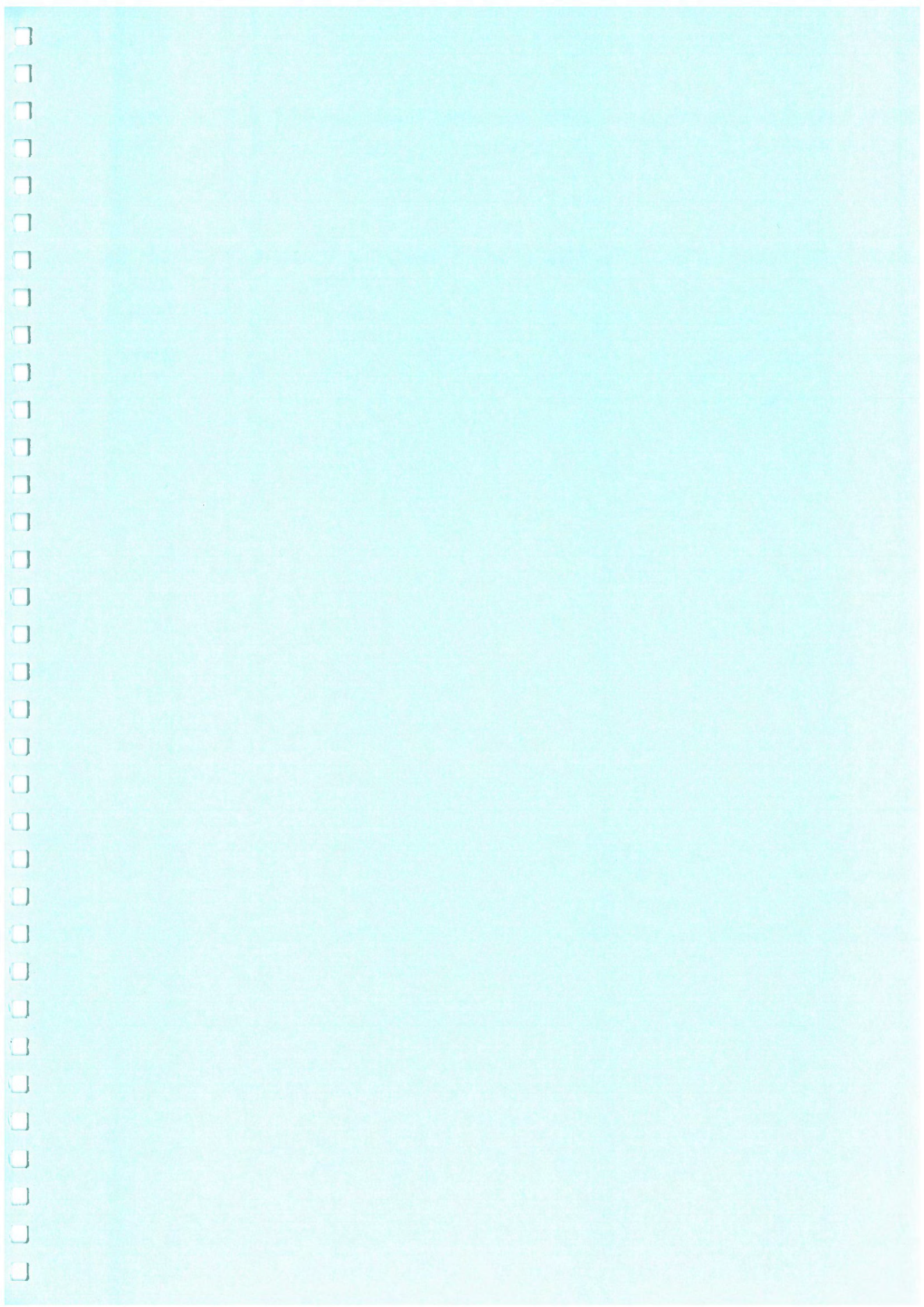




**VIG FUND uzavřený investiční fond,
a.s.**

**Auditor's report
and annual report
31 December 2013**

Translated from the Czech original





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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 uzavřený investiční fond, a.s.

Financial statements

On the basis of our audit, on 27 February 2014 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of VIG FUND uzavřený investiční fond, a.s., which comprise the balance sheet as of 31 December 2013, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of VIG FUND uzavřený investiční fond, a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with International Finance Reporting Standards as adopted by the European Union and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Obchodní rejstřík vedený
Městským soudem v Praze
oddíl C, vložka 24185.



Opinion

In our opinion, the financial statements give a true and fair view of the financial position of VIG FUND uzavřený investiční fond, a.s. as of 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Finance Reporting Standards as adopted by the European Union.”

Report on relations between related parties

We have reviewed the factual accuracy of the information disclosed in the report on relations between related parties of VIG FUND uzavřený investiční fond, a.s. for the year ended 31 December 2013 prepared in accordance with the applicable provisions of Act No. 513/1991 Coll., the Commercial Code. The responsibility for the preparation and factual accuracy of this report rests with the Company’s statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company’s personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations between related parties of VIG FUND uzavřený investiční fond, a.s. for the year ended 31 December 2013 contains material factual misstatements.

Annual report

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of the Company’s statutory body. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.



In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague
7 March 2014

KPMG Česká republika Audit

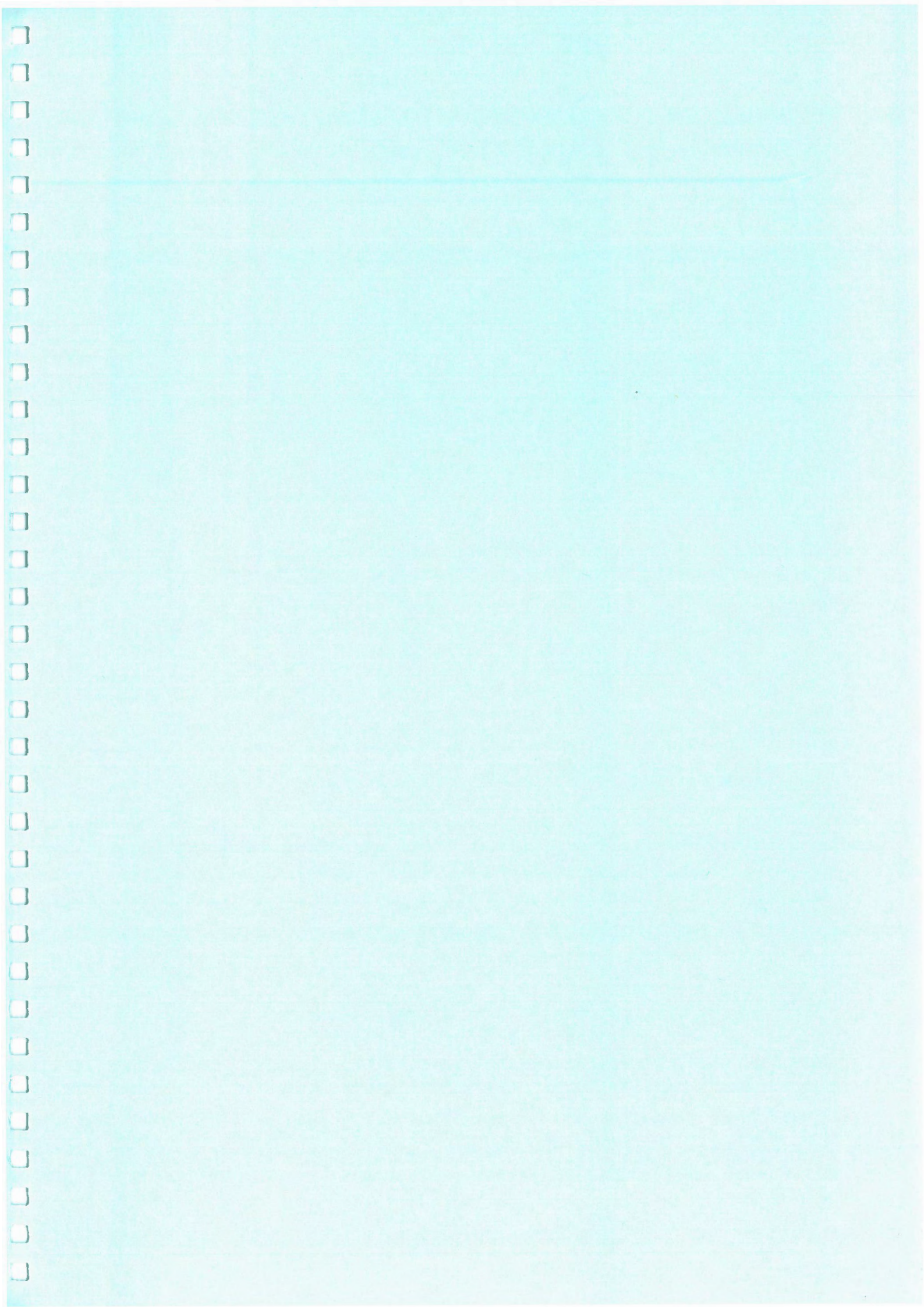
KPMG Česká republika Audit, s.r.o.
Licence number 71

R. Gascoigne

Roger Gascoigne
Partner

Veronika Strolená

Veronika Strolená
Senior Manager
Licence number 2195



Annual Report 2013

VIG FUND uzavřený investiční fond, a.s.

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2. Basic Company Information

Company: VIG FUND uzavřený investiční fond, a.s.
Company address: Templová 747/5, 11000 Praha 1 - Staré Město
Legal form: joint-stock company
Identification no.: 24220809
Date of balance: 31 December 2013
Accounting period: 01 January 2013 – 31 December 2013

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

The business objective is collective investment in accordance with Act no. 189/2004 Sb. (Collection of Czech Laws and Regulations), on Collective Investment, as amended, based on the licence issued by the Czech National Bank.

VIG FUND is a joint-stock company, managed by VIG Asset Management investiční společnost, a.s., ID 24838233, with registered office at 11001 Praha 1, Templová 747/5, 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").

3. Particulars of the Annual Report according to the Annex no. 2 to Decree No. 240/2013 Coll.

a) Name of the Company and its identification pursuant to the International Securities Identification Numbering (ISIN) system or another Securities Identification Numbering (SIN) system, if assigned

Name of the Company: VIG FUND uzavřený investiční fond, a.s.

Neither ISIN nor SIN was assigned to VIG Fund.

b) Changes to the facts registered in the Commercial Register

In the reported period, the records in the Commercial Register were changed in the following way:

On 31 May 2013 with effective date 1 January 2013, as a consequence of the merger with BB C- Building C, s.r.o., the capital of the BB C- Building C, s.r.o., was transferred to VIG FUND as a succession company.

The Company increased its registered capital which was entered on 18th December 2013. The Company's share capital had been increased solely by monetary investments by CZK 161,600, i.e. by issuing 808 pcs of new unquoted ordinary shares issued in the name and in documentary form, each in the nominal value of CZK 200. The Company's registered capital as per 31 December 2013 amounts to CZK 2,431,600.

c) Information about the Investment Company that managed the assets of the Company

The properties of the Company are being managed by VIG AM. On 21 October 2011, VIG AM was granted the license to carry the business of an investment company from the Czech National Bank. VIG AM manages the properties of the Company based on a management contract established on 13 March 2012 according to Section 17 of the Collective Investment Act.

d) Facts with a significant impact on the performance of activities by the Company

In 2013, the Company performed a merger with BB C Building C, s.r.o. with its registered office at 11000 Praha 1, Templová 747/5, ID 630 79 666, registered in the Commercial Register of the Municipal Court in Prague, Section C, File no. 202916 (hereinafter referred to as "BBCC"). All assets and liabilities of BBCC were transferred to VIG FUND uzavřený investiční fond, a.s., as a succession company.

