VIG FUND uzavřený investiční fond, a.s.

Auditor's report
and consolidated financial statements
31 December 2012

in accordance with International Financial Reporting Standards as adopted by the European Union

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Independent Auditor's Report to the Shareholders of VIG FUND uzavřený investiční fond, a.s.

We have audited the accompanying consolidated financial statements of VIG FUND uzavřený investiční fond, a.s., which comprise the consolidated statement of financial position as of 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to these consolidated financial statements including a summary of significant accounting policies and other explanatory notes. Information about VIG FUND uzavřený investiční fond, a.s. is set out in Note 1 to these consolidated financial statements.

Statutory Body's Responsibility for the Consolidated Financial Statements

The statutory body of VIG FUND uzavřený investiční fond, a.s. is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of VIG FUND uzavřený investiční fond, a.s. as of 31 December 2012, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Prague
21 October 2014

KPMG Česká republika Audit

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

Roger Gascoigne
Partner

Jindřich Vašina
Partner
Licence number 2059

VIG FUND uzavřený investiční fond, a.s.

Consolidated Financial Statements

for the year ended 31 December 2012

VIG FUND uzavřený investiční fond, a.s.
Templová 747/5, Prague 1, 110 00
Identification number: 242 20 809
Legal form: joint-stock Group
Subject of business: collective investment
Date of Consolidated Financial Statements: December 31st, 2012
Date of preparation: October 8rd, 2014

CONTENT

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31st December *In thousands of euro*	**Note**	**31st December 2012**	**1st March 2012**
Assets			
Non-current assets		**174 100**	**145 219**
Investment properties	1.4	174 100	145 219
Current assets		**15 317**	**10 955**
Tax receivables	1.5	257	121
Trade receivables	1.6	1 589	796
Other receivables	1.7	15	0
Cash and cash equivalents	1.8	10 636	7 740
Accrued assets	1.9	2 820	2 298
Total assets		**189 417**	**156 174**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

For the year ended 31st December *In thousands of euro*	Note	31st December 2012	1st March 2012
Shareholders´ Equity			
Share capital	2.1	-91	-81
Legal reserve	2.2	-16	-16
Capital reserve	2.2	-40 831	-28 801
Transaction reserve	2.2	-54 686	-54 686
Retained earnings	2.3	-4 455	0
Total equity		**-100 079**	**-83 584**
Liabilities			
Non-current liabilities		**-75 704**	**-64 165**
Loans, non-current part	2.4	-75 569	-64 165
Other payables, non-current part	2.5	-135	0
Current liabilities		**-13 634**	**-8 425**
Trade and other payables	2.6	-1 200	-14
Provisions	2.7	-173	-827
Accrued liabilities	2.8	-1 863	-1 045
Loans, current part	2.4	-3 981	-817
Interest from loans	2.4	-24	-496
Tax payables	2.9	-6 302	-5 178
Other payables, current part	2.10	-91	-48
Total liabilities		**-89 338**	**-72 590**
Total equity and liabilities		**-189 417**	**-156 174**

B. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME for the 10 month period 2012

For the year ended 31st December		
In thousands of euro	**Note**	**31st December 2012**
Rental income	3.1	**9 252**
Operating costs charged to tenants	3.1	**64**
Operating expenses	3.2	**-224**
Net operating income		9 092
Other operating income	3.3	**27**
Indirect expenditures	3.4	**-1 018**
Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses (EBITDA)		8 801
Revaluation of investment property	1.4	**-307**
Operating result (EBIT)		**7 794**
Interest income	3.5	**13**
Other financing revenues	3.6	**14**
Interest expenses	3.7	**-2 256**
Foreign currency gain/loss	3.8	**-30**
Other financing expenses		**-24**
Financial result		**-2 283**
Net result before taxes (EBT)		**5 511**
Income tax	3.9	**-1 056**
Consolidated profit or loss after tax		**4 455**

C. CONSOLIDATED CASH FLOW STATEMENT for the 10 month period 2012

In thousands of euro	Note	2012
Cash flows from operating activities		
Profit before tax		5 511
Adjustments to reconcile profit before tax to net cash flows:		
Valuation gains/loss on investment property		307
Change in provisions		-654
Dividend income		0
Interest income		-13
Interest expense		2 256
Working capital adjustments		
Decrease/increase in trade and other receivables and accruals		-1 535
Decrease/increase in trade, other payables and accruals		2 256
Income tax paid		-925
Net cash flow from/(used in) operating activities		7 506
Cash flows from investment activities		
Acquisition of businesses, net of cash acquired		-28 503
Proceeds from borrowings - loans provided to group companies		0
Payment of equity of subsidiaries		0
Dividends received		0
Interest received		13
Net cash from/(used in) investment activities		-28 490
Cash flows from financing activities		
Proceeds from borrowings		19 000
Redemption of borrowings - repayment of bank loan		-1 990
Redemption of borrowings - repayment of other loans from group companies		-2 442
Proceeds from issue of share capital		12 040
Dividend paid		0
Interest paid		-2 728
Net cash (used in)/from financing activities		23 880
Net (decrease)/increase in cash and cash equivalents		2 896
Cash and cash equivalents 1 March 2012		7 740
Cash and cash equivalents at 31 December		10 636

D. STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

For the year ended 31st December *In thousands of euro*	**Note**	**Share capital**	**Legal reserve**	**Capital reserve**	**Transaction reserve**	**Retained earnings**	**Total equity**
Opening balance as of 1st March 2012		**81**	**16**	**28 801**	**54 686**	**0**	**83 584**
Profit or loss after tax	2.3	0	0	0	0	4 455	**4 455**
Other comprehensive income	2.2	0	0	0	0	0	**0**
Increase of reserves, paid in	2.2	0	0	77	0	0	**77**
Shares issued	2.1	10	0	11 953	0	0	**11 963**
Closing balance as of 31st December 2012		**91**	**16**	**40 831**	**54 686**	**4 455**	**100 079**

E. GENERAL INFORMATION

1. INFORMATION CONCERNING THE GROUP

1.1 Description of the Company

The Company:	VIG FUND uzavřený investiční fond, a.s.
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 Group („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 March 2012 – 31st December 2012

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 Group has entrusted the management of its assets to investment Group 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 merged through a merger by acquisition with VIG BM a.s.. The merger was registered as of 31st August 2012.

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	31.12.2012
Ing. Luděk Marek	Board of Directors member	1.3.2012	31.12.2012
Ing. Mag. Christoph Roiser	Board of Directors member	1.3.2012	31.12.2012

The Supervisory Board members are:

Name	Function	From (date)	To (date)
Dr. Martin Simhandl	Supervisory Board member	1.3.2013	31.12.2012
Mag. Gerald Weber	Supervisory Board member	1.3.2012	17.4.2012
Gary Wheatley Mazzotti	Supervisory Board member	17.4.2012	31.12.2012
Mag. Roland Gröll	Supervisory Board member	1.3.2012	31.12.2012

1.4 Employees

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

1.5 Shareholders

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

The shareholders as of 31st December 2012 are as follows:

Shareholder	Share on registered capital	Relationship to the Group
VIG-CZ Real Estate GmbH, Vienna	72,80%	Parent Company
VIG RE zajišťovna, a.s., Prague	5,11%	Entity with joint control
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	16,16%	Entity with joint control
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Ins. Group, Warsaw	0,58%	Entity with joint control
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Ins. Group, Warsaw	0,58%	Entity with joint control
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	0,48%	Entity with joint control
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	0,78%	Entity with joint control
Poist'ovna Slovenskej sporitel'ne, a.s. Vienna Insurance Group, Bratislava	0,58%	Entity with joint control
Komunálna poistovna, a.s. Vienna Insurance Group, Bratislava	0,78%	Entity with joint control
KOOPERATIVA poistovna a.s. Vienna Insurance Group, Bratislava	1,17%	Entity with joint control
HELIOS Vienna Insurance Group d.d., Zagreb	0,98%	Entity with joint control
Total	**100,00%**	

2. ACCOUNTING PRINCIPLES

The consolidated financial statements of the Group were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Group decided for this presentation in accordance with the §19a sec. 7 of the Accounting Act as stated in the Arcticles of Association. The consolidated financial statements are presented in thousands of Euro (rounded according to the commercial rounding method).

3. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (all together „the Group") as at 31 December each year. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

The consolidated financial statements of the Group include the following companies which are fully consolidated:

Name of company	Country	Ownership in %	Consolidation
BB C - Building C, s.r.o.	CZ	100	Yes
HUN BM Kft.	HU	100	Yes
SK BM s.r.o.	SK	100	Yes
INPROX SZKF Ingatlanforgalmazó és Ingatlanhasznosító Kft	HU	100	Yes
Inprox-X, spol. s r. o.	SK	100	Yes

In December 2012 the Company acquired the shares in BB C – Building C, s.r.o. The subsidiary merged into the Company with the effect of 1st January 2013. As a result, the subsidiary ceased to exist.

INPROX SZKF Ingatlanforgalmazó és Ingatlanhasznosító Kft merged into HUN BM Kft. with the effect of 30th June 2012; Inprox-X, spol. s r. o. merged into SK BM s.r.o. with the effect of 30th June 2012.

4. ACCOUNTING POLICIES

Functional currency
The Group determined Euro as its functional currency in accordance with IAS 21. Even though the Euro is not the currency of the primary economic environment in which the Group operates, the rental prices and service prices are set in Euro. Rental agreements are commonly agreed in Euro in this economic environment. Furthermore, the financing funds are set in Euro, and the receipts from operating activities are also mainly in Euro. As a result the functional currency is Euro.

