b>	<b>26 614</b>	<b>24 099</b>	<b>78 276</b>	<b>76 149</b>	<b>114 019</b>	<b>109 139</b>

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**Currency risk**

Currency risk is a subset of market risk, when the value of assets and liabilities is denominated in a foreign currency and may be affected by a change in the exchange rate.

The inflow of rental income, the interest bearing liabilities, as well as other business transactions of the Company, are denominated in euro, which is the Company's functional currency. Inflows from service charges are generated in CZK or PLN, but the related costs are also denominated in CZK or PLN. Therefore, the Company has no significant currency risk exposure.

The following table summarizes the Company's exposure to currency risk:

Currency risk	Assets		Liabilities		Net exposure	
	2018	2017	2018	2017	2018	2017
CZK	778	5 041	4 344	2 863	-3 566	2 178
PLN	901	828	216	548	685	279
<b>Total</b>	<b>1 679</b>	<b>5 869</b>	<b>4 560</b>	<b>3 411</b>	<b>-2 881</b>	<b>2 457</b>

**Market risk and property-specific risk**

The value of investment may decrease or increase, with the return on the initially invested amount not guaranteed. Given possible unforeseeable deviations on financial and real estate markets, the Company cannot guarantee achieving the targets set. A previous performance of the Company does not guarantee the same performance in a future period.

Risks associated with the economic development - The Company's investments may be susceptible to economic slowdowns or recessions, which could lead to financial losses and a decrease in revenues, earnings and assets. An economic slowdown or recession, in addition to other economic and non-economic factors such as an excess supply of properties, low inflation etc. could have a negative impact on the values of the Issuer's investments.

Risk of the unstable present value of the securities issued by the Company, due to the asset structure or the method of managing the Company's assets - The volatility of the real estate market and other liquid assets may also lead to the volatility of the value of the Company's shares.

Market risks, arising from the effect of changes of the overall market developments on the prices and values of the individual types of the Company's assets - The development of exchange rates, interest rates, credit spreads and, where appropriate, other market indicators' always has an impact on the value of assets in general. The degree of this influence depends on the exposure of the Company's assets to those risks (such as the payment of rent in euro, a change in the market value of a bond at the time of an interest rate change, etc.).

Settlement risk - This risk primarily consists of counterparty's failure when a transaction should be settled. These risks are primarily minimised by selecting credible counterparties, by settling investment instrument transactions within reliable settlement systems and, if real estate asset transactions are involved, by using quality legal institutes to govern such transactions.

Risk of insufficient liquidity, based on a certain asset of the Company not being encashed in time at a reasonable price - Given the nature of the real estate market, which may make up a substantial portion of the Company's assets, we need to point out that encashing an immovable property in an effort to obtain the best price requires time. In an extreme scenario, the liquidity risk may lead to a liquidity crisis.

Currency risk, where the value of an investment may be affected by a change in the exchange rate - Currency risk is a subset of market risks, which are described above.

Risk associated with the Company's investment specialisation in certain industries, countries or regions, other parts of the market or certain types of assets - The investment specialisation of the Company in the immovable property in countries in which VIG Group operates or intends to operate involves a systematic risk, when the development in this sector influences a significant portion of the Company's portfolio. This systematic risk is addressed by diversification, i.e. the distribution of investments.

Concentration risk - The Company operates exclusively in the real estate business and its economic results are dependent on continued existence of tenants willing and being able to pay the rent for their leases.

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A considerable part of the Company's portfolio is of the same usage (retail – single tenant), which leads to a concentration risk. Acquisitions of multi-tenant properties with different usage and disposal of some retail properties resulted in a decline of the concentration risk already in the past and will be further reduced by additional acquisitions, leading to a higher degree of diversification.

Concentration risk may also arise from the focus of the Company's investments in one country in case the economic situation of this region weakens.

Risks associated with the defects or damage of investment property – Investment property may be affected by defects, for example by hidden defects or defects that occur after a longer period of time. Further, a considerable damage to the real estate caused by natural disasters or other unforeseeable events could occur. This might lead to the necessity of sudden repair works and may, consequently, result in a significant decrease of the real estate market value. This risk may be reduced by (i) hiring good construction supervisors, (ii) contractual liability for defects, (iii) by ensuring that the warranty and post-warranty service is of a good quality and (iv) by proper insurance policy.

Risks associated with the acquisition of foreign immovable property – For foreign immovable property, we need to point out political risks, economic risks or risks of legal instability. These risks may particularly lead to the occurrence of unfavourable conditions in respect of using (selling) the immovable property, for example because of foreign or legal restrictions, economic recession or, in the extreme scenario, nationalisation or expropriation.

## F. NOTES TO THE FINANCIAL STATEMENTS

### **1.1 General information on the financial statements**

These separate financial statements of VIG FUND, a.s. (hereinafter Company) are the financial statements prepared in accordance with International Financial Reporting standards as adopted by European Union.