On 23 December 2013 the Company acquired 100 % of the shares of HAVLÍČKOVA INVESTMENT a.s., with its registered office at 11000 Praha 1 - Nové Město, Havlíčkova 1029/3, ID 27427625, registered in the Commercial Register of the Municipal Court in Prague, Section B, File no. 10567.

e) Members of the board of directors, supervisory board and auditor of the Company

Board of Directors

DI Caroline Mocker, MSc. MRICS

Chairperson of the Board of Directors

Function established on: 1 March 2012

- Graduate of the Vienna University of Technology (Architecture)
- Postgraduate studies at the Vienna University of Technology (Real Estate Management and Pricing)
- Member of Royal Institution of Chartered Surveyors

Experience:

- since 04/2011 International real estate expert (Vienna Insurance Group AG)
- 12/2010 - 03/2011 Project management "Smashing Suns" Franchise GmbH
- 07/2009 - 11/2010 Project manager of group investments (Bank Austria Real Invest GmbH)
- 01/2008 - 06/2009 Investment manager for Real Invest Austria (RIA) and Real Invest Europe (RIE)
- 01/2007 - 12/2007 Head of the Portfolio Management Department (Bundesimmobiliengesellschaft mbH)

- 11/2005 - 12/2006 Portfolio manager (Bundesimmobiliengesellschaft m.b.H)
- 02/1998 - 10/2005 Technical employee and work on free-lance basis

Ing. Luděk Marek

Member of the Board of Directors

Function established on: 1 March 2012

- Graduate of the University of Economics in Prague, Faculty of Economics, Finances

Experience:

- since 2002 Head of the Treasury Division
(Kooperativa pojišťovna, a.s., Vienna Insurance Group)
- 1993 – 2001 Head of the Portfolio and Liquidity Management Department
(Kooperativa pojišťovna, a.s., Vienna Insurance Group)
- 1991 – 1993 Trade certificate for the area of business consulting
- 1987 – 1991 Česká státní pojišťovna – Economy Department
- 1985 – 1987 Československá obchodní banka

Ing. Mag. Christoph Roiser

Member of the Board of Directors

Function established on: 1 March 2012

- Graduate of the Vienna University of Economics and Business (Business Economics, Production and IT Management)
- Study abroad at the University of Illinois at Urbana-Champaign, USA (Production)
- Study abroad at the Jiangxi University of Finance and Economics, China (International Management and Accounting)

Experience:

- since 2008 Deputy manager of the Real Estate Department,
(WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group)
- 2005-2008 Business manager (general manager) of the
"Electronic Assembly" operational unit for Central and Eastern Europe (Siemens AG Austria, Automation & Drives)
- 2002-2004 Senior Controller of Sales
(Siemens AG Germany, Logistics & Assembly)
- 1999-2002 Project manager
(Siemens AG Austria, Siemens Dematic)

Supervisory Board

Dr. Martin Simhandl

Chairperson of the Supervisory Board

Function established on: 1 March 2012

- Graduate of the University of Vienna (Law)

Experience:

- since 11/2004 Member of the Board of Directors

- 1994 - 2004 Vienna Insurance Group AG Wiener Versicherung Gruppe
Management of subsidiaries
(Head of Subsidiary Management since 2008)
- 1985 – 1993 Legal department (proxy holder since 1991)
- 1985 Start in Vienna Insurance Group

Mag. Roland Gröll

Member of the Supervisory Board

Function established on: 1 March 2012

- Graduate of the Vienna University of Economics and Business

Experience:

- 01/2010 – 12/2013 Member of the Board of Directors
Donau Versicherung AG Vienna Insurance Group
- 10/2008 - 12/2013 Deputy of the Board of Directors
Vienna Insurance Group AG Wiener Versicherung Gruppe
- 02/2008-2010 Member of the Extended Board of Directors
Vienna Insurance Group Wiener Städtische Versicherung AG
- since 03/2008 Head of the Financial and Accounting Department
- since 06/2003 Proxy holder, WIENER STÄDTISCHE Versicherung AG
Vienna Insurance Group
- 05/2003-02/2008 Deputy manager of the Financial and Accounting Department
- 01/2001 Proxy holder
- 02/1994 Start in WIENER STÄDTISCHE Versicherung AG
Vienna Insurance Group, Financial and Accounting Department

Gary Wheatley Mazzotti

Member of the Supervisory Board

Function established on: 17 April 2012

- Graduate of the University of Reading (Economics)
- ACA chartered accountant

Experience:

- since 3/2012 Senior Executive
Vienna Insurance Group AG Wiener Versicherung Gruppe
- 10/2010-01/2012 Senior Investment Director, PPF, a.s.
- 09/2008-10/2010 Chief Financial Officer Private Equity Division, PPF, a.s.
- 09/2007-09/2008 Chief Executive Officer, ENERGY 21, a.s.
- 01/2006-08/2007 Chief Operating Officer, AAA Auto, a.s.
- 09/2001-12/2005 Chief Financial Officer, AAA Auto, a.s.
- 04/1994-08/2001 Finance Director,
Sound and Media Group (Part of Virgin Group)
- 03/1991-04/1994 Group Operational Review Manager, Atlantic Computers PLC
- 09/1988-03/1991 Financial Controller, Greyhound Leasing

Auditor

The financial statements of the Company have been audited by KPMG Česká republika Audit, s.r.o. (license no. 71).

f) Persons who had a qualified holding in the Company

VIG-CZ Real Estate GmbH, Vienna (72.619%) and Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague (16.327 %) had a qualified holding in the Company.

g) Persons in which the Company had a qualified holding

The Company has qualified interest in:

- SK BM s.r.o.: As a result of the merger with VIG BM the Company holds 100 % of the shares of SK BM s.r.o., with its registered office at Stefanovičova 4, 816 23 Bratislava, registered in the Commercial Register at the Municipal Court in Bratislava under Number 77149/B.SK BM is a real estate company according to the fund statute and complies with the investment orientation of the fund according to its statute;
- HUN BM Kft: As a result of the merger with VIG BM the Company holds 100 % of the shares of HUN BM Korilátolt Felelősségű Társaság with its registered office at Baross utca 1, 1082 Budapest, Trade Register No: Cg.01-09-972521. HUN BM is a real estate company according to the fund statute and complies with the investment orientation of the fund according to its statute;
- HAVLÍČKOVA INVESTMENT a.s.: HAVLÍČKOVA INVESTMENT a.s. amounting to 100% since 23 December 2013. HAVLÍČKOVA INVESTMENT a.s. is a real estate company according to the fund statute and complies with the investment orientation of the fund according to its statute.

h) Persons who were interconnected with the Company in personnel terms

Board Members and Members of the Supervisory Board of the Company had inter alia the following relevant mandates in the reported period:

Dipl.Ing. Caroline Mocker, MSc. MRICS

HAVLÍČKOVA INVESTMENT a.s.	Chairperson of Board of Directors
HUN BM Kft.	Managing Director
SK BM s.r.o.	Managing Director
VIG Asset Management investiční společnost, a.s.	Chairperson of Board of Directors
VLTAVA majetkovosprávní a podílová spol.s.r.o.	Managing Director

Ing.Mag. Christoph Roiser

HAVLÍČKOVA INVESTMENT a.s.	Member of Board of Directors
HUN BM Kft.	Managing Director
SK BM s.r.o.	Managing Director
VIG Asset Management investiční společnost, a.s.	Member of Board of Directors

Ing. Ludek Marek

HAVLÍČKOVA INVESTMENT a.s.	Member of Board of Directors
VIG Asset Management investiční společnost, a.s.	Member of Board of Directors
Kooperativa, pojist'ovna, a.s. Vienna Insurance Group	Authorized Officer

Dr. Martin Simhandl

DONAU Versicherung AG Vienna Insurance Group	Member of the Supervisory Board
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Member of the Supervisory Board Chairperson of the Supervisory Board
InterRisk Versicherungs-AG Vienna Insurance Group	Member of the Supervisory Board
Sparkassen Versicherung AG Vienna Insurance Group	Member of the Supervisory Board
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	Member of the Board of Directors Chairperson of the Supervisory Board
VIG Asset Management investicni spolecnost, a.s.	Member of the Supervisory Board
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Member of the Supervisory Board
Wiener Städtische Wechselseitiger Versicherungsverein	Member of the Board of Directors

Mag. Roland Gröll

DONAU Versicherung AG Vienna Insurance Group	Member of Board of Directors
Wiener Osiguranje Vienna Insurance Group d.d., Zagreb	Member of the Supervisory Board
KOOPERATIVA poist'ovna, a.s. Vienna Insurance Group	Member of the Supervisory Board
Kooperativa, pojist'ovna, a.s. Vienna Insurance Group	Member of the Supervisory Board
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	Member of Board of Directors
VIG Asset Management investicni spolecnost, a.s.	Member of the Supervisory Board
VIG RE zajist'ovna, a.s.	Member of the Supervisory Board

Mr. Gary Wheatley Mazzotti

VIG Asset Management investicni spolecnost, a.s.	Member of the Supervisory Board
--	---------------------------------

i) Persons who acted in concert with the Company not listed in e) to g)

In 2013, the investment fund did not act in concert with any person, who is not listed in paragraph e) to g).

j) Depository of the Company

In the reported period, Česká spořitelna, a.s., with registered office at 14000 Praha 4, Olbrachtova 1929/62, ID 45244782, registered in the Commercial Register of the Municipal Court in Prague, Section B, File no. 1171, was the only depository of the Company.

k) The person who ensures the safekeeping or some other custody of the assets of the Company

In 2013, Česká spořitelna, a.s. ensured safekeeping or other custody of the assets of the Company.

l) All investment firms that performed the activities of an investment firm for the Company

The Company did not trade in securities in the reported period; therefore no broker or investment firm performed activities of an investment firm for the Company.

m) The day on which the period expires for which the Company has been set up

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

n) Judicial or arbitration disputes in which the Company was or is involved

The Company was not involved in judicial or arbitration disputes in 2013.

o) Assets of the Company encumbered with rights of third parties

The shares of SK BM, s.r.o. and HUN BM, Kft. are pledged as well as the Company's, receivables and bank accounts, land and buildings are mortgaged.

