

VIG FUND uzavřený investiční fond, a.s.

Prospectus of unsubordinated fixed rate Notes issued in the nominal value of EUR 32,000,000 due 2034 ISIN: CZ0003704280

This document constitutes a prospectus (the "**Prospectus**") for the admittance to trading of EUR 32,000,000 unsubordinated, henceforth to be secured in favour of a security agent (the "**Security Agent**"), fixed rate Notes due 26 November 2034, in a nominal amount (the "**Nominal Amount**") of EUR 100,000 (one hundred thousand Euros) each (the "**Notes**" or the "**Issue**") issued by VIG FUND uzavřený investiční fond, a.s., with its registered office at Templová 747/5, Prague 1, Postal Code 110 00, Czech Republic, Id. No. 242 208 09, a company incorporated under the laws of the Czech Republic, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File No.: 17896 (the "**Issuer**" or the "**Company**").

The Notes shall bear interest at a fixed rate of 4.05 % *per annum*. Interest on the Notes shall be payable semi-annually on 26 May and 26 November of each year. The first interest payment shall be due on 26 May 2015. Unless redeemed early or repurchased by the Issuer in accordance with the terms and conditions of the Notes which are included in Section 7 of this Prospectus (the "**Terms and Conditions**"), the Notes shall be fully repaid on 26 November 2034. The Notes will be offered for subscription and purchase on the basis of the relevant exceptions stated in Section 35(2) of the Capital Markets Act.

The Noteholders (as defined below) may, under certain conditions as set forth in the Terms and Conditions, require early redemption of the Notes. The Issuer shall be entitled to purchase the Notes at any time on the market or otherwise at any price.

In all cases, the payments in respect of the Notes shall be made in accordance with the legal regulations of the Czech Republic in effect at the time of the relevant payment. In the event that the applicable laws of the Czech Republic require this to be at the time of redemption or payment of interest, the relevant taxes and charges shall be withheld from the payments to the Noteholders. The Issuer shall not be obligated to pay any additional amounts as compensation for such withholding taxes or charges to the Noteholders.

Investors should consider the risk factors related to investing in the Notes. Risk factors that the Issuer regards as important in relation to its ability to fulfil its obligations under the Notes vis-à-vis the Noteholders are specified in Section 2 "Risk Factors".

This Prospectus has been drawn up for the purpose of the admission of the Notes to trading on the Regulated Market (as defined below) of the Prague Stock Exchange ("**PSE**"). This Prospectus does not represent a public offer for the purchase of any Notes. The Notes issued under this Prospectus will be placed privately. The distribution of this Prospectus and the offering, sale or purchase of the Notes is restricted by law in some countries. The Notes have not been permitted or approved by any administrative body of any jurisdiction with the exception of the Czech National Bank (the "**CNB**").

This Prospectus has been approved by the decision of the CNB No. 2014/61006/CNB/570, Sp. zn. S-Sp-2014/33/CNB/572 on 18 November 2014, which became legally effective and binding on 19 November 2014.

The Issuer has applied for the admission of the Notes to trading on the Regulated Market of the PSE. The estimated costs related to the process of the admission of the Notes to listing and trading on the Regulated Market of the PSE amount to CZK 50,000 (fifty thousand Czech Crowns). The estimated costs related to the Issue, including the total costs related to the process of the admission of the Notes to listing and trading on the Regulated Market of the PSE, amount approx. to EUR 350,000 (three hundred fifty thousand Euro).

The ISIN of the Notes is CZ0003704280.

If there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of the Notes and which arises or is noted between the time when this Prospectus is approved and the time when trading on a regulated market begins, the Issuer shall prepare a supplement to this Prospectus and shall supply to the CNB and the PSE such number of copies of such supplement hereto as relevant applicable legislation requires. Any supplement to this Prospectus needs to be approved by the CNB. Once the decision of the CNB approving the supplement of this Prospectus has been made, the Issuer will publish the approved supplement of this Prospectus in the same manner as it has published this Prospectus.

This Prospectus, any amendments thereto and the annual reports of the Issuer published after the date of this Prospectus will be available in electronic form on the Issuer's web page www.vigam.cz and may be obtained at the registered office of the Issuer at Templová 747/5, Prague 1, Postal Code 110 00, Czech Republic, on Business Days during the regular office hours from 9 am to 4 pm (for more details see Section 1 of this Prospectus (the "**Important Notices**")).

The Notes can only be offered to and purchased by qualified investors as defined in Section 272 of the AIFIC.

Lead Manager, Listing Agent and Security Agent

Česká spořitelna, a.s.

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1. IMPORTANT NOTICES

This Prospectus is a prospectus within the meaning of Section 36 of the Capital Markets Act. No state authority or body, with the exception of the Czech National Bank, has approved this Prospectus.

No person has been authorised to give any information or to make any representation in connection with the issue or sale of the Notes other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Lead Manager. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither the Czech Republic nor any of its institutions, ministries or political bodies (state or local administration authorities) provides a guarantee or any other security for the obligations of the Issuer including obligations arising per the Notes.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restriction. The Notes have not been and will not be, in particular, registered under the Securities Act 1933. The Notes may not be offered, sold or delivered within the United States or to US persons except in certain transactions permitted by US tax regulations and the Securities Act 1933. Persons who will receive this Prospectus will be responsible for the observance of the restrictions applicable to the offering, purchase or sale of the Notes or the possession and distribution of any materials related to the Notes in individual countries. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see Section 6 "Subscription and Sale".

The information included in the Sections "**Taxation in the Czech Republic**", "**Foreign Exchange Regulation in the Czech Republic**" and "**Enforcement of Civil Liabilities against the Issuer**" is based on the state as of the date of this Prospectus, and that was obtained from public sources. Besides, the information contained in these Sections cannot be considered an indicator of future trends due to the significant political, economic and other structural changes in the Czech Republic in the recent years. All potential Noteholders should rely exclusively on their own analyses of the factors stated in those chapters and upon the opinion of their own legal, tax and other professional advisors.

The Lead Manager has not independently verified the information contained in this Prospectus and makes no representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any financial statements supplied in connection with the Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer or the Lead Manager that any recipient of this Prospectus or any financial statements contained herein should purchase the Notes. Each potential purchaser of the Notes should

determine for itself the relevance of the information contained in this Prospectus or any financial statements and its purchase of the Notes should be based upon any such investigation as it deems necessary. The Lead Manager does not undertake to review the financial condition or affairs of the Issuer during the term of the Notes, nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Lead Manager.

Investors are advised to consult the provisions of all applicable legal regulations of the countries of their residence and other relevant states, in particular the foreign exchange and tax regulations of the Czech Republic, and likewise all applicable international treaties and their effect on the specific investment decisions with their legal and other advisors.

Investors are encouraged to inform themselves continuously about all laws and other legal regulations relating to the holding of the Notes, to sales of the Notes into foreign countries, to the purchase of the Notes by foreigners as well as regards every other transaction with the Notes, and to observe all laws and regulations.

This Prospectus, any supplements thereto, all annual reports of the Issuer and copies of auditor or review reports which have been prepared concerning the Issuer will be available for inspection for free to all interested persons on Business Days during regular office hours at the registered office of the Issuer at Templová 747/5, Prague 1, Postal Code 110 00, Czech Republic.

The financial statements of the Issuer will also be available in electronic form on the web page of the Issuer www.vigam.cz.

Any projections and prospects concerning the future development of the Issuer its financial situation, scope of business activities or position on the market may not be considered a declaration or binding pledge of the Issuer concerning future events or results because these future events or results will fully or partially depend on circumstances or events, which the Issuer may not directly or fully influence. Those prospectively interested in the purchase of the Notes should make their own analysis of any development trends or outlook specified in this Prospectus and, as the case may be, perform other independent investigation, and base their investment decisions on the results of such independent analyses and investigation.

Unless provided otherwise hereinafter, all financial data of the Issuer derive from the IFRS as adopted by the European Union. Certain values specified herein have been rounded. This means, among other things, that the values stated for the same information item may differ slightly at various places and the values stated as totals of certain values might not be the arithmetic total of the values, from which they proceed.

Certain expressions are defined in Section 24 "List of Definitions, Terms and Abbreviations Used".

The English wording of this Prospectus shall be decisive in the event of an interpretation discrepancy between the English wording of this Prospectus and any wording of this Prospectus as translated into another language.

PUBLIC OFFER OF NOTES. The Issuer does not intend to make any public offering of the Notes in the Czech Republic or abroad. This Prospectus has been drawn up for the purpose of the admission of the Notes to trading on the Regulated Market of the PSE. The Issuer and authorized persons will offer the Notes for subscription and purchase on the basis of the relevant exceptions

stated in Section 35(2) of the Capital Markets Act. The Notes can only be offered to and purchased by qualified investors as defined in Section 272 of the AIFIC. The Nominal Amount of a Note equals to EUR 100,000 (one hundred thousand Euros). The Issuer has not authorized and does not intend to authorize the Lead Manager or other persons to offer the Notes publicly and requests all Noteholders not to make any public offering of the Notes within the meaning of applicable laws and to observe all statutory restrictions concerning the Notes offer in the Czech Republic and abroad. This Prospectus does not include prospectus summary within the meaning of the Prospectus Directive in accordance with Section 36(2) of the Capital Markets Act.

2. RISK FACTORS

Investors should consider carefully the risks set forth below and the other information contained in this Prospectus prior to making any investment decision with respect to the Notes. Investors should note that the risks described below are not the only risks the Issuer faces. The Issuer has described only those risks relating to its business, operations, financial condition or prospects that it considers to be material and of which it is currently aware. There may be additional risks that the Issuer currently considers not to be material or of which it is currently not aware, and any of these risks could have the effects set forth above.

Investors should also read the detailed information set out elsewhere in this Prospectus and should consult with their own professional advisers (including their financial, accounting, legal and tax advisers) and reach their own views prior to making any investment decision.

Words and expressions defined in the Section entitled "Terms and Conditions of the Notes" shall have the same meanings in this Section "Risk Factors".

2.1 Risk factors related to the Notes

2.1.1 General risks related to the Notes

The Notes may not be a suitable investment for investors if they do not have sufficient knowledge and/or experience in the financial markets and/or access to information and/or financial resources and liquidity to bear all the risks of an investment and/or a thorough understanding of the Terms and Conditions of the Notes and/or the ability to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment.

Each potential investor in the Notes must determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of an investment into the Notes and assess the information included in this Prospectus or in any of its amendments or appendices, directly or by reference;
- (b) have access to, and knowledge of adequate analytical tools to evaluate in the context of his specific financial situation, the investment into the Notes and its effect on his overall investment portfolio;
- (c) have sufficient financial resources and liquidity in order to be prepared to bear all the risks of the investment into the Notes;
- (d) fully understand the terms and conditions of the Notes (in particular the Terms and Conditions of the Notes and this Prospectus);
- (e) be able to evaluate (either himself or with the support of a financial advisor) possible scenarios of the future development of the economy, interest rates or other factors that might affect his investment and his ability to bear the eventual risks.

2.1.2 Interest rate risk

The Notes are fixed rate notes. A holder of fixed rate notes is exposed to the risk of a decline in the value of such notes as a result of a change in the market interest rates. While the nominal interest rate of the Notes is fixed for the term of the Notes, the current interest rate on the capital market for issues of the same maturity ("**Market Interest Rate**") typically changes on a daily basis. As the Market Interest Rate changes the price of the Notes also changes, but in the opposite direction. If the Market Interest Rate rises, the price of the Notes typically declines until the yield on the Notes is approximately equal to the Market Interest Rate. If the Market Interest Rate declines, the price of the Notes typically rises until the yield on the Notes approximately equals the Market Interest Rate.

2.1.3 Liquidity risk

Application has been made to admit the Notes to trading on the Regulated Market of the Prague Stock Exchange. Regardless of whether the Notes are listed or not, there can be no assurance that a liquid secondary market for the Notes will develop or, if it does develop, that it will continue. The fact that the Notes may be listed does not necessarily lead to a greater liquidity as compared to unlisted Notes. If the Notes are not listed on any stock exchange, pricing information for such Notes may, however, be more difficult to obtain, which may adversely affect the liquidity of the Notes. In an illiquid market a Noteholder might not be able to sell its Notes at any time at fair market prices or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are sensitive to interest rate, currency or market risk, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Generally, these types of Notes would have a more limited market and more price volatility than conventional debt securities. Given that the Notes can only be offered to and purchased by qualified investors as defined in Section 272 of the AIFIC, the number of potential investors into the Notes will be substantially limited. As a result, the limited number of potential investors may negatively affect the liquidity of the Notes, as there may be insufficient number of investors being able to purchase the Notes. Consequently, a Noteholder may have difficulties with finding a suitable purchaser of the Notes if it decides to sell the Notes. Illiquidity may have material adverse effect on the market value of the Notes.

2.1.4 Market price risk

Noteholders are exposed to the risk of unfavorable developments in the market price of the Notes. The market for the Notes may be limited and the Notes could trade at prices that might be higher or lower than the initial issue price depending on many factors, including:

- changes in the Market Interest Rate;
- general investor perceptions relating to investment instruments located or traded in the Czech Republic, the CEE region and/or emerging and developing markets generally;

- changes in the public perception or expectations regarding the operating results, the financial condition or future financial performance of the Issuer;
- announcements of differences between the expected and actual operating or financial results of the Issuer;
- regulatory actions that affect the business of the Issuer;
- the performance of competitors and announcements by the Issuer or competitors of significant events, such as contracts, acquisitions, joint ventures, capital commitments, new product offerings or changes in pricing policies;
- general volatility of the Czech securities markets and of other emerging securities markets;
- the market depth and liquidity for the Notes;
- announcements by third parties of significant claims or proceedings against the Issuer; and
- other events or factors, many of which are beyond the control of the Issuer.

2.1.5 The Issuer may be unable to list the Notes on the PSE

The Issuer intends to take all the necessary steps to ensure that the Notes are admitted to trading on the Regulated Market of the PSE as soon as possible after the offering of the Notes. However, there is no guarantee that all of the conditions for listing will be met and that the Notes will be admitted to trading on the Regulated Market of the PSE on the expected date.

2.1.6 Trading in the Notes may be suspended and/or the Notes may be excluded from trading on the Regulated Market of the PSE

The PSE has the right to suspend trading in listed notes if the issuer of the notes fails to comply with PSE's regulations (such as, specific disclosure requirements) or if such suspension is necessary to protect the interests of market participants or the orderly market functioning is temporarily endangered. There can be no assurance that trading in the Notes will not be suspended. Any suspension of trading could materially adversely affect the Notes' trading price.

Moreover, if an issuer of notes which are listed on the PSE fails to fulfil certain requirements or obligations under the applicable laws and regulations and/or if the orderly stock exchange trading, the safety of the trading there on or the investors' interests are endangered, the notes can be excluded from trading on the PSE. In particular as regards the PSE, the Notes could be excluded from trading when, among others: (i) the transferability of the Notes is restricted or (ii) there is such instruction by the CNB, or (iii) early redemption of the Notes has been announced. There can be no assurance that such a situation will not occur in relation to the Notes.

2.1.7 The Issuer may be unable to redeem the Notes

The investors are exposed to the credit risk of the Issuer. Under certain conditions the Notes or a part thereof may/will become redeemable and the Issuer will be required to repay the Notes or a part thereof. The Issuer may not have sufficient liquid funds and may not be able to arrange re-financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes may also be limited by the terms of other debt instruments. In other words, investors are subject to the risk of a partial or total failure of the Issuer to pay the Interest and/or Redemption Payments (as defined in the Terms and Conditions of the Notes) that the Issuer is obliged to make under the Notes. The worse the creditworthiness of the Issuer, the higher the risk of loss (see also "Risk Factors related to the Issuer" under Article 2.2 below). A materialization of the credit risk may result in partial or total failure of the Issuer to make Interest and/or Redemption Payments on the Notes.

2.1.8 Early Redemption risk

In certain events specified in the Terms and Conditions, the Notes may be redeemed prior to their maturity date. If the Notes are redeemed prior to their maturity date, the Noteholders are exposed to the risk of a lower yield than expected due to such early redemption. Moreover, such redemption may take place at the moment when the yield of comparable notes on the capital markets is reduced, which means that the investor may not be able to reinvest the redeemed yields in notes with a comparable yield.

2.1.9 Risks associated with resolutions of Noteholders

As the Terms and Conditions of the Notes provide for resolutions of Noteholders, certain rights of a Noteholder may be amended or reduced or even cancelled by way of resolutions, which could affect the Noteholder negatively.

As the Terms and Conditions provide for resolutions of Noteholders, a Noteholder is subject to the risk of being outvoted by a majority resolution of the Noteholders. As such majority resolution properly adopted is binding on all Noteholders, certain rights of such Noteholder against the Issuer under the Terms and Conditions of the Notes may be amended or reduced or even cancelled.

2.1.10 Risks associated with appointment of Common Proxy

As the Terms and Conditions of the Notes provide for the appointment of a joint representative, a Noteholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes against the Issuer. The Terms and Conditions of the Notes provide for the appointment of a joint representative, the Common Proxy (as defined below), by a qualified majority (in particular a three-fourths vote) resolution of the Noteholders. Thus, it is possible that a Noteholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes against the Issuer, such right passing to the Common Proxy who is then exclusively responsible to claim and enforce the rights of all Noteholders.

2.1.11 Taxation risks

Any potential investor in the Notes should be aware of the fact that he may be forced to pay taxes or other claims or charges in accordance with the laws and customs of the state in which the Notes are assigned, or any other state relevant in the situation concerned. In certain states, there may not be any official tax offices' opinions or judgments on financial instruments, like the Notes, available. When purchasing, selling or redeeming the Notes, investors should not rely on the brief summary of the tax issues included in this Prospectus but should consult their own tax adviser for more information about the tax consequences of acquiring, owning and disposing of the Notes in their particular circumstances. Potential investors should be aware that any changes of the applicable tax laws or regulations may result in the yield of the Notes being lower than they expected and/or that, as at the maturity date of the Notes or the date on which the Notes will be sold by an investor, the investor may receive a lower amount than the amount originally expected by the investor.

The Noteholders are responsible for all tax duties that may arise from any payments in relation to the Notes regardless of jurisdiction, government or regulatory body, state body, local tax requirement or fees. The Issuer will not compensate the Noteholders for any taxes, fees and other expenses that the Noteholders will incur in accordance with payments on the Notes.

2.1.12 Legality of purchase

Potential investors in the Notes should be aware of the fact that the purchase of the Notes may be subject to legal restrictions affecting the validity of their acquisition. The Issuer and the Lead Manager do not have or assume any responsibility for the legality of the acquisition of the Notes by the investors, whether or not in accordance with the laws of the state (jurisdiction) of its incorporation or the state (jurisdiction) where it is active (if different). Potential investors may not rely on the Issuer or the Lead Manager in connection with their decision-making concerning the legality of the Notes acquired.

2.1.13 Amendments of laws

The Terms and Conditions of the Notes are governed by Czech law effective as at the date of this Prospectus. No guarantee may be provided as concerns the effects of any judgment or amendment of Czech law or administrative practice after the date of this Prospectus. It is only and exclusively the Issuer who shall be responsible for liabilities arising from the issued Notes. No other person is responsible for these liabilities nor has any person provided a guarantee for them.

2.1.14 Limitation

Any claim arising under the Notes shall be statute-barred and becomes unenforceable unless made within ten (10) years from the date on which such claim first becomes due.

2.1.15 The Noteholders receive payments on the Notes in EUR and may be subject to currency risk

Because the Notes are denominated in EUR and also the interest payable on the Notes is calculated and paid out in EUR, investors, who have an income or assets in a currency other than EUR or who do not require the proceeds from the Notes in EUR, may be subject to a currency risk, since they are exposed to changes in currency exchange rates, which can reduce the yield on the Notes. Such changes in currency exchange rates generally depend on factors over which the Issuer and the Noteholders have no control, such as macroeconomic factors, speculative transactions and interventions by central banks and governments and the supply of and demand for the relevant currencies. In recent years, rates of exchange for certain currencies have been highly volatile, and such volatility may be expected to continue in the future. However, fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations in the rate that may occur during the term of the Notes.

Furthermore, there is a risk that authorities with jurisdiction over the currency, in which an investor's financial activities are denominated principally, may impose or modify exchange controls. Such exchange controls could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal at all.

2.1.16 If a loan or credit is used to finance the acquisition of the Notes, such loan or credit may significantly increase the volume of a possible loss

If a loan is used to finance the acquisition of the Notes by an investor and the Notes subsequently default, or if the trading price diminishes significantly, the investor may not only have to face a potential loss of its investment (if the Noteholder is not able to recover such loss by a security), but it will also have to repay the loan and pay interest thereon. A loan may significantly increase the volume of a potential loss. Investors should not assume that they will be able to repay the loan or pay interest thereon from the payments on the Notes. Instead, investors should assess their financial situation prior to an investment, as to whether they are able to pay interest on the loan, repay the loan on demand, and that they may suffer losses instead of realising gains.

2.1.17 Due to future money depreciation (inflation), the real yield on the Notes may be reduced

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The lower the rate of inflation, the higher the real yield on the Notes. If the inflation rate is equal to or higher than the nominal yield of the Notes, the real yield of the Notes is zero or even negative.

2.1.18 The Interest to be paid on the Notes is not calculated based on the Nominal Amount of the Notes but on the outstanding nominal amount of the Notes

As the Notes are not fully redeemed at maturity but subject to a redemption plan according to which the Notes are partly redeemed from time to time, the Interest to be paid on the Notes is not calculated based on the Nominal Amount of the Notes but on

the outstanding Nominal Amount of the Notes. Accordingly, Investors may not expect to receive Interest payments based on the Nominal Amount but investors will receive Interest payments based on the outstanding nominal amount. Therefore, the Interest to be paid on the Notes is expected to decrease on each Interest Payment Date and might be significantly less than the product of the Nominal Amount and the Interest Rate.

2.2 Risk factors related to the Issuer

2.2.1 Responsibility for liabilities under the Notes

It is only and exclusively the Issuer who shall be responsible for liabilities arising from the issued Notes. In no event shall any third party be responsible for these liabilities or provide a guarantee for them. Neither the Czech Republic nor any of its state institutions, ministries or other authority or administration or local authority (state or local administration authority) provided a guarantee or any other security for the obligations of the Issuer arising under the Notes.

2.2.2 Responsibility for this Prospectus and data stated therein

Only the persons specified in Section 4 "Persons Responsible" of this Prospectus shall be responsible for this Prospectus and the data stated in this Prospectus. No third person is responsible for this data or has provided a guarantee for them.

2.2.3 The interests of the Issuer's controlling participant may conflict with those of the Noteholders

The Issuer is controlled by its controlling participant VIG-CZ Real Estate GmbH (as specified in Article 10.1 below). The interests of VIG-CZ Real Estate GmbH may, in some circumstances, conflict with the interests of the Noteholders, which may have a material adverse effect on the Noteholders' investment in the Notes.

2.2.4 Development of relevant markets

The issuer is active on the relevant market of investments into the office/retail building real estate properties. The Issuer, as a fund of qualified investors, provides qualified investors with the opportunity to invest in the real estate sector, where also other persons and businesses provide investment opportunities similar to those of the Issuer. The Issuer uses various competitive market positioning strategies to differentiate itself from competitors on the relevant market and enable the Issuer to attract potential investors. Although the position of the Issuer on the relevant market might be considered fair and stable, it wholly depends on a number of variables. Thus, the Issuer can not guarantee that it will be able to keep its position on the relevant market. The Issuer competes with many other businesses engaged in real estate investment activities for the acquisition of the premium office/retail building real estate properties, including local, regional and national acquirers of office/retail building real estate properties. The competition for office/retail building real estate properties may significantly increase the price the Issuer might pay for a facility or property it seeks to acquire and the Issuer's competitors may succeed in acquiring those facilities or properties themselves. In addition, sellers of properties with whom the Issuer attempts to do business may find the

Issuer's competitors to be more attractive because they may have greater resources, may be willing to pay more for the properties or may have a more compatible business philosophy. In particular, larger real estate investment trusts may enjoy significant competitive advantages that result from, among other things, a lower cost of capital and enhanced operating efficiencies. In addition, the number of entities and the amount of funds competing for suitable investment properties may increase. This competition may result in increased demand for these assets and therefore increased prices paid for them. If the Issuer pays higher prices for office/retail building real estate properties, its business, financial condition and results of operations and its ability to make distributions under the Notes may be materially adversely affected.

2.2.5 Risk of loss of key personnel

Key personnel of the Issuer and/or of the Issuer's shareholders, i.e. members of management and especially senior management, assist in the creation and implementation of the key strategies of the Issuer. Their activity is crucial for the overall management of the Issuer and its shareholder(s) and their ability to introduce and implement these strategies. The Issuer and its shareholder(s) cannot guarantee their ability to keep and motivate these key personnel. A potential loss of parts of its key personnel could adversely affect the Issuer's business, its economic results and financial situation.

2.2.6 Dependence of the Issuer on the real estate lease

The Issuer operates exclusively in the real estate business and its economic results are dependent on continued existence of tenants willing and being able to pay the rent for their leases. Should a termination of lease agreements (by expiration or otherwise) or significant loss of tenants occur, the economic and financial situation of the Issuer could be negatively affected as a result. As at the date of this Prospectus, the largest tenant, i.e. BAUMAX ČR s.r.o., is accountable for approximately 33% of the consolidated net rent income of the Issuer (taking BAUMAX ČR s.r.o., bauMax SR, spol. s.r.o and bauMax Magyarország Kereskedelmi Zártkörűen Működő Reszvenytársaság as companies of one group, the net rent income of the Issuer from tenants of such group would be accountable for approx. 46% of the consolidated net rent income of the Issuer). No special reasons for which the parties to the lease agreements entered into between the Issuer and BAUMAX ČR s.r.o. could terminate the lease agreements prematurely were agreed by the parties. Premature termination of the lease agreements would be however possible by the tenant on the basis of statutory termination reasons and / or by the Issuer on the basis of statutory termination reasons and / or the termination reasons agreed in the lease agreements (e.g. default of the tenant with rent payments; insolvency of the tenant; liquidation of the tenant; breach of certain obligations of the tenant under the lease agreements), in all cases provided that such termination reasons occur prior to the expiration of the lease term. A premature termination of the lease agreements with the largest tenant may, under certain circumstances, negatively affect the income of the Issuer and thus its ability to fulfill its payment obligations under the Notes.

2.2.7 Dependence of the Issuer on the rent payment

The Issuer invests exclusively in the real estate sector and its economic results are to a large extent dependent on a continued existence of tenants willing and being able to pay the rent for their leases. If (i) the tenants default on their payment obligations under the lease agreements, (ii) the lease agreements are terminated (by expiration or otherwise), or (iii) a significant number of the tenants departure, the economic and financial situation of the Issuer could be materially negatively affected as a result. As at the date of this Prospectus, the largest tenant, i.e. BAUMAX ČR s.r.o., is accountable for approximately 33% of the consolidated net rent income of the Issuer (taking BAUMAX ČR s.r.o., bauMax SR, spol. s.r.o and bauMax Magyarország Kereskedelmi Zártkörűen Működő Reszvénytársaság as companies of one group, the net rent income of the Issuer from tenants of such group would be accountable for approx. 46% of the consolidated net rent income of the Issuer). The current corporate, legal and business internal restructuring of the group to which BAUMAX ČR s.r.o. and its affiliated companies belong might under certain circumstances eventually result in a sale or re-lease of the properties of the Issuer currently rented by BAUMAX ČR s.r.o. and/or its affiliated companies. The rent level of any new lease agreements entered into with new tenants in relation to the properties owned by the Issuer may be lower than the current lease terms. In addition, such re-lease may require longer marketing efforts and may be connected with higher expenses. This might lead to a reduced rent income as well as to lower book values of the properties concerned and, in result, to an adverse effect on the Issuer's liquidity.

2.2.8 Risks for the tenants

Risks for tenants of the Issuer (among others including the risk of loss of key personnel of the tenants, risk of compliance with applicable legal rules and risk of competition within the economic competition) directly concern the Issuer. Risk factors threatening the tenants, especially the risks of inability of the tenants to fulfil their payment obligations under the relevant lease agreements, may affect the income of the Issuer from the lease agreements. As a result, the Issuer's ability to fulfil its obligations towards the Noteholders may be negatively affected.

2.2.9 Risk of termination of lease agreements

The lease agreements entered into between the Issuer and individual tenants contain provisions regulating the breach of contract and some lease agreements entered into between the Issuer and individual tenants may contain provisions relating to early termination. Any early termination of lease agreements by one or more tenants could have a material negative impact on the economic situation of the Issuer. The risk of early termination of lease agreements by existing or future tenants poses a risk that the Issuer will not be able, in case of early termination of the lease agreement, to immediately find another tenant willing to enter into a lease agreement under comparable conditions, which could adversely affect the Issuer's business, its economic results and financial situation.

2.2.10 Risk connected with investments performance

The Issuer (and its subsidiaries) holds significant investments to support its liabilities. Its profits will be affected in part by the returns achieved on its investment portfolios. Therefore, changes in interest rates, credit ratings and other economic variables could substantially affect the Issuer's profitability. The portfolio of the Issuer comprises of various properties (real estate) held by the Issuer directly or indirectly through its subsidiaries. The real estate forms approx. 97 % of the asset portfolio of the Issuer. Apart from this, the Issuer held as of 30 June 2014 (date of the latest interim consolidated and non-audited figures) cash and cash equivalents in the approximate total amount of EUR 6,757,000, which forms approx. 3 % of the asset portfolio of the Issuer. The income of the Issuer is dependent on the income from renting of the real estate held by the Issuer. Consequently, in case of any inability of the tenants to fulfil their payment obligations under the relevant lease agreements, the Issuer's ability to fulfil its obligations towards the Noteholders may be negatively affected.

2.2.11 Interest rate risk

The interest rate risk is measured by the extent to which changes of the Market Interest Rates impact margins and net interest income. To the extent that the term structure of interest bearing assets differs from that of liabilities, net interest income will increase or decrease as a result of movements in the Market Interest Rates. If the interest rate risk materializes this could materially negatively affect the Issuer's ability to fulfil its obligations under the Notes.

2.2.12 Liquidity risk

Liquidity risk is the risk that the Issuer will encounter difficulties in meeting obligations from its financial liabilities. The Group relies in particular on rent income to meet a substantial portion of its funding requirements and subject to fluctuation due to factors outside the Group's control, and the Issuer can provide no assurances that it maintain such funding sources in the future. The Group is also exposed to funding liquidity risk, which is an exposure to losses arising out of a change in the cost of refinancing, or from a spread over a certain horizon and confidence level, or from insolvency of counterparties, which may result in difficulties in meeting future payment obligations, either in full, on time or on economically beneficial terms. Any substantial materialization of the liquidity risk could severely negatively affect the Issuer's ability to fulfil its obligations under the Notes.

2.2.13 Exposure to foreign currency risk

Issuer's revenue flow from real estate lease contracts is mostly denominated in EUR. The same applies for service charges payable to the Issuer under the real estate lease contracts. However, the relevant costs of the Issuer for which service charges are paid are denominated in the local currency, as well as local taxes and fees to be paid by the Issuer. As a result, the Issuer is exposed to a foreign currency risk, which could negatively affect the Issuer's ability to fulfil its obligations under the Notes.