The accounting period for 2018 is a twelve month period from 1st January 2018 to 31st December 2018.

All figures are in thousands of euros except when otherwise stated.

### **1.2 Investment properties**

The investment properties were valued using a discounted cash flow method, specifically in the form of the hard core and top-slice method. The application of the hard core and top-slice method involves the following: Net income generated by the property – up to the market rent (hard core component) – is capitalized at a normal market interest rate as a perpetual yield over the entire term (term of the rental contract plus subsequent rental). The top-slice component (the net income that exceeds the market rent) is then discounted at a risk-adjusted market interest rate.

The expert valuations are carried out once a year by independent, professional experts for the purpose of preparing the annual financial statements as at 31 December. The professional experts are provided with the necessary information, such as current rentals, by the Company's asset management. The experts also make estimates, among others, for the occupancy, future rental income, scheduled investments and expected returns.

An increase in the input factors such as rentable space and rental income per square meter would lead to an increase in fair value, while a decrease in these parameters would cause a decrease in fair value. An increase in the input factors such as discount rate and vacancy rate would lead to a reduction in fair value, while a reduction in these factors would result in a higher fair value.

The capitalization rate of the portfolio ranges from 4.83 % to 8.47 %.

Occupancy rate of the total portfolio is approximately 80 %. The total rentable area amounts to approximately 119,000 sqm.

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Investment properties	Total
<b>Closing balance as of 31st December 2016</b>	<b>238 680</b>
New acquisitions of investment properties and other additions	4 520
Revaluation	-110
<b>Balance as of 31st December 2017</b>	<b>243 090</b>
New acquisitions of investment properties and other additions	6 722
Revaluation	219
<b>Balance as of 31st December 2018</b>	<b>250 031</b>

The market value of the properties assigned as collateral for external financing totals to TEUR 243,090 as of 31st December 2017 and TEUR 250,031 as of 31st December 2018.

**1.3 Investments – shares**

Subsidiary	Field of activity	Country of operation	Equity share		2018	Changes	Investment	
			2018	2017			Revaluations	2017
HUN BM Kft.	rental properties	Hungary	100 %	100 %	3 811	0	3	3 808
SK BM s.r.o.	rental properties	Slovakia	100 %	100 %	18 009	0	1 242	16 767
EBC s.r.o.	rental properties	Slovakia	100 %	100 %	11 848	0	-536	12 384
Atrium Tower s. z o. o.	rental properties	Poland	100 %	0 %	26 249	25 240	1 009	0
<b>Total</b>					<b>59 917</b>	<b>25 240</b>	<b>1 718</b>	<b>32 959</b>

The shares in HUN BM Kft., SK BM s.r.o., Europeum Business Center, s.r.o. and Atrium Tower s. z o. o. are pledged in favor of the subsidiaries' creditors.

The investments in the subsidiaries were initially recognized at their acquisition costs and they are being revaluated to fair value for the purpose of preparation of financial statements.

**1.4 Trade receivables**

The opening balance represents trade receivables in the gross amount of TEUR 1,211 (most not due on 31st December 2017) including advance payments in the amount of TEUR 148. The closing balance represents trade receivables in the gross amount of TEUR 1,018 (most not due on 31st December 2018) including advance payments amounting to TEUR 34.

An impairment is recognised for receivables that are past due, and all uncollectible receivables had been adjusted accordingly as of the reporting date. Change in the impairment is recognized in the statement of comprehensive income in the line "Operating expenses".



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**Age structure of trade receivables as of 31st December**

Age structure	2018		2017		2018	2017
	Acquisition costs total	Impairment	Acquisition costs total	Impairment	Net book value	
before due date	759	0	652	0	759	652
1 - 30 days	198	-23	176	0	175	175
31 - 180 days	21	0	200	-25	21	175
181 - 360 days	5	0	60	-7	5	53
overdue more than 1 year	35	-35	123	-51	0	72
<b>Total</b>	<b>1 018</b>	<b>-58</b>	<b>1 211</b>	<b>-84</b>	<b>960</b>	<b>1 127</b>

**1.5 Other receivables**

Other receivables	2018	2017
Estimated receivables	339	230
Other receivables	1 200	1
<b>Total</b>	<b>1 539</b>	<b>231</b>

The closing balance of other receivables includes mainly outstanding dividend payments.

The closing balance as well as the opening balance of estimated receivables represents estimates for not yet invoiced service charges and operating expenses.

The opening balance of other receivables was adjusted by TEUR 499 representing accrued income from rent free. The amount was reclassified to accrued assets.