All encumbrances serve as collaterals for the Company's loans respectively the Company's subsidiaries loans.

p) The development of the value of a share of the Company

The value of a share of the Company increased from EUR 9,299 (as at 31 December 2012) to EUR 9,447 (as at 31 December 2013).

q) An identification of the assets

The Company's assets as at 31 December 2013 consisted of

Investment Properties	TEUR 136,030
Shares in Subsidiaries	TEUR 31,582
Loans to group entities	TEUR 7,989
Trade and tax receivables	TEUR 615
Cash and cash equivalents	TEUR 9,100
Accrued assets	TEUR 2,605
Other assets	TEUR 102

r) All earnings per share that were paid out

The Company paid dividends in the total amount of EUR 3,722,800 in 2013. The dividend payment per 1 share was EUR 328.

s) The number of shares issued

In 2013 the Company issued 808 pcs. of new shares. The total number of issued shares is 12,158 pcs. as of 31 December 2013, each in the nominal value of CZK 200.

t) The equity capital that falls upon one share

The equity capital that falls upon one share is listed under x).

u) The composition of and changes to the assets in the portfolio

In 2013, the Company performed a merger with BB C- Building C, s.r.o. with its registered office at 11000 Praha 1, Templová 747/5, ID 630 79 666, registered in the Commercial Register of the Municipal Court in Prague, Section C, File no. 202916 (hereinafter referred to as "BBCC"). All assets and liabilities of BBCC were transferred to VIG FUND uzavřený investiční fond, a.s., as a succession company.

On 23 December 2013 the Company acquired 100 % of the shares of HAVLÍČKOVA INVESTMENT a.s., with its registered office at 11000 Praha 1 - Nové Město, Havlíčkova 1029/3, ID 27427625, registered in the Commercial Register of the Municipal Court in Prague, Section B, File no. 10567.

The structure of the assets as of 31 December 2013 is shown under q) of this annual report.

v) Payments to the Investment Company for its management of the assets of the Company

In 2013, the Company paid management fee in amount of EUR 501,075 to the Investment Company for management of its assets.

w) Payment for the performance of the depositary function

In 2013, the Company paid an amount of EUR 49,691 to Česká spořitelna, a.s. for the performance of the depositary function.

x) The equity capital of the Company and the equity capital falling upon one share

Date	Equity capital of the Company	Equity capital per share
31.12.2012	TEUR 105,540	EUR 9,299
31.12.2013	TEUR 114,858	EUR 9,447

4. Information on facts that occurred after the date of balance and are significant for fulfilling the purpose of the Annual Report

No significant events occurred after the Balance Sheet date.

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

The Company performed the following two intended strategic activities in 2013: As of 31 May 2013 and with effective date 1 January 2013, the merger of the Company with BB C- Building C, s.r.o. came into force. As a consequence of this merger, the Company's indirect investment in the property BBC Building C changed into a direct real estate investment. Moreover the Company acquired 100 % of the shares of HAVLÍČKOVA INVESTMENT a.s. on 23 December 2013.

Thus the economic activities of the Company ended with a profit of TEUR 6,012 for the period from 1. January 2013 to 31 December 2013. The results of the economic activity of the Company have been verified by the auditor KPMG Česká republika Audit, s.r.o. (license no. 71).

Status of Properties

Assets

In balance as of 31 December 2013, the Company reported assets amounting to TEUR 188,023 (out of which TEUR 167,612 consists of investment properties and shares).

Liabilities

Total liabilities of the Company amount to TEUR 73,165.

Registered share capital

The Company's registered share capital amounts to TCZK 2,432.

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 2013. The management is furthermore not aware of any substantial lawsuits (active or passive) that could affect the financial situation of the company for 2013.

6. Expected Company development in 2014

In 2014 it is planned to merge HAVLÍČKOVA INVESTMENT a.s. with the Company. The Company will focus on searching for other investments to real estates in Central and Eastern Europe and on managing the already acquired properties.

7. 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.

Information on monetary and non-monetary benefits

Members of the Board of Directors and members of the Supervisory Board did not receive any monetary or non-monetary benefits from the Company within the reported period.

Information on lawsuits or arbitrations

The Company was not involved in lawsuits or arbitrations in 2013.

Prague 7 March 2013



DI Caroline Mocker

Chairperson of the Board of Directors



Ing. Mag. Christoph Roiser

Member of the Board of Directors

8. Report on relationships between related parties

The controlled company: VIG FUND uzavřený investiční fond, 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.

The controlling companies:

Shareholder	Share on registered capital
VIG-CZ Real Estate GmbH, Vienna	72.619%
VIG RE zajišťovna, a.s., Prague	4.771%
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	16.327%
InterRisk Towarzystwo Ubezpieczen Spolka Skcyjna Vienna Insurance Group, Warsaw	0.617%
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	0.617%
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	0.510%
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	0.823%
Poist'ovna Slovenskej sporitel'ne, a.s. Vienna Insurance Group, Bratislava	0.617%
Komunálna poistovna, a.s. Vienna Insurance Group, Bratislava	0.823%
KOOPERATIVA poistovna a.s. Vienna Insurance Group, Bratislava	1.242%
Wiener Osiguranje Vienna Insurance Group d.d., Zagreb	1,036%
Total	100.00%

Related Parties:

A list of the subsidiaries of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe is shown under 10.

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 concluded in the reported period:

- Insurance Policy No. 7720716986, contracting party Kooperativa pojišťovna, a.s., Vienna Insurance Group
- Insurance Policy No. 7720794414, contracting party Kooperativa pojišťovna, a.s., Vienna Insurance Group
- Service Contract, contracting party SK-BM s.r.o
- Service Contract, contracting party HUN BM Korlátolt Felelősségű Társaság

Other legal acts and measures

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

Transactions with Related Parties

Transactions with the parent company	2013	2012
In thousands of EUR		
STATEMENT OF FINANCIAL POSITION		
Accrued liabilities	18	0
Interest bearing liabilities	39,708	37,359
Interests from loans	0	24
STATEMENT OF COMPREHENSIVE INCOME		
Interest expenses	-1,497	-724
Insurance paid	-34	-19

Transactions with entities with common or significant influence	2013	2012
In thousands of EUR		
STATEMENT OF FINANCIAL POSITION		
Accrued liabilities	35	37
STATEMENT OF COMPREHENSIVE INCOME		
Indirect expenditures	-512	-426
Other financing revenues	12	0

Transactions with the subsidiaries	2013	2012
In thousands of EUR		
STATEMENT OF FINANCIAL POSITION		
Shares	1,598	0
Loans to group entities	7,989	0
Accrued assets	0	267
Accrued liabilities	0	82
STATEMENT OF COMPREHENSIVE INCOME		
Other operating income	68	0
Dividend income	560	473
Other financing revenues	76	248
Interest expenses	0	-27
Other financing expenses	0	-63

Conclusion

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 controlled company claims that no damage for the Company was incurred in respect of the contracts listed above, the implementation of the above-mentioned legal acts and other measures taken by their performance or considerations.

The business relations are performed at arm's length.

Prague, 7 March 2013



DI Caroline Mocker, MSc. MRICS



Ing. Mag. Christoph Roiser

Chairperson of the Board of Directors

Member of the Board of Directors

9. Report of the Supervisory Board

In the reported period from 1 January 2013 to 31 December 2013, the Supervisory Board performed its duties to supervise the activities of the Company and consisted of the following members as of 31 December 2013: Dr. Martin Simhandl (chairperson of the Supervisory Board), Mag. Roland Gröll (member of the Supervisory Board) and Gary Wheatley Mazzotti (member of the Supervisory Board).

The Supervisory Board performed its duties based on the statutes of the Company, the Commercial Code and other legally binding regulations. The Supervisory Board performed its supervisory authority in form of resolutions. The resolutions of the Supervisory Board were adopted during the board meetings or via circular resolutions. In line with the entrusted authority, the Supervisory Board has furthermore proposed recommendations and considered proposals suggested by the Board of Directors.

Summary

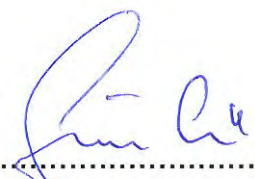
In the opinion of the Supervisory Board, the Board of Directors of VIG FUND uzavřený investiční fond, a.s. fulfilled its duties in 2013 properly, as laid by the statutes of the Company, the Commercial Code and other legally binding regulations. The Board of Directors properly fulfilled its duties laid by the law and performed recommendations of the Supervisory Board.

Based on the reports submitted by the Board of Directors, the Supervisory Board regularly assessed the activities of the Board of Directors from the perspective of the legality of the activities the Board of Directors committed itself to do as well as fulfillment of tasks set by the directives of the Supervisory Board.

In the opinion of the Supervisory Board, the cooperation with the Board of Directors in the period, to which this report is related to, was performed correctly and the Board of Directors fulfilled its duties properly.

The Supervisory Board suggests the shareholders to approve the annual balance of accounts for 2013.

The Supervisory Board verified the report on relations with related parties worked out by the Board of Directors and declares that there are no reservations against this report.


.....
Dr. Martin Simhandl

27. 3. 2014

Chairperson of the Supervisory Board

10. Related Parties and equity interests of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Registered office	Interest %
Consolidated companies		
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Wien	Austria	100,00
"Schwarzatal" Gemeinnützige Wohnungs- und Siedlungsanlagen-GmbH, Wien	Austria	55,00
"WIENER RE" akcionarsko društvo za reosiguranje, Belgrad	Serbia	100,00
"WIENER STÄDTISCHE OSIGURANJE" akcionarsko društvo za osiguranje, Belgrad	Serbia	100,00
Alpenländische Heimstätte Gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94,00
Andel Investment Praha s.r.o., Prag	Czech republic	100,00
ARITHMETICA Versicherungs- und Finanzmathematische Beratungs-Gesellschaft m.b.H., Wien	Austria	100,00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bukarest	Romania	99,10
BENEFIA Towarzystwo Ubezpieczen na Zycie S.A. Vienna Insurance Group, Warschau	Poland	100,00
BENEFIA Towarzystwo Ubezpieczen S.A. Vienna Insurance Group, Warschau	Poland	100,00
Blizzard Real Sp. z o.o., Warschau	Poland	100,00
BML Versicherungsmakler GmbH, Wien	Austria	100,00
BULSTRAD LIFE VIENNA INSURANCE GROUP Joint Stock Company, Sofia	Bulgaria	95,11
BULSTRAD VIENNA INSURANCE GROUP PUBLIC LIMITED COMPANY, Sofia	Bulgaria	98,00
Business Insurance Application Consulting GmbH, Wien	Austria	100,00
Businesspark Brunn Entwicklungs GmbH, Wien	Austria	100,00
CAL ICAL "Globus", Kiev	Ukraine	80,00
CAME Holding GmbH, Wien	Austria	100,00
CAPITOL, a.s., Bratislava	Slovakia	100,00
CENTER Hotelbetriebs GmbH, Wien	Austria	80,00
Central Point Insurance IT-Solutions GmbH, Wien	Austria	100,00
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prag	Czech republic	100,00
COMPENSA Holding GmbH, Wiesbaden	Germany	100,00
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100,00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warschau	Poland	100,00
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warschau	Poland	99,89
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100,00

DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH, Wien	Austria	100,00
Donau Brokerline Versicherungs- Service GmbH, Wien	Austria	100,00
DONAU Versicherung AG Vienna Insurance Group, Wien	Austria	99,24
DVIB GmbH, Wien	Austria	100,00
ELVP Beteiligungen GmbH	Austria	100,00
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95,00
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Wien	Austria	100,00
GPIH B.V., Amsterdam	Netherlands	91,11
HUN BM Kft.	Hungary	100,00
Interalbanian Sh.a., Tirana	Albania	78,33
International Insurance Company IRAO Ltd., Tiflis	Georgia	100,00
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
InterRisk Towarzystwo Ubezpieczen Spolka Skcyjna Vienna Insurance Group, Warschau	Poland	99,98
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
INTERSIG Sh.A., Tirana	Albania	75,00
JAHORINA OSIGURANJE a.d., Pale	Bosnia and Herzegovina	97,56
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100,00
JSC "GPI Insurance Company Holding", Tiflis	Georgien	90,00
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100,00
Kapitol pojišťovací a finanční poradenství, a.s., Brno	Czech republic	100,00
Komunálna poisťovna, a.s. Vienna Insurance Group, Bratislava	Slovakia	100,00
KOOPERATIVA poisťovna, a.s. Vienna Insurance Group, Bratislava	Slovakia	100,00
Kooperativa, poisťovna, a.s. Vienna Insurance Group, Prag	Czech republic	98,39
Kvarner Vienna Insurance Group dionicko društvo za osiguranje, Rijeka	Croatia	99,36
Kvarner Wiener Städtische Nekretnine d.o.o., Zagreb	Croatia	100,00
LVP Holding GmbH, Wien	Austria	100,00
MAP Bürodienstleistung Gesellschaft m.b.H., Wien	Austria	100,00
MH 54 Immobilienanlage GmbH, Wien	Austria	100,00
NEUE HEIMAT Gemeinnützige Wohnungs-und SiedlungsgesmbH, Linz	Austria	99,81
Neue Heimat Oberösterreich Holding GmbH, Wien	Austria	90,00
OMNIASIG VIENNA INSURANCE GROUP S.A., Bukarest	Romania	98,56
Passat Real Sp. z o.o., Warschau	Poland	100,00
PFG Holding GmbH, Wien	Austria	89,23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Wien	Austria	92,88
Poisťovna Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95,00
Pojišťovna české spořitelny, a.s., Vienna Insurance Group, Pardubice	Czech republic	95,00
Private joint-stock company "Insurance Company "Ukrainian Insurance Group", Kiev	Ukraine	100,00
Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev	Ukraine	97,80
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNIAZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99,99
PROGRESS Beteiligungsges.m.b.H., Wien	Austria	60,00
Projektbau GesmbH, Wien	Austria	100,00
Projektbau Holding GmbH, Wien	Austria	90,00

VIG FUND uzavřený investiční fond, a.s.
Annual Report 2013

Ray Sigorta A.S., Istanbul	Turkey	94,26
S.C. BCR Asigurari de Viata Vienna Insurance Group S.A., Bukarest	Romania	92,36
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100,00
Senioren Residenz Fultererpark Errichtungs- und VerwaltungsGmbH, Innsbruck	Austria	100,00
SK BM s.r.o.	Slovakie	100,00
Sparkassen Versicherung AG Vienna Insurance Group, Wien	Austria	95,00
SVZ GmbH, Wien	Austria	100,00
SVZI GmbH, Wien	Austria	100,00
TBI BULGARIA EAD, Sofia	Bulgaria	100,00
TBIH Financial Services Group N.V., Amsterdam	Netherlands	100,00
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100,00
V.I.G. ND, uzavřený investiční fond a.s., Prag	Czech republic	100,00
Vienna-Life Lebensversicherung Aktiengesellschaft, Benden	Liechtenstein	100,00
VIG FUND uzavřený investiční fond, a.s, Prag	Czech republic	100,00
VIG RE zajišťovna, a.s., Prag	Czech republic	100,00
VIG REAL ESTATE DOO, Belgrad	Serbia	100,00
VIG Real Estate GmbH, Wien	Austria	100,00
VIG-CZ Real Estate GmbH, Wien	Austria	100,00
VLTAVA majetkovosprávní a podilová spol.s.r.o., Prag	Czech republic	100,00
WGPV Holding GmbH, Wien	Austria	100,00
Wiener Osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	100,00
WIENER STÄDTISCHE Beteiligungs GmbH, Wien	Austria	100,00
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Wien	Austria	100,00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Wien	Austria	99,90
Wiener Verein Bestattungs- und Versicherungsservice Gesellschaft m.b.H., Wien	Austria	100,00
WSV ImmoHolding GmbH, Wien	Austria	100,00

Companies consolidated by the equity method

AIS Servis, s.r.o., Brunn	Czech republic	100,00
Benefita, a.s., Prag	Czech republic	100,00
Ceska Kooperativa London Ltd., London	United Kingdom	100,00
CPP Servis, s.r.o., Prag	Czech republic	100,00
CROWN-WSF spol. s.r.o., Prag	Czech republic	30,00
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Wien	Austria	99,77
Gewista-WerbeGesellschaft m.b.H., Wien	Austria	33,00
Global Expert, s.r.o., Pardubice	Czech republic	100,00
HOTELY SRNI, a.s., Prag	Czech republic	72,43
Kámen Ostromer, s.r.o., Ostromer	Czech republic	100,00
KIP, a.s., Prag	Czech republic	100,00
Medial Beteiligungs-Gesellschaft m.b.H., Wien	Austria	29,63
Melnická zdravotní, a.s., Prag	Czech republic	100,00
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Wien	Austria	50,12
S IMMO AG, Wien	Austria	10,04

Sanatorium Astoria, a.s., Karlovy Vary	Czech republic	75,06
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Wien	Austria	50,12
SURPMO, a.s., Prag	Czech republic	100,00
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH, Wien	Austria	60,00

Non-consolidated companies

Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Podgorica	Montenegro (Rep.)	100,00
AREALIS Liegenschaftsmanagement GmbH, Wien	Austria	50,00
Beteiligungs- und Immobilien GmbH, Linz	Austria	25,00
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25,00
Bulstrad Health Insurance AD, Sofia	Bulgary	97,00
CAPITOL Spolka z o.o., Warschau	Poland	100,00
DIRECT-LINE Direktvertriebs-GmbH, Wien	Austria	100,00
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	99,99
EXPERTA Schadenregulierungs- Gesellschaft m.b.H., Wien	Austria	100,00
GEO HOSPITALS LLC, Tiflis	Georgia	100,00
HAVLÍČKOVA INVESTMENT a.s.	Czech republic	100,00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Wien	Austria	100,00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje	Macedonia	100,00
Österreichisches Verkehrsbüro Aktiengesellschaft, Wien	Austria	36,58
PAC Doverie AD, Sofia	Bulgary	92,58
Palais Hansen Immobilienentwicklung GmbH, Wien	Austria	43,26
PFG Liegenschaftsbewirtschaftungs GmbH, Wien	Austria	74,64
Renaissance Hotel Realbesitz GmbH, Wien	Austria	40,00
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Wien	Austria	51,00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Wien	Austria	100,00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Wien	Austria	100,00
Senioren Residenz gemeinnützige Betriebsgesellschaft mbH, Wien	Austria	100,00
Towarzystwo Ubezpieczen na Zycie "Polisa - Zycie" Spolka Akcyjna, Warschau	Poland	96,49
Untere Donaulände 40 GmbH & Co KG, Wien	Austria	100,00
Untere Donaulände 40 GmbH, Wien	Austria	100,00
VBV - Betriebliche Altersvorsorge AG, Wien	Austria	23,56
Versicherungsaktiengesellschaft "Kupala", Minsk	Belarus	98,26
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warschau	Poland	100,00
Vienna International Underwriters GmbH, Wien	Austria	100,00
VIG Asset Management investicni spolecnost, a.s.	Czech republic	100,00
WILA GmbH, Wien	Austria	100,00
WNH Liegenschaftsbesitz GmbH, Wien	Austria	100,00
Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	100,00
WSV Vermögensverwaltung GmbH, Wien	Austria	100,00

VIG FUND uzavřený investiční fond, a.s.

Financial Statements

As of 31st December 2013

VIG FUND uzavřený investiční fond, a.s.

Templová 747/5, Prague 1, 110 00

Identification number: 242 20 809

Legal form: joint-stock company

Subject of business: collective investment

Date of Financial Statements: December 31st, 2013

Date of preparation: February 5rd, 2014

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VIG FUND uzavřený investiční fond, a.s.

Templová 747/5, Prague 1, 110 00

Financial Statements as of December 31st, 2013

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VIG FUND uzavřený investiční fond, a.s.Templová 747/5, Prague 1, 110 00
Financial Statements as of December 31st, 2013**A. STATEMENT OF FINANCIAL POSITION***For the year ended 31st December*

<i>In thousands of euro</i>	Note	2013	2012*
Assets			
Non-current assets		167 612	160 654
Investment properties	1.4	136 030	136 870
Shares	1.5	31 582	23 784
Current assets		20 411	12 529
Loans to group entities	1.6	7 989	0
Tax receivables	1.7	4	220
Trade receivables	1.8	611	1 472
Other receivables	1.9	0	15
Cash and cash equivalents	1.10	9 100	7 735
Accrued assets	1.11	2 605	3 087
Other assets		102	0
Total assets		188 023	173 183

* The comparative balances were prepared by the Company on basis as the BBC Building C, s.r.o. was fully consolidated by its parent VIG FUND uzavřený investiční fond, a.s. as at 31 December 2012. This was done to present relevant comparative figures of current year balances. VIG FUND uzavřený investiční fond, a.s. and BB C Building C, s.r.o. merged as of 1st January 2013. For more please refer to 1.3 Operations connected with the opening balance sheet preparation as of the decisive day of merger 1st January 2013.

VIG FUND uzavřený investiční fond, a.s.

Templová 747/5, Prague 1, 110 00

Financial Statements as of December 31st, 2013

STATEMENT OF FINANCIAL POSITION CONTINUED

<i>For the year ended 31st December</i>			
<i>In thousands of euro</i>	Note	2013	2012*
Equity			
Share capital	2.1	-97	-91
Legal reserve	2.2	-18	-16
Capital reserve	2.2	-47 826	-40 799
Revaluation reserve	2.2	-58 725	-58 720
Available for sales reserve	2.2	-460	-469
Retained earnings	2.3	-7 732	-5 445
Total equity		-114 858	-105 540
Liabilities			
Non-current liabilities			
Loans, non-current part	2.4	-66 178	-60 694
Other payables, non-current part	2.5	-73	-135
Current liabilities			
Trade and other payables	2.6	-1 197	-1 193
Provisions	2.7	-133	-138
Accrued liabilities	2.8	-1 806	-1 924
Loans, current part	2.4	-3 516	-3 064
Interest from loans	2.9	-4	-24
Tax payables	2.10	-257	-387
Other payables, current part	2.11	-1	-84
Total liabilities		-73 165	-67 643
Total equity and liabilities		-188 023	-173 183

VIG FUND uzavřený investiční fond, a.s.Templová 747/5, Prague 1, 110 00
Financial Statements as of December 31st, 2013**B. STATEMENT OF COMPREHENSIVE INCOME***Note: prior period lasted for 10 months, i.e. from 1st March 2012 to 31st December 2012.*

<i>For the year ended 31st December</i>			
<i>In thousands of euro</i>	Note	2013	2012
Rental income	3.1	10 252	6 806
Operating costs charged to tenants	3.1	917	64
Operating expenses	3.2	-1 618	-215
Net operating income		9 551	6 655
Other operating income	3.3	68	185
Indirect expenditures	3.4	-802	-841
EBITDA		8 817	5 999
Revaluation of investment property	1.4	-840	64
Operating result (EBIT)		7 977	6 063
Interest income	3.5	2	6
Dividend income	3.6	560	473
Other financing revenues	3.7	88	121
Interest expenses	3.8	-2 563	-1 706
Foreign currency gain/loss	3.9	-52	-30
Other financing expenses	3.10	0	-74
Financial result		-1 965	-1 210
Net result before taxes (EBT)		6 012	4 853
Income tax	3.11	0	-76
Profit or loss after tax		6 012	4 777
Other comprehensive income			
Revaluation of shares, available for sale financial assets, gross	1.5	-9	469
Revaluation of shares, available for sale financial assets, tax	1.5	0	0
Revaluation of shares, available for sale financial assets, net	1.5	-9	469
Other comprehensive income total		-9	469
Total comprehensive income		6 003	5 246

VIG FUND uzavřený investiční fond, a.s.