Business operations in foreign currency
The Group 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 consolidated 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	31.12.2012	1.3.2012
HUF	1	292,30	288,71
CZK	1	25,14	24,84

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 consolidated statement of comprehensive income under "Revaluation of investment property".

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).

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

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

Borrowing cost
The borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs which occure 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 Group uses derivative financial instruments in order to hedge against risks. In particular, the Group 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 Group considered the swap as embedded derivative as it constitutes one unit with the underlying financial instrument. Therefore, the Group does not account for the swap separately from the underlying loan agreement.

Impairment
In accordance with IAS 36, the Group performs impairment tests when there are indications that an asset may be impaired. The Group 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 Group 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 consolidated 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.

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, Hungary and Slovakia. 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 are recognized on all temporary differences between the tax values of assets and liabilities and their carrying amount in the consolidated 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 periods 2012-2014. Due to this fact, long term differences between the tax values of assets and liabilities and their carrying amount in the interim consolidated financial statements will never be materially realized. Therefore, the Group does not recognize deferred tax from investment property.

The Hungarian entities (HUN BM Kft. and INPROX SZKF Ingatlanforgalmazó és Ingatlanhasznosító Kft) are subjects to 10 % corporate income tax rate, the Slovak entities (SK BM s.r.o. and Inprox-X, spol. s r. o.) are subjects to 19 % corporate income tax rate in 2012. Both entities recognize deferred tax from all temporary differences between the tax values of assets and liabilities and their carrying amount.

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

Recognition of revenues
Rental income is recognised on a straight-line basis over the term of the. 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.

Judgments and estimates
When preparing the consolidated financial statements, the Group'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	Content	Effective date
Changes to standards and interpretations		
IFRS 7	Disclosure-Offseting Financial Assets and Financial Liabilities	1st January 2013
IFRS 10 and IAS 27	Consolidated Financial Statements and Separate Financial Statements	1st January 2014
IFRS 11	Joint Arrangements	1st January 2014
IFRS 12	Disclosure of Interests in Other Entities	1st January 2014
IFRS 13	Fair Value Measurement	1st January 2013
IAS 1	Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income	1st July 2012
IAS 12	Deferred Tax: Recovery of Underlying Assets	1st January 2013
IAS 19	Employee Benefits	1st January 2013
IAS 27	Separate Financial Statements	1st January 2014
IAS 28	Investments in Associates and Joint Ventures	1st January 2014
IAS 32	Offsetting Financial Assets and Financial Liabilities	1st January 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1st January 2013

Amendments to **IFRS 7 - Disclosure-Offseting Financial Assets and Financial Liabilities** contain new disclosure requirements for financial assets and liabilities that are:
- offset in the statement of financial position; or
- subject to master netting arrangements or similar agreements.

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:
a. it is exposed or has rights to variable returns from its involvements with the investee;
b. it has the ability to affect those returns through its power over that investee; and
c. there is a link between power and returns.

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, supersedes and replaces IAS 31, Interest in Joint Ventures. 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. Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows:
- 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.

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.

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 unconsolidated structured entities.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. The standard does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that are significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income.

The amendments to **IAS 1**:
- require that an entity presents separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of other comprehensive income are presented before related tax effects, then the aggregated tax amount should be allocated between these sections.
- change the title of the Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income, however, other titles are also allowed to be used.

The amendments to **IAS 12** introduce a rebuttable presumption that the carrying value of investment property measured using the fair value model would be recovered entirely by sale. Management's intention would not be relevant unless the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. This is the only instance in which the presumption can be rebutted.

The amendment to **IAS 19** requires actuarial gains and losses to be recognised immediately in other comprehensive income. The amendment removes the corridor method previously applicable to recognising actuarial gains and losses, and eliminates the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under the requirements of IAS 19. The amendment also requires the expected return on plan assets recognised in profit or loss to be calculated based on rate used to discount the defined benefit obligation.

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, Consolidated Financial Statements.

There are limited amendments made to **IAS 28** (2008):

- Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations 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.
- 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.

The Amendments to **IAS 32** do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.
The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- 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.

The Interpretation **IFRIC 20** sets out requirements relating to the recognition of production stripping costs, initial and subsequent measurement of stripping activity assets.
To the extent that benefits from production stripping are realised in the form of inventory produced, the related production stripping costs are accounted for in accordance with IAS 2 Inventories.
Production stripping costs that improve access to ore to be mined in the future are recognised as a non-current asset if, and only if, all of the following criteria are met:

- it is probable that future economic benefits will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

The stripping activity asset shall be accounted for as an addition to, or as an enhancement of, an existing asset. The stripping activity asset shall initially be recognised at cost while after initial recognition, it shall be carried at either its cost or its revalued amount, less depreciation or amortisation and impairment losses, in the same way as the existing asset of which it is a part. The Interpretation also requires that when the costs of the stripping activity asset and of the inventory produced are not separately identifiable, the entity allocates production stripping costs between the two based on a 'relevant' production measure.