Reclassification of comparative balances	2017		
	before reclassification	change	after reclassification
Other receivables	730	-499	231
Accrued assets	1 318	499	1 817
<b>Total</b>	<b>2 048</b>	<b>0</b>	<b>2 048</b>

**1.6 Cash and cash equivalents**

Cash and cash equivalents include the credit bank balances of bank accounts in the amount of TEUR 15,115 as of 31st December 2018 and TEUR 8,589 as of 31st December 2017, respectively. The Company has no cash on hand.

**1.7 Accrued assets**

Accrued assets	2018	2017
Pre-paid expenses	1 075	1 318
Accrued income	364	499
<b>Total</b>	<b>1 439</b>	<b>1 817</b>

The Company records the pre-paid expenses which are mainly represented by accrued expenses for easement for using surrounding land for parking.

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The opening balance of accrued income in the amount of TEUR 499 was reclassified from other receivables. For more please refer to 1.5 Other receivables.

The closing balance of accrued income as well as the opening balance consist of an accrual for rent linearization.

**2.1 Share capital**

Type of shares	Number as of		Nominal value	Unpaid
	2018	2017		
registered	22 029 pcs.	18 671 pcs.	200 CZK	0 CZK

As of 31st December 2018, the Share capital of the Company as recorded in the Commercial Register totalled to TCZK 4,406 (TEUR 171) and consisted of 22,029 shares with a nominal value of CZK 200 per share. All shares are fully paid in and authorised.

In September 2018 a new share issue of 3,358 shares with a nominal value of CZK 200 (EUR 8) per share was carried out increasing the Share capital to the amount of TEUR 171 (2017: TEUR 145).

All shares are voting shares.

**2.2 Other reserves**

Other reserves	2018	2017	Distribution possibility
Capital reserve	134 460	104 319	Yes
Transaction reserve	41 431	41 431	Yes
Available for sales reserve	0	1 445	No
<b>Total</b>	<b>175 891</b>	<b>147 195</b>	

In September 2018 a new share issue of 3,358 shares with a nominal value of CZK 200 (EUR 8) and issue price of TEUR 9 per share was carried out increasing the Capital reserve by TEUR 30,141.

Available for sale reserve amounting to TEUR 1,445 as of 31.12.2017 was transferred to Retained earnings. For details refer to Change in accounting policies section.

**2.3 Retained earnings**

The balance of Retained earnings of TEUR 10,323 (2017: TEUR 6,297) was increased by distribution of 2017 profit in the amount of TEUR 2,581 and reclassification of Available for sale reserve amounting TEUR 1,445.

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**2.4 Interest bearing liabilities - loans**

The structure of the loans is as follows:

Loans	2018			2017		
	Principal amount	Interest accrued	Total	Principal amount	Interest accrued	Total
Bank loans	20 924	0	20 924	22 897	0	22 897
Loans - group companies	49 543	0	49 543	41 367	0	41 367
<b>Total</b>	<b>70 467</b>	<b>0</b>	<b>70 467</b>	<b>64 264</b>	<b>0</b>	<b>64 264</b>
thereof: short-term	3 824	0	3 824	3 462	0	3 462
thereof: long-term	66 643	0	66 643	60 802	0	60 802

As of 31st December 2018 the terms of interest-bearing liabilities are as follows:

Loan	Currency	Signed on	Principal amount	Already repaid principal		Due date	Interest rate
				2018	2017		
Investment Loan 1	EUR	29.11.2011	48 082	31 257	29 478	31.12.2026	4.05%
Investment Loan 2	EUR	12.12.2012	18 000	4 091	3 340	31.12.2024	3.95%
Investment Loan 3	EUR	19.12.2013	9 000	1 618	1 268	31.12.2025	3.95%
Investment Loan 4	EUR	7.10.2016	24 000	1 314	731	30.6.2026	2.30%
Investment Loan 5	EUR	25.7.2018	9 665	0	0	31.12.2030	2.50%

The agreed interest rate for all Investment Loans is fixed except for the part of bank creditor with whom a variable interest rate was agreed on. For this purpose an interest rate swap was entered into to fix the variable interest rate. The interest is calculated quarterly on the basis of actual/360 method, resp. semi-annually on the basis of 30/360 in case of Investment Loan 5. The principal amount repayments are to be made quarterly started on 31st December 2012 (Loan 1), on 30th June 2013 (Loan 2), on 30th June 2014 (Loan 3), on 31st December 2016 (Loan 4) and semi-annually started on 30th June 2019 (Loan 5).