Templová 747/5, Prague 1, 110 00

Financial Statements as of December 31st, 2013

C. CASH FLOW STATEMENT*Note: prior period lasted for 10 months, i.e. from 1st March 2012 to 31st December 2012.**For the year ended 31st December**In thousands of euro*

	Note	2013	2012
Cash flows from operating activities			
Profit before tax		6 012	4 853
Adjustments to reconcile profit before tax to net cash flows:			
Valuation gains/loss on investment property		840	-64
Change in provisions	3.4	35	-17
Dividend income	3.6	-560	-473
Interest income	3.5	-2	-6
Interest expense	3.8	2 563	1 706
Working capital adjustments			
Decrease/increase in trade and other receivables and accruals		1 318	-265
Decrease/increase in trade, other payables and accruals		-389	240
Income tax paid		216	-904
Net cash flow from/(used in) operating activities		10 033	5 070
Cash flows from investment activities			
Acquisition of businesses, net of cash acquired	1.5	-9 507	-14 012
Proceeds from borrowings - loans provided to group companies	1.6	-7 989	-16 083
Payment of equity of subsidiaries		1 598	0
Dividends received	3.6	560	473
Interest received	3.5	2	6
Net cash from/(used in) investment activities		-15 336	-29 616
Cash flows from financing activities			
Proceeds from borrowings	2.4	9 000	19 000
Redemption of borrowings - repayment of bank loan	2.4	-1 413	-1 340
Redemption of borrowings - repayment of other loans from group companies	2.4	-1 651	-2 982
Proceeds from issue of share capital	2.1, 2.2	7 038	12 040
Dividend paid	2.3	-3 723	0
Interest paid	3.8	-2 583	-2 075
Net cash (used in)/from financing activities		6 668	24 643
Net (decrease)/increase in cash and cash equivalents		1 365	97
Cash and cash equivalents at 1 January 2013/1 March 2012	1.10	7 735	5 330
Cash and cash equivalents at 31 December	1.10	9 100	5 427

VIG FUND uzavřený investiční fond, a.s.

Templová 747/5, Prague 1, 110 00

Financial Statements as of December 31st, 2013

D. STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December

In thousands of euro

	Note	Share capital	Legal reserve	Capital reserve	Revaluation reserve	Available for sales reserve	Retained earnings	Total equity
Opening balance as of 1st March 2012		81	16	28 761	59 310	0	0	88 168
Profit or loss after tax	2.3	0	0	0	0	0	4 777	4 777
Other comprehensive income	2.2	0	0	0	0	469	0	469
Increase of reserves, paid in	2.2	0	0	77	0	0	0	77
Shares issued	2.1	10	0	11 953	0	0	0	11 963
Closing balance as of 31st December 2012		91	16	40 791	59 310	469	4 777	105 454
Impact of merger as of 1st January 2013								
Profit or loss after tax	1.3	0	0	0	0	0	668	668
Revaluation of investment properties BB C Building C, s.r.o.	1.3	0	0	0	13 979	0	0	13 979
Exclusion of shares of BB C Building C, s.r.o.	1.3	0	0	0	-14 569	0	0	-14 569
Increase of reserves, paid in	1.3	0	0	8	0	0	0	8
Total impact of merger as of 1st January 2013		0	0	8	-590	0	668	86
Opening balance as of 1st January 2013		91	16	40 799	58 720	469	5 445	105 540
Profit or loss after tax	2.3	0	0	0	0	0	6 012	6 012
Other comprehensive income	2.2	0	0	0	0	-9	0	-9
Transfer to legal reserve	2.2	0	2	0	0	0	-2	0
Additional adjustment - effect of merger	1.3	0	0	0	5	0	0	5
Shares issued	2.1	6	0	7 027	0	0	0	7 033
Dividend distribution	2.3	0	0	0	0	0	-3 723	-3 723
Closing balance as of 31st December 2013		97	18	47 826	58 725	460	7 732	114 858

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E. GENERAL NOTES

1. INFORMATION CONCERNING THE COMPANY

1.1 Description of the accounting unit

Company: VIG FUND uzavřený investiční fond, 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: Prague 1, Templová 747/5, postcode 110 00
Legal form: joint-stock company („akciová společnost“)
Subject of business: collective investment
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 2013 – 31st December 2013

The Company is a special fund of qualified investors pursuant to Article 56 et seq. of the Act No 189/2004 Coll., on collective investments („Act“).

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. 24838233, having its registered office at Prague 1, Templová 747, post code 110 01, 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. With the decisive day 1st March 2012 the Company (being the acquiring company) merged through a merger by acquisition with VIG BM a.s. (being the acquired company). The merger was registered as of 31st August 2012.

With the decisive day 1st January 2013 the Company (being the acquiring company) merged through a merger by acquisition with BB C Building C, s.r.o. (being the acquired company). The merger was registered as of 31st May 2013.

This transaction involved the entities under common control. It had no impact to the Statement of comprehensive income of the Company. There was only recognition within the balance sheet.

1.3 Statutory bodies in the course of the accounting period

The Board of Directors members are:

Name	Function	From (date)	To (date)
Dipl.-Ing. Caroline Mocker	Board of Directors member	1.3.2012	31.12.2013
Ing. Luděk Marek	Board of Directors member	1.3.2012	31.12.2013
Ing. Mag. Christoph Roiser	Board of Directors member	1.3.2012	31.12.2013

1.4 Employees

The Company has no employees. All Company activities are provided by suppliers.

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1.5 Shareholders

The Company is part of a 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 2013 are as follows:

Shareholder	Share on registered capital		Relationship to the Company
	2013	2012	
VIG-CZ Real Estate GmbH, Vienna	72,619%	72,80%	Parent company
VIG RE zajišťovna, a.s., Prague	4,771%	5,11%	Entity with joint control
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	16,327%	16,16%	Entity with joint control
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Ins. Group, Warsaw	0,617%	0,58%	Entity with joint control
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Ins. Group, Warsaw	0,617%	0,58%	Entity with joint control
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	0,510%	0,48%	Entity with joint control
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	0,823%	0,78%	Entity with joint control
Poist'ovna Slovenskej sporitel'ne, a.s. Vienna Insurance Group, Bratislava	0,617%	0,58%	Entity with joint control
Komunálna poisťovna, a.s. Vienna Insurance Group, Bratislava	0,823%	0,78%	Entity with joint control
KOOPERATIVA poisťovna a.s. Vienna Insurance Group, Bratislava	1,242%	1,17%	Entity with joint control
Wiener Osiguranje Vienna Insurance Group d.d., Zagreb	1,036%	0,98%	Entity with joint control
Total	100,00%	100,00%	

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. The Company decided for this presentation in accordance with the §19a sec. 7 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).

3. ACCOUNTING POLICIES

Functional currency

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

Business operations in foreign currency

The functional currency of the Company is euro (EUR). The Company records foreign currency transactions at the rate of exchange 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. Used foreign currencies are CZK and HUF.

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

FX rates EUR	quantity	31.12.2013	31.12.2012
HUF	1	297,04	292,30
CZK	1	27,425	25,14

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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 2,086 respectively TEUR 4,159. On the other side a decline of rental income would lead to an according reduction of 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 will go down by TEUR 5,493 respectively TEUR 10,646. Again a Yield decrease will result in the opposite effect, namely accordingly higher asset values.

Combination of changes in rental income as well as Yield changes are shown on the table below.

	ERV -5.00 %	12 600 (Relative)	ERV -2.50 %	12 931 (Relative)	ERV 0.00 %	13 263 (Relative)	ERV 2.50 %	13 594 (Relative)	ERV 5.00 %	13 926 (Relative)
Yield (Absolute) -0.50 %		179 270		181 602		183 933		186 264		188 581
Yield (Absolute) -0.25 %		173 238		175 443		177 647		179 851		182 040
Yield (Absolute) 0.00 %		167 604		169 690		171 777		173 863		175 936
Yield (Absolute) 0.25 %		162 328		164 306		166 284		168 261		170 225
Yield (Absolute) 0.50 %		157 378		159 254		161 131		163 008		164 871

ERV = estimated rental value

Determination of fair value

The relevant fair value of investment properties is established, if a value is not indicated by binding purchase agreements, applying above stated valuation method. 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).

Other interest in companies

Other interest in companies are originally valued at their acquisition cost and consequently revaluated at fair value with any change therein recognised in other comprehensive income.

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.

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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.

Borrowing cost

The borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs which occur in connection with the borrowing of funds.

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 are initially recognized at fair value less directly attributable transaction cost. After initial recognition, loans 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 (net realisable value) 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.

Other provisions and contingent liabilities

Other 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. If the cash value of the provision determined on the basis of prevailing market interest rates differs substantially from the nominal value, the cash value of the obligation is stated.

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. 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. Since the Company is a fund in accordance with the Act, it is subject to 0% corporate income tax rate starting with the fiscal period 2015 and 5% for the fiscal period 2014. Due to this fact, long term differences between the tax values of assets and liabilities and their carrying amount in the financial statements will never be materially realized. Therefore, the Company does not recognize deferred tax from investment property.

Operating lease contracts

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

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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. Agreed incentives, such as one-off payments, are not applied. Other incentives, such as rent-free periods or reduced rents for a certain period are applied for some tenants in accordance with the lease contracts.

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 the 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.

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 8.31 (e)]
<p>IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements</p> <p>(Effective for annual periods beginning on or after 1 January 2014; Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.)</p> <p>This Standard is to be applied retrospectively when there is a change in control conclusion.</p>	<p>IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when:</p> <p>(1) it is exposed or has rights to variable returns from its involvements with the investee; (2) it has the ability to affect those returns through its power over that investee; and (3) there is a link between power and returns.</p>	<p>The Company does not expect the new standard to have any impact on the financial statements, since the assessment of control over its current investees under the new standard is not expected to change previous conclusions regarding the Group's control over its investees.</p>

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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 8.31 (e)]
	The new Standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).	
IFRS 11 Joint Arrangements (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively subject to transitional provisions. Earlier application is permitted if IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.)	<p>IFRS 11, <i>Joint Arrangements</i>, supersedes and replaces IAS 31, <i>Interest in Joint Ventures</i>. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.</p> <p>Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows:</p> <ul style="list-style-type: none">- a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement.- A joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement. <p>IFRS 11 effectively carves out from IAS 31 jointly controlled entities those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of equity accounting or proportionate consolidation; they must now always use the equity method in its consolidated financial statements.</p>	The Company does not expect IFRS 11 to have material impact on the financial statements since it is not a party to any joint arrangements.