2.2.14 Legal and other proceedings

As of the date of this Prospectus, the Issuer is not and has never been a party to a legal dispute or arbitration proceedings which may have, or have had in the recent past, significant effects on the Issuer and/or Group's financial position or profitability. However, the appearance of such disputes in the future may not be excluded.

2.2.15 Risks connected with bankruptcy / insolvency proceedings

In the event that the Issuer is not able to meet its due liabilities, it might become subject to insolvency proceedings. In case that an insolvency proceeding is initiated, the Insolvency Act will apply to the Issuer. In accordance with the Insolvency Act, a debtor finding himself in a situation when he is not able to meet his liabilities, that are more than thirty (30) days overdue, and has more creditors, may be declared bankrupt by a judicial decision. Such a decision may be rendered on the basis of the debtor's own application or on the petition of one or more of his creditors.

As a result of the bankruptcy declaration, the debtor loses the right to legally dispose of and administer its property, rights and interests. For the purposes of supervision over the administration and liquidation of assets belonging to the bankrupt estate, the court shall appoint an insolvency administrator (*insolvenční správce*). The insolvency administrator is entrusted with the administration and liquidation of the bankrupt estate.

The inability of the Issuer to freely dispose of and administer its property may negatively affect the Issuer's ability to fulfil its obligations under the Notes.

2.2.16 Changes in the income tax treatment

The corporate income tax rate currently applicable for the Issuer is 5%. Subject to the enacted corporate income tax law effective as of 1 January 2015, this corporate income tax rate should be reduced to 0%. However, the corporate income tax law amendment currently pending in the Czech parliament may further change this corporate income tax rate. The proposal of the amendment has been already passed by the upper chamber of the Czech parliament. Currently only signature of the president and following publishing in the collection of deeds are missing for finalizing of the legislation process. The income tax rate of 19% would have important influence on the profit of the Issuer in the year in which the change is enforceable, mainly due to deferred tax recognition. The Issuer expects recognition of the deferred tax due to the 19% corporate income tax in the profit for the year 2014. The deferred tax liability in the amount of approximately EUR 19.2 million (based on the interim financial statements as of 30 June 2014) will impact the profit of the year negatively. The changes in the tax treatment of the Issuer may result in a need for restructuring of the Issuer and the Group in order to optimize tax expenses in the future. Such restructuring may result for instance in demerger of the Issuer or a change to a collective investment fund, which could potentially affect the Issuer's ability to fulfil its obligations under the Notes. If any restructuring resulted in the transformation of the Issuer to a collective investment fund, the Issuer would redeem the Notes prior to their maturity date. If the Notes were redeemed prior to their maturity date, the Noteholders would be exposed to the risk of a lower yield than expected due to such early redemption. Moreover, such redemption may take place at the moment when the

yield of comparable notes on the capital markets is reduced, which means that the investor may be able to reinvest the redeemed yields only in notes with a lower yield.

2.2.17 Risks in connection with the European sovereign debt crisis

So far the Issuer has not invested in the European sovereign debt. In case the Issuer invests in the European sovereign debt, it may be affected by the European sovereign debt crisis, and it may be required to take impairments on its exposures to the sovereign debt of certain countries which may negatively affect the Issuer's capacity to make payments under the Notes.

2.2.18 Risks associated with difficult macroeconomic and financial market conditions

Difficult macroeconomic and financial market conditions may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects, which may negatively affect the Issuer's capacity to make payments under the Notes.

2.2.19 Risks in connection with unidentified or unanticipated risks

The Issuer's risk management strategies and internal control procedures may leave it exposed to unidentified or unanticipated risks, which may negatively affect the Issuer's capacity to make payments under the Notes.

2.2.20 Risks in connection with information technology systems

Any failure or interruption in or breach of the Issuer's information technology systems, and any failure to update such systems, may result in lost business and other losses.

2.2.21 The Issuer is exposed to risks in connection with anti-money laundering, anti-corruption and anti-terrorism financing rules

Compliance with anti-money laundering, anti-corruption and anti-terrorism financing rules involves significant costs and efforts and non-compliance may have severe legal and reputational consequences, which may negatively affect the Issuer's capacity to make payments under the Notes.

2.2.22 Operational risks

The Issuer's business entails operational risks, which may negatively affect the Issuer's capacity to make payments under the Notes.

2.2.23 Risks associated with the economic development of the real estate sector

Many of the Issuer's investments may be susceptible to economic slowdowns or recessions, which could lead to financial losses and a decrease in revenues, earnings and assets. An economic slowdown or recession, in addition to other non-economic factors such as an excess supply of properties, could have a material negative impact on the values of the Issuer's investments. For example, during such periods, the Issuer's tenants may not be able to pay their rent, which would reduce the Issuer's rental income and cause the issuer's real estate values to decline. Future developments will largely

depend on how fast the real estate investors' risk appetite will grow and whether such an increase will prove to be sustainable. Real estate investors, however, are still relatively risk-averse and in experience short supply of core real estate property which undermines their investment activity. Also, financial institutions are rather restrained in granting real estate loans. The Issuer may be adversely affected by a slower growth or recession in the real estate sector in which it operates. Such adverse effects may negatively affect the Issuer's business, financial condition and results of operations as well as its ability to make distributions under the Notes.

2.2.24 Ineffective hedging strategies

The Issuer utilises a range of instruments and strategies to hedge risks. Unforeseen market developments may have a significant impact on the effectiveness of hedging measures. Instruments used to hedge interest and currency risks can result in losses if the underlying financial instruments are sold or if valuation adjustments must be undertaken. Gains and losses from ineffective risk-hedging measures can increase the volatility of the results generated by the Issuer, which could have a material adverse effect on the Issuer's business, financial condition and results of operations.

2.2.25 Interpretation of tax rules

There is a risk that the relevant tax laws and tax rules applicable to the Issuer may be interpreted unpredictably by the competent tax authorities which may have potential implications on the financial situation of the Issuer and the Issuer's capacity to make payments under the Notes.

2.2.26 Real estate investments of the Issuer are relatively illiquid and the Issuer's ability to promptly sell properties in its portfolio is limited

The Czech, Polish and Hungarian real estate market is affected by many factors that are beyond the Issuer's control, such as general economic conditions, availability of financing, interest rates and supply and demand that are beyond the Issuer's control. The Issuer cannot predict whether it will be able to sell any property for the price or on the terms set by the Issuer or whether any price or other terms offered by a prospective purchaser would be acceptable to the Issuer. The Issuer also cannot predict the length of time needed to find a willing purchaser and to close the sale of a property. To the extent the Issuer is unable to sell any property for its book value or at all, the Issuer may be required to take a non-cash impairment charge or loss on the sale, either of which would reduce the Issuer's earnings. The Issuer may be required to expend cash to correct defects or to make improvements before a property can be sold. The Issuer cannot assure that it will have cash available to correct those defects or to make those improvements. The Issuer may agree to transfer restrictions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of financing that can be placed or repaid on that property. These transfer restrictions would impede the Issuer's ability to sell a property even if it deems it necessary or appropriate. These facts and any others that would impede the Issuer's ability to respond to adverse changes in the performance of the Issuer's properties may have a material adverse effect on the Issuer's business, financial condition and results of operations.

2.2.27 Investors in the Notes assume the risk that the credit spread of the Issuer widens and that as a consequence the price of the Notes falls

A credit spread is the margin payable by the Issuer to a Noteholder as a premium for the assumed credit risk. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price. Factors influencing the credit spread include, among other things, the creditworthiness of the Issuer, probability of default, recovery rate, the remaining term to maturity of the Notes, etc. The liquidity situation, the general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a positive or negative effect. Investors are exposed to the risk that the credit spread of the Issuer widens resulting in a decrease in the price of the Notes.

2.2.28 The Issuer may not be effective in acquiring and managing real estate investments

The Issuer acquires and, through VIG AM, generally manages its real estate investments. The Issuer's acquisition capabilities depend on its ability to deploy capital to investments meeting the Issuer's standards. Managing these investments requires significant resources, adherence to internal policies and attention to detail. Acquiring and managing investments may also require significant judgment and, despite the Issuer's expectations, the Issuer may make decision that result in losses. If the Issuer is unable to successfully acquire properties on favorable terms, or at all, and the Issuer is ineffective in managing those investments, the Issuer's business, financial condition and results of operations could be materially adversely affected. The risk factors stated here apply to VIG AM, the Issuer's asset manager, to the extent in which VIG AM manages the investments of the Issuer.

2.2.29 The Issuer has no established investment criteria limiting the geographic concentration of its investments

Certain of the Issuer's investments may be located in, or secured by a single property or properties located in, one geographic location and substantial portion of the Issuer's investments may be concentrated in one geographic location. These investments carry the risks associated with significant geographical concentration. The likelihood of the Issuer's investments being concentrated in or secured by a single or multiple properties in one geographic location is greater towards the earlier periods of the Notes offering until the Issuer has raised significant proceeds and made a number of investments. The Issuer has not established and does not plan to establish any investment criteria to limit its exposure to these risks for future investments. As a result, the Issuer's investments may be overly concentrated in certain geographic areas and the Issuer may experience losses as a result. A worsening of economic conditions, a natural disaster or civil disruptions in a geographic area in which the Issuer's investments may be concentrated could have an adverse effect on the Issuer's business.

2.2.30 The Issuer is dependent on investments in a single industry

The Issuer expects to concentrate on investments within the premium office/retail building real estate properties. As a result, the Issuer will be subject to risks inherent to investments in this sector. A downturn or slowdown in the premium office/retail building

real estate sector and/or the real estate industry generally would have a greater adverse impact on the Issuer's business than if the Issuer were targeting investments in multiple industries or real estate sectors.

2.2.31 Risk of insufficient refinancing opportunities

As the Notes are denominated in EUR, the Aggregate Nominal Amount of the Notes is considerably high and the redemption of the Notes is based on a repayment structure with balloon payments, the Issuer is exposed to liquidity and/or refinancing risks. The Issuer may face a liquidity risk if it is unable to fulfill its liabilities under the Notes due to insufficient funds on hand to redeem the Notes according to the Terms and Conditions of the Notes. The Issuer may not be in the position to mitigate the liquidity risk by obtaining a suitable refinancing of the debt under the Notes. The Issuer's ability to fulfill its obligations to redeem the Notes under the Terms and Conditions of the Notes may depend on the Issuer's ability to obtain a suitable refinancing, through debt instruments, credit facilities, loan or otherwise, of the debt under the Notes.

2.2.32 Counterparty risk

Risks arising from the credit quality of the Issuer's counterparties and the recoverability of amounts due from the Issuer's counterparties in transactions and business relations are inherent in the Issuer's businesses. Consequently, the Issuer may incur credit losses or delinquency in debt repayments even in normal economic circumstances. Financial market disruptions or economic recessions may further affect the Issuer's counterparties, negatively affecting their ability to fulfill their obligations vis-à-vis the Issuer. Market and economic disruptions may affect, among other things, business and consumer spending, bankruptcy rates and asset prices creating a greater likelihood that an increased number of the Issuer's counterparties could require less credit or become delinquent in their obligations to the Issuer. As a result, the recoverability and value of the Issuer's assets and may necessitate an increase in the Issuer's provisions for delinquent and defaulted debt and other provisions, which could in turn have a material adverse effect on the Issuer's business and/or its ability to service payments under the Notes.

2.2.33 Developments in foreign markets countries may adversely affect the Issuer's business

The Issuer may operate or acquire real estate in a number of foreign markets and its exposure to such markets has increased in recent years, as the number and importance of investment and trade links between the Czech Republic and foreign markets has increased. Economic, social, legal and political developments in foreign markets, including economic crises, political instability or unfavorable conditions for depositions with real estate, may have a material adverse effect on the Issuer's business and/or its ability to service payments under the Notes.

2.2.34 The level of supervision of the depository of the Issuer may be lower, which might negatively affect the delinquency level of the Issuer

The Issuer, as a fund of qualified investors under Czech law, has a depository, which carries out supervision and control functions over the Issuer's activities in the area of collective investment. The scope of the depository's responsibilities is set out by

applicable law and a depository agreement between the Issuer and the depository. The Issuer agreed with its depository that the level of supervision and control over the Issuer's activities by the depository will be limited to the extent permissible by applicable law. There might be deficiencies in the activities of the Issuer, in respect of which the supervision and control of the depository was precluded and this limited supervision and control may have a material adverse effect on the Issuer's business and/or its ability to service payments under the Notes.

2.2.35 Defects of the real estate and movables owned by the Issuer

The real estate and movables owned (directly or indirectly) by the Issuer may suffer from various factual and legal deficiencies. These deficiencies may have bearing on the performance of the real estate and/or movables which continuously generate profits. Also, the value of the real estate and/or movables owned (directly or indirectly) by the Issuer may decrease as the result of such deficiencies and the Issuer may incur costs associated with repairing, restoring or otherwise correcting the defect real estate and/or movables.

2.3 Risk factors related to the Security

2.3.1 Risk factors relating to the value of the Security

The market value of the Real Estate which will be provided as a security in favor of the Security Agent was determined by the Issuer's internal valuation as of September 2014 and valued at EUR 64,500,000. The independent international valuation expert CBRE Sp. z o.o., also carried out a desktop valuation of the Real Estate in accordance with the appropriate sections of the current valuation statements contained within the RICS Valuation – Professional Standards, January 2014 (“Red Book”) and issued a valuation report dated 25 September 2014 according to which the desktop market value of the Real Estate is EUR 64,500,000 (valuation date 29 September 2014). CBRE Sp. z o.o., however, did not undertake a full valuation of the Real Estate and did not carry out an inspection of the Real Estate, assessment of the actual income, environment assessments, etc. The determination of the market value of the Real Estate, as contained in the valuation, is an estimate regarding the market value of the Real Estate determined as at the date of the valuation. As at the date of this Prospectus, the real market price of the Real Estate may be lower than the market value of the Real Estate as contained in the valuations mentioned above and the Issuer cannot guarantee that the real market price of the Real Estate will not further decline in the future. Any decline in the real market price of the Real Estate may negatively affect the value of the Security securing the Issuer's payment obligations towards the Noteholders under the Notes and, therefore, may have material negative effects on the Noteholders.

2.3.2 Risk Factors resulting from the Security

General considerations / Czech jurisdiction

Securing the Issuer's obligations under the Notes by creating a security over the Issuer's asset in favour of the Security Agent as a legal concept is not explicitly regulated by Czech law.

The first-ranking mortgage securing the Notes will be established solely in favor of one Noteholder, i.e. the Security Agent. For the purpose of designing the joint and several creditorship, as stipulated in the Terms and Conditions, the Security Agent must be a concurring owner of at least one Note. As a result of such ownership, the Security Agent will be a joint and several creditor in relation to each and every payment obligation of the Issuer towards each and every Noteholder. No other creditor shall be considered joint and several creditor with regard to the other creditors of the Issuer. The Security Documentation is entered into between the Issuer and the Security Agent, who becomes the sole secured creditor. The Security Agent should be then entitled (as joint and several creditor) to claim payments of any amount which the Issuer is obliged to discharge to any Noteholder. The Security Agent should be also entitled to file an application for potential insolvency proceedings in the full amount of the claim. Nevertheless, if any of the Noteholders files an application for insolvency proceedings individually, it shall be then considered as a non-secured creditor and the Security Agent will not be able to claim such receivable on his behalf and in such extent as the secured creditor. Such a procedure may also incur damages to other Noteholders, in particular by decreasing settlement from proceeds of the sale of the Security.

Given that (i) the legal concept of a joint and several creditorship, whereby the Noteholders are entitled to receive payments and enforce obligations under the Security Documentation jointly and severally with the Securing Agent has not yet been tested before Czech courts as a means of sharing security interests *in rem* among multiple creditors; (ii) there is only a very limited experience of Czech courts in decision making concerning taking and enforcing security interests; (iii) Czech courts have only very limited experience with interpreting certain provisions of the Terms and Conditions, the Issuer cannot in any way guarantee that a court decision will not negatively affect: (x) the status of the Noteholders who are not in the position of secured creditors, (y) the Security or performance of the Security, (z) or the performance of the Security Agent's rights and obligations under the Security Documentation, including the right to claim payments of all amounts which the Issuer is obliged to discharge to any Noteholder, in manner such a performance is foreseen and described in this Prospectus. Although, the Issuer undertakes to use its best endeavours to lawfully and functionally establish the Security in favor of the Security Agent and to allow him to perform his right of a Security Agent in compliance with the Security Documentation during the existence of the Security, potential difficulties or delays in the registration of the Security, insolvency proceedings or performance of the Security cannot be excluded, as this form of security in favor of the Security Agent has not yet been tested before Czech courts.

Furthermore, Czech law provides that the administration of jointly and severally held debts shall be subject to the principles of co-ownership, whose legal regulation contains, among other things, rules on particular voting majorities and the right of conducted co-owner to judicial review of the majority decision. Although the provisions of the Security Documents excluding the application of these rules should be valid and enforceable, this view is subject to judicial interpretation. The application of Czech laws in line with the principles of co-ownership may have negative effects on the performance of obligations resulting from the Note.

With regard to the aforementioned questions regarding effectiveness/functionality of the Security in favor of the Security Agent acting as a joint and several creditor of the Issuer with each and every Noteholder, and the fact that Czech courts have never adjudicated permissibility of security in favor of the Security Agent included in the Terms and Conditions, the Issuer cannot exclude future court decisions that may potentially impair or exclude establishment, validity or enforceability of the Security in favor of the Security Agent. Also certain difficulties regarding the registration and establishment of the security cannot be ruled out. With regard to the aforementioned, the Issuer makes no declaration or assurance as to the establishment, validity and enforceability of the Security in favor of the Security Agent. This may have negative effects on the performance of obligations resulting from the Notes.

Furthermore, the Mortgage will only be established within the term specified in Section 7 Article 1.4.5 hereof. In the case that the Mortgage is not established and the Noteholders will request early redemption of the Notes, a potential risk regarding Issuer's inability to secure re-financing in given time is present. In such a case, the Issuer may be in default with its obligations resulting from the Notes, which may result in complete or partial loss of the investment in the Notes incurred to investors, also due to the fact that such Notes will not be yet secured by the Mortgage.

Polish jurisdiction

Before a mortgage can be established to secure payment obligations of the Issuer vis-à-vis the Noteholders under the Notes, it is required under Polish law that the Issuer appoints a mortgage administrator (*administrator hipoteki*) in the form of a written agreement. A mortgage administrator performs the rights and obligations of a mortgage creditor in its own name but for the account of all Noteholders.

In respect of the security interests granted to the mortgage administrator, the Noteholders will not have direct security and will not be entitled to take enforcement actions in respect of such security, except through the applicable mortgage administrator. As a result, the Noteholders bear certain risks associated with a possible insolvency or bankruptcy of the applicable mortgage administrator.

The establishment of a mortgage on real estate in Poland requires execution of a deed before a Polish notary public and entry in the relevant land and mortgage registers held by the Polish court.

Once the Issuer executes a deed on establishment of the mortgage, the notary public will file a motion for registration of the mortgage with the appropriate court. However, the registration proceedings are expected to last up to several weeks and, until they are completed, the mortgage will not legally exist. Once it is registered, the statutory priority of the mortgage will be determined by the priority of the motions filed for the registration thereof.

There is no applicable statutory law or case law available and the question as to whether a non-Polish bond issue constitutes a valid basis for the creation of security rights, such as a mortgage. Therefore the outcome of a potential dispute in this respect might be uncertain as this scenario has merely been tested on the Polish market. Furthermore,

investors cannot be guaranteed that the proposed structure will eliminate or mitigate the risk of unenforceability posed by Polish laws. If any challenge to the validity of the security interests or the transaction structure was successful, the Noteholders may not be able to recover any amounts under the mortgage.

As a general rule, the establishment of a mortgage on real estate in Poland will not prevent third-party creditors from initiating enforcement proceedings under the PCCP to satisfy their claims from the assets encumbered by the mortgages. In such event, the applicable mortgage administrator will be able to participate in the distribution of funds resulting from such enforcement. In such case, claims will have priority over unsecured claims of third parties (except for certain court-enforcement expenses, alimony claims and employee and pension claims) and claims secured with the lower-ranking mortgages according to the order of priorities set forth in accordance with the PCCP.

As a general principle of Polish law, any third-party creditor of the Issuer may challenge the effectiveness of a security interest created under Polish law if such creditor can prove that the entity which granted the security interests acted with the intention to impair the creditors' rights and the applicable security agent was aware, or ought to have been aware, that the establishment of such security interests was prejudicial to such creditors' rights.

Further, under Polish law, mortgages are considered an accessory to the underlying secured obligations, which automatically terminate if the secured obligations become void or terminate. Consequently, the Polish mortgage may be affected and establishment, registration, validity or enforceability impaired or excluded, if the structure, whereby the Security Agent is designated joint and severe creditor, is subject to challenge under Czech law.

2.3.3 Risk factors related to Security Agent

The Issuer's obligations resulting from the Notes will be secured by the Real Estate, whereas the ownership right to Real Estate 1 (as defined below) shall be acquired by the Issuer upon execution of Real Estate 1' purchase agreement (which is planned by the end of November 2014); with respect to Real Estate 2 (as defined below) the acquisition process has already been completed by registration of the Issuer as perpetual usufructuary in the relevant Land and Mortgage Register.

The Noteholders are represented by the Security Agent who holds the status of a joint and several creditor of the Issuer with each and every single Noteholder regarding the financial obligation of the Issuer that results from the Notes towards such a Noteholder and the entire Security will be established in favor of the Security Agent. For this reason, all Noteholders are obliged to execute rights that could in any possible manner endanger the existence or quality of the Security only in cooperation with the Security Agent or through the Security Agent.

The Issuer cannot exclude a potential replacement of the Security Agent, due to the Issuer's decision, due to the Security Agency Agreement termination by the Security Agent or due to other reasons. Although the Issuer shall act prudently during the selection and replacement of the Security Agent, it cannot be excluded that the Security

will not transfer to a new Security Agent. Consequently, a new establishment of security in favor of the new Security agent would be required. The new security agent may not have similar experience or reputation as the Security Agent and may not be able to claim and enforce payment obligations from the Notes toward the Issuer in a sufficient manner, which may prejudice satisfaction of such obligations towards the individual Noteholders. Even though the current Security Agent is obliged to provide a full co-operation to the Issuer in relation to the Security Agent replacement, the Issuer cannot guarantee that such a co-operation will be provided by the current Security Agent.

2.3.4 Risk factors related to fees for Security Agent

The Notes will be secured by the Security in favor of the Security Agent, as stated in the Terms and Conditions. In case of enforcement of the Security in favor of the Security Agent, the enforcement proceeds shall be reduced by the costs and fees attributable in connection with the enforcement of the Security to the Security Agent in the amount of 2.4 % of the total proceeds from the enforcement of the Security.

2.4 Risk factors related to the real estate directly or indirectly owned by the Issuer

2.4.1 Acquisition of the Real Estate

Acquisition of the Real Estate in Poland requires the execution of a purchase agreement in the form of a notarial deed. A defective purchase agreement or non-compliance with the formal requirements may – in certain cases - result in the invalidity of the purchase agreement. In order to minimise the risk, the Issuer shall use its best endeavours to conduct a detailed and reliable due diligence in relation to the Real Estate and analysis of the purchase agreements. Moreover, the Issuer cooperates and shall continue to cooperate with reputable highly specialised legal offices, specialised in real estate transactions.

Despite the fact that the acquisition process regarding the acquisition of the Real Estate 1 is already in an advanced stage, it cannot be guaranteed that the Issuer will finally acquire the Real Estate 1. If the acquisition of the Real Estate 1 does not take place, despite the best efforts undertaken by the Issuer, there is a risk that the Issuer will not be able to establish a mortgage over Real Estate 1 and thus the obligations of the Issuer under the Notes could remain unsecured (at least with Real Estate 1).

2.4.2 Deletion of existing mortgages

The establishment of the first-ranking Mortgage requires deletion of the existing mortgages. In general, a mortgage may be deleted from the Land and Mortgage Register following the expiration of the secured receivables. Therefore, along with an application to delete existing mortgages, it is necessary to provide the Land and Mortgage Register with the creditor's statement (in the form required) evidencing that the receivables / mortgage expired.

In relation to mortgages established after 20 February 2011, a deletion of a mortgage may result in forming an emptied mortgage place. In certain cases, when there are other encumbrances established on the same real property having equal or lower rank than

the deleted mortgage, the establishment of a mortgage at the emptied mortgage place might prove to be inadmissible without obtaining consents from certain third-party-creditors registered with the equal or lower rank.

2.4.3 Transformation of perpetual usufruct into ownership

With respect to one part of the Real Estate it is contemplated to transform the perpetual usufruct right into full ownership.

Given the involvement of third parties, including public authorities, and the necessity to successfully complete the administrative proceedings, there is a risk that the contemplated transformation does not take place, despite the best efforts undertaken by the Issuer.

There is no specific regulation in Polish law, whether or not mortgages that encumber the right of perpetual usufruct would be affected by transformation of the right of perpetual usufruct into full ownership. The general rule under Polish law is, according to Section 241 of the Polish Civil Code, that on expiry of the perpetual usufruct, all encumbrances established thereon also expire. However, according to Section 3 (3) of the Perpetual Usufruct Transformation Act, such transformation may not infringe third parties rights. Although approved by legal doctrine and case law that Section 241 of the Polish Civil Code does not apply to the perpetual usufruct transformation it cannot be entirely excluded that the respective mortgage might be negatively affected (due to lack of specific regulations).

2.4.4 Risk of real estate damage and sudden repair works

A considerable damage to the real estate caused by natural disasters or other unforeseeable events or the necessity of sudden repair works may result in a significant decrease of the real estate market value. This may limit the ability of the Security Agent to remunerate obligations arising from the Notes to the full extent in case of the Real Estate sale for the purpose of the enforcement of the Security. Similar effects may occur in the event when the Issuer does not properly maintain the real estate, due to a lack of liquidity or other reasons. Real estate damage and sudden repair works could materially negatively affect the Noteholders.

2.4.5 Real estate risk

The Issuer, or the relevant subsidiaries of the Issuer owning the real estate, are obliged to evaluate the real estate once a year for the purposes of their respective annual reports. The evaluation of the real estate may not reflect the real market price of the real estate and, therefore, on the date of potential performance of the Security the Real Estate's actual price may not be sufficient for settlement of receivables resulting from the Notes. Noteholders are therefore exposed to the risk of errors in the valuation of the real estate.

2.4.6 Input prices risk

The real estate operation requires extensive use of water, electricity and heat. Significant price increase of these goods may result in adverse effects on the tenants' financial situation and thus, the negatively influence on the tenants' ability to pay the lease to the Issuer cannot be excluded. This could have material negative effects on the Noteholders.

2.4.7 Interruption or termination of the operations risks

Long-term interruption of the operation or termination of the operation of the real estate resulting from technology failure, service failure, IT malfunction, natural disasters, repairs, etc. may cause substantial loss in tenants' incomes. Such loss may negatively affect Issuer's business, its financial results and financial situation.

2.4.8 Risks related to the Issuer's insurance

The Issuer and its subsidiaries have entered into property insurance contracts regarding its most important assets. These property insurances foresee coverage standard in the market. However, the Issuer cannot guarantee that the costs associated with any natural or other unforeseeable events will not have a negative impact on its assets, and economic and financial situation due to loss of assets generating cash flow, on the basis of which the obligations under the Notes are satisfied.

2.5 Risk factors related to the Czech, Polish and / or Hungarian real estate market

2.5.1 Political, economic, legal and social factors

The results of the Issuer's operations and its financial situation may be adversely affected by factors relating to political, economic, legal and social factors in the Czech Republic, Poland and / or Hungary and the Issuer is not able to objectively predict them. The Issuer's business is particularly sensitive to changes in laws regulating the investment activities and such may have an adverse effect on the Issuer's business. The Issuer cannot influence the above-mentioned factors in any way, in particular the Issuer cannot guarantee that the political, economic, legal and social developments in the Czech Republic will be favorable in relation to the Issuer's business. Political, economic, legal and social factors may materially affect the Issuer's ability to service payments under the Notes.

2.5.2 Risk related to the recodification of Czech private law

As of January 2014, entire of Czech private law as it has gradually developed via amendments and judicial interpretation since early 1990s has been changed. The previous Civil Code (act No. 40/1964 Coll.), the Commercial Code (Act No. 513/1991 Coll.), the Private International law and Procedure Act (Act No. 97/1963 Coll.) and other laws and regulations were replaced and amended by the Civil Code, the Business Corporations Act, the Private International Law Act and other related laws and regulations. The new laws and regulations are voluminous, a number of new rules are not unequivocal or comprehensible. Furthermore, no unanimous expert opinion exists as

to which provisions of the new laws and regulations are mandatory and which are non-mandatory. Under present circumstances it cannot be excluded that the new rules and regulations applicable on the Issuer and its operations will have an adverse effect on the Issuer's business.

2.5.3 Risk related to the Czech economy performance

Given the fact that Issuer's business is focused extensively on the Czech market, profit growth of the Issuer is largely connected with the Czech economy performance. Any changes in the financial, regulatory, administrative or other policy of the Czech Government, as well as political or financial developments in the Czech Republic, that are outside of the Issuer's control, may have significant impact on the Czech economy and consequently on the business, economic and financial situation of the Issuer or the Issuer's ability to achieve its business targets.

2.5.4 Risk resulting from changes in inflation and interest rates

The Issuer's results of operations and its profits may be influenced by inflation and the level of interest rates. A significant increase in inflation would lead to higher operating costs and could have a material adverse effect on the business, results of operations or the financial conditions of the Issuer and thus, its ability to service payments under the Notes. Investment in the Notes, which bear interest at a fixed rate involves the risk that subsequent changes in market interest may adversely affect the profits of the Noteholders.

2.5.5 Sanctions by relevant state bodies

There are different degrees of the regulation in individual countries where the Group operates. In each case, individual companies of Group are subject to regulation and control by the relevant state bodies. Therefore, the Issuer cannot exclude future inspections, controls and other checks by such state bodies, which may result in the awarding of fines, suspension of activity or other sanctions, as the case may be, that may have an adverse effect on the financial situation and profit/loss of the individual companies of the Group and, in this way, they may also indirectly affect the Issuer.

2.5.6 Risk resulting from development of market price of the lease

The market prices of the office / retail spaces' lease reflects the relation between an offer and effective demand on the local office / retail space market. The Issuer is therefore exposed to the risk of decline in market price of the lease in relation to properties owned by the Issuer. Negative developments of market prices in the local office / retail space market in the Czech Republic, Poland and / or Hungary could materially negatively affect the Issuer's ability to service payments under the Notes.

2.5.7 The risk of competition

The Issuer operates in the Czech, Polish and Hungarian real estate market and participates in the economic competition. For this reason, it must flexibly respond to changing market conditions, conduct of competitors and the demands of tenants.

Conditions of strong competition could cause that the Issuer will not be able to adequately respond to the competitive environment which could lead to a deterioration of the economic situation of the Issuer and ultimately adversely affect its ability to meet its obligations under the Notes.