As security for the loans the Company provides the following collaterals:

- Mortgage on the land or the land and building
- Pledge of receivables (from rental agreements, insurance contracts etc.)
- Pledge of bank accounts (accounts for rental payments)

The following table summarizes the carrying amounts of assets pledged as collateral:

Assets pledged as collateral	2018	2017
Investment properties	250 031	243 090
Trade receivables from rental incomes	766	452
Cash and cash equivalents	11 317	7 054

**2.5 Interest bearing liabilities - bonds**

On 26th November 2014 the Company issued two bonds in the nominal amount of TEUR 32,000 and TEUR 13,000. The bonds bear interest at a fixed rate. Interest on bonds shall be payable semi-annually on 26th May and 26th November of each year. Part of the nominal value is redeemed semi-annually at the same date as



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interest. Unless redeemed early or repurchased by the issuer, the bonds shall be fully repaid on 26th November 2034. Until 28th February 2017 the bonds were registered for trading on the Regulated Market of the Prague Stock Exchange.

The bonds are bearer securities in book-entry form with the nominal amount of TEUR 100 each.

The Company's obligations under the bonds are secured by a first-ranking mortgage over the real estate Jasna and Libra in Poland and Burzovní Palác in the Czech Republic.

Bonds issued	Currency	ISIN	Nominal value	Maturity	Issue price	Number of notes	Coupon
Bond Prague	EUR	CZ0003704298	13 000	26.11.2034	100.8 %	130	3.95 % p.a.
Bond Warsaw	EUR	CZ0003704280	32 000	26.11.2034	101.1 %	320	4.05 % p.a.

The carrying amount of bonds amounts to TEUR 38,424. This value includes the accrued interests of TEUR 145. The effective interest rates do not differ significantly from the coupon rates.

Bonds issued	2018	2017
Nominal value of bonds	38 290	40 080
Interests on bonds	145	152
Agio	-11	-11
<b>Total</b>	<b>38 424</b>	<b>40 221</b>

Financial assets pledged as collateral	2018	2017
Investment properties	98 350	97 120

**2.6 Other payables, non-current part**

The other payables, non-current part includes long-term security deposits of tenants and long-term retentions amounting to TEUR 1,673 and TEUR 1,157 for 2018 and 2017, respectively.

**2.7 Trade payables**

The position is made up of unpaid invoices for provision of services and advance payments for services from tenants. The detailed information is shown in the following tables:

Trade and other payables	2018	2017
Accounts payable – inland	1 483	764
Accounts payable – foreign	60	204
Advanced payments	482	301
<b>Total</b>	<b>2 025</b>	<b>1 269</b>

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**Age structure of accounts payable as of 31st December**

Age structure	2018			2017		
	Accounts payable - inland	Accounts payable - foreign	Advanced payments	Accounts payable - inland	Accounts payable - foreign	Advanced payments
before due date	1 348	35	15	734	103	24
< 30 days	81	24	21	24	78	11
<60 days	2	2	29	4	14	10
<90 days	0	0	4	1	4	17
<120 days	0	0	18	0	0	35
overdue more than 120 days	51	-1	396	1	5	204
<b>Total</b>	<b>1 483</b>	<b>60</b>	<b>482</b>	<b>764</b>	<b>204</b>	<b>301</b>

**2.8 Provisions**

Provisions	Other provisions	Total
	<b>2017</b>	<b>341</b>
Use	0	0
Release	198	198
Creation	51	51
Effect of FX variance	-1	-1
	<b>2018</b>	<b>193</b>
thereof: short-term	193	193
thereof: long-term	0	0

Other provisions relate to the planned donation of a part of investment property in the BB C Building C, s.r.o. to the city of Prague and to repair of garages in the investment property in Poland.

**2.9 Accrued liabilities**

Accrued liabilities	2018	2017
Accrued revenues	1 284	1 296
<b>Total</b>	<b>1 284</b>	<b>1 296</b>

The accrued revenues represent rent and service charges revenue invoiced in advance.

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**2.10 Tax receivables and liabilities, current and deferred**

Deferred tax is recognized on all temporary differences between the tax values of assets and liabilities and their carrying amounts.

Tax receivables and payables	2018	2017
Value added tax	-146	-104
Income tax on ordinary activities - due	268	448
Deferred tax	-18 207	-17 115
<b>Total</b>	<b>-18 085</b>	<b>-16 771</b>

**2.11 Other payables, current part**

Other payables, current part	2018	2017
Estimated payables	1 163	2 052
Other payables	267	176
<b>Total</b>	<b>1 430</b>	<b>2 228</b>

For the breakdown of Estimated payables refer to table below:

Estimated payables	2018	2017
Service charges, media, repairs, investment to properties	775	1 677
Other services	110	26
Interests from loans	68	13
Other consultancy	48	32
Accounting	48	60
Regular services (management fee, depositary fee, etc.)	36	30
Legal consulting	33	135
Tax advisory	33	56
Audit	12	23
<b>Total</b>	<b>1 163</b>	<b>2 052</b>

The other payables represent mainly short-term retention in the amount of TEUR 267 and TEUR 172 in 2018 and in 2017, respectively.