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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 8.31 (e)]
IFRS 12 Disclosure of Interests in Other Entities2 (Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively, except not required to present comparative information for unconsolidated structured entities for any periods before the first annual period for which IFRS 12 is applied. Earlier application is permitted.)	IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and nonconsolidated structured entities.	The Company does not expect the new Standard will have a material impact on the financial statements.
IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011) are also applied early.)	IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. As well, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The Standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been incorporated into IFRS 10, <i>Consolidated Financial Statements</i> .	The Company does not expect IAS 27 (2011) to have material impact on the financial statements, since it does not result in a change in the entity's accounting policy.
IAS 28 (2011) Investments in Associates and Joint Ventures (Amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early.)	There are limited amendments made to IAS 28 (2008): · <i>Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations</i> applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.	The Company does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.

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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 8.31 (e)]
	<p>· Changes in interests held in associates and joint ventures. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.</p>	
<p>Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities</p> <p>(Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities must also be made.)</p>	<p>The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.</p> <p>The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:</p> <ul style="list-style-type: none"> · not contingent on a future event; and · enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. 	<p>The Company does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.</p>
<p>Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities</p> <p>(Effective for annual periods beginning on or after 1 January 2014; early adoption is permitted; to be applied retrospectively subject to transitional provisions)</p>	<p>The Amendments provide an exception to the consolidation requirements in IFRS 10 and requires qualifying investment entities to measure their investments in controlled entities – as well as investments in associates and joint ventures – at fair value through profit or loss, rather than consolidating them.</p> <p>The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities, must still be consolidated.</p>	<p>The Company does not expect the new standard to have any impact on the financial statements.</p>

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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 8.31 (e)]
	<p>An entity qualifies as an investment entity if it meets all of the essential elements of the definition of an investment entity. According to these essential elements an investment entity</p> <p>(1) obtains funds from investors to provide those investors with investment management services; (2) commits to its investors that its business purpose is to invest for returns solely from appreciation and/or investment income; and (3) measures and evaluates the performance of substantially all of its investments on a fair value basis.</p> <p>The amendments also set out disclosure requirements for investment entities.</p>	
<p>Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets</p> <p>(Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13)</p>	<p>The Amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognised or reversed during the period.</p> <p>The Amendments also require the following additional disclosures when an impairment for individual assets (including goodwill) or cash-generated units has been recognised or reversed in the period and recoverable amount is based on fair value less costs to disposal:</p> <ul style="list-style-type: none"> · the level of IFRS 13 ‘Fair value hierarchy’ within which the fair value measurement of the asset or cash-generating unit is categorised; · for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique together with the reason for making it; · for fair value measurements categorised within Level 2 and Level 3, each key assumption (i.e. assumptions to which recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, discount rate(s) used both in current and previous measurement should be disclosed. 	<p>The Company does not expect the new Standard will have a material impact on the financial statements.</p>

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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 8.31 (e)]
<p>Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting</p> <p>(Effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13)</p>	<p>The Amendments allows hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when the following criteria are met:</p> <ul style="list-style-type: none"> · The novation is made as a consequence of laws or regulations · A clearing counterparty becomes a new counterparty to each of the original counterparties of the derivative instrument · Changes to the terms of the derivative are limited to those necessary to replace the counterparty 	<p>The Company does not expect the new standard to have any impact on the financial statements, since the Company does not apply hedge accounting.</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.

The Company is designed for qualified investors pursuant to Article 56(1) of the Act No 189/2004 Coll., on collective investments (hereinafter Act). The Company is designed for investments by investors who are experienced in trading of the assets in which the Company predominantly invests. The Company is suitable for investors who are ready to keep an investment in the Company for at least 5 years. Third parties give no guarantees with a view to protect investors.

The Company is a fund of qualified investors in terms of the classification of collective investment funds according to risk and type of assets in which it predominantly invests, focusing on direct or indirect real estate investments generating regular income and on investments into liquid assets with lower risk. The Company is not a capital guaranteed fund.

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5. PRINCIPLES OF MANAGING OF COMPANY ASSETS

The assets and liabilities 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 and liabilities is laid down according to IFRS 13. In accordance with the transitional provisions of IFRS 13, the Company has applied the new definition of fair value. The change had no significant impact on the measurements of the Company's assets and liabilities.

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.

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 reviewed by an auditor.

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 assets on the balance sheet.

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

Credit risk	Loans to group entities		Trade receivables		Cash and cash equivalents	
	2013	2012	2013	2012	2013	2012
General allowance	0	0	0	0	0	0
Specific allowance	0	0	40	0	0	0
Past due, not impaired	0	0	6	83	0	0
Neither past due, nor impaired	7 989	0	605	1 389	9 100	7 735

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 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	
	2013	2012	2013	2012	2013	2012
Interest bearing liabilities	3 516	3 064	15 726	13 790	50 452	46 904
Interest from loans	4	24	0	0	0	0
Trade and other payables	1 197	1 193	0	0	0	0
Other payables	1	84	41	103	32	32
Total	4 718	4 365	15 767	13 893	50 484	46 936

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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, but the related costs are also denominated in CZK. 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	
	2013	2012	2013	2012	2013	2012
CZK	2 048	3 440	1 634	1 803	414	1 637
Total	2 048	3 440	1 634	1 803	414	1 637

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.

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. Particularly at the beginning of the Company's existence, the individual real estate assets will make up a significant proportion to all of the Company's assets, and thus an unfavourable development of a price of an individual real estate asset may have a significant impact on the development of the Company's stock prices.

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 of losing the assets placed into custody - The Company's assets are placed into custody with the Depositary, if its nature does not preclude it. Nevertheless the risk of losing those assets may exist, due to insolvency, negligence or wilful act of this party.

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 influence a significant portion of the Company's portfolio. This systematic risk is addressed by diversification, i.e. the distribution of investments.

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Concentration risk - Due to the fact that it is the second financial year of the Company a significant proportion of its revenues is obtained by one individual tenant and the majority of its properties are all of the same usage (retail), which leads to a concentration risk. The acquisition of an additional property as well as one subsidiary in 2013 resulted in a decline of the concentration risk already. Furthermore this risk is being reduced (a) by additional acquisitions which will lead to a higher degree of diversification of customer and usage and (b) by the fact that the Company's assets are all buildings in a good state of preservation in very good locations well diversified in geographical respect.

Risk of dissolution of the Company for reasons laid down by law – The Company may be dissolved, for example by reasons of a decision on a merger or a division of the Company, equity lower than CZK 50,000,000, liquidation of the Company.

Risks associated with construction defects – Immovable property may be affected by construction defects, which may take the form of, for example hidden defects or defects that occur after a longer period of time. This risk may be reduced by hiring good construction supervisors and by contractual liability for defects. These defects may lead to a reduction of the immovable property value and the increased costs of repairs, etc.

Risks associated with the defects of movables – Movables may be affected by defects, for example by hidden defects or defects that occur after a longer period of time. If a defect occurs in movables which are part of a group of items that generates regular profit, the performance of the entire group of movables may be affected. This risk may be reduced by contractual liability for defects and by ensuring that the warranty and post-warranty service is of a good quality. These defects may lead to a reduction in the value of movables and the groups thereof and the increased costs of repairs, etc.

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.

Risks associated with a lower degree of inspection by the Depositary – In accordance with Article 21(4) of the Act, the Investment Company has arranged a lower degree of Depositary's inspection in the depository contract for the Company. This risk may particularly lead to deficiencies in the activities the inspection of which by the Depositary has been precluded and replaced with inspection by the Investment Company or the Investment Manager.

F. NOTES TO THE FINANCIAL STATEMENTS

1.1 General information on the financial statements

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

The opening financial information is shown as of 1st January 2013, which is the decisive day of merger of the Company with BB C Building C, s.r.o. The comparative information is given as of this date and it represents the opening balances of the Company after the merger, apart from the exceptions stated in 1.2 Additional information to the comparative financial information.

The accounting period for 2013 is a twelve month period from 1st January 2013 to 31st December 2013.

The Company does not prepare consolidated financial statements as it is, including its subsidiaries, part of consolidation by its ultimate parent.

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

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1.2 Additional information to the comparative financial information

Statement of financial position: Data from the opening balance sheet of VIG FUND uzavřený investiční fond, a.s. as of 1st January 2013 were used as the comparative information and have been identified as 2012.

Statement of comprehensive income: Data from the separate financial statements of VIG FUND uzavřený investiční fond, a.s. as of 31st December 2012 were used as the comparative information and have been identified as 2012. Comparative information is used for prior period which lasted for 10 months, i.e. from 1st March 2012 to 31st December 2012.

Cash flow statement: Data from the separate financial statements of VIG FUND uzavřený investiční fond, a.s. as of 31st December 2012 were used as the comparative information and have been identified as 2012. Comparative information is used for prior period which lasted for 10 months, i.e. from 1st March 2012 to 31st December 2012.

1.3 Operations connected with the opening balance sheet preparation as of the decisive day of merger 1st January 2013

The Company (being the acquiring company) took over the assets, liabilities and equity of BB C Building C, s.r.o. (as the being acquired company) in the amount and structure, as arose from the financial statements as of 31st December 2012. There are special opening balance sheet operations, which were realized during the opening balance sheet preparation:

Ownership relations:

- the Company registered a 100 % share in BB C Building C, s.r.o. in assets row "Shares" of the closing balance sheet in the amount of TEUR 14,569. This value has been excluded during the opening balance sheet preparation as follows:
 - a value of TEUR 14,569 has been excluded from assets row "Shares",
 - a value of TEUR 14,569 has been excluded from equity row "Revaluation reserve".

Mutual receivables and payables:

- Between the Company and BB C Building C, s.r.o. existed a mutual receivable/payable as of 31st December 2012 because of a loan provided by the Company to BB C Building C, s.r.o. The Company registered in assets row "Loans to group entities" of the closing balance sheet the amount of this loan as TEUR 16,083. BB C Building C, s.r.o. registered the loan in the liabilities row "Loans, current part" in the amount of 16,082 TEUR. During the opening balance sheet preparation has been this mutual relation excluded:
 - From the opening balance sheet assets row "Loans to group entities" in the amount of TEUR 16,083
 - From the opening balance sheet liabilities row "Loans, current part" in the amount of TEUR 16,082.
- The amount of TEUR 1 in the closing balance sheet of the Company assets row "Loans to group entities" has been transferred on a row "Other receivables" to ensure fair asset registration, because these receivables (despite of a connection with the above mentioned loan of BB C Building C, s.r.o.) is not related to group entities. This receivable has been fully paid in January 2013.

Other operations:

A value of the registered capital of BB C Building C, s.r.o. in the total amount of TEUR 8, shown in the closing balance sheet of BB C Building C, s.r.o. in the equity row "Share capital" has been transferred to equity row "Capital reserve". The profit of 2012 of BB C Building C, s.r.o. in the amount of TEUR 668 has been transferred to equity row "Retained earnings".

Revaluation of investment property of BB C Building C, s.r.o. in accordance with IFRS has also been registered in the opening balance sheet. The revaluation has been shown in the amount of TEUR 13,979:

- in assets row "Investment properties",
- in equity row "Revaluation reserve".

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All these operations reflect the table stated bellow.