2.5.8 Risk connected with the inefficiency of land and mortgage register system in Poland

The land and mortgage register system currently binding in Poland is ineffective, in particular on account of delays with which important legal events may be disclosed in the land and mortgage registers. As a rule, due to the principle of public credibility of land and mortgage registers anyone undertaking an act in law with dispositive result with a person authorized according to the contents of the land and mortgage register acquires the ownership title or other property right even if the owner is in fact a different entity, unless the buyer knew or could easily learn about the inconsistency between the contents of the land and mortgage register and the actual legal status. Due to possible delays in disclosing changes of entities who are the owners or perpetual usufructuaries of real estate in the land and mortgage registers and the abovementioned principle of public credibility of land and mortgage registers, trading in real estate in Poland is connected with a risk of purchasing real estate from a person unauthorised to sell it but disclosed in the land and mortgage register.

2.5.9 Risk resulting from the discrepancies of data entered in the Polish land and mortgage registers and Polish land and property registers

Data entered in the Polish land and mortgage registers maintained for real estate do not always conform to data disclosed in the Polish land and property register, in particular regarding data on numbers and surface of plots as well as the data on persons holding the land. Such a situation may cause the necessity to unify such data.

2.5.10 Risk of real estate expropriation for public purposes in Poland

Real estate in Poland, as the object of investment is inseparably connected with a specific location, may be the object of expropriation in favor of the Polish State Treasury or the territorial self-government units for public purposes. Such expropriation is connected with the payment of compensation to the owner of the real estate subject to expropriation.

2.5.11 Risk connected with the problem of potential claims regarding the so-called Warsaw Land

As a result of the nationalization process conducted in Poland in post-war years, numerous pieces of real estate owned by legal and natural persons were taken over by the Polish State Treasury, in some instances subject to a violation of the law binding at the time. Even though so far no act has been adopted regulating the reprivatization process in Poland, former owners of real estate or their successor are currently entitled to apply to administrative bodies for stating the invalidity of the administrative decisions under which they were deprived of the said real estate. There is a risk that the former owners of the land lots included within the scope of the said real estate may come

forward with reprivatization claims, if the land takeover under the Warsaw Land Decree took place in violation of law.

3. INFORMATION INCORPORATED BY REFERENCE

The following parts of the following documents are incorporated by reference into this Prospectus:

Document	Part of the Document	Page(s) / Section
Audited Consolidated Financial Statements of the Issuer for the year ended 31 December 2013 prepared in accordance with IFRS as adopted by the European Union accessible at http://www.vigam.cz/docs/vig-fund-consolidate-fs-2013.pdf	Consolidated Statement of financial position	3 - 4
	Consolidated Statement of comprehensive income	5
	Consolidated Cash Flow Statement	6
	Consolidated Statement of Changes in Equity	7
	General information, Consolidated Notes to the financial statements	8 – 38
	Auditors' Report	the first three pages
Audited Consolidated Financial Statements of the Issuer for the year ended 31 December 2012 prepared in accordance with IFRS as adopted by the European Union accessible at http://www.vigam.cz/docs/vig-fund-consolidate-fs-2012.pdf	Statement of financial position	3 - 4
	Statement of comprehensive income	5
	Cash Flow Statement	6
	Statement of Changes in Equity	7
	General information, Consolidated Notes to the financial statements	8 – 32
	Auditors' Report	the first three pages
Reviewed condensed Interim Consolidated Financial Statements of the Issuer for the period ended 30 June 2014 prepared in accordance with IFRS as adopted by the European Union accessible at http://www.vigam.cz/docs/vig-fund-consolidate-fs-2014-1h.pdf	Statement of financial position	1-2
	Statement of comprehensive income	3
	Cash Flow Statement	4
	Statement of Changes in Equity	5
	General information, condensed Consolidated Notes to the financial statements	6-17
	Auditors' Report	the first two pages

Such parts of the documents which are explicitly listed above shall be deemed to be incorporated in, and form part of this Prospectus, save that any statement contained in such a document shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The above stated documents can be found on the web page of the Issuer (www.vigam.cz).

4. PERSONS RESPONSIBLE

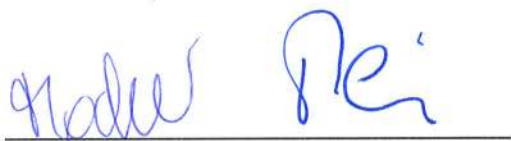
4.1 Persons responsible for the information given in this Prospectus

The person responsible for the proper drawing up of this Prospectus is the Issuer, i.e. VIG FUND uzavřený investiční fond, a.s., with its registered office at Templová 747/5, Prague 1, Postal Code 110 00, Czech Republic, Id. No. 242 208 09, a company incorporated under the laws of the Czech Republic, registered in the Commercial register maintained by the Municipal Court in Prague, Section B, File No.: 17896.

4.2 Declaration of the Issuer

The Issuer hereby declares that the Issuer has taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its purport.

On the date of this Prospectus, in Vienna.



VIG FUND uzavřený investiční fond, a.s., represented by its sole member of the board of directors, VIG Asset Management investiční společnost, a.s., represented by DI Caroline Mocker and Ing. Mag. Christoph Roiser, acting jointly.

5. STATUTORY AUDITORS OF THE ISSUER

The Financial Statements, which were prepared in accordance with IFRS as adopted by the European Union, were audited (except for the interim financial statements for the period ending 30 June 2014, which were reviewed) by KPMG Česká republika Audit, s.r.o., with its registered office at Pobřežní 648/1a, Prague 8, Postal Code 186 00, Czech Republic, Id. No. 496 191 87, registered with the Chamber of Auditors of the Czech Republic, license No. 71.

The Issuer declares that, in the course of the two previous accounting periods, the auditor responsible for the verification of the Financial Statements did not resign, was not removed neither was re-appointed.

6. SUBSCRIPTION AND SALE

6.1 General information on the offering

The Issuer has decided to issue the Notes in an aggregated nominal amount of EUR 32,000,000. The Issuer will be privately placing the Notes in a manner which does not require publishing of this Prospectus. For the purposes of such placement in the Czech Republic to both domestic and foreign pre-selected investors, the Issuer may use a document, the contents of which correspond with this Prospectus, however, such document would not be considered a prospectus within the meaning of the Capital Markets Act. This Prospectus has been elaborated for the purposes of the admission of the Notes to trading on the Regulated Market of the PSE. This Prospectus does not represent a public offering of the Notes. The distribution of this Prospectus and the offering, sale or purchase of the Notes is restricted by law in some countries.

Any possible offer of any Notes which the Issuer has made or will make (including any distribution of documents with contents corresponding to this Prospectus), is made on the basis of the relevant exceptions stated in Section 35(2) of the Capital Markets Act and other exceptions included in the Capital Markets Act. In accordance with this, the Nominal Amount of each Note is equal to EUR 100,000 (one hundred thousand Euros). The Notes can only be offered to and purchased by qualified investors as defined in Section 272 of the AIFIC.

6.2 Note on Restrictions of Prospectus Distribution and Selling Restrictions

The Issuer advises investors in the Notes to observe the provisions of all relevant legal regulations in each state (including the Czech Republic) where they will purchase, offer, sell or hand over the Notes or where they will be distributing, disclosing or otherwise putting into circulation this Prospectus or any other offer or promotional material or information related to the Notes, in all cases at their own expense and regardless of the fact of whether or not this Prospectus or any other offer or promotional material or information related to the Notes are recorded in a printed, electronic or any other tangible or intangible form.

Each person acquiring the Notes shall be considered to have declared and approved that (i) this person agrees to all the relevant restrictions concerning the offer and sale of the Notes, which are related to it and to the specific manner of the offer or sale, (ii) this

person shall not offer for sale and will not subsequently sell the Notes without observing all the relevant restrictions applicable to this person and the relevant manner of the offer and sale and (iii) this person will inform the prospective purchaser, before eventually offering or selling the Notes, that further offers or sales of the Notes may be subject to legal restrictions in various states, which must be observed.

The Issuer would like to draw the attention of potential investors to the fact that the Notes have not been and will not be registered under the Securities Act 1933 or by any securities commission or any other authority of any State of the United States and therefore may not be offered, sold or transferred within the United States or to U.S. residents (as defined in Regulation S implementing the Securities Act 1933 except pursuant to an exemption from the registration duty under the Securities Act 1933 or in transactions not subjected to registration under the Securities Act 1933).

The Issuer further wishes to point out that the Notes may not be offered or sold in the United Kingdom of Great Britain and Northern Ireland ("**United Kingdom**") by way of distributing any documents or notices except for offers to persons authorized to trade with securities on their own or on someone else's account in the United Kingdom or under such circumstances that do not constitute a public offer of securities under the 1985 Companies Act, as amended. All legal acts pertaining to the Notes made in the United Kingdom, from the United Kingdom or otherwise associated with the United Kingdom in any manner whatsoever will also be performed in compliance with the 2000 (FSMA 2000) legislation governing financial services, including the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and with the Prospectus Regulations 2005, as amended.

An application has been made for the Notes to be admitted to trading on the Regulated Market of the PSE. The total costs related to the process of admission of the Notes to listing and trading on the Regulated Market of the PSE amount to CZK 50,000 (fifty thousand Czech Crowns). The total costs related to the Issue, including the total costs related to the process of admission of the Notes to listing and trading on the Regulated Market of the PSE, amount approx. to EUR 350,000 (three hundred fifty thousand Euros).

Except for Česká spořitelna, a.s., acting as the Lead Manager, Listing Agent and Security Agent, no person has any interest, including conflicting ones, known to the Issuer that would be material to the Issue.

7. TERMS AND CONDITIONS OF THE NOTES

TERMS AND CONDITIONS OF THE NOTES

1.1 General provisions

These Terms and Conditions ("**Terms and Conditions**") govern the rights and obligations of VIG Fund uzavřený investiční fond, a.s., with its registered office in Prague 1, Templová 747/5, Postal Code 110 00, Id. No. 242 20 809, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 17896 ("**Issuer**") and the persons ("**Noteholders**") entitled to exercise all rights attached to the

notes VIG FUND 4.05%/2034 issued on 26 November 2014 ("**Notes**") in the aggregate nominal amount of EUR 32,000,000 (thirty-two million Euros) ("**Aggregate Nominal Amount**") issued in accordance with these Terms and Conditions. The issuance of the Notes was approved by virtue of a resolution of the board of directors of the Issuer dated 13 November 2014 and a resolution of the supervisory board of the Issuer dated 8 September 2014.

These Terms and Conditions have been prepared in accordance with Act No. 190/2004 Coll., on notes, as amended ("**Notes Act**") as part of the prospectus drafted for the admittance to trading of the Notes ("**Prospectus**") pursuant to Section 8 *et seqq.* of the Notes Act. This Prospectus has been prepared in accordance with Act No. 256/2004 Coll., on capital market undertakings, as amended ("**Capital Markets Act**"), the Commission Regulation (EC) No. 809/2004, implementing Directive 2003/71/EC of the European Parliament and of the Council ("**Prospectus Regulation**") and the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended ("**Prospectus Directive**") and approved by the decision of the Czech National Bank reference no. 2014/61006/CNB/570, Sp. zn. S-Sp-2014/33/CNB/572 dated 18 November 2014, which came into force on 19 November 2014.

The ISIN allocated to the Notes by the Central Securities Depository Prague (*Centrální Depozitář Cenných Papírů Praha*), with its registered office in Prague 1, Rybná 14, Postal Code 110 05, Id. No. 250 81 489, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 4308 ("**Central Depository**") is CZ0003704280. The title of the Notes is VIG FUND 4.05%/2034.

The Issuer's obligations under the Notes to pay the Interest, the Redemption Amount and the Redemption Payments (all terms as defined below) will be secured by a joint first-ranking mortgage ("**Mortgage**") over the real estate defined in Article 1.4.1 below, whereas the ownership right to Real Estate 1 (as defined below) shall be acquired upon execution of Real Estate 1' purchase agreement (which is planned by the end of November 2014); with respect to Real Estate 2 (as defined below), the acquisition process has already been completed by registration of the Issuer as perpetual usufructuary in the relevant Land and Mortgage Register. The Mortgage will only be established within the term specified in Article 1.4.5 below. With respect to the Real Estate 1, a condition for the establishment of the Mortgage is also completion of the acquisition process by the Issuer.

For the purposes of these Terms and Conditions a redemption amount ("**Redemption Amount**") means the Nominal Amount (as defined below) decreased by the Redemption Payments (as defined below) paid in relation to each Note.

1.1.1 Administration of payments

The services of the fiscal and paying agent related to the payment of the Interest (as defined below), the Redemption Payments, the Redemption Amount and the annual calculation of the Loan-to-Value Ratio (as these terms are defined below) will be provided by the Issuer itself.

1.1.2 Listing Agent

The services of the listing agent related to the listing of the Notes on a regulated market, as defined under the Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 ("**MiFID Directive**"), of the Prague Stock Exchange ("**PSE**"), i.e. Burza cenných papírů Praha, a.s., with its registered office at Prague 1, Rybná 14/682, Postal Code 110 00, Czech Republic, Id. No. 471 15 629, which qualifies as a "regulated market" pursuant to the MiFID Directive ("**Regulated Market**") will be provided to the Issuer by Česká spořitelna, a.s. ("**Listing Agent**"). In accordance with Article 1.16 of these Terms and Conditions, the Issuer may authorize additional or other person having a license for the conduct of such activities to perform the services of the Listing Agent related to the listing of the Notes on the relevant Regulated Market of the PSE jointly with or instead of the current Listing Agent. In such a case, such other person would be considered as the Listing Agent for the purposes of these Terms and Conditions. Through the Listing Agent, the Issuer has applied for the admission of the Notes to trading on the Regulated Market of the PSE. If the Notes are admitted to trading on the Regulated Market of the PSE, the Notes shall have the status of a listed security as of the Issue Date (as defined below). As of the Issue Date, no fees are required to be paid to the PSE in connection with the trading of the Notes on the Regulated Market of the PSE.

1.1.3 Security Agent

The services of the security agent related to the creation, administration and potential enforcement of the Mortgage will be provided by the security agent being currently Česká spořitelna, a.s. (or an entity nominated by Česká spořitelna, a.s.) as mortgage administrator ("**Security Agent**") based on the terms and conditions of an agreement entered into between the Issuer and the Security Agent for such purposes including the Mortgage Administrator Agreement as set forth in Article 1.4.2 of these Terms and Conditions (the "**Security Agency Agreement**"). A copy of the Security Agency Agreement will be available for inspection by the Noteholders during the regular office hours at the Specified Office of the Security Agent (as defined below). The Noteholders are advised to make themselves familiar with the Security Agency Agreement as this is important, among other things, for the enforcement of the Mortgage. In accordance with Article 1.4.3 of these Terms and Conditions, the Issuer shall authorize other person having a license for the conduct of such activities to perform the services of the Security Agent related to the creation, administration and potential enforcement of the Mortgage jointly with or instead of the current Security Agent. In such a case, such other person would be considered to be the Security Agent for the purposes of these Terms and Conditions.

1.2 General characteristics of the Notes

1.2.1 Form, type, Nominal Amount, quantity

The Notes are bearer securities in book-entry form (to be registered with the Central Depository) with a Nominal Amount of EUR 100,000 (one hundred thousand Euros) ("**Nominal Amount**") each. The anticipated number of the Notes issued as of the Issue Date is 320 (three hundred twenty) Notes and the anticipated Aggregate Nominal

Amount of the Notes is EUR 32,000,000 (thirty-two million Euros) as of the Issue Date. In accordance with the Notes Act, the Issuer is entitled to issue the Notes in a lower aggregate nominal amount than the anticipated Aggregate Nominal Amount of the Notes as of the Issue Date.

1.2.2 Listing

If admitted to trading by the PSE, the Notes will be listed on the Regulated Market of the PSE. The earliest date when the Notes will be listed and admitted to trading on the Regulated Market of the PSE will be the Issue Date. The total costs related to the process of admission of the Notes to listing and trading on the Regulated Market of the PSE amount to CZK 50,000 (fifty thousand Czech Crowns). The total costs related to the Issue, including the total costs related to the process of admission of the Notes to listing and trading on the Regulated Market of the PSE, amount approx. to EUR 350,000 (three hundred fifty thousand Euros).

1.2.3 Separation of the right to receive Interest

There will be no separation of the right to receive the Interest payable in respect of the Notes.

1.2.4 Noteholders

Unless the contrary is proven in a demonstrable and credible manner to the Issuer and/or the Security Agent, as the case may be, the Issuer and/or the Security Agent will consider the person on whose holder's account kept by the Central Depository or in any statutory follow-up records the Notes are recorded as a proper Noteholder who is the beneficial owner of the Notes and will make any payments to, perform its obligations and exercise its rights according to these Terms and Conditions only vis-à-vis such a Noteholder. Any Noteholder on whose holder's account kept by the Central Depository or in any statutory follow-up records the Notes are not recorded for any reason, shall without undue delay notify the Issuer, the Listing Agent and the Security Agent of such fact in writing.

1.2.5 Transferability and transfer of Notes

(a) Transferability of Notes

Save for any statutory limitations, there are no restrictions on the transfer of the Notes. Notwithstanding the foregoing, the transfer of the Notes may be suspended commencing on the day immediately following the Record Date for Redemption Amount (as defined below).

(b) Transfer of the Notes

The transfer of the Notes shall occur upon registration of such transfer on a holder's account in the Central Depository in accordance with applicable legal regulations and the regulations of the Central Depository. In the case of Notes registered in the Central Depository on a client's account, the transfer of such bearer Notes shall occur upon registration of the transfer on the client's account

in accordance with applicable legal regulations and the regulations of the Central Depository, with the owner of the client's account being obligated to promptly register such transfer on the holder's account as of the time of registration on the client's account.

1.2.6 Certain obligations of the Issuer

The Issuer undertakes to pay the Redemption Amount, the Redemption Payments and the Interest in accordance with these Terms and Conditions.

The Issuer undertakes to use its reasonable efforts to ensure that the Notes are listed securities within the meaning of the Capital Markets Act during the entire term of their existence.

1.2.7 Rating of the Issuer and the Notes

Neither the Issuer nor the Notes have been rated by any rating agency within the meaning of the Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, and no rating is attributable to them for the purposes of these Terms and Conditions.

1.3 Issue Date, Subscription Period and Issue Price; underwriting of the Notes

1.3.1 Issue Date

The Issue Date of the Notes is scheduled for 26 November 2014 ("**Issue Date**"). All Notes will be issued as of the Issue Date.

1.3.2 Subscription Period

The subscription period for the Notes commences on 20 November 2014 at 00:00 and expires on the Issue Date at 24:00 ("**Subscription Period**").

1.3.3 Issue Price

The issue price of the Notes issued on the Issue Date shall amount to 101.10% of their Nominal Amount ("**Issue Price**").

1.3.4 Method and place of the subscription of Notes

There will be no public offering of the Notes within the meaning of Section 34 *et seqq.* of the Capital Markets Act. The Notes will be offered for subscription and purchase to selected institutional investors from within the group VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe by means of a distance communication in accordance with applicable laws.

The Notes can be subscribed during the Subscription Period at the registered office of the Lead Manager or the registered office of the Issuer (even by use of distant communication tools) in accordance with the applicable laws. The primary settlement of

the Notes will be done on the basis of a subscription agreement entered into with the Issuer.

The primary settlement of the Notes shall be effected through the Central Depository (on the relevant accounts kept by the Central Depository), as of the settlement date specified in the subscription agreement against the payment of the Issue Price to the account notified by the Issuer to the selected institutional investor(s) who subscribe the Notes.

1.4 Status of the Notes

The Notes (and all payment obligations of the Issuer vis-à-vis the Noteholders under the Notes) constitute direct, unconditional and unsubordinated liabilities of the Issuer, to be subsequently secured via the Mortgage over the Real Estate (whereas the ownership right to Real Estate 1 shall be acquired upon execution of Real Estate 1' purchase agreement (which is planned by the end of November 2014); with respect to Real Estate 2, the acquisition process has already been completed by registration of the Issuer as perpetual usufructuary in the relevant Land and Mortgage Register) in favor of the Security Agent, which are and will rank *pari passu* among themselves and at least *pari passu* with any present and future direct, unconditional, unsecured and unsubordinated liabilities of the Issuer with the exception of such liabilities treated preferentially under applicable mandatory laws.

1.4.1 Acquisition of the Real Estate

The Issuer envisages to acquire the real property and all buildings erected thereon, comprising plots numbered 47/7 and 47/8, with a total area of 7,948 m², located, as per the Land and Mortgage Register, in Warsaw, Włochy District, at ul. Gottlieba Daimlera number 2 (plot numbered 47/7) and number 4 (plot numbered 47/8), for which the Warsaw-Mokotów District Court in Warsaw, 13th Land and Mortgage Register Division, maintains Land and Mortgage Register Kw number WA1M/00400430/1 ("**Real Estate 1**"); Real Estate 1 is currently encumbered with several mortgages; the Issuer intends to acquire Real Estate 1 by the end of November 2014.

On the basis of a purchase agreement signed on 22 October 2014 in accordance with notarial deed Rep. A no. 7988/2014 and subsequent registration of the Issuer as perpetual usufructuary in the relevant Land and Mortgage Register, the Issuer recently acquired the perpetual usufruct right to the real property and the ownership right of all buildings erected thereon, comprising plot numbered 71/1, with a total area of 1,897 m², located, as per the Land and Mortgage Register, in Warsaw, Śródmieście District, at ul. Jasna number 26, for which the Warsaw-Mokotów District Court in Warsaw, 10th Land and Mortgage Register Division, maintains Land and Mortgage Register Kw number WA4M/00117205/5 ("**Real Estate 2**"); Real Estate 2 is currently encumbered with several mortgages. Moreover it is contemplated to transform the perpetual usufruct right to the said property into full ownership, whereby the filing is envisaged at the beginning of November 2014 and the transformation decision is expected in 2015.

(Real Estate 1 and Real Estate 2 shall be jointly referred to as the "**Real Estate**")

The market value of the Real Estate which will be provided as a security in favor of the Security Agent was determined by the Issuer's internal valuation as of September 2014 and valued at EUR 64,500,000. The independent international valuation expert CBRE Sp. z o.o., also carried out a desktop valuation of the Real Estate in accordance with the appropriate sections of the current valuation statements contained within the RICS Valuation – Professional Standards, January 2014 (“Red Book”) and issued a valuation report dated 25 September 2014 according to which the desktop market value of the Real Estate is EUR 64,500,000 (valuation date 29 September 2014). CBRE Sp. z o.o., however, did not undertake a full valuation of the Real Estate and did not carry out an inspection of the Real Estate, assessment of the actual income, environment assessments, etc.

Acquisition of an ownership right to real estate in Poland requires the execution of a real estate purchase agreement in the form of a notarial deed drawn up by a notary public and entry into the Land and Mortgage Register (whereas the entry into the Land and Mortgage Register has declaratory effect only).

The Issuer shall enter into a purchase agreement with respect to Real Estate 1 with the current owner and the notary public shall file an application for registration of the Issuer in the Land and Mortgage Register.

Moreover, the existing mortgages shall be deleted from the Land and Mortgage Register.

To successfully conduct a process of transformation, a qualified party has to file a motion for transformation. As a result of the administrative proceedings, the authority issues a transformation decision. An essential part of these proceedings is the evaluation of the real estate. The transformation decision is the basis for entering the right of ownership into the Land and Mortgage Register. As a rule, transformation is subject to a fee. The exact fee is determined in the decision and it is calculated on the basis of an estimation provided by a real estate expert.

1.4.2 Security of the Notes in favor of the Security Agent

The payment of all receivables of the Noteholders owed by the Issuer under or in connection with the Notes will be secured in favor of the Security Agent by the Mortgage over the Real Estate.

The agreement on establishment of the mortgage administrator (*administrator hipoteki*) will be concluded (in a Polish and English language version) by the Issuer with the Security Agent (the "**Mortgage Administrator Agreement**") before the Issue Date. The Noteholders will be represented by the Security Agent for the purposes of establishment, perfection, administration and potential enforcement of the Mortgage. Each of the Noteholders and the Security Agent will be joint and several creditors with respect to the payment obligations of the Issuer vis-à-vis the Noteholders under the Notes. For this purpose the Security Agent will subscribe and hold at least one Note until the Maturity Date (as defined below).

The Mortgage will be established in the extent to secure all payments by the Issuer under or in connection with the Notes. The Mortgage will be established in Polish only

and, subsequently, if necessary or required, will be translated into English by a sworn translator.

In order to improve the position of the Noteholders, the Issuer agreed to secure its payment obligations vis-à-vis the Noteholders under the Notes by engaging the Security Agent which is contractually bound to distribute such proceeds to the Noteholders up to the amount of due and unpaid payment receivables of the Noteholders against the Issuer under the Notes. This type of security related to the Notes is not explicitly regulated by the laws of the Czech Republic. With respect to the potential challenge of the effectiveness of the Mortgage and the Security Agent's position as a joint and several creditor of the Issuer together with each Noteholder and with respect to the non-existence of any decisions of the courts of the Czech Republic concerning this or any similar type of security, the Issuer is not in a position to rule out that the courts of the Czech Republic may render a court decision which may potentially result in weakening of the effects or even ineffectiveness of the Mortgage created in favor of the Security Agent. Regardless of the Issuer's best effort to create a valid, effective and enforceable Mortgage, potential difficulties or delays in registration and enforcement of the Mortgage cannot be excluded.

A mortgage administrator performs the rights and obligations of a mortgage creditor in its own name but for the account of all Noteholders. In respect of the security interests granted to the mortgage administrator, the Noteholders will not have direct security and will not be entitled to take enforcement actions in respect of such security, except through the applicable mortgage administrator. There is no applicable statutory law or case law available and the question as to whether a non-Polish bond issue constitutes a valid basis for the creation of security rights, such as the Mortgage. Therefore, the outcome of a potential dispute in this respect might be uncertain as this scenario has merely been tested on the Polish market. Furthermore, investors cannot be guaranteed that the proposed structure will eliminate or mitigate the risk of unenforceability posed by Polish laws.

Further, under Polish law, mortgages are considered an accessory to the underlying secured obligations, which automatically terminate if the secured obligations become void or terminate. Consequently, the Polish mortgage may be affected and establishment, registration, validity or enforceability impaired or excluded, if structure, whereby the Security Agent is designated joint and severe creditor, is subject to challenge under Czech law.

Material documents relating to the Mortgage, including the contractual documentation under which the Mortgage will be established, will be accessible at the registered office of the Issuer during regular business hours.

1.4.3 Position of the Security Agent

The Security Agent shall act with professional care and in compliance with the interests of the Noteholders and shall be bound by the instructions given to it validly by the Noteholders Meeting (as defined below). If the Security Agent ceases to exist without a legal successor or if the Security Agent is not in a position to carry out its core business activity (for reasons of cancellation of the relevant regulatory licenses or insolvency etc.)

or in the case of a material breach of the obligations of the Security Agent, the Issuer shall without undue delay authorize another person having a license for the conduct of such activities to perform the services of the Security Agent ("**Replacement Security Agent**"). Such a substitution of the person acting as the Security Agent may not adversely affect the Noteholders. The Issuer shall without undue delay enter into the new security documents concerning the Mortgage with the Replacement Security Agent which will be in all material aspects in the form and substance similar to the security documents concerning the Mortgage entered into between the Issuer and the Security Agent. The Security Agent shall provide cooperation necessary for its substitution by the Replacement Security Agent to the Issuer and the Replacement Security Agent. The Issuer shall notify the replacement of the Security Agent to the Noteholders without undue delay in compliance with these Terms and Conditions.

1.4.4 Security Agent as joint and several creditor

The Security Agent acting in its position of a joint and several creditor with each of the Noteholders (in relation to the Issuer's payment obligations under the Notes) is entitled and shall request from the Issuer any payments arising from the Issuer's payment obligations vis-à-vis each Noteholder under the Notes in accordance with the relevant resolution of the Noteholders Meeting (as defined below). The Security Agent shall be considered as a joint and several creditor in relation to each of the Noteholders separately with respect to the Issuer's particular payment obligations under the Notes. No individual Noteholder (except for the Security Agent) is a joint and several creditor in relation to any other individual Noteholder. The Mortgage as a whole shall be created solely in favor of the Security Agent. By the subscription of the Notes, each Noteholder appoints the Security Agent to act as its representative and authorizes the Security Agent to do all acts and enter into any agreements needed for establishment, perfection, administration and potential enforcement of the Mortgage and to exercise any rights, powers, authorizations, voting and decision making rights under such agreements in its own name and on the Noteholder's account.

1.4.5 Creation of the Mortgage in favor of the Security Agent

The Issuer shall at its own costs create or procure creation of the Mortgage in favor of the Security Agent within 120 (one hundred twenty) days from the Issue Date. The establishment of the Mortgage on real estate in Poland requires the execution of a deed before a Polish notary public and entry in the Land and Mortgage Register held by the relevant Polish court. The Issuer shall enter into an agreement on creation of the Mortgage and the notary public shall consequently file an application for registration of the Mortgage in the Land and Mortgage Register.

The registration proceedings are expected to last up to several weeks and, until they are completed, the Mortgage will not legally exist. Once the Mortgage is registered, the statutory priority of the Mortgage will be determined by the priority of filing motions for the registration thereof.

The Issuer shall inform the Security Agent about the registration of the Mortgage in the Land and Mortgage Register within 5 (five) Business Days from the registration.

The Mortgage will only be established after the envisaged acquisition of the Real Estate by the Issuer, whereas the ownership right to Real Estate 1 shall be acquired upon execution of Real Estate 1' purchase agreement (which is planned by the end of November 2014); with respect to Real Estate 2, the acquisition process has already been completed by registration of the Issuer as perpetual usufructuary in the relevant Land and Mortgage Register.

The Issuer shall maintain the Mortgage or procure that the Mortgage is maintained in favor of the Security Agent valid and effective until all Issuer's payment obligations under the Notes are irrevocably paid or discharged in full.

1.4.6 Delay with creation of the Mortgage

If the Mortgage is not for any reason created in favor of the Security Agent within the deadline set forth in Article 1.4.5 of these Terms and Conditions (i.e. 120 days from the Issue Date) or if the Mortgage ceases to exist partially or in full for any reason during the existence of the Notes, the Issuer shall notify this fact to the Security Agent within five (5) Business Days after the Issuer has discovered or has been informed about such a matter. The Issuer undertakes to procure the establishment and perfection of the Mortgage within an additional period of sixty (60) days after the notification sent to the Security Agent. If the Issuer fails to procure the creation of the Mortgage within an additional period in accordance with the previous sentence, it shall notify this fact to the Security Agent and convene the Noteholders Meeting without undue delay. The Noteholders Meeting shall decide by the simple majority of the votes of the Noteholders present at the Noteholders Meeting on the next steps, including, in particular, the extension of the deadline for the establishment and perfection of the Mortgage or an early redemption of the Notes ("**Early Redemption**").