**2.12 Contingent liabilities**

The Company provided guarantees to its subsidiaries valid during the life of the loans in order to secure the loans granted to these subsidiaries. The carrying amount of the guarantees is TEUR 8,032 and TEUR 9,036 as of 31st December 2018 and 31st December 2017, respectively. Further the loans of SK BM and HUN BM are secured by pledge of shares in the carrying amount of TEUR 21,820 and TEUR 20,575 in 2018 and in 2017, respectively.

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The underlying loans for which the guarantee was granted have the following maturity:

Underlying loans	1 year	1 – 5 years	more than 5 years
Interest bearing liabilities SK BM & HUN BM	1 004	4 016	3 012

**2.13 Financial instruments**

The values of financial assets and liabilities are as follows:

Financial instruments	2018		2017	
	carrying amount	fair value	carrying amount	fair value
<b>Financial assets:</b>				
Shares	59 917	59 917	32 959	32 959
Tax receivables	122	122	344	344
Trade receivables	960	960	1 127	1 127
Other receivables	1 539	1 539	730	730
Cash and cash equivalents	15 115	15 115	8 589	8 589
<b>Total</b>	<b>77 653</b>	<b>77 653</b>	<b>43 749</b>	<b>43 749</b>
<b>Financial liabilities:</b>				
Loans, non-current part	66 643	68 623	60 802	62 430
Loans, current part	3 824	3 824	3 462	3 462
Bonds issued	38 424	39 695	40 221	41 393
Trade and other payables	2 025	2 025	1 269	1 269
Other payables, non-current part	1 673	1 673	1 157	1 157
Other payables, current part	1 430	1 430	2 228	2 228
<b>Total</b>	<b>114 019</b>	<b>117 270</b>	<b>109 139</b>	<b>111 939</b>

Shares are originally valued at their acquisition cost and consequently revaluated at fair value. The preparation of the appraisals is based on other observable inputs such as applied yield (Level 3 of fair value hierarchy).

Trade and other receivables are generally considered to be carried net of any necessary valuation adjustments and are short-term instruments. For this reason, the carrying amount reflects the fair value. The same applies to cash and cash equivalents.

The fair value of the loans and bonds was determined based on discounted cash flow calculation. The calculation is based on other observable inputs such as applied interest rates (Level 2 of fair value hierarchy).

Interest, trade and other payables are considered to be current and the carrying amount reflects the fair value.

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**3.1 Rental income and operating costs**

The Company generates rental income and income from operating costs charged to tenants in connection with investment property:

Revenue	2018	2017
Rental income	12 636	12 318
Operating costs charged to tenants	2 602	2 329
<b>Total</b>	<b>15 238</b>	<b>14 647</b>

The Company has entered into operating lease agreements with business tenants on its investment property. The lease agreements are denominated in euros and linked to the inflation rate. Future minimum rental income under non-cancellable operating leases as of 31st December is as follows:

Future minimum rental income	2018	2017
Not later than one year	12 798	12 645
Between 1 and 5 years	42 002	42 040
More than 5 years	26 897	32 257

The Company has no contingent rents.

**3.2 Operating expenses**

Operating expenses represent direct operating expenses arising from the investment property and are mainly recharged to tenants.

Operating expenses	2018	2017
Energy consumption	1 153	1 079
Repairs	825	691
Security	428	427
Other	365	283
Property and asset management	320	370
Easement	213	213
Real estate tax	187	186
Other service charges	171	281
Brokerage fee	107	37
Insurance	103	98
Legal and other consultancy	67	152
Valuation adjustment of receivable	-50	-22
Facility management	0	27
<b>Total</b>	<b>3 889</b>	<b>3 822</b>

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**3.3 Other operating income**

The Company generates other revenues from rendering of services to its subsidiaries and in 2018 from one-off payment for Polish office buildings:

Other operating income	2018	2017
Services to SK BM, s.r.o.	39	32
Services to HUN BM, Kft.	8	7
Services to Europeum Business Center, s.r.o.	35	34
Services to Atrium Tower Sp. z o.o.	19	0
Other income	695	339
<b>Total</b>	<b>796</b>	<b>412</b>

**3.4 Indirect expenditures**

Indirect expenditures	2018	2017
Management fee	665	623
Audit and legal fees	68	41
Administration fees	163	190
Bank charges	6	6
Other services	31	15
<b>Total</b>	<b>933</b>	<b>875</b>

Investment management fees are represented by the management fee of VIG Asset Management, a.s. in the amount of TEUR 665 and TEUR 623 in 2018 and 2017, respectively.

**3.5 Dividend income**

Dividend income represents the revenue from long-term financial assets. The share of profit from Europeum Business Center, s.r.o. amounted to TEUR 1,200 in 2018 and TEUR 1,000 in 2017.