	VIG FUND 31.12.2012	BBC-C 31.12.2012 with IFRS revaluation	Mutual receivables / payables	Special operations	Opening balance sheet VIG FUND as of 1.1.2013
<i>Assets</i>					
Non-current assets	146 023	29 200	0	-14 569	160 654
Investment properties	107 670	29 200	0	0	136 870
Shares	38 353	0	0	-14 569	23 784
Current assets	24 940	3 671	-16 082	0	12 529
Loans to group entities	16 083	0	-16 083	0	0
Tax receivables	220	0	0	0	220
Trade receivables	890	582	0	0	1 472
Other receivables	0	14	1	0	15
Cash and cash equivalents	5 427	2 308	0	0	7 735
Accrued assets	2 320	767	0	0	3 087
Total assets	170 963	32 871	-16 082	-14 569	173 183
<i>Equity</i>					
Share capital	91	8	0	-8	91
Legal reserve	16	0	0	0	16
Capital reserve	40 791	0	0	8	40 799
Revaluation reserve	59 310	13 979	0	-14 569	58 720
Available for sales reserve	469	0	0	0	469
Retained earnings	4 777	668	0	0	5 445
Total equity	105 454	14 655	0	-14 569	105 540
<i>Liabilities</i>					
Non-current liabilities	60 694	135	0	0	60 829
Loans, non-current part	60 694	0	0	0	60 694
Other payables	0	135	0	0	135
Current liabilities	4 815	18 081	-16 082	0	6 814
Trade and othes payables	31	1 162	0	0	1 193
Provisions	0	138	0	0	138
Accrued liabilities	1 342	582	0	0	1 924
Loans, current part	3 064	16 082	-16 082	0	3 064
Interest from loans	24	0	0	0	24
Tax payables	270	117	0	0	387
Other payables, current part	84	0	0	0	84
Total liabilities	65 509	18 216	-16 082	0	67 643
Total equity and liabilities	170 963	32 871	-16 082	-14 569	173 183

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1.4 Investment properties

The development of the fair value of investment properties is shown below:

Investment properties	Total
Balance as of 1st March 2012	107 606
Revaluation	64
Balance as of 31st December 2012	107 670
Effect of merger as of 1st January 2013	29 200
Balance as of 1st January 2013	136 870
Revaluation	-840
Balance as of 31st December 2013	136 030

The market value of the properties assigned as collateral for external financings totals to TEUR 136,870 as of 1st January 2013 and TEUR 136,030 as of 31st December 2013.

1.5 Investments – shares

Subsidiary	Field of activity	Country of operation	Equity share		Investment			
			2013	2012	2013	Changes	Revaluations	2012
HUN BM Kft.	rental properties	Hungary	100%	100%	5 532	-1 598	644	6 486
SK BM s.r.o.	rental properties	Slovakia	100%	100%	16 645	-	-653	17 298
HAVLÍČKOVA INVESTMENT a.s.	rental properties	Czech Republic	100%	0%	9 405	9 405	0	0
Total					31 582	7 807	-9	23 784

During the reported period the share capital of the Company's subsidiary HUN BM Kft. has been increased in the amount of TEUR 0.6 and subsequently has been decreased in the amount of TEUR 0.4. Simultaneously the equity of HUN BM Kft. has been decreased in the amount of TEUR 1,598. The value of the share has been affected by these movements in the equity of HUN BM Kft. This transaction has no impact to the Statement of comprehensive income of the Company.

The shares in HUN BM Kft. and SK BM s.r.o. are pledged in favor of the subsidiaries' creditors.

Further, on 23rd December 2013 the Company acquired 100 % share in the company HAVLÍČKOVA INVESTMENT a.s.

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

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1.6 Loans to group entities

Related party	2013	2012
HAVLÍČKOVA INVESTMENT a.s.	7 989	0
Total	7 989	0

The opening balance as of 1st January 2013 does not contain any subordinated loans to the group entities.

Further the Company acquired HAVLÍČKOVA INVESTMENT a.s. as of 23rd December 2013. In connection with the acquisition, the Company provided HAVLÍČKOVA INVESTMENT a.s. with a loan amounting to TEUR 7,989.

1.7 Tax receivables

	Tax receivables		
	2013	change	2012
Income tax	0	-207	207
Deferred tax	4	-9	13
Total	4	-216	220

The income tax receivable relates to advance payments of corporate income tax. During the reported period the advance payments have been disbursed by the Tax Authority.

The opening balance of deferred tax assets in the amount of TEUR 13 results from the tax loss carry forwards. The closing balance of deferred tax assets in the amount of TEUR 4 results from the tax loss carry forwards. For further information see also 3. Accounting policies, part Deferred taxes.

Under current legislation the expected tax rate equals 0% starting 2015.

1.8 Trade receivables

The opening balance of trade receivables includes trade receivables in the amount of TEUR 1,407 and advance payments in the amount of TEUR 65. The closing balance represents trade receivables in the gross amount of TEUR 584 and advance payments in the amount of TEUR 67, most not due on 31st December 2013.

A valuation adjustment is recognised for receivables that are past due, and all uncollectible receivables had been adjusted accordingly as of the balance sheet date. Valuation adjustments in the requested amount are reported in the Statement of comprehensive income in the section "Indirect expenditures".

Age structure of trade receivables as of 31st December

Age structure	2013		2012	
	Acquisition costs total	Valuation adjustment	Acquisition costs total	Valuation adjustment
before due date	605	0	1 389	0
1 - 30 days	1	0	37	0
31 - 180 days	16	-16	23	0
181 - 360 days	25	-20	23	0
overdue more than 1 year	4	-4	0	0
Total	651	-40	1 472	0

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1.9 Other receivables

The opening balance of other receivables in the amount of TEUR 15 includes overpayment of the interest on loan to purchase price and overpayment of the loan repayment of the acquired company BB C Building C, s.r.o. The closing balance does not contain any items.

1.10 Cash and cash equivalents

Cash and cash equivalents include the credit bank balances of bank accounts in the amount of TEUR 9,100 as of 31st December 2013 and TEUR 7,735 as of 1st January 2013, respectively. The Company has no cash on hand.

1.11 Accrued assets

Accrued assets	2013	2012
Pre-paid expenses	1 840	2 053
Estimated receivable	760	945
Accrued income	5	89
Total	2 605	3 087

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

The opening balance of estimated receivables includes services rendered to the Company's subsidiaries – HUN BM Kft. and SK BM s.r.o. in the amount of TEUR 185 and the accruals for the uninvoiced costs in BB C Building C, s.r.o. in the amount of TEUR 760. The closing balance of estimated receivables in the amount of TEUR 760 represents the accruals for the uninvoiced costs in BB C Building C, s.r.o.

The opening balance of accrued income consists of a guarantee fee from the Company's subsidiaries – HUN BM Kft. and SK BM s.r.o. in the amount of TEUR 82 and the rent free revaluation in conjunction with the BB C Building C, s.r.o. The closing balance of accrued income in the amount of TEUR 5 represents the rent free revaluation in conjunction with the BB C Building C, s.r.o.

2.1 Share capital

Type of shares	Number as of		Nominal value	Unpaid
	2013	2012		
registered	12 158 pcs.	11 350 pcs.	200 CZK	0 CZK

As of 31st December 2012 the share capital of the Company recorded in the Commercial Register totaled TCZK 2,270 and consisted of 11,350 shares with a nominal value of CZK 200 per share. All shares are fully paid in and authorised.

During the reported period 808 new shares with a nominal value of CZK 200 were issued. The issue rate consists of two amounts – CZK 200 per share which increased the share capital to the amount of TCZK 2,432 (i.e. TEUR 97) and TEUR 9 per share which constituted share premium amounting to TEUR 7,027 (shown under capital reserve).

All shares are voting shares.

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2.2 Other reserves

Other reserves	2013	2012	Distribution possibility
Legal reserve	18	16	No
Capital reserve	47 826	40 799	Yes
Revaluation reserve	58 725	58 720	No
Available for sales reserve	460	469	No
Total	107 029	100 004	

The legal reserve is made up of mandatory reserves in the amount of TEUR 18. It has been increased by TEUR 2 within the distribution of profit of 2012.

The capital reserve as of 1st January 2013 consisted of share capital of the VIG BM a.s. which was transferred to the capital reserve of the Company as a result of the merger in the amount of TEUR 77, other capital funds in the amount of TEUR 28,761, share premium resulting from the share capital increase in the amount of TEUR 11,953 and the registered capital of the acquired company BB C Building C, s.r.o. in the amount of TEUR 8 (i. e. TCZK 200) which was transferred due to the merger with the decisive day 1st January 2013 from share capital to capital reserve. During the reported period the capital reserve increased by the amount of TEUR 7,027 which represents the share premium connected with the new shares issued.

The revaluation was carried out in the course of the merger.

The revaluation reserve has been increased by the amount of TEUR 5 for the legal services regarding the acquisition price of share of BB C Building C, s.r.o.

The opening balance of available for sales reserve consists of the other comprehensive income amounting to TEUR 469 arising on the revaluation of the investment in the subsidiaries. The available for sales reserve decreased in the amount of TEUR -9 consisting of the other comprehensive income arising on the revaluation of investments in the subsidiaries.

Revaluation reserve	2013	Changes	2012
Difference from revaluation - assets and liabilities	59 310	0	59 310
Difference from revaluation - investment property	13 979	0	13 979
Excluding of share	-14 564	5	-14 569
Total	58 725	5	58 720

2.3 Retained earnings

The retained earnings include the profit of the reported period after tax amounting to TEUR 6,012 and the profit of the year 2012 amounting to TEUR 1,720.

The profit of the Company for the year 2012 before the merger in the amount of TEUR 4,777 has been distributed as follows: legal reserve has been increased by TEUR 2, the amount of TEUR 3,723 has been distributed in form of dividends and the rest of the profit in the amount of TEUR 1,052 is reported under retained earnings.

The profit of the being acquired company BB C Building C, s.r.o. in the amount of TEUR 668 is reported under retained earnings.

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2.4 Interest bearing liabilities

The structure of the interest bearing liabilities is as follows:

Loans	2013			2012		
	Principal amount	Interest	Total	Principal amount	Interest	Total
Bank loans	29 986	4	29 990	26 399	0	26 399
Loans - group companies	39 708	0	39 708	37 359	24	37 383
Total	69 694	4	69 698	63 758	24	63 782
thereof: short-term	3 516	4	3 520	3 064	24	3 088
thereof: long-term	66 178	0	66 178	60 694	0	60 694

As of 31st December 2013 the terms of interest-bearing liabilities are as follows:

Loan	Signed on	Principal amount	Due date
Investment Loan 1	29.11.2011	48 081	31.12.2026
Investment Loan 2	12.12.2012	18 000	31.12.2024
Investment Loan 3	19.12.2013	9 000	31.12.2025

The agreed interest rate for Investment Loan 1, 2 and Loan 3 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. The principal amount repayments are to be made quarterly started on 31st December 2012 (Loan 1), on 30th June 2012 (Loan 2) and on 30th June 2014 (Loan 3).

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

- Mortgage on the land or the land and building
- Pledge of shares of SK BM, s.r.o., HUN BM, Kft. and HAVLÍČKOVA INVESTMENT a.s.
- 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 financial assets pledged as collateral:

Financial assets pledged as collateral	2013	2012
Investment properties	136 030	136 870
Trade receivables from rental incomes	571	1 334
Cash and cash equivalents	5 655	7 217

2.5 Other payables, non-current part

The other payables, non-current part includes long-term security deposits of the tenants of acquired company BB C Building C, s.r.o. in the amount of TEUR 73 and TEUR 135 in 2013 and 2012, respectively.