Provided that the Noteholders Meeting does not adopt a resolution on the Early Redemption and a person entitled to participate and vote at the Noteholders Meeting (i) voted for the Early Redemption; (ii) abstained; or (iii) did not participate at the Noteholders Meeting ("**Applicant**"), then the Applicant may make a request ("**Application**") for Early Redemption of the outstanding Nominal Amount and the aliquot part of the Interest on the Notes which the Applicant (a) owned as of the Record Date for the Attendance (as defined below); and (b) owns as of the date of the Application. The Applicant shall deliver a written Application to the Issuer no later than thirty (30) days after the publication of the relevant resolution of the Noteholders Meeting otherwise the Applicant's right to the Early Redemption expires. The Application shall include the number of the Notes which are subject to the Early Redemption and must be accompanied by the documents needed for the repayment of the Notes listed in Article 1.12.5 of these Terms and Conditions. The signatures of the authorized representatives of the Applicant on the Application must be certified. The payments to be made on the basis of the Application become due and payable thirty (30) days after the receipt of the Application by the Lead Manager.

1.4.7 Enforcement of the Issuer's obligations through the Security Agent

The Security Agent acting in its capacity of a joint and several creditor with each of the Noteholders (in relation to the Issuer's payment obligations under the Notes) is entitled

to request from the Issuer any payments arising from the Issuer's payment obligations vis-à-vis each Noteholder under the Notes and, in the case of an Event of Default (as defined below), to enforce the Mortgage which has been created solely in favor of the Security Agent. Therefore, all Noteholders shall exercise their rights under the Notes which may in any way threaten or worsen the existence or the quality of the Mortgage only in cooperation and through the Security Agent. The enforcement of the Mortgage through the Security Agent is subject to the resolution of the Noteholders Meeting convened under the terms of these Terms and Conditions in the case of the Event of Default. The Noteholders Meeting shall decide on the enforcement of the Mortgage by the simple majority of the votes of the Noteholders present at the Noteholders Meeting. Each resolution of the Noteholders Meeting on the Mortgage shall also include the potential joint actions of the Noteholders and the method of enforcement of the Mortgage in accordance with applicable laws.

1.4.8 Enforcement of the Mortgage by the Security Agent

If in the case of an Event of Default the Noteholders Meeting adopts a resolution on the enforcement of the Mortgage in accordance with Article 1.4.7, the Security Agent shall enforce the Mortgage in compliance with the resolution of the Noteholders Meeting without undue delay after it receives the minutes of the relevant Noteholders.

The only method of enforcement of a mortgage available in Poland is by way of a court enforcement procedure. The enforcement process requires participation of enforcement officials (basically court and bailiff). In order to initiate enforcement, an enforcement title appended by an enforcement clause is required. The real estate is seized by a bailiff and sold in a public auction. Some claims have priority over claims secured by a mortgage. With a few exceptions, if the first sale fails, then the Security Agent can request a second sale at a reduced starting price. If the second sale fails, the Security Agent can take over the title to the real estate. Enforcement of a mortgage usually takes more than six months.

The Security Agent benefits from sums received from the sale of the Real Estate. Upon satisfaction the Security Agent shall dispose of the received proceeds in accordance with these Terms and conditions.

Meeting from the Issuer, the Lead Manager or any Noteholder. The Security Agent shall deduct from the proceeds from the enforcement of the Mortgage the costs of the enforcement and its fees in the amount of 2.4% of the total proceeds from the enforcement of the Mortgage. The Security Agent shall then distribute the remaining part of the proceeds from the enforcement of the Mortgage to the Noteholders in accordance with these Terms and Conditions. Any potential surplus shall then be returned to the Issuer. The Security Agent shall inform the Noteholders on the status of the enforcement of the Mortgage and provide them with the copies of all material documents related to such enforcement in accordance with the rules set forth in the resolution of the Noteholders Meeting. If the proceeds from the enforcement of the Mortgage are not sufficient for full discharge of all Issuer's payment obligations vis-à-vis the Noteholders under the Notes, the receivables of the Noteholders against the Issuer shall be discharged *pari passu* and, in such a case, each Noteholder shall be entitled to

individually enforce the unpaid part of its receivables against the Issuer under the Notes in accordance with applicable laws.

1.5 Negative Pledge

The Issuer undertakes that until its payment obligations under the outstanding Notes pursuant to these Terms and Conditions are satisfied, it shall not (and shall procure that the current owner of the Real Estate does not), without a prior consent of the Security Agent, enter into a single transaction or a series of transactions (whether related or not) to sell, transfer or otherwise dispose of the Real Estate and shall not create, or allow the creation of, any other mortgage or security interest over the Real Estate. The Issuer shall not create or permit creation of any security for any Liabilities (as defined below) by way of pledges or other third party rights that would restrict the Issuer's rights over the Real Estate unless the Issuer procures on or before the establishment of such pledges or third party rights that its obligations stemming from the Notes are secured (i) on a *pari passu* basis with its Liabilities so secured, or (ii) in some other manner than the Notes approved by the resolution of the Noteholders Meeting.

The provision of the preceding paragraph shall not apply to:

- (a) any pledges or similar third party rights restricting the Issuer's rights to its current or future assets or income, where their aggregate market value does not exceed 35% of the value of the Issuer's total assets (for the purpose of this section, the total assets of the Issuer shall mean the total assets (refer to Article 8.4.2 for exact figures; as of 30 June 2014 the total assets of the Issuer amounted to EUR 225,529 thousand) as reported in the latest non-audited financial statements of the Issuer, compiled in accordance with applicable legal regulations); or
- (b) any pledges or similar third party rights accorded in the course of the Issuer's day-to-day business other than by breach of these Terms and Conditions; or
- (c) any pledges or similar third party rights attached to the business assets of the Issuer as of the Issue Date or as at its acquisition by the Issuer, or in order to secure the Issuer's Liabilities incurred solely in connection with the acquisition of such assets or their part by the Issuer; or
- (d) any pledges or similar third party rights established by operation of law or pursuant to a judicial or administrative ruling: (i) provided that the Issuer defends itself in good faith and by means prescribed by the applicable law against any claim in connection with such pledges or similar third party rights; or (ii) for the period during which the proceedings regarding ordinary remedies against decision are carried out until the court or administrative decision is granted, on grounds of which the pledge or similar third party right were established; or
- (e) any leases of the Real Estate or its part or any use of the Real Estate or its part for the purpose of generating regular income from the Real Estate; or

- (f) any internal restructuring of the Issuer and / or its subsidiaries (including mergers and / or demergers) undertaken for the purpose of optimisation of its tax expenses and tax exposure due to changes in tax laws and / or tax treatment of the Issuer.

For the purposes of these Terms and Conditions, liabilities ("**Liabilities**") shall mean the Issuer's obligation to pay any amounts (arising from credits, loans, notes or otherwise) as well as any obligations of the Issuer for third party payment obligations arising from guarantees (*inter alia* guarantor's declaration or other forms of assurance, surety, bill or acceptance of joint and severe obligation) provided to third parties.

1.6 Restrictions on the Real Estate disposals

Except for the cases listed in Article 1.5 and/or Article 1.7, the Issuer shall not (and shall procure that the current owner of the Real Estate does not) without a prior written consent of the Security Agent enter into a single transaction or a series of transactions (whether related or not) to sell, transfer, or otherwise dispose of the Real Estate, except in the case of enforcement of the Mortgage by the Security Agent and other exceptions permitted by these Terms and Conditions, including use of the Real Estate for performance of the business activities of the Issuer (especially lease of the Real Estate or its part). The restrictions on the Real Estate disposals aim to protect the value of the Real Estate in favor of the Noteholders. Therefore, the restrictions on the Real Estate disposals are binding on the Issuer until the full discharge of the Liabilities.

1.7 Real Estate divestment

Notwithstanding Article 1.6, the Issuer shall be entitled to sell the Real Estate or any part thereof in the case of the Divestment Redemption (as defined below) in accordance with Article 1.11.4.

1.8 No adverse actions

The Issuer shall not do anything which could expectedly negatively affect the Real Estate, the Mortgage or the Security Agent's rights ensuing under the mortgage agreement.

1.9 Leverage limitation

The Issuer shall ensure that at any time as long as the Notes are outstanding that the Loan-to-Value Ratio (as defined below) in respect of the Real Estate shall not exceed 70%.

"**Loan-to-Value Ratio**" means the ratio of the outstanding balance of the Aggregate Nominal Amount to the Market Value of the Real Estate. The Aggregate Nominal Amount for the purposes of this definition means the Aggregate Nominal Amount after the Redemption Payments.

"**Market value of the Real Estate**" means the market value of the Real Estate determined by the Issuer as at 31 December of each year of the term of the Notes for the purposes of setting out the Loan-to-Value Ratio via the discounted cash flow

valuation in accordance with the RICS Valuation – Professional Standards (January 2014) – Red Book, whereby the rental income from the Real Estate is valued.

"LTV Determination Date" means 30 April of each year of the term of the Notes.

The valuation of the Real Estate has been prepared on the basis of "Fair Value", i.e. the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Within the valuation of the Real Estate no allowances have been made for any expenses of realization nor for taxation which might arise in the event of a disposal. Acquisition costs have not been included in the valuation of the Real Estate. Within the valuation of the Real Estate no account has been taken of (i) any inter-company leases or arrangements, nor of any mortgages, debentures or other charges and (ii) the availability or otherwise of capital based on state of European Community grants.

If the Loan-to-Value Ratio, as determined by the Issuer, exceeds 70%, the Issuer shall within 10 (ten) Business Days after each of the LTV Determination Dates, open an account ("**LTV Account**") with the Security Agent and pay to the LTV Account without undue delay an amount which, if taken into consideration for the purposes of the Loan-to-Value Ratio calculation, would cause the Loan-to-Value Ratio to comply with the threshold stated in this Article 1.9. The funds from the LTV Account may only be used for payments related to the Notes approved by the Security Agent.

1.10 Interest on the Notes

1.10.1 Interest Rate

The Notes shall bear a fixed interest rate of 4.05% *per annum* ("**Interest Rate**"). The Interest shall accrue from the first day of each Interest Period (meaning a period commencing on and including the Issue Date to and excluding the first Interest Payment Date (as defined below), and each subsequent period commencing on and including the previous Interest Payment Date to and excluding the next Interest Payment Date until the maturity date (the Final Redemption Date (as defined below) and the Early Redemption Date (as defined below) each further also as the "**Maturity Date**") ("**Interest Period**"); for the purposes of the running of any Interest Period, the Interest Payment Date shall not be shifted in accordance with the Business Day Convention (as defined below) to the last day included in such Interest Period at the interest rate specified above. Interest for each Interest Period shall be paid semi-annually and retrospectively for each preceding Interest Period on 26 May and 26 November of each year (each the "**Interest Payment Date**") in accordance with these Terms and Conditions. The first payment of the Interest shall be made on 26 May 2015.

1.10.2 Day count fraction

For the purposes of calculating the Interest payable on the Notes for a period of less than one (1) year, the "BCK Standard 30E/360" day count fraction shall be used for the Interest calculation (this means that for the purposes of calculating the Interest for a period of less than one (1) year, a year shall be deemed to consist of three hundred sixty

(360) days divided into twelve (12) months whereas in the event of an incomplete month, the number of days actually expired will apply) ("**Day Count Fraction**").

1.10.3 Interest determination

The amount of Interest payable on each Nominal Amount ("**Interest**") for each Interest Period shall be determined as the product of (i) the outstanding part of the Nominal Amount as at the relevant Interest Payment Date, including for the avoidance of doubt the amount of the relevant Redemption Payment (as defined below) to be paid under the Redemption Plan (as defined below) as of the relevant Interest Payment Date, (ii) the relevant Interest Rate, and (iii) the respective fraction determined in accordance with the Day Count Fraction. The Interest thus calculated according to this Article 1.10.3 shall be rounded mathematically to two (2) decimal places.

1.10.4 End of interest accrual

The Notes shall cease bearing Interest as of the Maturity Date (excluding), unless upon fulfilment of all requirements, the payment of the outstanding amounts under the Notes is unlawfully retained or withheld by the Issuer. In such event, interest shall continue to accrue at the above rate until the date on which all amounts due and payable as of that date in accordance with these Terms and Conditions have been paid to the Noteholders or their agents.

The Notes also shall cease bearing Interest as of the date when the Nominal Amount has been paid in full in accordance with these Terms and Conditions.

1.11 Redemption and purchase of the Notes

1.11.1 Final redemption

Unless previously redeemed or purchased by the Issuer as specified below, the Notes shall be redeemed at a redemption price of 100% of the Nominal Amount decreased by the part of the Nominal Amount redeemed in accordance with Article 1.11.3 (the "**Redemption Price**") in a single payment on 26 November 2034 (the "**Final Redemption Date**"), in accordance with Article 1.11.9 of these Terms and Conditions.

1.11.2 Early redemption by the Issuer

The Issuer shall be entitled to redeem the outstanding Notes prior to the Final Redemption Date only in accordance with Articles 1.11.3, 1.11.4 and 1.11.5. Article 1.12 shall apply *mutatis mutandis* in the case of early redemption pursuant to Articles 1.11.3, 1.11.4 and 1.11.5.

1.11.3 Redemption of the Nominal Amount

The Issuer will redeem part of the Nominal Amount of each Note according to the following redemption plan ("**Redemption Plan**"):

Payment Date	Amount in EUR
26 May 2015	1,563
26 November 2015	1,875
26 May 2016	1,875
26 November 2016	1,938
26 May 2017	1,938
26 November 2017	2,000
26 May 2018	2,000
26 November 2018	2,063
26 May 2019	2,063
26 November 2019	2,125
26 May 2020	2,125
26 November 2020	2,188
26 May 2021	2,188
26 November 2021	2,250
26 May 2022	2,250
26 November 2022	2,313
26 May 2023	2,313
26 November 2023	2,375
26 May 2024	2,375
26 November 2024	2,438

Payment Date	Amount in EUR
26 May 2025	2,438
26 November 2025	2,500
26 May 2026	2,500
26 November 2026	2,563
26 May 2027	2,563
26 November 2027	2,625
26 May 2028	2,625
26 November 2028	2,688
26 May 2029	2,688
26 November 2029	2,750
26 May 2030	2,750
26 November 2030	2,813
26 May 2031	2,813
26 November 2031	2,875
26 May 2032	2,875
26 November 2032	2,938
26 May 2033	2,938
26 November 2033	3,000
26 May 2034	3,000

The payments under the Redemption Plan shall be designated as the "**Redemption Payments**" and each of such payments a "**Redemption Payment**". Any payment made under this Article 1.11.3 shall be notified by the Issuer to the Noteholders and the Security Agent no later than thirty (30) days prior to the relevant Interest Payment Date ("**Redemption Payment Notice**"). After delivery of the Redemption Payment Notice to each Noteholder, the Issuer shall pay to each Noteholder the part of the Nominal

Amount of each Note determined by the Issuer in the Redemption Payment Notice in compliance with this Article 1.11.3 on the relevant Interest Payment Date specified above. For the avoidance of doubt, the part of the Nominal Amount redeemed on the basis of the Redemption Payments must be the same for each particular Note. As the Nominal Amount of each Note will not be repaid in full via the Redemption Payments the remaining part of the Nominal Amount of each Note after the Redemption Payments, in the amount of EUR 5,803, will be paid up in accordance with Article 1.11.1 on the Final Redemption Date.

1.11.4 Divestment Redemption and Redemption due to corporate and regulatory restructuring of the Issuer or its Group

(a) Divestment Redemption

The Issuer shall redeem all the Notes (and not some of the Notes only) if the Issuer enters into a legally binding commitment to sell the Real Estate or its material part to an investor according to which the transfer of the Real Estate will be subject to a prior redemption of the Notes ("**Divestment Redemption**"). The Divestment Redemption shall be effectuated by a notification on the Divestment Redemption delivered by the Issuer to the Noteholders and the Security Agent. Upon delivery of the notification on the Divestment Redemption, the Issuer shall pay to the Noteholders the outstanding Nominal Amount of the Notes and the Interest accrued as of the date of the notification on the Divestment Redemption no later than sixty (60) days after the date of the notification on the Divestment Redemption.

(b) Redemption due to corporate and regulatory restructuring of the Issuer or its Group

The Issuer shall be obliged to redeem all the Notes (or their part, as the case may be), if the Issuer and/or its Group undertakes any corporate and/or regulatory restructuring as the result of which the Issuer, using its own discretion and judgment, shall not, and given the legal and regulatory constraints could not, be in the position of an issuer of the Notes under the Notes Act, the Capital Markets Act, the Act on Investment Companies and Investment Funds and/or under any other applicable law ("**Regulatory Redemption**"). The Regulatory Redemption shall be effectuated by a notification on the Regulatory Redemption delivered by the Issuer to the Noteholders and the Security Agent. Upon delivery of the notification on the Regulatory Redemption, the Issuer shall pay to the Noteholders the outstanding Nominal Amount of the Notes and the Interest accrued as of the date of the notification on the Regulatory Redemption no later than thirty (30) days after the date of the notification of the Regulatory Redemption.

1.11.5 The Issuer shall be entitled to redeem the outstanding Notes prior to the Final Redemption Date in the case of the early redemption of the Notes in the ownership of the Issuer in accordance with Article 1.11.8 of these Terms and Conditions.

1.11.6 No early redemption at the option of the Noteholders

The Noteholders shall not be entitled to cancel and demand early redemption of the Notes prior to the Final Redemption Date, with the exception of early redemption in accordance with Article 1.4.6 and/or Article 1.14 of these Terms and Conditions.

1.11.7 Purchase of the Notes

Under the terms and conditions set forth below, the Issuer shall be entitled to purchase any of the Notes at any time.

1.11.8 No mandatory cancellation of the Notes purchased by the Issuer

Unless provided otherwise by applicable law, the Notes purchased by the Issuer shall not be cancelled, and the Issuer shall have discretion in deciding whether to hold and, if appropriate, re-sell the Notes or whether to initiate redemption of them before maturity. In such event, the rights and obligations under the Notes in the ownership of the Issuer shall automatically terminate by virtue of a merger of the rights and obligations in a single person (for the avoidance of doubt, the provision of Article 1.12.4(b) of these Terms and Conditions shall not apply).

1.11.9 Issuer's covenant to pay amount due

The Issuer undertakes to pay the Redemption Amount, the Redemption Payments, the Interest and any other payments under these Terms and Conditions in such manner and at such place as specified in these Terms and Conditions.

1.12 Payments

1.12.1 Currency of payments

The Issuer undertakes to make payments in respect of the Notes exclusively in EUR, or in any other currency that might replace EUR. The Redemption Amount, the Redemption Payments, the Interest and any other payments under these Terms and Conditions shall be paid to the Noteholders subject to and in accordance with these Terms and Conditions, and the tax, foreign exchange, and other applicable laws and regulations of the Czech Republic as in effect at the time of the relevant payment.

1.12.2 Payment Date

Payments in respect of the Notes shall be made by the Issuer on such dates as specified in these Terms and Conditions (each such date, according to its meaning, the "**Interest Payment Date**" or "**Final Redemption Date**" or "**Early Redemption Date**" or also as the "**Payment Date**").

1.12.3 Business Day Convention

If any Payment Date falls on a date that is not a Business Day, the Issuer shall be obligated to pay the due and payable sums on the next following Business Day (meaning any calendar day (other than a Saturday or Sunday) on which banks in the Czech

Republic, are open for business, and on which interbank payments in EUR or in any other lawful currency that might replace EUR are settled, each a "**Business Day**"), and no additional interest or other charges shall accrue and be payable by reason of such delay in payment (the "**Business Day Convention**").

1.12.4 Determination of the right to receive payments related to the Notes

(a) Interest

Unless otherwise provided in these Terms and Conditions, Interest shall be paid to the person on whose holder's account kept by the Central Depository or in any statutory follow-up records the Notes are recorded at the close of the calendar day (the "**Record Date for Interest Payment**") that is thirty (30) days prior to the Interest Payment Date (each such person, a "**Payee**"). For the purposes of determining the recipient of the Interest, the Issuer shall not take into account the transfer of any Notes effectuated on or after the calendar day on which the Record Date for Interest Payment in respect of such payment falls.

(b) Redemption Amount, the Redemption Payments or any other payments (except for the Interest) under these Terms and Conditions

Unless otherwise stipulated in these Terms and Conditions, the Redemption Amount, the Redemption Payments or any other payments (except for the Interest) under these Terms and Conditions shall be paid to the person on whose holder's account kept by the Central Depository or in any statutory follow-up records the Notes are recorded at the close of the calendar day (the "**Record Date for Redemption Amount**") that is thirty (30) days prior to the Early Redemption Date, Final Redemption Date or any other date on which the Nominal Amount (or its part) is to be redeemed in accordance with these Terms and Conditions (each such person, a "**Payee**"). For the purposes of determining the recipient of the Redemption Amount, the Redemption Payments or any other payments (except for the Interest) under these Terms and Conditions, the Issuer shall not take account of the transfer of any Notes effectuated from the day immediately following the Record Date for Redemption Amount until the relevant Payment Date. Unless it is contrary to applicable law, transfers of all Notes may be suspended from the Record Date for Redemption Amount until the relevant Payment Date and the Noteholders shall be obligated to provide any assistance necessary to suspend such transfers.

1.12.5 Payment terms

The Issuer shall make all payments to each Payee by wire transfer to such Payee's account (or in the event that the Payee is acting through an agent and if it is applicable, to bank account of such agent, unless the respective power of attorney delivered to the Issuer stipulates otherwise) according to an instruction that shall be communicated by the Payee to the Issuer in a verifiable manner no less than 10 (ten) Business Days prior to the Payment Date. Such instruction shall be in the form of a written statement (including e-mail), and contain sufficient details of such account to allow the Issuer to

make the payment (the "**Instruction**"). The Instruction must be in the form and substance reasonably satisfactory to the Issuer, and the Issuer shall be entitled to require that reasonably satisfactory evidence of the authority of the signatory of such Instruction to sign such Instruction on behalf of the Payee be given. Such evidence may also be delivered to the Issuer no less than five (5) Business Days prior to the Payment Date. In this respect, the Issuer shall be authorized to require that (i) a power of attorney be delivered in the event that the Payee is acting through an agent or (ii) the instruction from the Payee be subsequently confirmed. Any Payee who claims tax relief in accordance with any applicable double taxation treaty shall deliver to the Issuer a certificate of such Payee's tax domicile and such other documents as the Issuer and the applicable tax authorities may request, together with the Instruction as an integral part thereof. Notwithstanding such rights, the Issuer shall not verify the authenticity or completeness of such Instructions, or be liable for any damage incurred in connection with any delay in the delivery of such Instruction by any Payee, or with the delivery of an incorrect or otherwise defective Instruction.

The obligation to make a payment under a Note shall be deemed discharged in a proper and timely manner if the relevant amount has been remitted to the Payee or its agent, if applicable, in accordance with a proper Instruction under this Article 1.12.5 and if, on or before the Payment Date such amount is debited from the Issuer's account within the relevant clearing system for the Regulated Market of the PSE.

In the event that the settlement of payments in Euros (or any other lawful currency that might replace Euro) is not made through the clearing system for the Regulated Market of the PSE, the obligation to make a payment under a Note shall be deemed discharged in a proper and timely manner if the relevant amount has been remitted to the Payee (or its agent, if applicable) in accordance with a proper Instruction under this Article 1.12.5 and if such amount is debited from the Issuer's account on or before the Payment Date for the amount.

If any Payee has failed to deliver a proper Instruction to the Issuer in accordance with this Article 1.12.5, then the obligation to make a payment under a Note shall be deemed discharged in a proper and timely manner with respect to the Payee if the relevant payment has been made no later than fourteen (14) Business Days following the day on which the Issuer received the proper Instruction, in which case, such Payee shall have no right to receive any interest or additional payment on account of the delay.

The Issuer shall not be liable for any delay in the payment of any amount owed caused by (i) the failure of the Payee to deliver the proper Instruction or any other documents or information required to be delivered by it in time, under this Article 1.12.5, (ii) such Instruction, document, or information being incomplete, inaccurate or untrue, or (iii) circumstances beyond the control of the Issuer; and no Payee shall be entitled in any such event to receive any additional payment, interest, or other yield for any such delay in the relevant payment.

1.12.6 Change in the method and place of payment

The Issuer shall be entitled to elect to change the method and place of payment unless such change results in material prejudice to the Noteholders. In addition to publication of

this information in accordance with the relevant provisions of applicable legislation, notice of such election shall be given to the Noteholders in accordance with Article 1.17 of these Terms and Conditions.

1.13 Taxation

The payment of the Redemption Amount, the Interest, the Redemption Payments or any other payments under these Terms and Conditions shall be made without withholding of any taxes and charges of any kind unless required otherwise by the applicable laws effective as of the date of the particular payment. If such withholding is required by applicable laws effective as of the date of the relevant payment, the Issuer shall not be obligated to pay to the Noteholders any additional amounts as compensation for such withholdings.

Generally, interest income paid to an individual is subject to the Czech withholding tax (i.e. withheld by the notes issuer upon the payment of an interest) of 15% (35% for residents of "tax heaven" jurisdictions). Interest income paid to the corporate entity which is Czech tax resident or conducts a business in the Czech Republic through a permanent establishment, is included in the general tax base of the recipient subject to the 19% corporate income tax. For a corporate entity which is not Czech tax resident or it does not have a Czech permanent establishment, the 15% withholding tax applies (35% for residents of "tax heaven" jurisdictions).

The Czech withholding tax may be reduced or eliminated based on the double tax treaty concluded between the Czech Republic and the tax resident country of the recipient of the income.

Recipients who are not Czech tax residents have to tax the respective interest income in their domestic countries of tax residency in accordance with the respective tax legislation.

1.14 Early redemption of the Notes upon the occurrence of Events of Default

1.14.1 Events of Default

If any of the following events occur and are continuing (each an "**Event of Default**"):

(a) Breach of payment obligations

any payment in respect of the Notes is not paid more than thirty (30) Business Days after the due date for the payment thereof; or

(b) Breach of other obligations

the Issuer defaults in the performance or observance of any of its material obligations (other than its payment obligations specified above in letter (a) of this Article 1.14.1) as set forth in these Terms and Conditions, and such default remains unremedied for more than thirty (30) Business Days after a written notice thereof given to the Issuer by Noteholder in respect of the Notes which

are not repaid or purchased or cancelled as of such date by a letter delivered to the Issuer; or

(c) Cross-Default

any Liabilities of the Issuer are not paid by the Issuer as and when due or within any additional grace period agreed with the creditor, and no other arrangement is made with the creditor regarding the due and payable date of such Liabilities, or any such Liabilities are declared to be due and payable prior to the original due date for the payment thereof other than by the election of the Issuer. The default pursuant to this paragraph (c) shall not occur if the aggregate amount of the unpaid Liabilities is lower than EUR 250,000 (two hundred fifty thousand Euros) (or its equivalent in other currency or currencies). Further, a default pursuant to this paragraph (c) shall not occur if the Issuer contends, in good faith in the statutory manner, the non-existence of an obligation to make payment in terms of the amount and title, and makes payment within the term stipulated by a final and non-appealable decision of the respective court or other body which rules that the Issuer is obligated to pay.

Only for the purposes of this letter (c) of this Article 1.14.1, liabilities ("**Liabilities**") shall mean, any obligation(s) of the Issuer to make payment under (i) bank and other loans and credits and any interest and fees thereon, (ii) any other form of debt financing, (iii) swap agreements, term currency and interest transactions and other derivatives, and (iv) any guarantees provided by the Issuer.

(d) Court judgments and other decisions

the Issuer fails to comply with any of its payment obligations determined by a final and binding decision of the competent court, arbitration court, arbitration body or administrative authority for a period longer than thirty (30) Business Days. The default pursuant to this letter (d) shall not occur if the aggregate amount of the payment obligations is lower than EUR 250,000 (two hundred fifty thousand Euros) (or its equivalent in other currency or currencies).

(e) Illegality

the Issuer's obligations under the Notes or their performance by the Issuer cease to be partially or fully legally enforceable or become in breach of applicable laws.

(f) Insolvency, liquidation, administration

any of the following events occurs and continues for over 30 (thirty) Business Days: (i) the Issuer becomes insolvent, generally suspends payments under its obligations, or is unable to pay its debts as they fall due, (ii) an insolvency trustee or liquidator or administrator of the Issuer or of the whole or any part of the undertaking, assets and revenues of the Issuer is appointed by the

competent authorities or any person or body, (iii) the Issuer files an insolvency petition or files a motion for a moratorium, (iv) the Issuer is declared insolvent by any court or pending insolvency is declared by any court, or (v) an insolvency petition in relation to the Issuer is rejected by any court on the grounds of the insufficiency of assets to pay the costs of the insolvency proceeding; or (vi) a respective court renders a final and non-appealable decision or adopts a valid resolution on the dissolution of the Issuer with liquidation; or (vii) the Issuer enters into any liquidation proceedings.

(g) Non-establishment and cessation of the Mortgage

the Mortgage is not properly established in favor of the Security Agent in accordance with Article 1.4.5 or the Issuer breaches its obligation to keep the Mortgage valid and effective in accordance with Article 1.4.5.

(h) Termination of business activities

the Issuer ceases to perform its core business activities or the authorization to carry out its core business activities is terminated

then:

any Noteholder may, at his discretion, request by written notice to the Issuer (the "**Early Redemption Notice**"), an early redemption of all the Notes held by such Noteholder, and the payment of the Redemption Amount and unpaid Interest accrued on the Notes, as of the Early Redemption Date, unless the Notes become due and payable at an earlier date pursuant to mandatory provisions of the law (in such case, the respective mandatory provisions of the law shall apply) and the Issuer shall be obliged to redeem the Notes (including accrued and unpaid interest) pursuant to these Terms and Conditions.

1.14.2 Maturity of accelerated notes

All amounts payable by the Issuer to any Noteholder, who delivered the Early Redemption Notice, pursuant to the last paragraph of Article 1.14.1 of these Terms and Conditions shall become due and payable as of the last Business Day of the month following the month in which the Noteholder delivered the relevant Early Redemption Notice (such date, in addition to any other dates so named in these Terms and Conditions, is referred to as the "**Early Redemption Date**").

1.14.3 Withdrawal of an Early Redemption Notice

Any Early Redemption Notice may be withdrawn by the Noteholder, but only with respect to the Notes held by such Noteholder, and provided that such withdrawal was delivered to the Issuer before the relevant amount became due and payable pursuant to the preceding Article 1.14.2 of these Terms and Conditions. However, any such withdrawal of an Early Redemption Notice shall have no effect on Early Redemption Notices given by other Noteholders.

1.14.4 Other conditions for Early Redemption of the Notes

The provisions of Article 1.11 and Article 1.12 of these Terms and Conditions shall be applied, as appropriate, to the early redemption of the Notes pursuant to this Article 1.14.

1.15 Statute of limitations

Any claim arising under the Notes shall be statute-barred and become unenforceable unless made within ten (10) years from the date on which such claim first becomes due.

1.16 Listing Agent, Security Agent and their specified offices

1.16.1 Listing Agent and Security Agent

Unless there is a change pursuant to the relevant provisions of these Terms and Conditions, Česká spořitelna, a.s. shall be the Listing Agent and the Security Agent.

The Listing Agent's specified office and Security Agent's specified office (the "**Specified Office of the Security Agent**") shall be at the following address:

Česká spořitelna, a.s.
Evropská 2690/17
160 00 Prague 6
Czech Republic

1.16.2 Additional and other Listing Agent

The Issuer reserves the right to appoint another Listing Agent at any time. However, any change shall be without material prejudice to the Noteholders.