**3.6 Interest expenses**

Interest expenses amounted to TEUR 3,820 and TEUR 3,936 in 2018 and 2017, respectively. Thereof TEUR 2,900 and TEUR 2,945 relate to interest to related parties in 2018 and 2017, respectively. The balance also includes the interest expenses from the bonds issued in the amount of TEUR 1,587 and TEUR 1,657 in 2018 and 2017, respectively.

For further information see also 2.4 and 2.5 Interest bearing liabilities.

**3.7 Foreign currency gain/loss**

Foreign currency gain/loss (+/-) amounts to TEUR -71 and TEUR 109 in 2018 and 2017, respectively.



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**3.8 Income tax**

The following table shows details on income tax:

Corporate income tax	2018	2017
Income tax on ordinary activities - due	463	402
Income tax on ordinary activities - deferred	1 091	411
<b>Total</b>	<b>1 554</b>	<b>813</b>

The following table shows details on movement in deferred tax balances:

Movement in deferred tax balances	Net balance at 1 January	Recognised in profit or loss	Net balance at 31 December
2017			
Investment properties *)	-16 611	545	-16 066
Other	-93	-956	-1 049
<b>Net tax assets (liabilities)</b>	<b>-16 704</b>	<b>-411</b>	<b>-17 115</b>
2018			
Investment properties *)	-16 066	-1 276	-17 342
Other	-1 049	184	-865
<b>Net tax assets (liabilities)</b>	<b>-17 115</b>	<b>-1 092</b>	<b>-18 207</b>

\*) including reclassification of deferred tax liability. For more details please refer to 2.3 Retained earnings.

The following table explains the relationship between accounting profit and tax expense:

Income tax	2018	2017
Net result before tax	10 589	7 502
Corporate income tax rate	19%	19%
Expected tax	2 012	1 425
Tax reconciliation:		
Adjustment to Czech tax base	99	-467
Non-taxable income	-433	-229
Non-taxable expense	202	84
Revaluation of shares	-326	0
<b>Income tax without influence of tax rate changes</b>	<b>1 554</b>	<b>813</b>
<b>Effective tax rate in %</b>	<b>15%</b>	<b>11%</b>
Tax rate changes	0	0
<b>Income tax total</b>	<b>1 554</b>	<b>813</b>

**3.9 Segmental information**

Operating segments reflect the Company's management structure and the way financial information is regularly reviewed by the Company's chief operating decision maker.

The Company has a single group of related services being the rental of investment properties to business tenants exclusively. Segment information is provided on the basis of geographic areas, being the basis on which the

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Company manages its interests. Revenue is attributed to a country or region based on the location of the Company's investment property.

The tables below present segment information on the revised basis.

**STATEMENT OF FINANCIAL POSITION***For the year ended 31st December 2018*

<i>In thousands of euro</i>	<b>CZ</b>	<b>PL</b>	<b>Total segments</b>
<b>Assets</b>			
<b>Non-current assets</b>	<b>219 390</b>	<b>90 558</b>	<b>309 948</b>
Investment properties	185 721	64 310	250 031
Shares	33 669	26 248	59 917
<b>Current assets</b>	<b>14 282</b>	<b>4 893</b>	<b>19 175</b>
Tax receivables	70	52	122
Trade receivables	739	221	960
Other receivables	1 400	139	1 539
Cash and cash equivalents	10 878	4 237	15 115
Accrued assets	1 195	244	1 439
<b>Total assets</b>	<b>233 672</b>	<b>95 451</b>	<b>329 123</b>

*For the year ended 31st December 2018*

<i>In thousands of euro</i>	<b>CZ</b>	<b>PL</b>	<b>Total segments</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>96 835</b>	<b>28 112</b>	<b>124 947</b>
Loans, non-current part	66 643	0	66 643
Bonds issued	11 189	27 235	38 424
Other payables, non-current part	1 575	98	1 673
Deferred tax liabilities	17 428	779	18 207
<b>Current liabilities</b>	<b>8 496</b>	<b>260</b>	<b>8 756</b>
Loans, current part	3 824	0	3 824
Trade payables	1 978	47	2 025
Provisions	142	51	193
Accrued liabilities	1 163	121	1 283
Other payables, current part	1 389	41	1 430
<b>Total liabilities</b>	<b>105 640</b>	<b>28 063</b>	<b>133 703</b>

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**STATEMENT OF COMPREHENSIVE INCOME***For the year ended 31st December 2018*