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2.6 Trade and other payables

The position is made up of the 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	2013	2012
Accounts payable - inland	69	42
Accounts payable - foreign	36	2
Advanced payments	1 092	1 149
Total	1 197	1 193

Age structure of accounts payable as of 31st December

Age structure	2013			2012		
	Accounts payable - inland	Accounts payable - foreign	Advanced payments	Accounts payable - inland	Accounts payable - foreign	Advanced payments
before due date	44	33	1 092	28	1	1 149
< 30 days	25	3	0	9	0	0
<60 days	0	0	0	5	0	0
<90 days	0	0	0	0	0	0
<120 days	0	0	0	0	1	0
Total	69	36	1 092	42	2	1 149

2.7 Provisions

Provisions	Corporate income tax provision	Other provisions	Total
	2012	0	138
Use	0	0	0
Release	0	0	0
Creation	0	7	7
Effect of FX variance	0	-12	-12
	2013	0	133
thereof: short-term	0	0	0
thereof: long-term	0	133	133

Other provisions relate to the planned donation of the part of investment property in the BB C Building C, s.r.o. to the city of Prague, specifically sewerage and water series.

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2.8 Accrued liabilities

Accrued liabilities	2013	2012
Accrued revenues	1 055	1 052
Accrued expenses	0	82
Estimated payables	751	790
Total	1 806	1 924

The accrued revenues represent rent and service charges revenue invoiced in advance amounting to TEUR 1,055 and TEUR 1,052 in 2013 and in 2012, respectively.

Opening balance of accrued expenses consisted of fee for pledge of shares from the Company's subsidiaries – HUN BM Kft. and SK BM s.r.o. During the reported period all these accrued expenses have been settled and according to the termination of the relevant agreements are not applicable as of 31st December 2013.

Estimated payables mainly represent estimates for expected additional costs in connection with the acquisition of Havlíčkova Investment, a.s. in the amount of TEUR 177 and for the unreceived invoices for provision of services as follows:

Estimated payables	2013	2012
legal consulting	75	165
other consultancy	216	432
accounting	21	4
tax advisory	61	30
regular services (management fee, depositary fee, etc.)	47	139
audit	16	20
service charges, media, repairs	133	0
interests from loans	5	0
estimated increase of purchase price	177	0
Total	751	790

2.9 Interest from loans

The opening balance of interest from loans amounting to TEUR 24 represents unpaid interest from loans provided by group companies. The interest was calculated for the period from 19th to 31st December 2012 and was paid during the reported period. For further information see also 2.4 Interest bearing liabilities. The closing balance of interest from loans amounting to TEUR 4 represents unpaid interest from loans provided by the bank.

2.10 Tax payables

The opening balance of tax payables consists of the liabilities for value added tax for November and December 2012 in the amounts of TEUR 129 and TEUR 258, respectively. The closing balance of tax payables amounting to TEUR 257 represents the liabilities for value added tax for December 2013.

2.11 Other payables, current part

The opening balance presents increased purchase price of BB C Building C, s.r.o. share in the amount of TEUR 84. The other payables represent the obligation to the seller. The amount of TEUR 84 has been repaid during the reported period. The closing balance of other payables, current part amounting to TEUR 1 represents the payable connected with the BB C Building C.

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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 14,663 and TEUR 15,800 as of 31st December 2013 and 31st December 2012, respectively.

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

Underlying loans	1 year	1 - 5 years	more than 5 years
Interest bearing liabilities SK BM & HUN BM	1 128	4 512	9 023

2.13 Financial instruments

The values of financial assets and liabilities are as follows:

Financial instruments	2013		2012	
	carrying amount	fair value	carrying amount	fair value
Financial assets:				
Shares	31 582	31 582	23 784	23 784
Loans to group entities	7 989	7 989	0	0
Tax receivables	4	4	220	220
Trade receivables	611	611	1 472	1 472
Other receivables	0	0	15	15
Cash and cash equivalents	9 100	9 100	7 735	7 735
Total	49 286	49 286	33 226	33 226
Financial liabilities:				
Loans, non-current part	-66 178	-66 178	-60 694	-60 694
Loans, current part	-3 516	-3 516	-3 064	-3 064
Interest from loans	-4	-4	-24	-24
Trade and other payables	-1 197	-1 197	-1 193	-1 193
Other payables, non-current part	-73	-73	-135	-135
Other payables, current part	-1	-1	-84	-84
Total	-70 969	-70 969	-65 194	-65 194

Shares are originally valued at their acquisition cost and consequently revaluated at fair value reflecting into other comprehensive income. The fair value measurement is based on discounted cash flow models. The preparation of the appraisals is based on other observable inputs such as applied yield (Level 2 of fair value hierarchy).

Tax, trade and other receivables are generally considered to be current or are carried net of any necessary valuation adjustments and, for this reason, fair value reflects the carrying amount. The same applies to cash and cash equivalents.

Carrying amount of the loans is shown as fair market value as there is no significant difference between fair market value and carrying amount as contractual conditions in principle reflects present market conditions.

Interest, trade and other payables approximates the carrying amount.

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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	2013	2012
Rental income	10 252	6 806
Operating costs charged to tenants	917	64
Total	11 169	6 870

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	2013	2012
not later than one year	10 287	8 319
between 1 and 5 years	29 873	30 152
more than 5 years	54 945	68 412

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	2013	2012
Energy consumption	623	0
Repairs	250	0
Facility management	103	18
Property management	49	0
Insurance	34	19
Easement	214	178
Real estate tax	75	0
Other	270	0
Total	1 618	215

In 2013 a flood caused damages which lead to additional unexpected repair costs.

3.3 Other operating income

The Company generates other revenues from rendering of services to its subsidiaries:

Other operating income	2013	2012
services to SK BM, s.r.o.	40	155
services to HUN BM, Kft.	28	30
Total	68	185

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3.4 Indirect expenditures

Indirect expenditures	2013	2012
Management fee	501	423
Custodian fee	50	25
Audit and legal fees	98	212
Administration fees	87	167
Bank charges	3	4
Other services	28	27
Provisions	35	-17
Total	802	841

Investment management fees are presented by the management fee of VIG Asset Management investiční společnost, a.s. in the amount of TEUR 501 and TEUR 423 in 2013 and 2012, respectively.

Custodian fees are created by the depository fee of the depository bank in accordance with the depository contract in the amount of TEUR 50 and TEUR 25 in 2013 and 2012, respectively.

Other services mainly represent rent fees and services for rent and valuation.

Provisions represent the change in provision from the planned donation of the part of investment property in the BB C Building C, s.r.o in the amount of TEUR -5 and the valuation adjustment to the trade receivables in the amount of TEUR 40. For further information see also 2.7 Provisions and 1.8 Trade receivables, respectively.

3.5 Interest income

Interest income represents the credit interest from current bank account in the amount of TEUR 2 and TEUR 6 in 2013 and 2012, respectively.

3.6 Dividend income

Dividend income represents the revenue from long-term financial assets. The share of profit from SK BM s.r.o. has been paid to the Company as of 9th December 2013 in the amount of TEUR 560 and as of 12th December 2012 in the amount of TEUR 473, respectively.

3.7 Other financing revenues

The Company generates other financing revenues from guarantee fee in the amount of TEUR 88 and TEUR 63 in 2013 and 2012, respectively.

The 2012 balance of other financing revenues consists also of reduction of purchase price of acquired company BB C Building C, s.r.o in the amount of TEUR 58.

3.8 Interest expenses

Interest expenses amount to TEUR 2,563 and TEUR 1,706 in 2013 and 2012, respectively. Thereof TEUR 1,497 relates to interest to related parties in 2013, and TEUR 751 in 2012.

For further information see also 2.4 Interest bearing liabilities.

3.9 Foreign currency gain/loss

Foreign currency loss amounts to TEUR 52 and TEUR 30 in 2013 and 2012, respectively.

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3.10 Other financing expenses

2012 balance of other financing expenses mainly represent fee for pledge of shares in the amount of TEUR 63. For further information see also 2.8 Accrued liabilities. There were no fees for pledge of shares in 2013.

3.11 Income tax

The following table shows details on other finance costs:

Other finance costs - Corporate income tax	2013	2012
Income tax on ordinary activities - due	-9	6
Income tax on ordinary activities - deferred	9	70
Total	0	76

The additional CIT return for the year 2011 has been filed during the reported period and the tax in the amount of TEUR -9 has been refunded to the Company.

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

Income tax	2013	2012
Net result before tax	6 012	4 853
Corporate income tax rate	5%	5%
Expected tax	301	243
Tax reconciliation:		
Adjustment to Czech GAAP	-148	-108
Tax depreciation adjustment	-121	-42
Non-deductible expenses	6	5
Amounts deducted from tax	-1	-4
Non-taxable income	-28	-24
Foreign exchange differences	0	6
Other changes	-9	0
Current Income tax	0	76
Effective tax rate in %	0,00	1,57

3.12 Segmental information

Since the Company holds direct investments in retail stores and offices exclusively, its equity instruments are neither traded in a public market nor there is any process of filing its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market, therefore in accordance with IFRS 8 is no segmental information for the reported period.

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3.13 Related party information

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

Transactions with the parent company	2013	2012
STATEMENT OF FINANCIAL POSITION		
Accrued liabilities	18	0
Interest bearing liabilities	39 708	37 359
Interests from loans	0	24
STATEMENT OF COMPREHENSIVE INCOME		
Interest expenses	-1 497	-724
Insurance paid	-34	-19

Transactions with entities with common or significant influence	2013	2012
STATEMENT OF FINANCIAL POSITION		
Accrued liabilities	35	37
STATEMENT OF COMPREHENSIVE INCOME		
Indirect expenditures	-512	-426
Other financing revenues	12	0

The Company has three subsidiaries: SK BM, s.r.o., HUN BM, Kft. and HAVLÍČKOVA INVESTMENT a.s.

Transactions with the subsidiaries	2013	2012
STATEMENT OF FINANCIAL POSITION		
Shares	1 598	0
Loans to group entities	7 989	0
Accrued assets	0	267
Accrued liabilities	0	82
STATEMENT OF COMPREHENSIVE INCOME		
Other operating income	68	0
Dividend income	560	473
Other financing revenues	76	248
Interest expenses	0	-27
Other financing expenses	0	-63

The Company registered one more subsidiary as of 31st December 2012 which was the BB C - Building C, s.r.o. The Company granted to BB C - Building C, s.r.o. a loan amounting to TEUR 16,083 which was reported in the row Loans to group entities of the above table. During the opening balance sheet preparation the loan has been excluded with the payable of the BB C - Building C, s.r.o. For further information see also 1.3 Operations connected with the opening balance sheet preparation as of the decisive day of merger 1st January 2013.

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.

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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, decides 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.

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.

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I. SUBSEQUENT EVENTS

On 23rd December the Company acquired 100 % of the shares of HAVLÍČKOVA INVESTMENT a.s. This company will be merged into the Company with decisive day 1st January 2014. The merger is not registered in the Commercial Register at the date of the financial statements.

February 27th, 2014


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