1.16.3 Relationship between the Listing Agent and the Noteholders

The Listing Agent shall act as an agent of the Issuer when performing its duties of the Listing Agent.

1.17 Notices

Any notice to the Noteholders regarding the Noteholders Meeting shall be valid if published in the English language on the official web page of the Issuer www.vigam.cz. Also other notices to the Noteholders pursuant to these Terms and Conditions shall be valid if published in the English language on the official web page of the Issuer www.vigam.cz. If the provisions of the applicable law allow for any other method for publishing and/or delivery of any of the notices given under these Terms and Conditions (including delivery per registered mail or e-mail), such notices shall be deemed to be validly published and/or delivered upon their publication and/or delivery in accordance with such provisions of law. If any notice is published in several manners, such notice shall be deemed to have been given on the date of its first publication.

Any notice to the Issuer pursuant to these Terms and Conditions shall be deemed duly given if delivered to:

VIG FUND uzavřený investiční fond, a.s.
Templová 747/5
110 00 Prague
Czech Republic
Att.: DI Caroline Mocker

(the "**Specified Office of the Issuer**")

or to such other address as may be notified to Noteholders by the Issuer.

1.18 Noteholders Meetings

1.18.1 Right to convene a Noteholders Meeting

The Issuer or any Noteholder or any Noteholders may convene the Noteholders Meeting in accordance with these Terms and Conditions, if so required to decide on common interests of the Noteholders. The costs of organizing and convening a Noteholders Meeting shall be borne by the person convening the Noteholders Meeting, unless relevant laws stipulate otherwise. The person convening a Noteholders Meeting, if such person is a Noteholder, shall, no later than the day on which notice of the Noteholders Meeting is published (see Article 1.18.3 of these Terms and Conditions), (i) deliver to the Issuer a request for procuring evidence of the number of all Notes entitling the holder(s) to attend the Noteholders Meeting convened by the Issuer or one or more Noteholders, i.e., an extract from the relevant register of the Notes, and (ii) where relevant, pay to the Issuer in advance for the costs associated with its services in relation to the Noteholders Meeting. The due and timely delivery of the request pursuant to item (i) above and the payment of the advance for the costs pursuant to item (ii) above are the prerequisites to the valid convening of a Noteholders Meeting.

1.18.2 Noteholders Meeting convened by the Issuer

The Issuer shall be obligated to convene a Noteholders Meeting in the cases set out in this Section 1.18.2 and in such other cases as determined by the applicable mandatory laws when there is:

- (a)** a proposed change or changes to these Terms and Conditions, except where the applicable laws and regulations stipulate that no consent of the Noteholders to such a change is required;
- (b)** a proposal for a merger or any other type of transformation of the Issuer as a result of which the Issuer would cease to exist;
- (c)** a proposal for entering into a controlling agreement or a profit transfer agreement irrespective of which party the Issuer is;

- (d) a proposal for entering into an agreement on the sale of all or any part of a business or an agreement of the lease of all of any part of business irrespective of which party the Issuer is, if the due and timely repayment of the obligations under the Notes may be jeopardized;
- (e) an Event of Default which occurs and continues for more than thirty (30) calendar days; or
- (f) a proposal for the filing of an application for the withdrawal of the Notes from trading on the Regulated Market of the PSE.

(the situations specified in (a) through (f) above shall be referred to as a "**Material Change**").

1.18.3 Notice of the Noteholders Meeting

The person convening a Noteholders Meeting shall be obligated to give notice of the Noteholders Meeting pursuant to Article 1.17 of these Terms and Conditions no later than fifteen (15) calendar days prior to the proposed date of the Noteholders Meeting. If a Noteholders Meeting is convened by one or more Noteholders, such Noteholder(s) shall deliver a notice of the Noteholders Meeting within the same time limit also to the Issuer. The notice of the Noteholders Meeting must contain at least (i) the business name, identification number and the registered office of the Issuer, (ii) the designation of the Notes, at the very least by the title of the Notes, the Issue Date, and the ISIN, (iii) the venue, date, and hour of the Noteholders Meeting, with the venue being solely a place in Prague, the date being a Business Day, and the hour being no earlier than 10:00 a.m. and no later than 4:00 p.m., (iv) the agenda of the Noteholders Meeting, including full proposals for a resolution relating to individual items of the agenda, and (v) the day that is the Record Date for the Attendance (as defined below). The Noteholders Meeting shall only be authorized to decide on proposed resolutions contained in the notice of the Noteholders Meeting; decision-making on any proposed resolutions not contained in the agenda of the Noteholders Meeting set forth in the notice of the Noteholders Meeting is admissible only if all Noteholders entitled to vote at the Noteholders Meeting are present and agree to such proposal. If the grounds for convening the Noteholders Meeting cease to exist, the person convening the Noteholders Meeting shall withdraw the notice of the Noteholders Meeting in the same manner it has been provided.

1.18.4 Persons entitled to attend and vote at a Noteholders Meeting

To be entitled to attend and vote at a Noteholders Meeting, a person shall be a Noteholder at the close of the day that is seven (7) calendar days prior to the date of the relevant Noteholders Meeting (the "**Record Date for the Attendance**") or any person who produces a certificate of the person being a Noteholder at the close of Record Date for the Attendance that a such person is the holder of the Notes and that such Notes are registered in the account of the first person for the purposes of their administration by such person. The certificate pursuant to the preceding sentence must be in the form and substance satisfactory to the Issuer. No transfers of the Notes made after the Record Date for the Attendance shall be taken into account. Each Noteholder shall have the right to be represented at the Noteholders meeting by a representative.

1.18.5 Voting rights

Each Noteholder entitled to attend a Noteholders Meeting shall have such number of votes which corresponds to the amount of its participation in the outstanding Aggregate Nominal Amount of the issued and outstanding Notes. No voting right shall be attached to any Notes held by the Issuer that were redeemed early by the Issuer under these Terms and Conditions, and such Notes shall not be counted in determining the presence of a quorum at the Noteholders Meeting. When the Noteholders Meeting decides on recalling a Common Proxy (as defined below), the Common Proxy (if entitled to attend and vote at the Noteholders Meeting) shall not vote.

1.18.6 Attendance at the meeting by other parties

The Issuer shall be obligated to attend the Noteholders Meeting, either in person or by a person representing the Issuer on the basis of a power of attorney. Other persons entitled to attend the Noteholders Meeting are the representatives on the basis of powers of attorney from the Noteholders, the Common Proxy (unless otherwise entitled to attend the Noteholders Meeting), and any guests invited by the Issuer.

1.18.7 Quorum

A Noteholders Meeting shall have a quorum if attended by one or more Noteholders entitled to vote at the Noteholders Meeting and holding Notes, the sum of Nominal Amounts of which represents more than thirty per cent (30%) of the Aggregate Nominal Amount of the issued and outstanding Notes. Before the opening of the Noteholders Meeting, the Issuer shall provide information on the number of Notes whose holders are entitled to attend and vote at the Noteholders Meeting in accordance with these Terms and Conditions.

1.18.8 Chairman of the Noteholders Meeting

A Noteholders Meeting convened by the Issuer shall be chaired by a chairman appointed by the Issuer. A Noteholders Meeting convened by a Noteholder or Noteholders shall be chaired by the chairman elected by a simple majority of the attending Noteholders entitled to vote at the Noteholders Meeting. Until the chairman is elected, the Noteholders Meeting shall be chaired by a person appointed by the person who convened the Noteholders Meeting. The election of the chairman must be the first item on the agenda of any Noteholders Meeting not convened by the Issuer.

1.18.9 Common Proxy

The Noteholders Meeting may elect, by resolution, an individual or legal entity to be a common proxy and entrust the common proxy with the performance of the functions pursuant to Section 24 (1) of the Notes Act ("**Common Proxy**"). The Noteholders Meeting may recall the Common Proxy in the same way in which the Common Proxy was elected.

1.18.10 Action by the Noteholders Meeting

The Noteholders Meeting shall decide on the matters submitted in the form of a resolution. Any resolution that (i) approves a proposal pursuant to Article 1.18.2 of these Terms and Conditions, or (ii) appoints or recalls a Common Proxy, shall require the affirmative vote of at least three-quarters of the votes of the Noteholders present. Unless expressly provided otherwise in these Terms and Conditions, any other resolutions shall be adopted upon receiving the affirmative vote of a majority of the Noteholders in attendance who hold Notes carrying the right to vote pursuant to Article 1.18.5 of these Terms and Conditions.

1.18.11 Adjournment of a Noteholders Meeting

If within one hour from the time appointed for the Noteholders Meeting a quorum is not present, then (i) if the Noteholders Meeting was convened at the request of one or more Noteholders, such Noteholders Meeting shall be automatically dissolved, (ii) if the Noteholders Meeting was convened by the Issuer, it shall be adjourned for such time and to such place as determined by the chairman of the Noteholders Meeting, and (iii) if the Noteholders Meeting, within which a decisions on the change of the Terms and Conditions of the Notes should be made, was convened either by one or more Noteholders or the Issuer, the convener of the Noteholders Meeting shall adjourn the Noteholders Meeting so that the adjourned Noteholders Meeting will take place within six (6) weeks from the date for which the original Noteholders Meeting was convened. The Noteholders shall be notified within fifteen (15) days from the date for which the original Noteholders Meeting was convened about the time and place of the adjourned Noteholders Meeting. The agenda of the adjourned Noteholders Meeting shall be the same as the agenda of the original Noteholders Meeting. The provision applicable to the holding of a regular Noteholders Meeting shall apply, *mutatis mutandis*, to the holding of an adjourned Noteholders Meeting. Article 1.18.7 stating the quorum shall not apply on the adjourned Noteholders Meeting and the adjourned Noteholders Meeting shall have a quorum even if the conditions of Article 1.18.7 are not met.

1.18.12 Consequences of voting against certain resolutions of a Noteholders Meeting

If a Noteholders Meeting consented to a Material Change, a Noteholder who was authorized to attend and vote at the Meeting pursuant to Article 1.18.5 of these Terms and Conditions, and according to the minutes of the Noteholders Meeting, voted against a resolution adopted by the Noteholders Meeting or failed to attend the Noteholders Meeting (the "**Applicant**") may, within 30 (thirty) days of the publication of the resolution of the Noteholders Meeting, request the repayment of the relevant outstanding Nominal Amount of its Notes including the Interest as of the Record Date for the Attendance and not disposed of by the Noteholder thereafter. Such right must be exercised by the Noteholder within 30 (thirty) days of the publication of the resolution of the Noteholders Meeting in accordance with Section 1.18.15 of these Terms and Conditions by written notice in Czech or English language (the "**Application**") intended for the Issuer and delivered to the Specified Office of the Issuer, failing which, the right shall terminate. The amounts referred to above shall become due and payable within 30 (thirty) days following the delivery of the Application to the Issuer (such date, in addition to any other dates so named in these Terms and Conditions, the "**Early Redemption Date**").

If any Material Change is discussed at a Noteholders Meeting, a notarial deed must be made of the attendance at and the decisions taken by the Noteholders Meeting. If the Noteholders Meeting consented to such a Material Change, the notarial deed shall also contain the names of the Noteholders who consented to such a Material Change and the number of Notes held by each of such Noteholders as of the Record Date for the Attendance.

1.18.13 Resolution on early redemption

If the Noteholders Meeting does not consent to a Material Change under Article 1.18.2 (b) to (f) of these Terms and Conditions, the Noteholders Meeting is entitled to decide that if the Issuer proceeds in violation of the resolution passed by the Noteholders Meeting regarding such Material Change, the Issuer will be obligated to pay the Redemption Amount of the Notes including the Interest in accordance with these Terms and Conditions as of the Early Redemption Date (as specified below) to any Noteholder who requests such early repayment and only with respect to the Notes held by such Noteholder (the "**Applicant**"). The Issuer is obligated to pay to the Applicant the amounts due to the Applicant pursuant to the above in the manner and at the place stipulated by these Terms and Conditions for repayment of the Notes and within 30 (thirty) days following the delivery of a written notice (the "**Application**") to the Issuer (such date, in addition to any other dates so named in these Terms and Conditions, the "**Early Redemption Date**").

1.18.14 Requirements as to the Application

The Application shall specify the sum of the Nominal Amounts of the Notes covered by such Application. The Application must be in writing and be signed by the persons authorized to act on behalf of the Applicant, the authenticity of such signatures to be officially verified. Within the same time limit, the Applicant must deliver to the Specified Office of the Issuer all the documents required for the payment pursuant to Article 1.11 of these Terms and Conditions.

1.18.15 Minutes of Noteholders Meeting

The minutes of the Noteholders Meeting shall be taken by the person who convened the Noteholders Meeting or by a person authorized by such person within 30 (thirty) days of the date of the Noteholders Meeting. The minutes shall contain the conclusions of the Noteholders Meeting, including, without limitation, any resolution adopted by such Noteholders Meeting. If the Noteholders Meeting was convened by a Noteholder or Noteholders, the minutes of the Noteholders Meeting must also be delivered to the Issuer within 30 (thirty) days of the holding of the Noteholders Meeting. The Issuer shall, within 30 (thirty) days of the holding of the Noteholders Meeting, publish all decisions taken by the Noteholders Meeting in the same manner in which the Issuer published these Terms and Conditions. The Issuer shall keep the minutes of the Noteholders Meeting until at least the rights under the Notes have become void. The minutes of any Noteholders Meeting shall be available for inspection by the Noteholders at the Specified Office of the Issuer during regular office hours. The provision of Article 1.18.12 of these Terms and Conditions regarding the execution of notarial deeds shall not be affected thereby.

1.19 Governing Law, language, disputes

The Notes are issued under the applicable and effective laws of the Czech Republic, including, without limitation, the Capital Markets Act and the Notes Act. Any rights and obligations under the Notes and non-contractual obligations arising in connection with the Notes shall be governed by, and interpreted and construed in accordance with, the laws of the Czech Republic. These Terms and Conditions may be translated into Czech and/or other languages. In the event of any inconsistencies between the various language versions, the English language version shall prevail. Any dispute between the Issuer and the Noteholders arising out of or in connection with the Notes or these Terms and Conditions shall be resolved by the Municipal Court in Prague.

8. INFORMATION ABOUT THE ISSUER

8.1 Basic data on the Issuer

Commercial Name:	VIG FUND uzavřený investiční fond, a.s.
Registration Court:	Commercial register maintained by the Municipal Court in Prague
Registration No.:	242 208 09
Date of Incorporation:	1 March 2012
Length of life:	indefinite
Registered office / domicile:	Templová 747/5, Prague 1, Postal Code 110 00, Czech Republic
Legal form:	joint stock company (<i>akciová společnost</i>)
Governing law:	Czech law
Country of incorporation:	Czech Republic
Registered capital:	CZK 3,425,400 (fully paid up)
Contact address:	Templová 747/5, Prague 1, Postal Code 110 00, Czech Republic
Telephone number:	+43 (0) 50 350-21002

The Issuer is a joint stock company whose assets are managed by VIG AM.

The decision to grant authorization under which the Issuer was established had been issued by the CNB on 17 January 2012 under reference number 2012/579/570, and became legally binding as of 19 January 2012. Pursuant to Section 651 (4) of the AIFIC the authorization terminated and the Issuer is now registered in the list of investment funds with legal personality maintained by the CNB. The Issuer is a special fund of qualified investors pursuant to Article 272 et seq. of the AIFIC.

The principal business activity of the Issuer is the collective investment in accordance with the AIFIC, performed under the license issued by the CNB.

VIG AM is the manager and administrator of the Issuer. VIG AM is the sole member of the board of directors of the Issuer since 16 July 2014 for a period of 5 years after which the term of the office will expire (expiration of the office on 16 July 2019, if not further prolonged). VIG AM obtained the authorization to undertake business activities of an investment company by the CNB decision dated 20 October 2011, which was issued under reference number 2011/12394/570 and became legally binding and effective as of 21 October 2011. The relationship between the Issuer and VIG AM is regulated, among others, by a service agreement entered into on 21 July 2014.

8.2 Basic data on VIG AM

Commercial Name:	VIG Asset Management investiční společnost, a.s.
Registration Court:	Municipal Court in Prague
Registration No.:	248 38 233
Date of Incorporation:	27 April 2011
Length of life:	Indefinite
Registered office domicile:	/ Prague 1, Staré Město, Templová 747/5, PSČ 11001, Postal Code 110 00, Czech Republic
Legal form:	joint stock company
Governing law:	Czech law
Country of incorporation:	Czech Republic
Contact address:	Prague 1, Staré Město, Templová 747/5, PSČ 11001, Postal Code 110 00, Czech Republic
Telephone number:	+43 (0) 50 350-21002

There are no important events in the development of VIG AM to be specifically reported in this Prospectus. VIG AM obtained an authorization (approval) to undertake activities of an investment company, i.e. to manage investment funds, on the basis of a resolution of the CNB dated 20 October 2011, reference number 2011/12394/570 Sp 2011/668/571, which became legally binding as of 21 October 2011. The regulatory body regulating VIG AM is the CNB.

There have been neither capital increases nor any transformations carried out in the history of VIG AM.

The experience of VIG AM as an investment company and manager derives from the experience of its management board members as listed (and described) in Article 13.1. Apart from the Issuer, there are (have been) no other investment funds or third-party assets managed by VIG AM.

8.3 History and development of the Issuer

The Issuer was founded on 27 October 2011 and incorporated on 1 March 2012 by registration in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 17896.

The Issuer was incorporated as a joint stock company (*akciová společnost*) established under the laws of the Czech Republic. The main subject of its business activities is collective investment.

At the date of this Prospectus, the amount of the Issuer's registered capital is CZK 3,425,400 (in words: three million four hundred and twenty-five thousand four hundred Czech Crowns). The Issuer is part of the Group and part of the Vienna Insurance Group.

As of the date of incorporation of the Issuer its registered capital amounted to CZK 2,000,000. Subsequently, the registered capital was increased in 2012 to CZK 2,270,000, in 2013 to CZK 2,431,600 and in 2014 first to CZK 2,685,600 and subsequently to CZK 3,425,400. As of the end of the last accounting period (date of the latest balance sheet contained in the historical financial information), the registered capital of the Issuer amounted to CZK 2,431,600.

As of the date of this Prospectus, the Issuer has issued in total 17,127 ordinary registered shares in paper form in a nominal value of CZK 200 per share. All shares have been fully paid up. As of the end of the last accounting period (date of the latest balance sheet contained in the historical financial information) the number of shares issued by the Issuer amounted to 12,158 (ordinary registered shares in paper form in a nominal value of CZK 200 per share, all fully paid up).

The founding shareholders of the Issuer were VIG-CZ Real Estate GmbH, Kooperativa pojišťovna, a.s., Vienna Insurance Group and VIG RE zajišťovna, a.s. (as all of them specified in Article 10.1 below). The remaining shareholders (except for V.I.G. ND, uzavřený investiční fond a.s.) became shareholders of the Issuer in 2012 by acquisition of the shares which were issued during increase of the registered capital of the Issuer. V.I.G. ND, uzavřený investiční fond a.s. became a shareholder of the Issuer in 2014 by acquisition of one share of the Issuer which was transferred to it by Kooperativa pojišťovna, a.s., Vienna Insurance Group.

The Issuer merged in 2012 with VIG BM a.s., in 2013 with BB C – Building C, s.r.o. and in 2014 with HAVLÍČKOVA INVESTMENT a.s.; in all cases the Issuer was a successor legal entity. In addition, it is envisaged that the Issuer will merge with Burzovní Palác Investment s.r.o. Also in this case the Issuer will be the successor legal entity.

For the aggregated financial information of HAVLÍČKOVA INVESTMENT a.s. prepared in accordance with the Czech Accounting Standards refer to Article 17.2.

8.4 Selected financial information

8.4.1 Consolidated year-end condensed financial information

Set forth below are consolidated year-end condensed financial information of the Issuer according to IFRS as adopted by the European Union:

	31.12.2013	31.12.2012
Non-current assets	189,400	174,100
Current assets	14,627	15,317
Total assets	204,027	189,417
Equity	-109,668	-100,079
Non-current liabilities	-80,256	-75,704
Current liabilities	-14,103	-13,634
Total equity and liabilities	-204,027	-189,417

Rental income	13,187	9,252
Net operating income	12,550	9,092
Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses EBITDA	11,602	8,101
Operating result - Earnings before interests and taxes (EBIT)	9,393	7,794
Financial result	-3,230	-2,283
Consolidated profit or loss after tax	6,279	4,455

	31.12.2013	31.12.2012
Net cash flow from/(used in) operating activities	12,775	7,506
Net cash from/(used in) investment activities	-17,649	-28,490
Net cash (used in)/from financing activities	4,979	23,880
Net (decrease)/increase in cash and cash equivalents	105	2,896
Cash and cash equivalents at 31 December 2012 / 1 March 2012	10,636	7,740
Cash and cash equivalents at 31 December	10,741	10,636

	Share capital	Legal reserve	Capital reserve	Transaction reserve	Retained earnings	Total equity
Opening balance as of 1 March 2012	81	16	28,801	54,686	0	83,584
Profit or loss after tax	0	0	0	0	4,455	4,455
Other comprehensive income	0	0	0	0	0	0
Increase of reserves, paid in	0	0	77	0	0	77
Shares issued	10	0	11,953	0	0	11,963
Closing balance as of 31 December 2012	91	16	40,831	54,686	4,455	100,079
Profit or loss after tax	0	0	0	0	6,279	6,279
Other comprehensive income	0	0	0	0	0	0
Increase of reserves, paid in	0	2	0	0	-2	0
Shares issued	6	0	7,027	0	0	7,033
Dividend distribution	0	0	0	0	-3,723	-3,723
Closing balance as of 31 December 2013	97	18	47,858	54,686	7,009	109,668

Notes:

The financial information is in thousand EUR.

Comparative information is used for prior year period which lasted for 10 months, i.e. from 1 March 2012 to 31 December 2012.

8.4.2 Consolidated interim condensed financial information

Set forth below are consolidated interim condensed financial information of the Issuer according to IFRS as adopted by European Union:

	30.6.2014	31.12.2013
Non-current assets	214,300	189,400
Current assets	11,229	14,627
Total assets	225,529	204,027
Equity	-120,265	-109,668
Non-current liabilities	-78,413	-80,256
Current liabilities	-26,851	-14,103
Total equity and liabilities	-225,529	-204,027

	30.6.2014	30.6.2013
Rental income	7,249	6,589
Net operating income	6,819	6,423
Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses EBITDA	6,485	5,993

Operating result – Earnings before interests and taxes (EBIT)	5,080	5,993
Financial result	-1,422	-1,622
Consolidated profit or loss after tax	3,463	4,229

	30.6.2014	30.6.2013
Net cash flow from/(used in) operating activities	6,098	4,883
Net cash from/(used in) investment activities	-26,128	4
Net cash (used in)/from financing activities	16,046	-7,434
Net (decrease)/increase in cash and cash equivalents	-3,984	-2,547
Cash and cash equivalents at 31 December 2013 / 31 December 2012	10,741	10,636
Cash and cash equivalents at 30 June	6,757	8,089

	Share capital	Legal reserve	Capital reserve	Transaction reserve	Retained earnings	Total equity
Opening balance as of 31 December 2012	91	16	40,831	54,686	4,455	100,079
Consolidated profit or loss after tax	0	0	0	0	4,229	4,229
Other comprehensive income	0	0	0	0	0	0
Transfer to legal reserve	0	2	0	0	-2	0
Shares issued	0	0	0	0	0	0
Dividend distribution	0	0	0	0	-3,723	-3,723
Closing balance as of 30 June 2013	91	18	40,831	54,686	4,959	100,585
Opening balance as of 31 December 2013	97	18	47,858	54,686	7,009	109,668
Consolidated profit or loss after tax	0	0	0	0	3,463	3,463
Other comprehensive income	0	0	0	0	0	0
Transfer to legal reserve	0	3	0	0	-3	0
Shares issued	9	0	11,046	0	0	11,055
Dividend distribution	0	0	0	0	-3,921	-3,921
Closing balance as of 30 June 2014	106	21	58,904	54,686	6,548	120,265

Notes:

The financial information is in thousand EUR.

8.4.3 Description of the economic situation and financial condition of the Issuer

All financial data mentioned in this Article are provided on a consolidated basis.

Since 2012, the Issuer holds eight (8) properties in Czech Republic (situated in Karlovy Vary, Liberec, Píero, Zlín, Brno, Frýdek-Místek, Jihlava and Mladá Boleslav), two (2) properties in Slovakia (situated in Prešov and Banská Bystrica) and one (1) property in

Hungary (situated in Szekesfehervar). This acquisition of the properties was financed partly by equity and partly by loans. The loans were provided by Vienna Insurance Group companies and Erste Group Bank AG. All these properties are retail buildings. Companies from the Baumax group are the most important tenants of these properties.

As of the end of 2012, the Issuer acquired (via acquisition of a 100% shareholding interest in BB C – Building C, s.r.o.) a new property located in Prague then owned by BB C – Building C, s.r.o. This acquisition was financed by increase of the registered capital of the Issuer and by loans granted by Vienna Insurance Group companies. This property is an office building.

The purchase of this property increased the rent revenue of the Issuer by EUR 1,926 thousand for year 2013.

The Issuer made consolidated profit after tax in the amount of EUR 4,455 thousand in 2012. The most important items of the profit and loss account were the rental income (EUR 9,252 thousand) and the interest expenses (EUR 2,256 thousand). A significant part of the profit in 2012 was distributed to the Issuer's shareholders as dividends in a total amount of EUR 3,723 thousand.

In December 2013, the Issuer acquired (via acquisition of 100% shares in HAVLÍČKOVA INVESTMENT a.s.) a new property located in Prague then owned by HAVLÍČKOVA INVESTMENT a.s. This acquisition was financed by increase of the registered capital of the Issuer and by loans granted by Vienna Insurance Group companies and Erste Group Bank AG. This property is an office building. The purchase of this property increases the rent revenue of the Issuer by approximately EUR 1,040 thousand (estimate) for year 2014.

The Issuer made consolidated profit after tax in the amount of EUR 6,279 thousand in 2013. The most important items of the profit and loss account were the rental income (EUR 13,187 thousand) and the interest expenses (EUR 3,194 thousand). A significant part of the profit in 2013 was distributed to the Issuer's shareholders as dividends in a total amount of EUR 3,921 thousand.

In May 2014, the Issuer acquired (via acquisition of a 100% shareholding interest in Burzovní Palác Investment s.r.o.) a new property located in Prague then owned by Burzovní Palác Investment s.r.o. This acquisition was financed by increase of the registered capital of the Issuer and by a bridge financing granted by a Vienna Insurance Group company. This property is partly an office building and retail building. As a result of acquisition of this investment property, the rental revenues are expected to increase by EUR 870 thousand in year 2014 (estimated for seven (7) and half ($\frac{1}{2}$) months from the acquisition date in the year 2014 and excluding the income from a special rental guarantee provided to the Issuer).

The Issuer made consolidated profit after tax in the amount of EUR 3,463 thousand for the first half of 2014. The most important items of the profit and loss account were the rental income (EUR 7,249 thousand), interest expenses (EUR 1,693 thousand) and decrease of certain investment properties' fair value (EUR 1,405 thousand) due to revaluation. The revaluation of the investment properties' fair value composed of

decrease of the value of the land plot No. 501/4, No. 504 (including Building No. 1029), cadastral area Nové Město (by EUR 2,600 thousand) (please refer to Article 9.2 for more information to this real estate) and an increase of the value of the land plot No. 690/1 (including Building No. 682), cadastral area Staré Město (by EUR 1,200 thousand) (please refer to Article 9.2 for more information to this real estate). The reason for the revaluation was the fact that the properties were acquired (directly, respectively indirectly) only recently (merger of the Issuer with HAVLÍČKOVA INVESTMENT a.s. and acquisition of a 100% shareholding interest in Burzovní Palác Investment s.r.o. by the Issuer). With respect to both properties new valuation reports are available as referred to in Article 9.2.

For more information to the above acquisitions, properties and loans please refer to Articles 8.5, 9.2 and 15.1.

The Issuer shows a stable financial condition. Issuer's equity amounts to approximately EUR 120,000 thousand which corresponds to an equity ratio (ratio of equity to total assets) of 53.3 % as of 30 June 2014. The net operating income increased from EUR 6,423 thousand as of 30 June 2013 to EUR 6,819 thousand as of 30 June 2014, which is an increase by 6.16 %. The consolidated profit after tax amounted to EUR 6,279 thousand as of 31 December 2013 and to EUR 3,463 thousand as of 30 June 2014. The profit of the Issuer is influenced mainly by revenues from rents, revaluations of real estate and interest expenditure. Detailed information about the economic situation and financial condition of the Issuer may be found in the Financial Statements accessible on the web page of the Issuer (www.vigam.cz). There were no material changes*) in the financial and economic situation of the Issuer after 31 December 2013 till the date of this prospectus, except for those described in this Prospectus (if applicable).

However, as mentioned in Article 2.2.16, it is likely that the 19% corporate income tax rate will apply for the year 2015 and the following years. The Issuer expects recognition of the deferred tax due to the 19% corporate income tax in the profit for the year 2014. The deferred tax liability in the amount of approximately EUR 19.2 million (based on the interim financial statements as of 30 June 2014) will impact the profit of the year negatively.

*) a material change means for the purpose of this Article a change in the business, operations or affairs of the Issuer that would be considered important by a reasonable investor in determining whether to purchase or continue holding shares of the Issuer; or a decision by management of the Issuer to implement such a change.

8.4.4 Governmental, economic, fiscal, monetary or general policies or other factors that affected or could have affected the operation of the Issuer

In connection with the government crisis in 2013 caused by various political reasons and investigations of high state officials and their connections to business there was a risk that the economic situation in Czech Republic could worsen which might have led to lower rental revenues for the Issuer. However, the situation improved meanwhile and the current economic environment after the elections in 2013 seems business friendly.

The devaluation of CZK against EUR in the Czech Republic could have indirect impact on the rental revenues. As the company has rentals in EUR, it has financing in EUR and its functional currency is in EUR, the devaluation of CZK against EUR in the Czech Republic in 2013 did not have any significant impact on the Issuer's business. However, some tenants have functional currencies in CZK and, thus, the devaluation of CZK in fact increased their rental costs in CZK.

The economic measures taken by the Hungarian government did not seem to have any material negative impact on the Issuer's business in Hungary. The Issuer's management monitors closely further political and economic developments in Hungary. The value of the Issuer's properties in Hungary (owned through a subsidiary of the Issuer) represented approx. 4.2 % of the Issuer's portfolio as of 30 June 2014.

Based on currently available data and information, the economic and political situation in Slovakia seems stabilized.

The interest rate level remains very low with 3-months EURIBOR in the range from 0.967% (1 March 2012) to 0.207% (30 June 2014). This is generally favorable for the Issuer's business. Based on currently available data and information, the Issuer does not expect significant increases of the interest rate level in the near future. The Issuer uses standard derivative instruments to hedge its interest rates and to take advantage of the low interest rates.

The Issuer is not aware that there are or were any further trends in governmental, economic, fiscal, monetary or general policies which could have significantly effected the Issuer's situation.