<i>In thousands of euro</i>	<b>CZ</b>	<b>PL</b>	<b>Total segments</b>
Rental income	8 893	3 743	12 636
Operating costs charged to tenants	1 462	1 140	2 602
Operating expenses	-2 666	- 1223	-3 889
Other operating income	181	515	796
<b>Net operating income</b>	<b>7 870</b>	<b>4 275</b>	<b>12 145</b>
Indirect expenditures	-765	-168	-933
<b>Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses</b>	<b>7 105</b>	<b>4 107</b>	<b>11 212</b>
Revaluation of investment property	528	-309	219
<b>Operating result</b>	<b>7 633</b>	<b>3 798</b>	<b>11 431</b>
Interest income	54	0	54
Dividend income	1 200	0	1 200
Other finance revenues	77	4	81
Interest expenses	-2 686	-1 134	-3 820
Foreign currency gain/loss	-56	-15	-71
Revaluation of shares	710	1 008	1 718
Other finance expenses	-4	0	-4
<b>Financial result</b>	<b>-705</b>	<b>-137</b>	<b>-842</b>
<b>Net result before taxes</b>	<b>6 928</b>	<b>3 661</b>	<b>10 589</b>
Current income tax	-256	-207	-463
Deferred income tax	-774	-317	-1 091
<b>Profit or loss after tax</b>	<b>5 898</b>	<b>3 137</b>	<b>9 035</b>
<b>Other comprehensive income</b> <b>Items that are or may be reclassified subsequently to profit or loss</b>			
Revaluation of shares, available for sale financial assets, gross			
Revaluation of shares, available for sale financial assets, net	0	0	0
<b>Other comprehensive income total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income</b>	<b>5 898</b>	<b>3 137</b>	<b>9 035</b>

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**STATEMENT OF FINANCIAL POSITION***For the year ended 31st December 2017*

<i>In thousands of euro</i>	<b>CZ</b>	<b>PL</b>	<b>Total segments</b>
<b>Assets</b>			
<b>Non-current assets</b>	<b>211 999</b>	<b>64 050</b>	<b>276 049</b>
Investment properties	179 040	64 050	243 090
Shares	32 959	0	32 959
<b>Current assets</b>	<b>11 087</b>	<b>1 081</b>	<b>12 168</b>
Tax receivables	214	130	344
Trade receivables	807	320	1 127
Other receivables	564	166	730
Cash and cash equivalents	8 219	370	8 589
Accrued assets	1 223	95	1 318
Other assets	60	0	60
<b>Total assets</b>	<b>223 086</b>	<b>65 131</b>	<b>288 217</b>

*For the year ended 31st December 2017*

<i>In thousands of euro</i>	<b>CZ</b>	<b>PL</b>	<b>Total segments</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>	<b>90 645</b>	<b>28 650</b>	<b>119 295</b>
Loans, non-current part	60 802	0	60 802
Bonds issued	11 633	28 588	40 221
Other payables, non-current part	1 085	72	1 157
Deferred tax liabilities	17 125	-10	17 115
<b>Current liabilities</b>	<b>8 849</b>	<b>-253</b>	<b>8 596</b>
Loans, current part	3 462	0	3 462
Trade payables	1 071	198	1 269
Provisions	198	143	341
Accrued liabilities	1 195	101	1 296
Other payables, current part	2 923	-695	2 228
<b>Total liabilities</b>	<b>99 494</b>	<b>28 397</b>	<b>127 891</b>

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**STATEMENT OF COMPREHENSIVE INCOME***For the year ended 31st December 2017*

<i>In thousands of euro</i>	<b>CZ</b>	<b>PL</b>	<b>Total segments</b>
Rental income	7 949	4 369	12 318
Operating costs charged to tenants	1 265	1 064	2 329
Operating expenses	-2 489	-1 333	-3 822
Other operating income	87	325	412
<b>Net operating income</b>	<b>6 812</b>	<b>4 425</b>	<b>11 237</b>
Indirect expenditures	-492	-383	-875
<b>Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses</b>	<b>6 320</b>	<b>4 042</b>	<b>10 362</b>
Revaluation of investment property	-13	-97	-110
<b>Operating result</b>	<b>6 307</b>	<b>3 945</b>	<b>10 252</b>
Interest income	1	0	1
Dividend income	1 000	0	1 000
Other finance revenues	76	4	80
Interest expenses	-2 751	-1 185	-3 936
Foreign currency gain/loss	79	30	109
Other finance expenses	-4	0	4
<b>Financial result</b>	<b>-1 599</b>	<b>-1 151</b>	<b>-2 750</b>
<b>Net result before taxes</b>	<b>4 708</b>	<b>2 794</b>	<b>7 502</b>
Current income tax	-136	-266	-402
Deferred income tax	-568	157	-411
<b>Profit or loss after tax</b>	<b>4 004</b>	<b>2 685</b>	<b>6 689</b>
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss</b>			
Revaluation of shares, available for sale financial assets, gross	214	0	214
Revaluation of shares, available for sale financial assets, net	214	0	214
<b>Other comprehensive income total</b>	<b>214</b>	<b>0</b>	<b>214</b>
<b>Total comprehensive income</b>	<b>4 218</b>	<b>2 685</b>	<b>6 903</b>

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**3.10 Related party information**

Transactions with related parties are carried out at arm's length conditions.