The Group´s management is currently evaluating the effects of these new and revised standards on the financial statements. There are no plans for premature application on a voluntary basis.

5. INVESTMENT OBJECTIVE AND INVESTMENT POLICY

The objective of the Group 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 Group can also invest in this market.

b. liquid assets with lower risk, especially deposits on the bank accounts, money market instruments and bonds.

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

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

The Group 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 Group is not a capital guaranteed fund.

6. PRINCIPLES OF MANAGING OF GROUP´S ASSETS

The assets and liabilities arising from the Group's investment activities are subject to valuation at their fair value. The method of setting the fair value of the Group's assets and liabilities is laid down according to IFRS 13. In accordance with the transitional provisions of IFRS 13, the Group has applied the new definition of fair value. The change had no significant impact on the measurements of the Group'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 Group, are valued in accordance with the Act, on a regular basis, once a year, as of 31st December.

The Group's consolidated financial statements are subject to approval of the General Meeting, in accordance with the Group's Articles of Association. The Group's consolidated financial statements must be audited by an auditor.

7. 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 Group – The credit risk should be primarily based on the failure by entities with payments to the Group to fulfil their obligations.
The Group 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 Group's exposure to credit risk:

Credit risk	Trade receivables	Cash and cash equivalents
General allowance	0	0
Specific allowance	0	0
Overdue with no allowance	83	0
Neither past due, nor impaired	1 506	10 636
Total	**1 589**	**10 636**

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 Group's financial liabilities when they are due. The Group manages its liquidity position by monitoring expected and actual cash inflows and outflows on a regular basis. Further the Group 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
Interest bearing liabilities	4 192	18 302	57 056
Interest from loans	24	0	0
Trade and other payables	1 200	0	0
Other payables	91	103	32
Total	**5 507**	**18 405**	**57 088**

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 Group, are denominated in euro, which is the Group's functional currency. Inflows from service charges are generated in CZK and HUF, but the related costs are also denominated in CZK and HUF, respectively. Therefore, the Group has no significant currency risk exposure.

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

Currency risk	Assets	Liabilities	Net exposure
CZK	3 440	1 803	1 637
HUF	165	30	135
Total	**3 605**	**1 833**	**1 772**

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 Group cannot guarantee achieving the targets set. A previous performance of the Group does not guarantee the same performance in a future period.

Risk of the unstable present value of the securities issued by the Group, due to the asset structure or the method of managing the Group's assets – The volatility of the real estate market and other liquid assets may also lead to the volatility of the value of the Group's shares. Particularly at the beginning of the Group's existence, the individual real estate assets will make up a significant proportion to all of the Group's assets, and thus an unfavourable development of a price of an individual real estate asset may have a significant impact on the development the Group'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 Group'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 Group'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 Group 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 Group'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 Group'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 Group's investment specialisation in certain industries, countries or regions, other parts of the market or certain types of assets – The investment specialisation of the Group 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 Group's portfolio. This systematic risk is addressed by diversification, i.e. the distribution of investments.

Concentration risk - Due to the fact that it is the first financial year of the Group a significant proportion of its revenues is obtained by one individual tenant and the properties are all of the same usage (retail), which leads to a concentration risk. This risk is being reduced (a) by further acquisitions which will lead to additional diversification of customer and usage and (b) by the fact that the Group'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 Group for reasons laid down by law – The Group may be dissolved, for example by reasons of a decision on a merger or a division of the Group, equity lower than CZK 50,000,000, liquidation of the Group.

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 Group has arranged a lower degree of Depositary's inspection in the depository contract for the Group. 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 Group or the Investment Manager.

F. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 General information on the consolidated financial statements

These consolidated financial statements of VIG FUND uzavřený investiční fond, a.s. (together with its subsidiaries hereinafter „the Group") are the financial statements prepared in accordance with International Financial Reporting standards as adopted by European Union.

The accounting period for 2012 is a ten month period from 1st March 2012 to 31st December 2012.

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

1.2 Additional information to the comparative financial information

Statement of comprehensive income: The comparative information is not stated as the Group did not exist before 1st March 2012.

Cash flow statement: The comparative information is not stated as the Group did not exist before 1st March 2012.

1.3 New investment property acquisitions

In December 2012 the Company acquired the building BB C – Building C. The Group holds office building which is let under operating leases.

The fair value of the identifiable assets and liabilities as at the date of acquisition is as follows:

Fair value recognised on acquisition	BB C – Building C
Investment property	29 200
Trade receivables	582
Cash and cash equivalents	2 308
	32 090
Trade payables	1 162
Deferred tax liabilities	117
	1 279
Total identifiable net assets at fair value	**30 811**
Total consideration	**30 811**

The following table shows the full year comprehensive income arising from the new acquisitions for the most recent year:

Expected effect on consolidated statement of comprehensive income	BB C – Building C
Rental income	1 877
Operating costs charged to tenants	257
Operating expenses	-1 291
Impact on net profit	**843**

1.4 Investment properties

The fair value of investment properties is determined based on appraisals prepared by independent property experts on annual basis. 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. The key assumtions used by valuators are the following:

2012	From	To
Capitalization Rate	7.5%	8.25%
Indexation	2.0%	2.0%

Fast majority of investment properties are fully occupied. The total squer meter area rented is 115,036 m^2. Newly acquired investment properties are valued based market value paid for this property by the Group.