8.5 Major acquisitions and investments of the Issuer

- (a)** Acquisition of a real property and all buildings erected thereon, comprising land plots numbered 47/7 and 47/8, with a total area of 7,948 m², located, as per the Land and Mortgage Register, in Warsaw, Włochy District, at ul. Gottlieba Daimlera number 2 (plot numbered 47/7) and number 4 (plot numbered 47/8), for which the Warsaw-Mokotów District Court in Warsaw, 13th Land and Mortgage Register Division, maintains Land and Mortgage Register Kw number WA1M/00400430/1 (Libra). The acquisition process has not yet been completed as of the date of this Prospectus, however, the acquisition is in an advanced and pre-final stage, whereas the execution of the purchase agreement is expected to occur until the end of November 2014.
- (b)** Acquisition of perpetual usufruct right to the real property and the ownership right of all buildings erected thereon, comprising land plot numbered 71/1, with a total area of 1,897 m², located, as per the Land and Mortgage Register, in Warsaw, Śródmieście District, at ul. Jasna number 26, for which the Warsaw-Mokotów District Court in Warsaw, 10th Land and Mortgage Register Division, maintains Land and Mortgage Register Kw number WA4M/00117205/5 (Jasna). The closing of the transaction occurred in October 2014.

- (c) Acquisition of a 100 % shareholding interest in Burzovní Palác Investment s.r.o., including indirect acquisition of the real estate owned by the target. The closing of the transaction occurred in May 2014.
- (d) Acquisition of 100% shares in dissolved company HAVLÍČKOVA INVESTMENT a.s., including indirect acquisition of the real estate owned by the target. The closing of the transaction occurred in December 2013.
- (e) Acquisition of a 100 % shareholding interest in a dissolved company BB C – Building C, s.r.o., including indirect acquisition of the real estate owned by the target. The closing of the transaction occurred in December 2012.
- (f) Merger with a dissolved company VIG BM a.s. (originally registered in the Commercial Register maintained by the Municipal Court in Prague under Id. No. 241 33 779), including indirect acquisition of the real estate owned by VIG BM a.s. and its subsidiaries. The closing of the transaction occurred in August 2012.

There are no further important events in the development of the Issuer to be mentioned.

8.6 Solvency of the Issuer

Safe as disclosed in this Prospectus, there have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's liquidity.

There have been no recent material changes in the financial condition and results of operations of the Issuer. The financial condition of the issuer is reflected in the historical and interim financial information contained in this Prospectus.

The level of occupancy of the real estate owned (directly or indirectly) and leased by the Issuer to its tenants, as well as solvency of the main tenants, belong to the most important factors affecting to an significant extent the Issuer's income.

Except for the risks relating to potential changes in the income tax treatment described in Article 2.2.16, other risk factors listed in Section 2 and factors referred to in Article 8.4.4 above, to the knowledge of the Issuer there are no governmental, economic, fiscal, monetary or political policies of factors that have or could have materially affect the Issuer's operations.

To the knowledge of the Issuer, there are no restrictions on the use of capital resources that have or could have materially affect the Issuer's operations.

8.7 Profit forecast

The Issuer does not make any profit forecast or profit estimate and thus no information is provided in this regard.

8.8 Investment Restrictions

Except for the information already provided in this Prospectus, to the knowledge of the Issuer there is no other information to be disclosed according to Articles 2.2 to 2.10 of Annex XV of the Prospectus Regulation.

8.9 Additional information

8.9.1 Summary of provisions of the Issuer's articles of association and statute with respect to the members of the management and supervisory bodies

The board of directors is the governing body of the Issuer, which decides on all matters of the Issuer which are not reserved for the competence of the general meeting or the supervisory board of the Issuer. Provisions relating to the board of directors and its members are set out in Articles 17 - 21 of the articles of association of the Issuer.

Under the relevant provisions of the articles of association of the Issuer, the board of directors of the Issuer is primarily entitled to:

- carry out the business management and take care of the operations of the Issuer;
- convene the general meetings;
- chair general meetings subject to the rules specified in the Business Corporations Act;
- add, based on the suggestion of shareholder(s) who hold(s) shares with the aggregate nominal value or number equalling at least 5% (five percent) of the registered capital if the Issuer's registered capital is not greater than CZK 100,000,000, or at least 3% (three percent) of the registered capital if the Issuer's registered capital is greater than CZK 100,000,000, or at least 1% (one percent) of the registered capital if the Issuer's registered capital is greater than CZK 500,000,000, the items determined by them to the agenda of the general meeting in accordance with Section 369 (1) of the Business Corporations Act;
- have particularly the following items prepared and present those items to the general meeting:
 - a draft concept of the Issuer's business activities;
 - draft changes to the articles of association;
 - regular, extraordinary, consolidated and interim financial statements;
 - a profit distribution proposal, including the specification of the amount and the method of dividend and royalty payments;
 - annual reports on the Issuer's business activities and the balance of its assets;

- proposals how to cover the Issuer's losses that arose in the past business year;
- proposals to establish and terminate other bodies of the Issuer, as well as to define their statuses and competences;
- proposal to wind up the Issuer.
- execute general meeting resolutions,
- convene the general meeting without any unnecessary delay:
 - after it finds that the Issuer's total loss, on the basis of any financial statements, is so large that, if settled from the Issuer's available resources, the outstanding loss would reach half the registered capital, or if this can be foreseen with regard to all circumstances, or for other serious reasons. The board of directors shall propose the winding-up of the Issuer or the adoption of another appropriate measure to that general meeting unless a special legislation stipulates otherwise;
 - if required by other serious interests of the Issuer;
 - if the shareholder(s) who hold(s) shares with the aggregate nominal value or number equalling at least 5% (five percent) of the registered capital, if the Issuer's registered capital is not greater than CZK 100,000,000, or at least 3% (three percent) of the registered capital if the Issuer's registered capital is greater than CZK 100,000,000, or at least 1% (one percent) of the registered capital if the Issuer's registered capital is greater than CZK 500,000,000 request that the board of directors convene the general meeting;
 - after it finds that the Issuer's equity has dropped to less than CZK 2,000,000 (in words: two million Czech crowns) in the first year of the Issuer's existence or less than an amount corresponding to EUR 1,250,000 (in words: one million two hundred and fifty thousand Euros) in the following years.
- decide on the generation and use of reserves;
- take care of the proper keeping of prescribed records, accounting, trading books and the other documents of the Issuer;
- present regular and extraordinary financial statements to an auditor for inspection;
- exercise rights on behalf of the Issuer and perform the responsibilities associated with its position of an employer in employment relationships with Company employees;
- bring a legal action against subscribers who are defaulting in paying up the issue price of shares, or use the procedure under Sections 344 - 347 of the Business

Corporations Act;

- take care of releasing and publishing the facts on the Issuer which the Issuer is obliged to release and publish pursuant to the law and these articles of association;
- file for Issuer's insolvency if the conditions laid down by law are met;
- ensure that the facts about the Issuer are entered into the commercial register and the relevant documents are filed in a collection of documents;
- decide on changes to the content of the articles of association, in compliance with a prior decision of the general meeting, unless such a decision indicates whether and, where appropriate, how the articles of association are to be changed;
- prepare consolidated versions of the Issuer's articles of association in connection with changes thereto;
- present the general meeting with a written report in which the board of directors specifies the reasons for precluding or restricting shareholders' pre-emption right to subscribe shares when the registered capital is increased and in which it justifies the proposed issue price, the method of the price assessment or the proposal of the authorisation of board of directors to determine the issue price of the shares;
- determine the issue prices of shares in relation to registered capital increases under special authorisation from the general meeting;
- inform the supervisory board at least once a year of substantial matters relating to the Issuer's business policy, future development of the state of assets and financial and revenue situation on the basis of projections (the annual report);
- notifying the supervisory board forthwith of any and all circumstances of substantial importance for the profitability and liquidity of the Company (a special report);
- perform further competences in accordance with the law governing investment companies and investment funds.

The supervisory board is the supervisory body of the Issuer, which supervises the exercise of the competence of the board of directors and the Issuer's activities. Provisions relating to the supervisory board and its members are set out in Article 22 - 25 of the articles of association of the Issuer.

Under the relevant provisions of the articles of association of the Issuer, the supervisory board of the Issuer is primarily entitled to:

- monitor the adherence to universally binding regulations, the articles of association of the Issuer and general meeting resolutions;
- review the regular, extraordinary, consolidated and, where applicable, interim financial statements, and the proposal to distribute profit or settle loss;

- convene the general meeting, if required by the Issuer's interests, and propose necessary measures at the general meeting;
- appoint or remove the members of the board of directors;
- present its comments, recommendations and proposals to the general meeting and the board of directors;
- approve the agreement on the performance of a function of the members of board of directors under Section 438 (2) of the Business Corporations Act;
- decide upon remuneration in respect of members of the board of directors and other senior officers of the Issuer;
- inspect the accounting records, trading books and other documents relating to the activities of the Issuer at any time;
- take part in the Issuer's general meetings;
- comment on decisions taken by the board of directors;
- monitor the activities of the board of directors in all areas of its competence;
- at least once a year evaluate the activities of the manager of assets;
- exercise other competences arising out of legislation; and
- approve the budget of the Issuer.

The following matters shall be subject to the prior consent of the supervisory board:

- setting up and closing down branch offices;
- determining general principles of business policy;
- determining the principles for granting shares in profits or turnover, and provision of supplementary pension insurance for senior employees;
- the acceptance of the office of a supervisory board member, member of the board of directors or CEO in companies outside the Vienna Insurance Group as well as the performance of paid work by members of the board of directors; the granting of options for shares in the Issuer to employees and management of the Issuer or any of its affiliated companies as well as to members of the board of directors and the supervisory board of affiliated companies;
- the conclusion of agreements with members of the supervisory board whereby members commit themselves vis-à-vis the Issuer or any of its subsidiaries, to render a performance for a consideration that is not insignificant outside their work on the supervisory board. This shall also apply to agreements with enterprises in which a member of the supervisory board has a substantial economic interest;

- the acceptance of a senior position in the Issuer by an auditor, by a group auditor, by an auditor of an affiliated major company, or by a certified accountant who signed an audit opinion or a person active for him/her who has had a significant role in an audit within two years after issue of the audit opinion, unless this is prohibited by the law;
- accepting of long-term (more than one year) monetary obligations;
- accepting of monetary obligations if such obligations exceed a certain amount, to be approved by the supervisory board in its first meeting of each fiscal year, in any given case or in the aggregate in any fiscal year;
- the use of derivative financial instruments;
- entering into contracts between the Issuer and members of the board of directors, whereby the supervisory board may authorize the chairman of the supervisory board or his deputy to act on behalf of the supervisory board together with another member of the supervisory board;
- annual planning, including income, cost and earnings planning;
- financial planning, including strategic asset allocation; and
- annual planning of asset development.

8.9.2 Objects and purposes

The objects and purposes of the Issuer are collective investments, as stipulated by Article 2 of its articles of association. Please see Article 9.1 of this Prospectus for a more detailed description of the objects and purposes of the Issuer.

8.9.3 Description of the rights, preferences and restrictions attaching to each class of the existing shares

The Issuer's existing shares have been issued as ordinary registered shares in a paper form, with the nominal value of CZK 200.00 per share. Each share entitles its holder to one vote in voting at the general meeting. Shareholders have pre-emptive right in case of transfer of shares (except for transfers within Vienna Insurance Group) and preferential right to subscribe for part of new stock, in each case to the extent of their participation in the Issuer's registered capital. The shares may only be acquired by qualified investors, as defined in Section 272 (1) of the AIFIC. There are no other special rights, preferences and restrictions attaching to the shares, apart from those set out by the applicable law.

8.9.4 Description of what action is necessary to change the rights of holders of the shares

In order to change the rights of holders of the shares, the articles of association would have to be amended. The general meeting shall have a quorum if shareholders who hold shares with the total nominal value or number equalling 60% of the registered capital of the Issuer are present or participate in the general meeting by technical means.

Otherwise, standard rules provided by the applicable law apply for the change of the articles of association.

8.9.5 Description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called

General meeting is held at least once per a calendar year, within no later than 6 months of the last day of the preceding accounting period. General meeting is convened by the board of directors by publishing the invitation to the general meeting on the Issuer's website and by sending it simultaneously to all shareholders at least thirty days prior to the general meeting. The invitation to the general meeting must be published on the Issuer's website until the time of the general meeting. If required by the Issuer's interests, the general meeting may also be convened by the supervisory board or any of its members if not convened by the supervisory board. In order to be able to participate at the general meeting, shareholders have to be included in the list of shareholders, unless the law stipulates otherwise and unless the relevant entry in the list proves to be false.

8.9.6 Brief description of any provision of the Issuer's articles of association and statute that would have an effect of delaying, deferring or preventing a change in control of the Issuer

Shareholders have pre-emptive right in case of transfer of shares (except for transfers within Vienna Insurance Group) and preferential right to subscribe for part of new stock, in each case to the extent of their participation in the Issuer's registered capital. There are no other special provisions in the Issuer's articles of association or statute that would have an effect of delaying, deferring or preventing a change in control of the Issuer.

8.9.7 Indication of the articles of association and statute provisions governing the ownership threshold above which shareholder ownership must be disclosed

There are no provisions governing the ownership threshold above which shareholder ownership must be disclosed in the articles of association or the statute.

8.9.8 Description of the conditions imposed by the articles of association and statutes governing changes in the capital

The general meeting shall have a quorum if shareholders who hold shares with the total nominal value or number equalling 60% of the registered capital of the Issuer are present or participate in the general meeting by technical means. Otherwise, standard rules provided by the applicable law apply for the change of the articles of association.

8.9.9 Other information

To the knowledge of the Issuer there is no further information to be disclosed according to Article 21.1.1 letter (a) and (d), 21.1.2, 21.1.3, 21.1.4, 21.1.5 or 21.1.6 of the Annex 1 of the Prospectus Regulation.

9. BUSINESS OVERVIEW

9.1 Principal activities of the Issuer

The main business activity of the Issuer is collective investment under the AIFIC. The Issuer is a fund of qualified investors with no employees, managed by VIG AM.

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

- immovable property, including accessories thereof, and in interests in real estate companies that generate regular income, particularly in countries in which Vienna Insurance Group companies operate or intend to operate; if the Vienna Insurance Group enters a new market, the Issuer can also invest in this market;
- liquid assets with lower risk, especially deposits on the bank accounts, money market instruments and notes;
- in addition to investing into the above mentioned assets, the Issuer can as well grant credits or loans in accordance with its statute.

The Issuer reinvests its profit from investments in accordance with the above investment objectives.

Under normal market circumstances, the Issuer actively seeks for investment opportunities in real estate in countries in which Vienna Insurance Group companies operate. Thereby, the Issuer applies an active investment strategy, meaning that the real estate owned by the Issuer is actively managed and the Issuer attempts to increase the value of such real estate by increased cost efficiency and tenant satisfaction. Generally, the Issuer intends to hold its investments for long term. However, the Issuer is also in a position to accept an offer to sell if it is beneficial to its investors and/or its financing partners.

The Issuer is designed for qualified investors pursuant to Section 272 (1) of the AIFIC. The Issuer is designed for investments by people or entities who are experienced in investing into assets in which the Issuer predominantly invests. The Issuer is, in terms of the classification of investment funds according to risk and type of assets in which it predominantly invests, a fund of qualified investors, focusing on direct or indirect real estate investments generating regular income and on investments into liquid assets with lower risk. The Issuer is not a capital guaranteed fund.

The Issuer primarily invests in immovable property and in real estate companies (as a sole owner or a controlling shareholder) in the countries where Vienna Insurance Group companies operate. Thereby, the Issuer's focus is on investments into commercial real estate (retail or office) and residential real estate. Investments, which are at the date of this Prospectus excluded, are development projects, hotels and properties which are designed for special use.

Real property assets acquired by the Issuer include namely the real property (or the right to use the real property) with completed construction part, which currently is or may be

used for lease in the future. Alternatively, such assets may be acquired during the construction stage with the aim to use it for lease in the future. In such case, the following criteria must be met:

- the assets have long-term revenue potential reachable in the course of the intended ownership period
- if the assets are acquired during the construction period, it is necessary to arrange for their completion and consequent lease
- lease terms are or will be executed upon the market conditions common at the time and location
- lease terms must show the elements of institutional nature (conservative values, low volatility of market parameters, long-term sustainability of the set parameters)
- constructional and technical condition of the real property corresponds to its age with respect to its specific use, and forms an integral part of price-making of each real property at the given time and location
- the real property shows comparable market parameters as real properties similar in its nature, use and location.

As far as real estate investments are concerned, the Issuer does not intend to focus more closely on specific industries, countries or regions, with the exception that the Issuer primarily focuses on investments in countries where Vienna Insurance Group companies operate or intend to operate.

As part of real estate acquisitions, the Issuer may also acquire real estate accessories, which include items and rights designed to be permanently used with the immovable property concerned (such as furniture, technical background equipment, interior equipment, etc.).

Investments of the Issuer, including the funding of real estate projects, are carried out in accordance with standards of such activities on the real estate market. Acquisitions of real estate by purchase are financed from the Investor's own resources or real estate companies' resources, and by debt instruments (including inter alia loans and notes).

The Issuer's investment objective and investment policy is fixed in the statute of the Issuer and the Issuer does not currently envisage to change such investment policies. Any variation of the investment policies of the Issuer would require amendment of the Issuer's statute. Such change of the statute of the Issuer would generally not require approval of the investors.

According to the statute of the Issuer, the Issuer uses the below management techniques for the management of its assets.

VIG AM may use financial derivatives for the purposes of an effective management of the Issuer. Effective management means the performance of operations with a view to

reducing the financial risk or foreign exchange risk (hedging) provided that the risk assumed is in conformity with the Issuer's risk profile.

Permissible financial derivatives that may be acquired into the Issuer's assets include, in particular, swaps, futures, forwards and options. In management of the Issuer, VIG AM may also operate with other types of financial derivatives that are not explicitly specified.

VIG AM shall reduce the risks ensuing from the use of financial derivatives in that:

- (a)** if the financial derivative is to be settled by the Issuer by supplying the underlying asset, the VIG AM shall hold the underlying asset in the Issuer's property at the time of establishment, and then for the entire term of existence, of the contractual relationship corresponding to the derivative; for foreign exchange derivatives that have the features of a security derivative under international accounting standards stipulated by the EU law, it is sufficient if the company holds a highly liquid asset;
- (b)** if the financial derivative is to be settled by the Issuer by supplying money, the company shall hold money or a highly liquid asset in a value corresponding to the settlement price of the given financial derivative in the Issuer's property at the time of establishment, and then for the entire term of existence, of the contractual relationship corresponding to this derivative;
- (c)** it shall ensure that the underlying asset of the financial derivative corresponds to the investment strategy and risk profile of the Issuer; and
- (d)** it shall provide for approval by another contracting party of the settlement of the financial derivative prior to its maturity, where the settlement shall correspond to the fair value of the financial derivative.

The investment limits for the investments of the Issuer in immovable property and interests in real estate companies are set as follows:

- (a)** the value of immovable property (including immovable property owned by real estate company) and the value of the interest in one real estate company acquired as an addition to the Issuer's assets may not, at the time of acquisition, exceed 50% of the value of the Issuer's assets; whilst in the period up to 3 years from the date of the Issuer obtaining authorization to operate elapse, the limit is up to 80%;
- (b)** the value of accessories of one immovable property may not exceed 30% of the value of that immovable property as the main item. In well-founded cases, when the accessories of the main item have a substantial impact on the value or use of the immovable property as a whole (such as hotels), this limit may be increased up to 50% of the value of the main item.

The Issuer's maximum investment in immovable property shall be up to 100% of its assets. The maximum investment in liquid assets shall be up to 100% of its assets and the maximum limit for loans or credits it can grant is up to 70% of its assets. As far as

liquid assets investments are concerned, the Issuer does not intend to focus more closely on a specific industry, country or region. The minimum limit of investment in liquid assets equals to the amount of annual operational costs of the Issuer for the preceding calendar year but no less than EUR 0.3 million.

In case of breach of the investment limits described above which would be material, the Noteholders would be informed accordingly and as necessary in a due course by the Issuer on its webpage www.vigam.cz.

The Issuer may grant a credit or loan to a company in which the Issuer holds an interest. Upon prior consent by VIG AM, the Issuer may also grant a credit or loan to other parties. The sum of all credits and loans granted from the Issuer's assets to a single party may not exceed 33% of the value of the Issuer's assets. The sum of all credits and loans granted from the Issuer's assets may not exceed 70% of the value of the Issuer's equity. The Issuer may accept credits or loans or issue notes under standard market conditions provided that the proportion of debt capital does not exceed ten times the amount of the Issuer's equity. The level of using leverage shall not exceed 70% of the adjusted Issuer's equity.

Typical investor into the Issuer is a qualified investor and a member of the Vienna Insurance Group.

As regards disclosure of information according to Article 2.2 of Annex XV of the Prospectus Regulation, the Issuer states that more than 20 % of its properties are leased to a single tenant. In case of departure of the tenant due to its worsening financial situation, the properties would remain in a full control of the Issuer and could be leased to another tenant, which means that the exposure of the properties to solvency of the relevant tenant is limited. Consequently, no specific information about the relevant tenant are disclosed in this Prospectus, except for the information contained in Article 9.2 and 15.1 below.

9.2 Analysis of the portfolio of the Issuer

The portfolio of the Issuer comprises of various properties (real estate) held by the Issuer directly or indirectly through its subsidiaries. The real estate forms approx. 97 % of the asset portfolio of the Issuer. Apart from this, the Issuer held as of 30 June 2014 (date of the latest interim consolidated and non-audited figures) cash and cash equivalents in the approximate total amount of EUR 6,757,000, which forms approx. 3 % of the asset portfolio of the Issuer.

Total value of the real estate owned¹ (directly or indirectly) by the Issuer amounts in total approx. to EUR 242 million (sum of the values of the real estate determined by the relevant expert reports referred to in Article 9.2.1 and 9.2.2). This amount does however not include Real Estate 1 (also already included in Article 9.2.1. below). The acquisition process of the Real Estate 1 has not yet been completed as of the date of this

¹ The acquisition process of the Real Estate 1 has not yet been completed as of the date of this Prospectus. For more information refer to Article 8.5 above.

Prospectus. The value of Real Estate 1 amounts approx. to EUR 36.7 million. For more information refer to Article 8.5 above.

9.2.1 Directly owned² real estate

Real estate specification	Big Box Retail
Land plots and buildings	<p>Cadastral Area - Bedřichov u Jihlavy No. st. 1256 (including Building No. 4857), No. st. 1257 (including Building No. 4854), No. st. 1301 (including Building No. 4956), No. 193/22, No. 193/51, No. 193/52, No. 193/68, No. 200/13, No. 200/18, No. 200/31, No. 200/38, No. 2665</p> <p>Cadastral Area - Místek No. 4767/3 (including Building No. 2262), No. 4769/1 (including Building No. 2261), No. 4769/7, No. 4769/12</p> <p>Cadastral Area - Sviadnov No. 4781, No. 4788, No. 4894/39, No. 4894/56</p> <p>Cadastral Area - Malenovice u Zlína No. st. 2244 (including Building No. 1190), No. 2078/49</p> <p>Cadastral Area - Rybáře No. 283/1, No. 283/5, No. 283/8, No. 283/9 (including Building No. 1027), No. 283/10 (including Building No. 1027), No. 286/1, No. 286/2 (including Building No. 1004), No. 286/3 (including Building without registration number), No. 287/6, No. 287/7</p> <p>Cadastral Area - Horní Heršpice No. 878/3, No. 878/7 (including Building No. 622), No. 878/8</p> <p>Cadastral Area - Rochlice u Liberce No. 428/3, No.428/14 (including Building No. 1002), No.428/20, No. 428/21, No.428/22, No.428/23 (including Building without registration number), No.428/29, No. 428/40, No. 428/42, No. 428/54, No. 428/56, No. 428/65, No. 428/66, No. 428/67, No. 428/68, No. 428/71 (including Building No. 1002), No. 428/73, No. 428/74, No. 428/75 (including Building No. 1002), No. 428/76 (including Building No. 1002), No. 428/80, No. 430/2, No. 430/4, No. 432/10, No. 432/13</p> <p>Cadastral Area - Mladá Boleslav No. st 6227/1 (including Building No. 1326), No. st. 6227/2 (including Building without registration number), No. 858/2, No. 858/10, No. 858/23, No. 858/24, No.858/26, No. 858/29, No. 1013, No. 1014, No. 1024/3</p> <p>Cadastral Area - Přerov No. 6594/1, No. 6594/14 (including Building No. 2992)</p>
Country	Czech Republic
Value of real estate	EUR 107,490,000 (based on a valuation report dated 15 January 2014 issued by CBRE s.r.o. and compiled in accordance with international valuation standards; valuation date: 31 December 2013)
Date of acquisition (direct)	31 August 2012 (via a merger)
Use of the real estate	Big Box Retail
Percentage of the total rent income of the Issuer based on the consolidated financial figures	Approximately 40 %
Tenants generating above 20% of the annual rent income from the properties in this table	BAUMAX ČR s.r.o. (generates approximately 82% of the rent income from the properties listed in this table)
Total rent income generated in 2013 from tenants generating above 20 % of the annual rent	Approximately EUR 6.9 million

² Refer to the comment under footnote No. 1.

income from the properties in this table	
Average remaining lease duration regarding tenants generating above 20 % of the annual rent income from the properties in this table	Approximately 12 years
Approximate acquisition costs	Not applicable, the real estate was acquired via a merger.
Approximate material costs connected with holding of the real estate (per year)	< 15 % of the rental income

Real estate specification	Office and Retail
Land plots and buildings	<p>Cadastral Area - Michle No. 456/22 (including Building without registration number), No. 456/12, No. 456/21 (including Building No. 1410), No. 461, No. 462, No. 464, No. 3255/1, No. 3257</p> <p>Cadastral Area - Nové Město, Prague No. 501/4, No. 504 (including Building No. 1029)</p>
Country	Czech Republic
Value of real estate (in total)	<p>Cadastral Area - Nové Město, Prague EUR 15,050,000 (based on a valuation report dated 1 September 2014 issued by CBRE s.r.o. and compiled in accordance with international valuation standards; valuation date: 1 September 2014)</p> <p>Cadastral Area - Michle EUR 28,853,506 (based on a valuation report dated 17 January 2014 issued by CBRE s.r.o. and compiled in accordance with international valuation standards; valuation date: 31 December 2013)</p>
Date of acquisition (indirect)	31 December 2012 (Michle) / 23 December 2013 (Nové Město)
Use of the real estate	Office / Retail
Percentage of the total rent income of the Issuer based on the consolidated financial figures	Approximately 14 %
Tenants generating above 20% of the annual rent income from the properties in this table	HEWLETT-PACKARD s.r.o. (generates approximately 61% of the rent income from the properties listed in this table)
Total rent income generated in 2013 from tenants generating above 20 % of the annual rent income from the properties in this table	Approximately EUR 2 million
Average remaining lease duration regarding tenants generating above 20 % of the annual rent income from the properties in this table	Approximately 2 years
Approximate Acquisition costs	EUR 46,900,000
Approximate material	< 15 % of rental income

costs connected with holding of the real estate (per year)	
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Real estate specification	Office and Retail
Land plots and buildings	<ol style="list-style-type: none"> 1. Land plots numbered 47/7 and 47/8, located, as per the Land and Mortgage Register, in Warsaw, Włochy District, at ul. Gottlieba Daimlera number 2 (plot numbered 47/7) and number 4 (plot numbered 47/8), Kw number WA1M/00400430/1. The acquisition process of this real estate has not yet been entirely completed as of the date of this Prospectus, however, the acquisition is in an advanced and pre-final stage, whereas the execution of the purchase agreement is expected to occur until the end of November 2014. 2. Perpetual usufruct right to the real property and the ownership right of all buildings erected thereon, comprising land plot numbered 71/1, with a total area of 1,897 m², located, as per the Land and Mortgage Register, in Warsaw, Śródmieście District, at ul. Jasna number 26, Kw number WA4M/00117205/5.
Country	Poland
Value of real estate	<ol style="list-style-type: none"> 1. EUR 36,700,000 (based on a valuation report dated 25 September 2014 issued by CBRE Sp. z o.o. and compiled in accordance with international valuation standards; valuation date: 29 August 2014). 2. EUR 27,800,000 (based on a valuation report dated 25 September 2014 issued by CBRE Sp. z o.o. and compiled in accordance with international valuation standards; valuation date: 29 August 2014).
Date of acquisition	22 October 2014 (the perpetual usufruct right only)
Use of the real estate	Office / Retail
Percentage of the total rent income of the Issuer based on the consolidated financial figures	Approximately 22 %
Tenants generating above 20% of the annual rent income from the properties in this table	Infovide-Matrix S.A. (generates approximately 26% of the rent income from the properties listed in this table), SK&S Biuro sp. z o.o. (generates approximately 31% of the rent income from the properties listed in this table)
Total rent income generated in 2013 from tenants generating above 20 % of the annual rent income from the properties in this table	Approximately EUR 2.6 million.
Average remaining lease duration regarding tenants generating above 20 % of the annual rent income from the properties in this table	Approximately 4.2 years
Approximate Acquisition costs	EUR 64,300,000 (in total for all properties listed in this table)
Approximate material costs connected with holding of the real estate (per year)	< 15 % of rental income

9.2.2 Real estate owned indirectly through 100 % subsidiaries of the Issuer

Real estate specification	Big Box Retail
Subsidiary	SK BM s.r.o.
Land plots and buildings	Cadastral area - Prešov No. 5097/13, No. 5097/19, No. 5143/2, No. 5143/5, No. 5143/11, No. 5143/14, No. 5143/15, No. 5143/26, No. 5143/27, No. 5143/7, No. 5143/9, No. 5143/10, Building No. 8715, Building No. 12349, transformation station without registration number Cadastral Area - Radvaň No. 3321/5, No. 3321/45, No. 3321/46, No. 3321/48, No. 3321/6, No. 3321/7, No. 3321/26, No. 3321/27, No. 3321/28, No. 3321/30, No. 3321/47, No. 3321/58, No. 3321/59, Building No. 4420
Country	Slovak Republic
Value of real estate	EUR 26,750,000 (based on a valuation report dated 15 January 2014 issued by CBRE s.r.o. and compiled in accordance with international valuation standards; valuation date: 31 December 2013)
Date of acquisition	31 August 2012 (via a merger)
Use of the real estate	Big Box Retail
Percentage of the total rent income of the Issuer based on the consolidated financial figures	Approximately 10 %
Tenants generating above 20% of the annual rent income from the properties in this table	bauMax SR, spol. s r.o. (generates approximately 92% of the rent income from the properties listed in this table)
Total rent income generated in 2013 from tenants generating above 20 % of the annual rent income from the properties in this table	Approximately EUR 1.9 million
Average remaining lease duration regarding tenants generating above 20 % of the annual rent income from the properties in this table	Approximately 12 years
Approximate acquisition costs	Not applicable, the real estate was acquired via a merger.
Approximate material costs connected with holding of the real estate (per year)	< 15 % of rental income

Real Estate specification	Office and Retail
Subsidiary	Burzovní Palác Investment s.r.o.
Land plots and buildings	No. 690/1 (including Building No. 682)
Cadastral Area	Staré Město
Country	Czech Republic
Value of Real Estate	EUR 27,520,000 (based on a valuation report dated 1 September 2014 issued by CBRE s.r.o. and compiled in accordance with international valuation standards; valuation date: 1 September 2014)
Date of acquisition	15 May 2014
Use of the Real Estate	Office / Retail
Percentage of the total	Approximately 10 %

rent income of the Issuer based on the consolidated financial figures	
Tenants generating above 20% of the annual rent income from the properties in this table	No individual tenant generates more than 20% of the annual rent income from the properties in this table
Approximate acquisition costs	Approximately EUR 5,700,000 book value of participation and intra group loan of EUR approximately 20,000,000
Approximate material costs connected with holding of the real estate (per year)	< 15 % of rental income

Real Estate specification	Big Box Retail
Subsidiary	HUN BM Kft.
Land plots and buildings	No. 9823/4
Cadastral Area	Szekesfehervar, Sector 33
Country	Hungary
Value of real estate	EUR 9,020,000 (based on a valuation report dated 15 January 2014 issued by CBRE s.r.o. and compiled in accordance with international valuation standards; valuation date: 31 December 2013)
Date of acquisition	31 August 2012 (via a merger)
Use of the real estate	Big Box Retail
Percentage of the total rent income of the Issuer based on the consolidated financial figures	Approximately 4 %
Tenants generating above 20% of the annual rent income from the properties in this table	bauMax Magyarország Kereskedelmi Zártkörűen Működő Reszvénytársaság (generates 100% of the rent income from the properties listed in this table)
Total rent income generated in 2013 from tenants generating above 20 % of the annual rent income from the properties in this table	Approximately EUR 0.8 million
Average remaining lease duration regarding tenants generating above 20 % of the annual rent income from the properties in this table	Approximately 12 years
Approximate acquisition costs	Not applicable, the real estate was acquired via a merger.
Approximate material costs connected with holding of the real estate (per year)	< 15 % of rental income

9.3 Real Estate serving as Security for the Notes

The Real Estate to serve as security of the payments under the Notes (to be established in favour of the Security Agent) is specified in Section 7 Article 1.4.1.