Transactions with the related parties	2018	2017
<b>STATEMENT OF FINANCIAL POSITION</b>		
Accrued assets	80	59
Other payables, current part	-55	-23
Interest bearing liabilities	-49 543	-41 367
Bonds and interests	-38 253	-40 042
Trade and other payables	-22	-6
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Indirect expenditures	-667	-623
Operating expenses	-1	0
Interest expenses	-2 900	-2 945
Insurance paid	-103	-98

The Company has four subsidiaries: SK BM, s.r.o., Europeum Business Center, s.r.o., HUN BM, Kft. and Atrium Tower s. z o. o.

Transactions with the subsidiaries	2018	2017
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Other operating income	100	73
Dividend income	1 200	1 000
Other financing revenues	76	76

Beside the above mentioned the Company does not record any further related party transactions.

For further information see also E. GENERAL NOTES part 1.5 Shareholders.

**G. INFORMATION ON THE DISTRIBUTION OF PROFIT**

If the Company shows a profit for an accounting period, the profit may not be necessarily distributed; it may be used for reinvestments with a view to increase the Company assets, as part of the Company's financial management.

The General Meeting of the Company may, pursuant to the Commercial Code, decide to distribute profit (dividend) among shareholders. The dividend is determined as the ratio of the nominal value of shareholder's shares to the nominal value of all of the Company shareholders' shares as at the date of the dividend payment determined to that end by the Company's General Meeting. The Company may not make advance payments in respect of profit sharing.

The determining date for claiming the dividend is a date determined by the Fund's General Meeting. That day may not precede the date of holding the General Meeting which decided to pay dividends, and may not fall beyond the day when the dividend is due.



**VIG FUND, a.s.**

Templová 747/5, Prague 1, 110 00

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Dividend is due within six months of the date when the General Meeting resolution to distribute profit is adopted; however, the dividend paid out by money transfer to shareholder's account is not due sooner than one month after the shareholder provide the Company with the bank account number to which the dividend should be remitted.

Dividend is paid out via bank transfer to a shareholder's account.

The limitation period applicable to the right for dividends payment which has been decided by the Company's General Meeting is four years after the elapse of the due date.

If the Company shows a loss for an accounting period, the General Meeting may decide, while approving the financial statements for the accounting period in which the loss occurred, to settle the loss from the Company's resources.

**H. DATA ON SECURITIES ISSUED BY THE COMPANY**

The Company issues ordinary shares which are not quoted, registered in the European official market, or accepted for trading in a market which is not a regulated market pursuant to the Act on Capital Market Business.

The Company's shares are registered shares. Shares may be transferred only subject to the conditions stipulated by the applicable legal regulations, the Articles of Association and by the Statute.

The Company's shares are securities in certificated form.

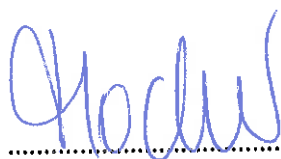
The nominal value of one share is CZK 200 (in words: two hundred Czech crowns). The nominal value of all shares issued by the Company is the same.

The Company's shares may not be publicly offered or promoted.

**I. SUBSEQUENT EVENTS**

No significant events that could have a significant impact on the financial position of the Company incurred between the financial statement date and the date of financial statements approval.

4<sup>th</sup> March 2019



VIG Asset Management, a.s. (Member of the Board of Directors), represented by DI Caroline Mocker and MMag. Dr. Wolfgang Hajek



**KPMG Česká republika Audit, s.r.o.**  
Pobřežní 1a  
186 00 Prague 8  
Czech Republic  
+420 222 123 111  
www.kpmg.cz

This document is an English translation of the Czech auditor's report.  
Only the Czech version of the report is legally binding.

## **Independent Auditor's Report to the Shareholders of VIG FUND, a.s.**

### ***Opinion***

We have audited the accompanying financial statements of VIG FUND, a.s. ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2018 and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### ***Basis for Opinion***

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Other Information***

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.



Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

#### ***Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements***

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body 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 statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for the oversight of the Company's financial reporting process.

#### ***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 the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Statutory Auditor Responsible for the Engagement**

Vladimír Dvořáček is the statutory auditor responsible for the audit of the financial statements of VIG FUND, a.s. as at 31 December 2018, based on which this independent auditor's report has been prepared.

Prague  
4 March 2019

*KPMG Česká republika Audit*

KPMG Česká republika Audit, s.r.o.  
Registration number 71

A handwritten signature in blue ink, appearing to be 'V. Dvořáček', written over a faint circular stamp.

Vladimír Dvořáček  
Partner  
Registration number 2332