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

Investment properties	Total
Balance as of 1st March 2012	**145 219**
New investments 2012	29 200
Other changes in investment properties	-12
Revaluation	-307
Balance as of 31st December 2012	**174 100**

The market value of the properties assigned as collateral for external financings totals to TEUR 174,100 as of 31st December 2012 and TEUR 145,219 as of 1st March 2012.

1.5 Tax receivables

Tax receivables	31st December 2012	change	1st March 2012
Income tax	244	206	38
Deferred tax	13	-70	83
	257	**136**	**121**

The income tax receivable relates to advance payments of corporate income tax.

The opening balance of deferred tax assets in the amount of TEUR 83 results from the tax loss carry forwards. The closing balance of deferred tax assets in the amount of TEUR 13 results from the tax loss carry forwards. For further information see also 3. Accounting policies, part Taxes.

1.6 Trade receivables

The opening balance of trade receivables includes trade receivables in the amount of TEUR 790 and advance payments in the amount of TEUR 6. The closing balance represents trade receivables in the amount of TEUR 1,524 and advance payments in the amount of TEUR 65, most not due on 31st December 2012.

Age structure of trade receivables as of 31st December 2012 and 1st March 2012

Age structure	31st December 2012		1st March 2012	
	Acquisition costs total	Valuation adjustment	Acquisition costs total	Valuation adjustment
before due date	1 475	0	796	0
1 - 30 days	68	0	0	0
31 - 180 days	23	0	0	0
181 - 360 days	23	0	0	0
overdue more than 1 year	0	0	0	0
Total	**1 589**	**0**	**796**	**0**

1.7 Other receivables

The closing balance 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 Group BB C Building C, s.r.o.

1.8 Cash and cash equivalents

Cash and cash equivalents include the credit bank balances of bank accounts in the amount of TEUR 10,636 as of 31st December 2012 and TEUR 7,740 as of 1st March 2012, respectively. The Group has no cash on hand.

1.9 Accrued assets

Accrued assets	31st December 2012	1st March 2012
Pre-paid expenses	2 053	2 251
Estimated receivable	760	0
Accrued income	7	47
Total	**2 820**	**2 298**

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

The closing balance of estimated receivables includes the accruals for the uninvoiced costs in BB C Building C, s.r.o. in the amount of TEUR 760.

The opening balance of accrued income in the amount of TEUR 47 mostly consists of 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 7 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
	31st December 2012	1st March 2012		
registered	11 350 pcs.	10 000 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 1.350 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 2,270 (i.e. TEUR 91) and TEUR 9 per share which constituted share premium amounting to TEUR 11,953 (shown under capital reserve).

All shares are voting shares.

2.2 Other reserves

Other reserves	31st December 2012	1st March 2012	Distribution possibility
Legal reserve	16	16	No
Capital reserve	40 831	28 801	Yes
Transaction reserve	54 686	54 686	No
Total	**95 533**	**83 503**	

The legal reserve is made up of mandatory reserves in the amount of TEUR 16.

Capital reserve as of 1st March 2012 consisted of paid in other reserves in the amount of TEUR 28,761 and equity of the subsidiaries in the amount of TEUR 40.

During the reported period the former share capital of VIG BM a.s. amounting to TEUR 77 (TCZK 2,000) was added to the capital reserve of the Group as a consequence of the above mentioned merger. Further, the share premium from capital increase was added to the capital reserve of the Group amounting to TEUR 11,953.

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

2.3 Retained earnings

The retained earnings include the profit of the reported period after tax amounting to TEUR 4,455.

2.4 Interest bearing liabilities

The structure of the interest bearing liabilities is as follows:

Loans	31st December 2012			1st March 2012		
	Principal amount	Interest	Total	Principal amount	Interest	Total
Bank loans	35 510	0	**35 510**	37 500	240	**37 740**
Other loans	44 040	24	**44 064**	27 482	256	**27 738**
Total	**79 550**	**24**	**79 574**	**64 982**	**496**	**65 478**
thereof: short-term	3 981	24	**4 005**	817	496	**1 313**
thereof: long-term	75 569	0	**75 569**	64 165	0	**64 165**

As of 31st December 2012 the terms of interest-bearing liabilities are as follows:

Loan	Signed on	Principal amount	Already paid	Due date	Interest rate
Investment Loan 1	29.11.2011	48 081	2 322	31.12.2026	4,05%
Investment Loan 2	12.12.2012	18 000	0	31.12.2024	3,95%
Investment Loan 3	29.11.2011	12 526	836	31.12.2026	4,05%
Investment Loan 4	29.11.2011	4 394	293	31.12.2026	4,05%

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

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

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

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

Financial assets pledged as collateral	31st December 2012	1st March 2012
Investment properties	174 100	145 219
Trade receivables from rental incomes	1 451	796
Cash and cash equivalents	10 636	7 740

2.5 Other payables, non-current part

The closing balance of other payables, non-current part includes long-term security deposits of the tenants of acquired company in the amount of TEUR 135.