9.4 Valuation of the Real Estate forming the Security

The market value of the Real Estate which will be provided as a security in favor of the Security Agent was determined by the Issuer's internal valuation as of September 2014 and valued at EUR 64,500,000. The independent international valuation expert CBRE Sp. z o.o., also carried out a desktop valuation of the Real Estate in accordance with the appropriate sections of the current valuation statements contained within the RICS Valuation – Professional Standards, January 2014 (“Red Book”) and issued a valuation report dated 25 September 2014 according to which the desktop market value of the Real Estate is EUR 64,500,000 (valuation date 29 September 2014). CBRE Sp. z o.o., however, did not undertake a full valuation of the Real Estate and did not carry out an inspection of the Real Estate, assessment of the actual income, environment assessments, etc. The valuation was based on the income capitalization method / investment method, while such a method is based on capitalization of the current and market net rental income from the property, adjusted for landlord's expenditure, at a rate obtained by direct or indirect comparison with sales of comparable real estate in the market.

The agreed market price of the Real Estate (non-audited) for the purpose of acquisition of the Real Estate by the Issuer amounts in total approx. to EUR 64,500,000.

9.5 Information on valuation entities and entities providing administration of the real estate (property management) of the Issuer

Property manager and valuation entity

Commercial Name:	CBRE s.r.o.
Registration Court:	Municipal Court in Prague
Registration No.:	257 59 604
Date of Incorporation:	30 April 1999
Length of life:	Indefinite
Registered office / domicile:	Prague 1, Nám. Republiky 1a/1079, Postal Code 110 00, Czech Republic
Legal form:	limited liability company
Governing law:	Czech law
Country of incorporation:	Czech Republic
Contact address:	Prague 1, Nám. Republiky 1a/1079, Postal Code 110 00, Czech Republic
Telephone number:	+420 224 814 060

Property manager

Commercial Name:	PASSERINVEST GROUP, a.s.
Registration Court:	Municipal Court in Prague
Registration No.:	261 18 963
Date of Incorporation:	7 October 1999
Length of life:	Indefinite

Registered office / domicile: Prague 4 - Michle, Želetavská 1525/1, Postal Code 140 00, Czech Republic
Legal form: joint stock company
Governing law: Czech law
Country of incorporation: Czech Republic
Contact address: Prague 4 - Michle, Želetavská 1525/1, Postal Code 140 00, Czech Republic
Telephone number: +420 221 582 111

Property manager

Commercial Name: CENTRA a.s.
Registration Court: Municipal Court in Prague
Registration No.: 186 28 966
Date of Incorporation: 20 May 1991
Length of life: Indefinite
Registered office / domicile: Prague 5, Plzeňská 3185/5b, Postal Code 150 00 Czech Republic
Legal form: joint stock company
Governing law: Czech law
Country of incorporation: Czech Republic
Contact address: Praha 5, Plzeňská 3185/5b, Postal Code 150 00, Czech Republic
Telephone number: +420 251 119 400

The above property managers / valuation entity are experienced professionals in the area of real estate administration and property management / real estate valuation.

9.6 Position of the Issuer in the market

The Issuer makes no statements regarding its competitive position.

10. THE MAJOR SHAREHOLDERS AND ORGANISATIONAL STRUCTURE

10.1 Shareholders of the Issuer

To the best knowledge of the Issuer, as of the date of this Prospectus, the shareholders of the Issuer are the below listed entities.

The Issuer is indirectly controlled by VIG, as the Issuer belongs to the Vienna Insurance Group. The majority shareholder of the Issuer, holding approx. 72.23% of the shares of the Issuer, is VIG-CZ Real Estate GmbH (as specified below).

The second largest shareholder of the Issuer, holding approx. 17.09 % of the shares of the Issuer, is Kooperativa pojišťovna, a.s., Vienna Insurance Group.

Standard measures protecting minority shareholders provided by the applicable law are in place to ensure that the control is not abused. In particular, shareholder(s) who hold(s) shares of the Issuer with the aggregate nominal value or number equaling at least 5%

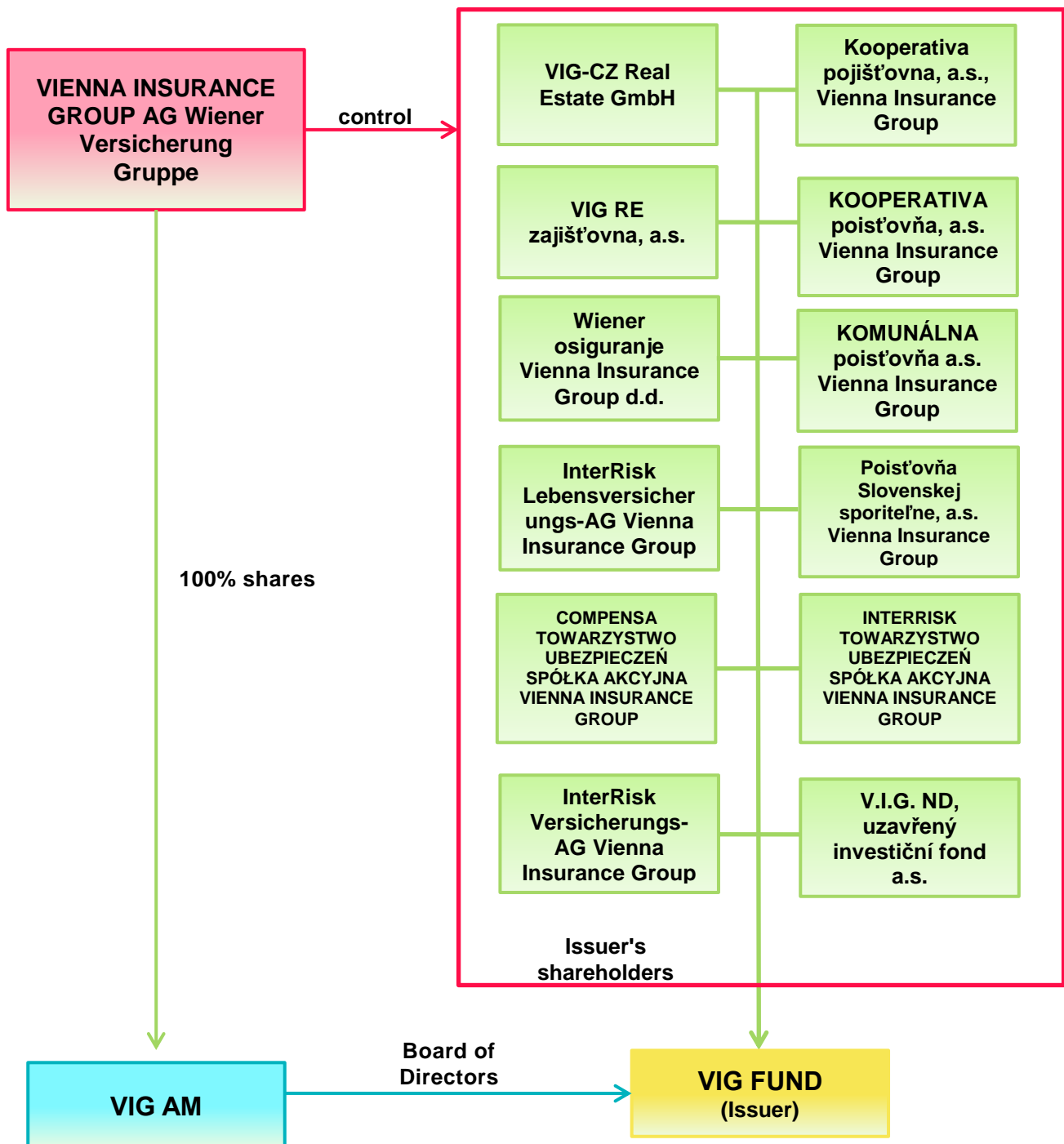
(five percent) of the registered capital, if the Issuer's registered capital is not greater than CZK 100,000,000, or at least 3% (three percent) of the registered capital if the Issuer's registered capital is greater than CZK 100,000,000, or at least 1% (one percent) of the registered capital if the Issuer's registered capital is greater than CZK 500,000,000 may, among others, request (i) that the board of directors convene the general meeting or (ii) that the supervisory board reviews the performance of the office by the board of directors. Major shareholders of the Issuer do not have different voting rights. There are no additional internal guidelines or policies of the Issuer providing for measures ensuring that the control is not abused.

Shareholder	Registered office	Id. No.	Number of shares owned	Type, form, kind and nominal value of the shares
VIG-CZ Real Estate GmbH	Schottenring 30, 1010 Vienna, Austria	FN 364493 w	Total number of shares: 12,371	ordinary registered share certificates in a nominal value of CZK 200 for a share
Kooperativa pojišťovna, a.s., Vienna Insurance Group	Pobřežní 665/21, Prague 8, Postal Code 186 00, Czech Republic	471 16 617	Total number of shares: 2,927	ordinary registered share certificates in a nominal value of CZK 200 for a share
VIG RE zajišťovna, a.s.	Templová 747/5, Prague 1, Postal Code 110 00, Czech Republic	284 45 589	Total number of shares: 580	ordinary registered share certificates in a nominal value of CZK 200 for a share
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group	Bratislava, Štefanovičova 4, Postal Code 816 23, Slovak Republic	00 585 441	Total number of shares: 263	ordinary registered share certificates in a nominal value of CZK 200 for a share
Wiener osiguranje Vienna Insurance Group d.d.	Zagreb, Slovenska ulica 24, Postal Code 100 00, Republic of Croatia	MBS 080026313	Total number of shares: 221	ordinary registered share certificates in a nominal value of CZK 200 for a share
KOMUNÁLNA poisťovňa a.s. Vienna Insurance Group	Bratislava, Štefánikova 17, Postal Code 811 05, Slovak Republic	31 595 545	Total number of shares: 175	ordinary registered share certificates in a nominal value of CZK 200 for a share
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Wiesbaden, Karl-Bosch-Straße 5, Postal Code 65203, Federal Republic of Germany	HRB 12059	Total number of shares: 119	ordinary registered share certificates in a nominal value of CZK 200 for a share
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group	Bratislava, Tomášikova 48, Postal Code 832 68, Slovak Republic	35 851 023	Total number of shares: 132	ordinary registered share certificates in a nominal value of CZK 200 for a share
COMPENSA TOWARZYSTWO UBEZPIECZEN SPÓŁKA AKCYJNA VIENNA INSURANCE	Warsaw, Aleje Jerozolimskie 162, Postal Code 02-342, Republic of Poland	REGON 006216959	Total number of shares: 132	ordinary registered share certificates in a nominal value of CZK 200 for a share

GROUP				
INTERRISK TOWARZYSTWO UBEZPIECZEŃ SPÓŁKA AKCYJNA VIENNA INSURANCE GROUP	Warsaw, Stanisława Noakowskiego 22, Postal Code 00-668, Republic of Poland	REGON 010644132	Total number of shares: 132	ordinary registered share certificates in a nominal value of CZK 200 for a share
InterRisk Versicherungs-AG Vienna Insurance Group	Wiesbaden, Karl- Bosch-Straße 5, Postal Code 65203, Federal Republic of Germany	HRB 8043	Total number of shares: 74	ordinary registered share certificates in a nominal value of CZK 200 for a share
V.I.G. ND, uzavřený investiční fond a.s.	Antala Staška 2027/79, Prague 4, Postal Code 140 00, the Czech Republic	247 25 960	Total number of shares: 1	ordinary registered share certificate in a nominal value of CZK 200 for a share

10.2 Organizational structure

The below structure chart shows the Issuer, VIG AM and their position in the Vienna Insurance Group. The Issuer is a Czech based investment fund owned by qualified investors from the Vienna Insurance Group.



10.3 Arrangements that may result in a change in control of the Issuer

The Issuer is currently not aware of any arrangements, nor any efforts are being made to conclude arrangements, that may result in a change in control of the Issuer.

11. DESCRIPTION OF THE SUBSIDIARIES OF THE ISSUER

The Issuer is a 100% shareholder of the following entities and holds 100% voting rights in such entities:

- Burzovní Palác Investment s.r.o. The Issuer and Burzovní Palác Investment s.r.o. in the process of a merger of Burzovní Palác Investment s.r.o. with the Issuer, being the surviving entity. The merger project has been executed as of 17 October 2014. On 16 October 2014, the pro-forma opening balance sheet of the Issuer has been issued (drawn up as of 1 January 2014). The currently envisaged legal effective date of the merger is 31 December 2014. For more information to this refer to Article 15.2.
- SK BM s. r. o., a limited liability company, incorporated under the laws of the Slovak Republic, with its registered office at Štefanovičova 4, 816 23 Bratislava, Slovak Republic, ID No. 46 423 427, registered with the Commercial Register of the District Court Bratislava I, Section Sro, Insertion No. 77149/B.
- HUN BM Korlátolt Felelősségű Társaság, a limited liability company, incorporated under the laws of Hungary, with its seat at Baross utca 1, 1082 Budapest, Hungary, registered with the register of the Metropolitan Court of Budapest as registration court, number of the registration with the commercial register 01-09-972521.

Except for the entities listed above, there are no other subsidiaries of the Issuer.

The majority of the assets acquired by the Issuer as investments is held directly by the Issuer. The assets owned by the subsidiaries of the Issuer shall not have a significant effect on the assessment of the Issuer's assets and liabilities, financial position or profits and losses.

12. DESCRIPTION OF THE VIENNA INSURANCE GROUP

In this Section the Issuer provides a description of significant companies of the Vienna Insurance Group. The extent of the description of particular companies is arranged by the significance of these companies within the Vienna Insurance Group in the view of the Issuer and the availability of such information.

Unless indicated otherwise, all financial data (if applicable) derive from the financial statements of the relevant companies prepared according to IFRS. The Issuer points out that certain values specified in this Section have been rounded off, it means, inter alia, that the values stated for the same information item might differ slightly at various places or might differ slightly from the source from which they are derived.

The Issuer belongs to the Vienna Insurance Group. The parent company of Vienna Insurance Group is VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna, Austria, being consequently an indirect owner of the Issuer.

12.1 Description of the Vienna Insurance Group

Vienna Insurance Group has been one of the leading exchange-listed insurance groups in Austria and CEE for years. Approximately 23,000 employees in around 50 group companies in 25 countries generated around EUR 9.2 billion in premiums in 2013. Vienna Insurance Group provides customers with an portfolio of products and services in all classes of life and non-life insurance. Vienna Insurance Group operates in 25 markets. In addition to Austria, Vienna Insurance Group's core markets are the Czech Republic, Slovakia, Poland, Romania, Bulgaria, Croatia, Hungary, Serbia and the Ukraine. More than half of all premiums of the Vienna Insurance Group written in 2013 came from markets in the CEE region.

In June 2013, the rating agency Standard & Poor's confirmed its rating of A+ with a stable outlook.

In 2008, two leading financial service providers in Central and Eastern Europe – Vienna Insurance Group and the Erste Group – decided to work closer together. They therefore entered into a long-term strategic partnership that is aimed to benefit both of them: Erste Group branches distribute Vienna Insurance Group insurance products, and in return Vienna Insurance Group companies offer Erste Group bank products.

Long-term principal shareholder VIG's shares have been listed on the Vienna Stock Exchange since 1994. Its market capitalisation of more than EUR 4.6 billion at the end of 2013 makes it one of the largest listings on the exchange. It has also had a secondary listing on the Prague Stock Exchange since February 2008, which once again emphasises the importance of the Central and Eastern European region has for the Vienna Insurance Group. Around 70% of Vienna Insurance Group holding's shares are held by Wiener Städtische Versicherungsverein, a stable principal shareholder with a long-term orientation. The remaining shares are in free float.

The table below shows the structure of the Vienna Insurance Group.

Affiliated companies and participations VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe

Company	Country of domicile	Interest in capital 2013 (%) ¹⁾	Interest in capital 2012 (%) ¹⁾	Equity capital (EUR '000) ²⁾
Fully consolidated companies				
"BULSTRAD LIFE VIENNA INSURANCE GROUP" JOINT STOCK COMPANY, Sofia	Bulgaria	95.53	95.11	5,239
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Vienna	Austria	100.00	100.00	28,738
"POLISA-ZYCIE" Towarzystwo Ubezpieczeń Spółka Akcyjna Vienna Insurance Group, Warsaw	Poland	98.57	96.49	9,618
"WIENER RE" akcionarsko društvo za reosiguranje, Beograd	Serbia	100.00	100.00	6,729
"WIENER STÄDTISCHE OSIGURANJE" akcionarsko društvo za osiguranje, Belgrade	Serbia	100.00	100.00	15,081
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94.00	94.00	104,312
Anděl Investment Praha s.r.o., Prague	Czech Republic	100.00	100.00	24,310
Arithmetica Versicherungs- und Finanzmathematische Beratungsgesellschaft m.b.H., Vienna	Austria	100.00	100.00	381
Asigurarea Românească - ASIROM Vienna Insurance Group S.A., Bucharest	Romania	99.10	99.10	18,260
BCR Asigurări de Viață Vienna Insurance Group S.A., Bucharest	Romania	92.36	92.36	-11,546
BENEFIA Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	12,410
BENEFIA Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	19,844
Blizzard Real Sp. z o.o., Warsaw	Poland	100.00	100.00	2,464
BML Versicherungsmakler GmbH, Vienna	Austria	100.00	100.00	821,537
Business Insurance Application Consulting GmbH, Vienna	Austria	100.00	100.00	2,412
Businesspark Brunn Entwicklungs GmbH, Vienna	Austria	100.00	100.00	9,830
CAL ICAL "Globus", Kiev	Ukraine	80.00	80.00	5,949
CAME Holding GmbH, Vienna	Austria	100.00	100.00	28,313
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100.00	100.00	199
CENTER Hotelbetriebe GmbH, Vienna	Austria	80.00	80.00	1,061
Central Point Insurance IT-Solutions GmbH, Vienna	Austria	100.00	100.00	89,370
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	Czech Republic	100.00	100.00	85,343
COMPENSA Holding GmbH, Wiesbaden	Germany	100.00	100.00	20,339
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100.00	100.00	11,779
Compensa Towarzystwo Ubezpieczeń Na Życie S.A. Vienna Insurance Group, Warsaw	Poland	100.00	100.00	47,913
Compensa Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.92	99.89	75,886
DBLV Immobilien GmbH & Co KG, Vienna	Austria	100.00	0.00	1,883
DBLV Immobilien GmbH, Vienna	Austria	100.00	0.00	18
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100.00	100.00	13,181
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100.00	100.00	23
Deutschmeisterplatz 2 Objektverwaltung GmbH, Vienna	Austria	100.00	100.00	3,128
Donau Brokerline Versicherungs-Service GmbH, Vienna	Austria	100.00	100.00	80,402
DONAU Versicherung AG Vienna Insurance Group, Vienna	Austria	99.24	99.24	149,950
DVIB GmbH, Vienna	Austria	100.00	100.00	81,038
ELVP Beteiligungen GmbH, Vienna	Austria	100.00	100.00	24,183
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	95.00	95.00	9,228
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95.00	95.00	7,092
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	27,113
GPIH B.V., Amsterdam	Netherlands	91.11	91.11	6,797
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	98.00	98.00	38,817
InterAlbanian Vienna Insurance Group Sh.a., Tirana	Albania	93.17	78.33	3,583
International Insurance Company "IRAO" LTD, Tbilisi	Georgia	100.00	100.00	2,109
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	25,958
InterRisk Towarzystwo Ubezpieczeń S.A. Vienna Insurance Group, Warsaw	Poland	99.98	99.98	98,520
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100.00	100.00	48,010
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	75.00	75.00	2,840
Jahorina osiguranje Vienna Insurance Group a. d., Pale	Bosnia-Herzegovina	100.00	97.56	9,489
Joint Stock Company for Insurance and Reinsurance Makedonija Skopje - Vienna Insurance Group, Skopje	Macedonia	94.25	0.00	20,290
Joint Stock Company Insurance Company GPI Holding, Tiflis	Georgia	90.00	90.00	11,851
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Macedonia	100.00	100.00	4,333
Kaiserstraße 113 GmbH, Vienna	Austria	100.00	0.00	2,234
KALVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H., Budapest	Hungary	100.00	100.00	2,068
Kapital pojišťovaci a finanční poradenství, a.s., Brno	Czech Republic	100.00	100.00	3,872

Company	Country of domicile	Interest in capital 2013 (%) ¹⁾	Interest in capital 2012 (%) ¹⁾	Equity capital (EUR '000) ²⁾
KOMUNALNA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	43,767
KOOPERATIVA poisťovňa, a.s. Vienna Insurance Group, Bratislava	Slovakia	100.00	100.00	277,538
Kooperativa poisťovňa, a.s., Vienna Insurance Group, Prague	Czech Republic	98.39	98.39	521,455
Kvarner Wiener Städtische nekretnine d.o.o., Zagreb	Croatia	100.00	100.00	616
LVP Holding GmbH, Vienna	Austria	100.00	100.00	647,797
MAP Bürodienstleistung Gesellschaft m.b.H., Vienna	Austria	100.00	100.00	77,091
MH 54 Immobilienanlage GmbH, Vienna	Austria	100.00	100.00	26,309
NEUE HEIMAT Oberösterreich Gemeinnützige Wohnungs- und SiedlungsgesmbH, Linz	Austria	99.81	99.81	117,926
Neue Heimat Oberösterreich Holding GmbH, Vienna	Austria	90.00	90.00	63,581
OMNIASIG VIENNA INSURANCE GROUP S.A., Bucharest	Romania	99.40	98.56	148,865
Palais Hansen Immobilienentwicklung GmbH, Vienna	Austria	56.55	43.26	45,248
Passat Real Sp. z o.o., Warsaw	Poland	100.00	100.00	3,172
PFG Holding GmbH, Vienna	Austria	89.23	89.23	114,690
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Vienna	Austria	92.88	92.88	47,204
Poisťovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95.00	95.00	32,026
Pojistovna České spořitelny, a.s., Vienna Insurance Group, Pardubice	Czech Republic	95.00	95.00	117,595
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100.00	100.00	15,837
Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP", Kiev	Ukraine	97.80	97.80	3,799
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99.99	99.99	8,055
PROGRESS Beteiligungs-ges.m.b.H., Vienna	Austria	60.00	60.00	16,828
Projektbau GesmbH, Vienna	Austria	100.00	100.00	18,183
Projektbau Holding GmbH, Vienna	Austria	90.00	90.00	21,326
Rathstraße 8 Liegenschaftsverwertungs GmbH, Vienna	Austria	100.00	0.00	895
Ray Sigorta A.Ş., Istanbul	Turkey	94.96	94.26	34,661
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Vienna	Austria	100.00	100.00	8,461
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Vienna	Austria	100.00	100.00	27
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100.00	100.00	9,871
Senioren Residenz Futlerpark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	100.00	100.00	-4,681
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66.70	66.70	8,628
SIGMA VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	87.01	87.01	8,210
Sparkassen Versicherung AG Vienna Insurance Group, Vienna	Austria	95.00	95.00	509,782
SVZ GmbH, Vienna	Austria	100.00	100.00	28,245
SVZI GmbH, Vienna	Austria	100.00	100.00	29,161
T 125 GmbH, Vienna	Austria	100.00	0.00	9,036
TBI BULGARIA EAD, Sofia	Bulgaria	100.00	100.00	41,346
TBIH Financial Services Group N.V., Amsterdam	Netherlands	100.00	100.00	265,894
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100.00	100.00	32,824
V.I.G. ND a.s., Prague	Czech Republic	100.00	100.00	112,997
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Benden	Liechtenstein	100.00	100.00	11,322
VIG FUND uzavreny investicni fond, a.s., Prague (Consolidated Financial Statements)	Czech Republic	100.00	100.00	107,090
VIG RE zajišťovna, a.s., Prague	Czech Republic	100.00	100.00	124,050
VIG REAL ESTATE DOO, Belgrade	Serbia	100.00	100.00	11,687
VIG Real Estate GmbH, Vienna	Austria	100.00	100.00	76,627
VIG-CZ Real Estate GmbH, Vienna	Austria	100.00	100.00	76,383
VLTAVA majetkovosprávni a podílová spol.s.r.o., Prague	Czech Republic	100.00	100.00	4,880
WGPV Holding GmbH, Vienna	Austria	100.00	100.00	88,758
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	99.47	99.36	67,020
WIENER STÄDTISCHE Beteiligungs GmbH, Vienna	Austria	100.00	100.00	854,406
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Vienna	Austria	100.00	100.00	846,534
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Vienna	Austria	99.90	99.90	1,007,957
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Vienna	Austria	100.00	100.00	1,602
WSBV Beteiligungsgesellschaft GmbH & Co KG, Vienna	Austria	100.00	0.00	326
WSV ImmoHolding GmbH, Vienna	Austria	100.00	100.00	189,917

- 1) The share of equity equals the controlling interest before taking into account any non-controlling interests.
2) The capital value shown corresponds to the latest local annual financial statements available.

12.2 Related party transactions

Any related party transactions entered into by the Issuer are described in the annual reports of the Issuer (including Financial Statements which are incorporated into this Prospectus by reference).

Given that the Financial Statements of the Issuer have been prepared in accordance with IFRS, the information contained therein complies with the information required under Annex XV and Annex I, Section 19 of the Prospectus Regulation, as well as with the Regulation (EC) No. 1606/2002.

Below is an overview of the related party transactions of the Issuer for the period of its existence until the date of this Prospectus:

- The Issuer is partly financed by intra group loans.
- The Issuer uses related parties for provision of insurance.
- The Issuer is managed by VIG AM which, as a fund manager, manages the Issuer's assets among others on the basis of a service agreement entered into between the Issuer and VIG AM.

The value of the intra group loans as of 31 December 2012 (in EUR thousand) was:

Interest-bearing loans	44,064
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The intra group sales and purchases in accounting period 2012 (in EUR thousand) were:

Indirect costs - management fee	426
Interests	1,155
Financial costs - insurance	19

The value of the intra group loans as of 31 December 2013 (in EUR thousand) was:

Interest-bearing loans	45,943
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The intra group sales and purchases in accounting period 2013 (in EUR thousand) were:

Indirect costs - management fee	512
Interests	1,764
Financial costs - insurance	34

The current (as of 30 September 2014) value of the intra group loans (liabilities in EUR thousand) is:

Interest-bearing loans	44,159
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Other loans	13,000
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The current (from January to September 2014) costs of the intra group purchases (in EUR thousand) are:

Indirect costs - management contract	354
Interests	1,382
Financial costs - insurance	40

The Issuer concluded a service agreement with VIG AM. For more details to the service agreement refer to Article 13.4 below.

All transactions with related parties were concluded at arm's length basis. The related party transactions form approx. 22 % of the turnover of the Issuer.

13. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE ISSUER

13.1 Management and statutory body of the Issuer

The Issuer's statutory body is the board of directors (*představenstvo*), which has one member. The sole member of the Issuer's board of directors is VIG AM.

The sole member of the board of directors of the Issuer manages the Issuer and acts on its behalf towards third parties. The sole member of the board of directors of the Issuer is entitled to act individually on behalf of the Issuer.

The following individuals are entitled to represent the sole member of the board of directors of the Issuer when exercising his function. At least two of the below stated persons must act jointly when representing the sole member of the board of directors acting on behalf of the Issuer.