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 tenats. The detailed information is shown in the following tables:

Trade and other payables	31st December 2012	1st March 2012
Accounts payable	51	11
Advanced payments	1 149	3
Total	**1 200**	**14**

Age structure of accounts payable as of 31st December

Age structure	31st December 2012			1st March 2012		
	Accounts payable - inland	Accounts payable - foreign	Advanced payments	Accounts payable - inland	Accounts payable - foreign	Advanced payments
before due date	49	2	1 149	11	0	3
< 30 days	0	0	0	0	0	0
<60 days	0	0	0	0	0	0
<90 days	0	0	0	0	0	0
<120 days	0	0	0	0	0	0
Total	**49**	**2**	**1 149**	**11**	**0**	**3**

2.7 Provisions

Provisions	Corporate income tax provision	Other provisions	Total
As of 1st March 2012	**729**	**98**	**827**
Use	0	0	0
Release	-729	-98	-827
Creation	0	173	173
As of 31st December 2012	**0**	**173**	**173**
thereof: short-term	0	40	40
thereof: long-term	0	133	133

Other provisions mainly 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.

2.8 Accrued liabilities

Accrued liabilities	31st December 2012	1st March 2012
Accrued revenues	1 052	578
Estimated payables	811	467
Total	**1 863**	**1 045**

The accrued revenues represent rent and service charges revenue invoiced in advance amounting to TEUR 1,052 and TEUR 578 as of 31st December 2012 and as of 1st March 2012, respectively.

Estimated payables mainly represent estimates for the unreceived invoices for provision of services as follows:

Estimated payables	31st December 2012	1st March 2012
legal consulting	174	104
other consultancy	367	15
accounting	4	11
tax advisory	30	8
regular services (management fee, depositary fee, etc.)	213	0
audit	23	6
interests from loans	0	43
taxes	0	261
other	0	19
Total	**811**	**467**

2.9 *Tax payables*

The tax payables consist of the liabilities for value added tax, corporate income tax and deferred tax.

Tax payables	31st December 2012	1st March 2012
Value added tax	459	224
Corporate income tax	149	94
Deferred tax	5 694	4 787
Other taxes	0	73
Total	**6 302**	**5 178**

The following tables show the calculation and changes of deferred tax liabilities:

For the year ended 31st December 2012
In thousands of euro

Property	Book value of long-term assets (land included)	Tax value of long-term assets	Tax rate	Deferred tax	Change of deferred tax
SK BM s.r.o.	28 140	6 724	23%	4 925	952
HUN BM Kft.	9 090	1 404	10%	769	-69
Total	**37 230**			**5 694**	**883**

2.10 Other payables, current part

The opening balance mainly presents increased purchase price of BB C Building C, s.r.o. share. The other payables represent the obligation to the seller. The closing balance of other payables, current part amounting to TEUR 91 represents mainly the payable connected with the BB C Building C.

2.11 Financial instruments

The values of financial assets and liabilities are as follows:

Financial instruments	31st December 2012		1st March 2012	
	carrying amount	fair value	carrying amount	fair value
Financial assets:				
Tax receivables	257	257	121	121
Trade receivables	1 589	1 589	796	796
Other receivables	15	15	0	0
Cash and cash equivalents	10 636	10 636	7 740	7 740
Total	**12 497**	**12 497**	**8 657**	**8 657**
Financial liabilities:				
Loans, non-current part	-75 569	-75 569	-64 165	-64 165
Loans, current part	-3 981	-3 981	-817	-817
Interest from loans	-24	-24	-496	-496
Trade and other payables	-1 200	-1 200	-14	-14
Other payables, non-current part	-135	-135	0	0
Other payables, current part	-91	-91	-48	-48
Total	**-81 000**	**-81 000**	**-65 540**	**-65 540**

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.

3.1 Rental income and operating costs

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

Revenue	2012
Rental income	9 252
Operating costs charged to tenants	64
Total	**9 316**

The Group 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 operating leases as of 31st December is as follows:

Future minimum rental income	2012
not later than one year	13 149
between 1 and 5 years	36 056
more than 5 years	75 642

The total numbers include the future minimum rental income arising from the new acquisitions in the amount of TEUR 5,142 in 2012. The Group 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	2012
Facility management	18
Insurance	20
Easement	186
Total	**224**

3.3 Other operating income

The Group generates other revenues related to the investment properties in the amount of TEUR 27 in 2012.

3.4 Indirect expenditures

Indirect expenditures	2012
Management fee	370
Custodian fee	25
Audit and legal fees	154
Administration fees	205
Bank charges	7
Other services	274
Provisions	-17
Total	**1 018**

Investment management fees are presented by the management fee of VIG Asset Management investiční společnost, a.s. in the amount of TEUR 370.

Custodian fees consist of the depositary fee of the depositary bank in accordance with the depository contract in the amount of TEUR 25.

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

3.5 Interest income

Interest income represents the credit interest from current bank account in the amount of TEUR 13.

3.6 Other financing revenues

The balance of other financing revenues in the amount of TEUR 14 consists of services provided to group entity.

3.7 Interest expenses

Interest expenses amount to TEUR 2,256, thereof TEUR 1,045 relates to interest to related parties.

For further information see also 2.4 Interest bearing liabilities.

3.8 Foreign currency gain/loss

Foreign currency loss amounts to TEUR 30.

3.9 Taxes

The following table shows details on other finance costs:

Other finance costs - Corporate income tax	2012
Income tax on ordinary activities - due	-103
Income tax on ordinary activities - deferred	-953
Total	**-1 056**

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

Income tax	2012
Net result before tax	5 511
Corporate income tax rate	5%
Expected tax	276
Tax reconciliation:	
Permanent differences:	
Adjustment of non-recognition of deferred tax	-178
Tax depreciation adjustment	6
Non-deductible expenses	-25
Amounts deducted from tax	-4
Non-taxable income	-29
Foreign exchange diffences	6
other changes	260
Temporary differences:	
Effect of tax rate in foreign jurisdiction – diferred tax recognized on assets calculated at 23% (SK) and 10 % (HUN) foreign tax rate	745
Tax losses	0
Current Income tax	**1 056**
Effective tax rate in %	**19,17%**

Temporary differences between values in the IFRS consolidated statement of financial position and the corresponding values for tax purposes had the following effects on deferred taxes as shown in the consolidated statement of financial position.

Changes in deferred tax	2012	
	Assets	Liabilities
Investment properties	0	883
Financial instruments	0	0
Tax losses carry forwards	-70	0
Effect to Statement of comprehensive income	**-70**	**883**

3.10 Operating segments

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

The Group has a single group of related services being the rental of investment properties in retail stores and offices exclusively. Segment information is provided on the basis of geographic areas, being the basis on which the Group manages its interests. Revenue is attributed to a country or region based on the location of the Group Group reporting the revenue.

The tables below present segment information on the revised basis, with prior years amended to conform to the current year presentation.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31st December 2012

	2012					
In thousands of euro	CZ	HUN	SK	Total segments	Consolidation	Total
Assets						
Non-current assets	**160 185**	**9 090**	**28 140**	**197 415**	**-23 315**	**174 100**
Investment properties	136 870	9 090	28 140	**174 100**	0	**174 100**
Shares	23 315	0	0	**23 315**	-23 315	**0**
Current assets	**12 529**	**1 847**	**1 228**	**15 604**	**-287**	**15 317**
Tax receivables	220	37	0	**257**	0	**257**
Trade receivables	1 472	40	77	**1 589**	0	**1 589**
Other receivables	15	0	0	**15**	0	**15**
Cash and cash equivalents	7 735	1 750	1 151	**10 636**	0	**10 636**
Accrued assets	3 087	20	0	**3 107**	-287	**2 820**
Total assets	**172 714**	**10 937**	**29 368**	**213 019**	**-23 602**	**189 417**

For the year ended 31st December 2012				2012		
In thousands of euro	CZ	HUN	SK	Total segments	Consolidation	Total
Liabilities						
Non-current liabilities	**-60 830**	**-3 811**	**-11 063**	**-75 704**	**0**	**-75 704**
Loans, non-current part	-60 695	-3 811	-11 063	**-75 569**	0	**-75 569**
Other payables, non-current part	-135	0	0	**-135**	0	**-135**
Current liabilities	**-6 814**	**-1 176**	**-5 992**	**-13 982**	**348**	**-13 634**
Trade and othes payables	-1 193	-7	0	**-1 200**	0	**-1 200**
Provisions	-138	0	-175	**-313**	140	**-173**
Accrued liabilities	-1 924	-86	0	**-2 010**	147	**-1 863**
Loans, current part	-3 064	-291	-626	**-3 981**	0	**-3 981**
Interest from loans	-24	0	0	**-24**	0	**-24**
Tax payables	-387	-792	-5 123	**-6 302**	0	**-6 302**
Other payables, current part	-84	0	-68	**-152**	61	**-91**
Total liabilities	**-67 644**	**-4 987**	**-17 055**	**-89 686**	**348**	**-89 338**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2012				2012		
In thousands of euro	CZ	HUN	SK	Total segments	Consolidation	Total
Rental income	6 806	612	1 834	9 252	0	9 252
Operating costs charged to tenants	64	0	0	64	0	64
Operating expenses	-290	-1	0	-291	67	-224
Net operating income	**6 580**	**611**	**1 834**	**9 025**	**67**	**9 092**
Other operating income	185	27	0	212	-185	27
Indirect expenditures	-884	-123	-196	-1 203	185	-1 018
Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses (EBITDA)	**5 881**	**515**	**1 638**	**8 034**	**67**	**8 101**
Revaluation of investment property	208	-479	-36	-307	0	-307
Operating result (EBIT)	**6 089**	**36**	**1 602**	**7 727**	**67**	**7 794**
Interest income	6	23	21	50	-37	13
Dividend income	473	0	-473	0	0	0
Other financing revenues	63	28	50	141	-127	14
Interest expenses	-1 706	-150	-437	-2 293	37	-2 256
Foreign currency gain/loss	-30	0	0	-30	0	-30
Other financing expenses	0	-28	-56	-84	60	-24
Financial result	**-1 194**	**-127**	**-897**	**-2 216**	**-67**	**-2 283**
Net result before taxes (EBT)	**4 895**	**-91**	**705**	**5 511**	**0**	**5 511**
Income tax	-75	66	-1 047	-1 056	0	-1 056
Profit or loss after tax	**4 820**	**-25**	**-340**	**4 455**	**0**	**4 455**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – COMPARATIVE INFORMATION

As of 1st March 2012	1st March 2012					
In thousands of euro	CZ	HUN	SK	Total segments	Consolidation	Total
Assets						
Non-current assets	**124 921**	**9 851**	**28 045**	**162 817**	**-17 598**	**145 219**
Investment properties	107 606	9 569	28 044	**145 219**	0	**145 219**
Shares	17 315	282	1	**17 598**	-17 598	**0**
Current assets	**14 398**	**2 101**	**2 109**	**18 608**	**-7 653**	**10 955**
Loans to group entities	6 000	1 400	253	**7 653**	-7 653	**0**
Tax receivables	121	0	0	**121**	0	**121**
Trade receivables	677	0	119	**796**	0	**796**
Other receivables	0	0	0	**0**	0	**0**
Cash and cash equivalents	5 331	672	1 737	**7 740**	0	**7 740**
Accrued assets	2 269	29	0	**2 298**	0	**2 298**
Total assets	**139 319**	**11 952**	**30 154**	**181 425**	**-25 251**	**156 174**

As of 1st March 2012	1st March 2012					
In thousands of euro	CZ	HUN	SK	Total segments	Consolidation	Total
Liabilities						
Non-current liabilities	**-48 081**	**-10 394**	**-12 090**	**-70 565**	**6 400**	**-64 165**
Loans, non-current part	-48 081	-10 394	-12 090	**-70 565**	6 400	**-64 165**
Current liabilities	**-3 069**	**-1 541**	**-5 350**	**-9 960**	**1 535**	**-8 425**
Trade and othes payables	-6	-2	-6	**-14**	0	**-14**
Provisions	-747	0	-80	**-827**	0	**-827**
Accrued liabilities	-684	-361	0	**-1 045**	0	**-1 045**
Loans, current part	-1 002	0	-1 097	**-2 099**	1 282	**-817**
Interest from loans	-393	0	-103	**-496**	0	**-496**
Tax payables	-237	-877	-4 064	**-5 178**	0	**-5 178**
Other payables, current part	0	-301	0	**-301**	253	**-48**
Total liabilities	**-51 150**	**-11 935**	**-17 440**	**-80 525**	**7 935**	**-72 590**

3.11 Related party information

Transactions with related parties are carried out at arm's length. The Parent Company is defined in part E 1.5 Shareholders.

Transactions with the parent company	31st December 2012	1st March 2012
STATEMENT OF FINANCIAL POSITION		
Accrued liabilities	0	0
Interest bearing liabilities	44 040	27 482
Interests from loans	24	256
STATEMENT OF COMPREHENSIVE INCOME		
Interest expenses	-1 155	0
Insurance paid	-19	0

Transactions with entities with common or significant influence	31st December 2012	1st March 2012
STATEMENT OF FINANCIAL POSITION		
Accrued liabilities	37	18
STATEMENT OF COMPREHENSIVE INCOME		
Indirect expenditures	-426	0

G. INFORMATION ON THE DISTRIBUTION OF PROFIT

If the Group 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 Group assets, as part of the Group's financial management.

The General Meeting of the Group 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 Group shareholders' shares as at the date of the dividend payment determined to that end by the Group's General Meeting. The Group 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 Group 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 Group's General Meeting is four years after the elapse of the due date.

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

H. DATA ON SECURITIES ISSUED BY THE GROUP

The Group 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 Group'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 Group'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 Group, is the same.

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

I. SUBSEQUENT EVENTS

The Group is going to acquire the building HAVLÍČKOVA in 2013. The market value of the property totals to TEUR 17,600 as of the day of acquirement.

October 21th, 2014

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