VIG AM has no subsidiaries and does not hold interests in any entities. The only investment fund managed by VIG AM is the Issuer. Members of the board of directors of VIG AM entitled to represent VIG AM when acting on behalf of the Issuer:

DI Caroline Mocker, in office as a member of the board of directors of VIG AM since 27 April 2011 for a period of 5 years after which the term of the office will expire (expiration of the office on 27 April 2016, if not further prolonged)

Professional 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	Real Invest Austria (RIA) and Real Invest Europe (RIE)

01/2007 - 12/2007	Head of the Portfolio Management Department	Bundesimmobiliengesellschaft m.b.H
11/2005 - 12/2006	Portfolio manager	Bundesimmobiliengesellschaft m.b.H

Ing. Luděk Marek, in office as a member of the board of directors of VIG AM since 11 October 2011 for a period of 5 years after which the term of the office will expire (expiration of the office on 11 October 2016, if not further prolonged)

Professional 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	Economy Department	Česká státní pojišťovna

Ing. Mag. Christoph Roiser, in office as a member of the board of directors of VIG AM since 11 October 2011 for a period of 5 years after which the term of the office will expire (expiration of the office on 11 October 2016, if not further prolonged)

Professional 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

The members can be contacted via the registered office of the Issuer. The below tables show the functions and activities that the relevant members of the board of directors VIG AM carry out (or carried out in the last five years prior to the date of this Prospectus) outside of the Issuer:

DI Caroline Mocker

Company	Mandate	Function	Start date	End of the Mandate
BB C - Building C, s.r.o.	Managing Director	Managing Director	31.12.2012	31.05.2013
Burzovní Palác Investment s.r.o	Managing Director	Managing Director	15.05.2014	ongoing

HAVLÍČKOVA INVESTMENT a.s.	Member of the Board of Directors	Chairman	23.12.2013	31.05.2014
HUN BM Kft.	Managing Director	Managing Director	03.11.2011	ongoing
INPROX - X, spol. s.r.o.	Managing Director	Managing Director	16.12.2011	30.06.2012
INPROX Frýdek - Místek, s.r.o.	Managing Director	Managing Director	30.11.2011	30.06.2012
INPROX Jihlava, s.r.o.	Managing Director	Managing Director	30.11.2011	30.06.2012
INPROX Karlovy Vary, s.r.o.	Managing Director	Managing Director	30.11.2011	30.06.2012
INPROX Mladá Boleslav, s.r.o.	Managing Director	Managing Director	30.11.2011	30.06.2012
INPROX Ost, s.r.o.	Managing Director	Managing Director	19.12.2011	30.06.2012
INPROX Přerov, s.r.o.	Managing Director	Managing Director	30.11.2011	30.06.2012
INPROX SZKF Kft.	Managing Director	Managing Director	30.11.2011	30.06.2012
INPROX Zlín, s.r.o.	Managing Director	Managing Director	30.11.2011	30.06.2012
P.M.Slovensko, s.r.o.	Managing Director	Managing Director	13.12.2011	30.06.2012
SEXTA - společnost pro správu nemovitostí, s.r.o.	Managing Director	Managing Director	30.11.2011	30.06.2012
SK BM s.r.o.	Managing Director	Managing Director	16.11.2011	ongoing
VIG Asset Management investiční společnost, a.s.	Member of the Board of Directors	Chairman	27.04.2011	12.03.2012
		Chairman	13.03.2012	ongoing
VIG BM a.s.	Member of the Board of Directors	Chairman	19.09.2011	31.08.2012
VIG FUND uzavřený investiční fond, a.s.	Member of the Board of Directors	Member	01.03.2012	15.07.2014
VLTAVA majetkovsprávní a podílová spol. s r.o.	Managing Director	Managing Director	07.10.2013	ongoing

Ing. Luděk Marek

Company	Mandate	Function	Start date	End of the Mandate
Benefita, a.s.	Supervisory Board member	Member	12.7.2013	29.11.2013
		Member	29.11.2013	ongoing
CPP Servis, s.r.o.	Supervisory Board member	Member	11.02.2012	ongoing
GLOBAL ASSISTANCE, a.s.	Supervisory Board member	Member	7.11.2013	ongoing
HAVLÍČKOVA INVESTMENT a.s.	Member of the Board of Directors	Member	23.12.2013	31.05.2014
		Member	01.04.20013	ongoing
KIP, a.s.	Member of the Board of Directors	Chairman	1.4.2009	23.01.2011
		Chairman	24.01.2011	ongoing
Kooperativa pojišťovna, a.s., Vienna Insurance Group	Proxy holder		9.9.2008	29.11.2013
			29.11.2013	ongoing
Main Point Karlín, a.s.	Member of the Board of Directors	Member	22.8.2011	1.7.2012
Sanatorium Astoria, a.s.	Member of the Board of Directors	Member	01.04.2009	1.4.2013
Společenství vlastníků jednotek domu č.p. 3226, k.ú. Strašnice v Praze 10	Committee	Member	13.7.2013	ongoing
Unigeo, a.s.	Member of the Management Board	Member	27.5.2006	26.5.2011

		Member	27.05.2011	27.6.2014
		Chairman	27.6.2014	ongoing
VIG Asset Management investiční společnost, a.s.	Member of the Board of Directors	Member	11.10.2011	ongoing
VIG BM a.s.	Member of the Board of Directors	Member	13.9.2011	31.08.2012
VIG FUND uzavřený investiční fond, a.s.	Member of the Board of Directors	Member	01.03.2012	12.8.2014
V.I.G. ND, uzavřený investiční fond a.s.	Member of the Board of Directors	Member	20.08.2010	14.7.2014

Ing. Mag. Christoph Roiser

Company	Mandate	Function	Start date	End of the Mandate
Anděl Investment Praha s.r.o.	Managing Director	Managing Director	31.03.2012	ongoing
BB C - Building C, s.r.o.	Managing Director	Managing Director	31.12.2012	31.05.2013
Burzovní Palác Investment s.r.o.	Managing Director	Managing Director	15.05.2014	ongoing
DVIB GmbH	Managing Director	Managing Director	01.12.2011	ongoing
HAVLÍČKOVA INVESTMENT a.s.	Member of the Board of Directors	Member	23.12.2013	31.05.2014
HUN BM Korlátolt Felelősségű Társaság	Managing Director	Managing Director	03.11.2011	ongoing
INPROX - X, spol. s.r.o.	Managing Director	Managing Director	16.12.2011	30.06.2012
INPROX Frýdek - Místek, s.r.o.	Managing Director	Managing Director	30.11.2011	30.6.2012
INPROX Jihlava, s.r.o.	Managing Director	Managing Director	30.11.2011	30.6.2012
INPROX Karlovy Vary, s.r.o.	Managing Director	Managing Director	30.11.2011	30.6.2012
INPROX Mladá Boleslav, s.r.o.	Managing Director	Managing Director	30.11.2011	30.06.2012
INPROX Ost, s.r.o.	Managing Director	Managing Director	19.12.2011	30.06.2012
INPROX Přerov, s.r.o.	Managing Director	Managing Director	30.11.2011	30.6.2012
INPROX SZKF Kft.	Managing Director	Managing Director	30.11.2011	30.6.2012
INPROX Zlín, s.r.o.	Managing Director	Managing Director	30.11.2011	30.6.2012
KÁLVIN TOWER Immobilienentwicklungs- und Investitionsgesellschaft m.b.H.	Managing Director	Managing Director	10.07.2012	ongoing
P.M.Slovensko, s.r.o.	Managing Director	Managing Director	13.12.2011	30.06.2012
Palais Hansen Immobilienentwicklung GmbH	Managing Director	Managing Director	01.04.2012	31.07.2013
PFG Holding GmbH	Managing Director	Managing Director	23.02.2011	09.04.2014
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH	Managing Director	Managing Director	12.08.2011	ongoing
SEXTA - společnost pro správu nemovitostí, s.r.o.	Managing Director	Managing Director	30.11.2011	30.6.2012
SK BM s.r.o.	Managing Director	Managing Director	16.11.2011	ongoing
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH	Managing Director	Managing Director	01.05.2012	ongoing
Untere Donaulände 40 GmbH	Managing Director	Managing Director	19.08.2011	ongoing
VIG Asset Management investiční společnost, a.s.	Member of the Board of Directors	Member	11.10.2011	ongoing
VIG BM a.s.	Member of the Board of Directors	Member	19.09.2011	31.08.2012

13.2 Supervisory body of the Issuer

The Issuer's supervisory body is the supervisory board (*dozorčí rada*).

At present, the Issuer's supervisory board has the following members:

Dr. Martin Simhandl, in office since 1 October 2013 for a period of 5 years after which the term of the office will expire (expiration of the office on 1 October 2018, if not further prolonged)

Professional experience:

since 11/2004	Member of the Board of Directors	Vienna Insurance Group AG Wiener Versicherung Gruppe
1994 - 2004	Management of subsidiaries; Head of Subsidiary Management since 1995	Wiener Städtische Allgemeine Versicherung Aktiengesellschaft
1985 - 1993	Legal department (proxy holder since 1991)	Wiener Städtische Wechselseitige Versicherungsanstalt
1985	Start in Vienna Insurance Group	Wiener Städtische Wechselseitige Versicherungsanstalt

Mag. Roland Gröll, in office since 1 October 2013 for a period of 5 years after which the term of the office will expire (expiration of the office on 1 October 2018, if not further prolonged)

Professional 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	WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group
since 03/2008	Head of the Financial and Accounting Department	WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group
since 06/2003	Proxy holder, WIENER STÄDTISCHE Versicherung AG	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 Financial and Accounting Department	WIENER STÄDTISCHE Versicherung AG Vienna Insurance Group

Gary Wheatley Mazzotti, in office since 17 April 2012 for a period of 5 years after which the term of the office will expire (expiration of the office on 17 April 2017, if not further prolonged)

Professional experience:

since 4/2014	Member of the Board of Directors	Kooperativa pojišťovna, a.s., Vienna Insurance Group
3/2012 - 3/2014	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

The members can be contacted via the registered office of the Issuer. The below tables show the functions and activities that the relevant members of the supervisory board of the Issuer carry out (or carried out in the last five years prior to the date of this Prospectus) outside of the Issuer:

Dr. Martin Simhandl

Company	Mandate	Function	Start date	End of the Mandate
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A.	Supervisory Board	Deputy Chairman	15.05.2008	15.05.2009
		Deputy Chairman	16.05.2009	15.04.2011
AXA Biztosító Zártkörűen Működő Részvénytársaság	Supervisory Board	Member	03.06.2014	ongoing
Beteiligungs- und Immobilien GmbH	Committee	Member	30.06.2005	20.04.2009
Beteiligungs- und Wohnungsanlagen GmbH	Committee	Member	30.06.2005	20.04.2009
CEE PROPERTY-INVEST Immobilien AG	Supervisory Board	1 Deputy Chairman	03.05.2006	14.07.2009
CEESEG Aktiengesellschaft	Supervisory Board	Member	13.06.2013	12.06.2014
		Member	13.06.2014	ongoing
DONAU Versicherung AG Vienna Insurance Group	Supervisory Board	Member	06.05.2004	20.03.2013
Erste gemeinnützige	Supervisory Board	Chairman	15.09.1999	26.06.2009

Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H.		Chairman	26.06.2009	27.06.2014
		Chairman	27.06.2014	ongoing
Humanomed Krankenhaus Management Gesellschaft m.b.H.	Committee	Member	28.06.2006	16.04.2009
International Insurance Company "IRAO" LTD	Supervisory Board	Deputy Chairman	12.04.2011	24.07.2012
InterRisk Lebensversicherungs-AG Vienna Insurance Group	Supervisory Board	Deputy Chairman	01.01.2006	17.03.2010
		Deputy Chairman	18.03.2010	ongoing
InterRisk Versicherungs-AG Vienna Insurance Group	Supervisory Board	Chairman	24.09.2005	17.03.2010
		Chairman	18.03.2010	ongoing
Joint Stock Company Insurance Company GPI Holding	Supervisory Board	Deputy Chairman Chairman	13.04.2011	ongoing
Private Joint-Stock Company "Insurance company" Ukrainian insurance group"	Supervisory Board	Member	27.04.2011	26.04.2012
		Member	27.04.2012	18.03.2013
Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP"	Supervisory Board	Member	17.02.2011	12.10.2012
Private Joint-Stock Company "JUPITER LIFE INSURANCE VIENNA INSURANCE GROUP"		Member	13.10.2012	18.03.2013
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP"	Supervisory Board	Chairman	28.03.2006	17.04.2009
		Deputy Chairman	17.04.2009	29.04.2010
		Deputy Chairman	29.04.2010	07.10.2010
		Deputy Chairman	07.10.2010	21.02.2011
		Member	21.02.2011	22.04.2012
		Member	23.04.2012	12.10.2012
		Member	13.10.2012	18.03.2013
Ray Sigorta Anonim Sirketi	Supervisory Board	Deputy Chairman	12.04.2011	26.09.2012
		Deputy Chairman	26.09.2012	31.03.2014
		Chairman	31.03.2014	ongoing
Ringturm Kapitalanlagegesellschaft m.b.H.	Supervisory Board	Chairman	08.03.2004	17.04.2009
		Member	17.04.2009	13.02.2014
		Member	14.02.2014	ongoing
S IMMO AG	Supervisory Board	Chairman	24.06.2004	21.05.2010
		Chairman	21.05.2010	ongoing
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft	Supervisory Board	Member	20.06.2012	ongoing
Sparkassen Versicherung AG Vienna Insurance Group	Supervisory Board	Member	05.07.2006	24.03.2011
		Member	24.03.2011	ongoing
TBIH Financial Services Group N.V.	Supervisory Board	Member	16.04.2007	ongoing
TECH GATE VIENNA Wissenschafts- und Technologiepark GmbH	Shareholders Committee	Chairman	07.06.2004	22.04.2009
UNION Vienna Insurance Group Biztosító Zrt.	Supervisory Board	Member	19.03.2004	18.03.2009
		Member	19.03.2009	09.04.2013
		Member	10.04.2013	ongoing
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	Member of the Management Board	Member	01.11.2004	30.06.2013
		Member	01.07.2013	ongoing

Vienna-Life Lebensversicherung AG Vienna Insurance Group	Supervisory Board	Member	11.03.2009	20.04.2010
		Member	20.04.2010	04.03.2013
		Deputy Chairman	05.03.2013	ongoing
VIG Asset Management investiční společnost, a.s.	Supervisory Board	Member	27.04.2011	26.04.2012
		Chairman	27.04.2012	ongoing
VIG BM a.s.	Supervisory Board	Member	13.09.2011	31.08.2012
VIG FUND uzavřený investiční fond, a.s.	Supervisory Board	Chairman	01.03.2012	01.06.2013
		Chairman	01.10.2013	ongoing
Wien 3420 Aspern Development AG	Supervisory Board	Member	28.06.2012	ongoing
Wiener Börse AG	Supervisory Board	Member	13.06.2013	12.06.2014
		Member	13.06.2014	ongoing
Wiener Hafen Management GmbH	Supervisory Board	Member	03.10.2003	05.06.2012
		Member	06.06.2012	ongoing
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje	Supervisory Board	Member	27.05.2009	27.10.2009
		Deputy Chairman	27.10.2009	05.12.2011
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group	Supervisory Board	Deputy Chairman	09.10.2009	24.06.2010
		Member	24.06.2010	ongoing
Wiener Städtische Wechselseitiger Versicherungsverein - Vermögensverwaltung - Vienna Insurance Group	Member of the Management Board	Member	23.09.2008	30.06.2013
		Member	01.07.2013	05.06.2014
WSV ImmoHolding GmbH	Supervisory Board	Member	09.10.2009	14.09.2010
		Member	14.09.2010	20.09.2011

Mag. Roland Gröll

Company	Mandate	Function	Start date	End of the Mandate
AQUILA Hausmanagement GmbH	Committee	Member	22.07.2011	31.05.2014
Bulgarski Imoti Non-Life Insurance Company AD	Supervisory Board	Member	29.04.2010	12.05.2011
Business Insurance Application Consulting GmbH	Committee	Member	25.11.2011	ongoing
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Supervisory Board	Member	21.05.2011	31.03.2013
		Member	01.04.2013	ongoing
DONAU Versicherung AG Vienna Insurance Group	Member of the Management Board	Member	01.01.2011	31.12.2013
EGNH Beteiligungen GmbH	Managing Director	Managing Director	23.12.2011	08.08.2012
Erste osiguranje Vienna Insurance Group d.d.	Supervisory Board	Member	09.12.2011	18.12.2012
		Member	19.12.2012	ongoing
HELIOS Vienna Insurance Group d.d.	Supervisory Board	Member	09.12.2011	31.05.2013
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP"	Supervisory Board	Member	14.04.2010	05.05.2011
Interbanian Vienna Insurance Group Sh.a.	Supervisory Board	Member	23.02.2011	23.02.2011
		Deputy Chairman		21.06.2011
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance	Supervisory Board	Member	28.01.2011	27.04.2011

Group Skopje					
Joint Stock Insurance Company WINNER-Vienna Insurance Group	Supervisory Board	Member	29.06.2009	29.06.2009	
		Deputy Chairman	24.08.2009	27.04.2011	
KOOOPERATIVA poist'ovna, a.s. Vienna Insurance Group	Supervisory Board	Member	18.05.2009	07.04.2013	
		Member	08.04.2013	ongoing	
Kooperativa, pojišť'ovna, a.s. Vienna Insurance Group	Supervisory Board	Member	27.04.2011	06.04.2013	
		Member	07.04.2013	ongoing	
Pojišť'ovna České spořitelny, a.s. Vienna Insurance Group	Supervisory Board	Member	14.04.2011	19.03.2014	
		Member	20.03.2014	ongoing	
SIGMA VIENNA INSURANCE GROUP Sh.A.	Supervisory Board	Member	15.07.2009	27.08.2009	
		Deputy Chairman	27.08.2009	28.04.2011	
Social & Culture Beteiligungs GmbH - Wiener Städtische Wechselseitige	Managing Director	Managing Director	22.10.2008	ongoing	
VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe	Member of the Management Board	Deputy Chairman	01.10.2008	30.06.2013	
		Deputy Chairman	01.07.2013	31.12.2013	
VIG Asset Management investiční společnost, a.s.	Supervisory Board	Member	27.04.2011	26.04.2012	
		Member	27.04.2012	ongoing	
VIG BM a.s.	Supervisory Board	Member	13.09.2011	31.08.2012	
VIG FUND uzavřený investiční fond, a.s.	Supervisory Board	Member	01.03.2012	01.06.2013	
		Member	01.10.2013	ongoing	
VIG Properties Bulgaria AD	Supervisory Board	Member	12.07.2011	12.07.2011	
VIG RE zajišť'ovna, a.s.	Supervisory Board	Member	27.04.2011	ongoing	
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje	Supervisory Board	Member	09.12.2011	ongoing	
WIENER STÄDTISCHE OSIGURANJE akcionarsko drustvo za osiguranje, Beograd	Supervisory Board	Member	15.07.2009	16.08.2011	

Gary Wheatley Mazzotti

Company	Mandate	Function	Start date	End of the Mandate
AB - CREDIT a.s.	Supervisory Board member	Chairman	1.9.2009	31.1.2012
Anděl Investment Praha s.r.o.	Managing Director	Managing Director	31.03.2012	ongoing
CM - CREDIT a.s.	Supervisory Board member	Chairman	1.9.2009	31.1.2012
KIP, a.s.	Supervisory Board member	Member	01.04.2014	ongoing
Kooperativa, pojišť'ovna, a.s. Vienna Insurance Group Nadace pojišť'ovny Kooperativa	Member of the Board of Directors	Member	01.04.2014	ongoing
	Supervisory Board member	Member	1.4.2014	ongoing
PJSC IC "JUPITER VIENNA INSURANCE GROUP"	Supervisory Board	Member	23.04.2012	12.10.2012
		Member	13.10.2012	18.03.2013
		Member	19.03.2013	ongoing
PJSC "UKRAINIAN INSURANCE	Supervisory Board	Member	23.04.2012	12.10.2012

COMPANY "KNIAZHA VIG"		Member	13.10.2012	18.03.2013
		Member	19.03.2013	ongoing
PJSC "Insurance company" Ukrainian insurance group"	Supervisory Board	Member	27.04.2012	18.03.2013
		Member	19.03.2013	ongoing
VIG Asset Management investiční společnost, a.s.	Supervisory Board member	Chairman	01.04.2012	ongoing
		Member		
VIG FUND uzavřený investiční fond, a.s.	Supervisory Board member	Member	17.04.2012	ongoing
V.I.G. ND, uzavřený investiční fond a.s.	Supervisory Board member	Member	01.07.2014	ongoing

To the knowledge of the Issuer there is no information to be disclosed in relation to the persons listed in Articles 13.1 and 13.2 and to VIG AM according to Annex 1 Article 14 (1) letter (b), (c) and/or (d) of the Prospectus Regulation. In this context, the Issuer declares that in relation to the persons listed in Articles 13.1 and 13.2 and to VIG AM there were (i) no convictions in relation to fraudulent offences for at least the previous five years prior to the date of this Prospectus; (ii) no bankruptcies, receiverships or liquidations with which the relevant persons were, acting in the capacity of a member of the administrative, management or supervisory bodies or partner with unlimited liability or founder or senior manager who is relevant to establishing that the relevant entity has the appropriate expertise and experience for the management of such entity, associated for the previous five years prior to the date of this Prospectus; and (iii) no public incrimination and/or sanctions of such persons by statutory or regulatory authorities (including designated professional bodies) nor disqualification by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for the previous five years prior to the date of this Prospectus. For the purpose of this Prospectus, the address of the registered office of the Issuer shall be considered as business address of the persons listed in Articles 13.1 and 13.2.

13.3 Management, administrative and supervisory bodies' conflicts of interest and remuneration

Agreements, if any, of the Issuer with the members of its board of directors and / or its supervisory board may generate in certain circumstances conflicts of interest. Should any such conflict of interest arise, the Issuer has sufficient rules and procedures in place to properly deal with such conflicts of interest in accordance with applicable laws and industry standards.

To the knowledge of the Issuer there is no further information to be disclosed according to Annex 1 Article 14 (2) of the Prospectus Regulation.

VIG AM, as the sole member of the board of directors of the Issuer receives remuneration for performance of its office. The amount of the remuneration paid to VIG AM amounted in 2012 to EUR 423,000 and in 2013 to EUR 501,000. The basis for calculation of such remuneration is contained in Article 13.4 below. No other remuneration or benefits are paid by the Issuer (or its subsidiaries) to members of management and / or supervisory bodies of the Issuer. No amounts are set aside or

accrued by the Issuer or its subsidiaries to provide pension, retirement or similar benefits. There are no (including any material and/or potential) conflicts of interest between the duties to the Issuer of the above stated members of the relevant bodies of the Issuer and / or VIG AM and their private interests (or any duties to third parties). Consequently, there are no special arrangements in place to address such potential conflicts.

13.4 Board practices

The only service agreement entered into between the Issuer and its board members is the service agreement with VIG AM. No benefits upon termination of the office were agreed in the service agreement. The subject matter of the service agreement is the performance of the services of a member of the board of directors of the Issuer for an agreed remuneration. The parties to this service agreement agreed on a yearly fixed remuneration of EUR 200,000 and a variable remuneration in the amount of 0.15 % of the average value of the Issuer's assets for the relevant accounting period. The sum of the fixed and variable remuneration can not exceed 0.4 % of the average value of the Issuer's assets for the relevant accounting period.

Furthermore, there is a success fee agreed. In case of extraordinary financial results of the Issuer, VIG AM shall be entitled to an additional success fee under the following condition that profit in cash (after tax) divided by the equity contributed by the shareholders of the Issuer (cash to equity) exceeds 5 %. In such a case there will be a success fee payable in the amount of 0.002% of the total value of the assets of the Issuer for each 1 % exceeding the 5% cash to equity. The success fee will be calculated to one decimal number and on a pro rata basis. The success fee will be paid out if cash to equity exceeds 5.1%. The service agreement has been entered into for the term of the office of VIG AM. It shall be also terminated upon removal of VIG AM from the office, upon its resignation and in other cases stipulated by the applicable law.

No special service agreements have been entered into between the Issuer and its members of the supervisory board.

The Issuer does not have any audit committee or remuneration committee.

The Issuer complies with its country's of incorporation corporate governance regimes.

13.5 Employees

The Issuer has no employees. The members of management and supervisory bodies of the Issuer do not hold any shares of the Issuer or options to acquire shares of the Issuer.

13.6 Service providers

There are no material fees payable by the Issuer to service providers. The most significant fee payable by the Issuer is the remuneration paid to VIG AM (refer to Article 13.4 above). No other material fees are payable by the Issuer. The determination and calculation of the net asset value of the Issuer is done by the board of directors of the Issuer based on an input provided by the Tax and Accounting Advisor. The unaudited

net asset value of the Issuer amounted as of 30 September 2014 to EUR 150,730,068 in total, which means the net asset value in the amount of approx. EUR 8800.73 per share (based on the amount of shares of the Issuer as of the date of this Prospectus). To the knowledge of the Issuer the provision of Article 3.3 of the Annex XV of the Prospectus Regulation does not apply. The person responsible for determination and calculation of the net asset value of the Issuer is VIG AM (for more information to VIG AM refer to Article 8.2). As to potential conflicts of interests of VIG AM please refer to Article 13.3 above.

13.7 Investment managers and advisers; custody

The experience of VIG AM as investment manager is based on the experience of its management board members as listed in Article 13.1.

There are no entities providing investment advice to the Issuer.

The assets of the Issuer are held directly or indirectly through its subsidiaries. No additional risks arise in connection with such a holding. No custodian, trustee or fiduciary is appointed.

13.8 Valuation

The assets held by the Issuer are valued once a year by an external expert in accordance with the international valuation standards. The net asset value of the assets is calculated based on quarterly reporting packages prepared by the Tax and Accounting Advisor. The reporting packages are internal (i.e. not publicly accessible) reporting packages for the purpose of Vienna Insurance Group accounting purposes and consolidation. The quarterly reporting packages are consolidated financial statements according to the IFRS. The net asset value corresponds to the equity position of the consolidated financial statement in IFRS. As the Issuer primarily invests in real estate, the Issuer does not make any comments as to how the net asset value is determined in relation to potential various categories of investments. The net asset value will be communicated to the investors at least once a year as at 31 December through the disclosure of the net asset value in the annual report of the Issuer which will be accessible on the webpage of the Issuer, www.vigam.cz, within the first four following months.

13.9 Other

There are no cross liabilities between classes or investments of the Issuer.

14. DEPENDENCE OF THE ISSUER ON ENTITIES WITHIN THE VIENNA INSURANCE GROUP

The Issuer is not aware of any contractual relationship that would create a dependence of the Issuer on any entity within the Group or the Vienna Insurance Group. However, as the sole member of the Issuer is VIG AM, any actions of the Issuer are undertaken and directed by VIG AM, which creates a factual dependency of the Issuer on VIG AM. The sole shareholder of VIG AM is VIG, which creates a factual as well as economical

dependence of VIG AM on VIG, respectively indirectly also dependence of the Issuer on VIG.

15. MATERIAL CONTRACTS OF THE ISSUER

15.1 Material contracts

Except for the contracts mentioned below, there are no material contracts concluded by the Issuer (or its subsidiaries) which would not be entered in the ordinary course of the Issuer's business and which could result in any Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders in respect of the Notes being issued.

The Issuer (or entities which subsequently merged into the Issuer) entered in total into three (3) loan agreements on the basis of which the Issuer was granted loans for the purpose of financing of its investments. In addition, for the purpose of financing of the acquisition of the 100% share in Burzovní Palác Investment s.r.o., the Issuer received an internal bridge financing in the amount of EUR 13,000,000, as a short-term financing until the Issuer receives a permanent financing via the issue of Notes under this Prospectus. An approximate amount of around EUR 93.9 million of the loans granted to the Issuer remains outstanding (as of 30 September 2014). The terms and conditions of such loans are described in the Financial Statements which are incorporated into this Prospectus by reference.

The loan agreements were signed on 29 November 2011, 12 December 2012, respectively on 19 December 2013. The principal amount and due date of the loans under the loan agreements are EUR 48,081,000 (due date 31 December 2026), 18,000,000 (due date 31 December 2024) and 9,000,000 (due date 31 December 2025).

The agreed interest rate applicable to the loans is fixed except for the part of the loans granted by a bank-type creditor, with whom a variable interest rate was agreed. For this purpose an interest rate swap was entered into to fix the variable interest. The interest is calculated quarterly on the basis of actual/360 method. The principal amount repayments are made quarterly.

In connection with the investments made so far by the Issuer, the Issuer (or entities which subsequently merged into the Issuer) entered in total into seven (7) acquisition agreements either on shares in entities holding real estate or directly on the real estate being acquired. The terms and conditions of all these agreements were standard in comparison to similar agreements entered into in the market.

For the purpose of the acquisition of real estate in Poland (refer to Article 15.2 for details), the Issuer received an internal bridge financing in the amount of EUR 32,000,000, as a short-term financing until the Issuer receives a permanent financing via the issue of another series of unsubordinated fixed rate notes in the aggregate nominal amount of EUR 32,000,000, due in 2034 (refer to Article 15.2 for details), to be admitted to trading on the Regulated Market of the PSE, which the Issuer intends to issue concurrently with the issue of the Notes under this Prospectus.

The Issuer entered in total into eight (8) lease agreements with the largest tenant, BAUMAX ČR s.r.o., on the basis of which the tenant leases eight properties located in various cadastral areas in the Czech Republic (for more information please refer to the first table in Article 9.2.1). The leased properties are used by the tenant for operation of big box retail markets.

The lease agreements are entered into for a period of 15 years starting from 30 November 2011. For more detailed information on the rent, respectively on income of the Issuer under the lease agreements refer to Article 9.2.1.

No special termination reasons for the tenant have been agreed in the lease agreements. Standard termination reasons for the landlord have been agreed in the lease agreements (such as default of the tenant with rent payments; insolvency of the tenant; liquidation of the tenant; breach of certain obligations of the tenant under the lease agreements). No special reasons for which the parties could terminate the lease agreements prematurely were agreed by the parties. Premature termination of the lease agreements would be however possible by the tenant on the basis of statutory termination reasons and / or by the Issuer on the basis of statutory termination reasons and / or the termination reasons agreed in the lease agreements, in all cases provided that such termination reasons occur prior to the end of the lease term and the entitled party decides to terminate the lease agreement.

15.2 Information on recent investments

Acquisition of a 100 % shareholding interest in Burzovní Palác Investment s.r.o., including indirect acquisition of the real estate owned by the target. The closing of the transaction occurred in May 2014.

The Issuer currently anticipates to merge with Burzovní Palác Investment s.r.o. After the merger, the Issuer will establish a mortgage over the real estate currently owned by Burzovní Palác Investment s.r.o. as a security for the payment obligations of the Issuer under another series of unsubordinated fixed rate notes in the aggregate nominal amount of EUR 13,000,000 which the Issuer intends to issue as of the same date as the Notes under this Prospectus.

For the aggregated financial information of Burzovní Palác Investment s.r.o. prepared in accordance with the Czech Accounting Standards refer to Article 17.2.

Acquisition of a real property and all buildings erected thereon, comprising land plots numbered 47/7 and 47/8, with a total area of 7,948 m², located, as per the Land and Mortgage Register, in Warsaw, Włochy District, at ul. Gottlieba Daimlera number 2 (plot numbered 47/7) and number 4 (plot numbered 47/8), for which the Warsaw-Mokotów District Court in Warsaw, 13th Land and Mortgage Register Division, maintains Land and Mortgage Register Kw number WA1M/00400430/1 (Libra). The acquisition process has not yet been completed as of the date of this Prospectus, however, the acquisition is in an advanced and pre-final stage, whereas the execution of the purchase agreement is expected to occur until the end of November 2014.

Acquisition of a perpetual usufruct right to the real property and the ownership right of all buildings erected thereon, comprising land plot numbered 71/1, with a total area of 1,897 m², located, as per the Land and Mortgage Register, in Warsaw, Śródmieście District, at ul. Jasna number 26, for which the Warsaw-Mokotów District Court in Warsaw, 10th Land and Mortgage Register Division, maintains Land and Mortgage Register Kw number WA4M/00117205/5 (Jasna). The closing of the transaction occurred in October 2014.

The acquisition of the Real Estate in Poland is financed from the proceeds gained from the latest increase of the registered capital of the Issuer (approx. 50% of the acquisition costs) together with an internal bridge financing in the amount of EUR 32,000,000 (approx. 50% of the acquisition costs), to be re-financed through issue of the Notes under this Prospectus. The increase of the registered capital referred to in the previous sentence amounted CZK 739,800, however, due to the amount of the issue price of the newly issued shares (calculated on the basis of the total equity of the Issuer per share) the total funds gained from the capital increase amounted approx. to EUR 32,171,484.

15.3 Representation of the Issuer

Save for the agreements mentioned in this Prospectus, the Issuer is not a party to any other agreement that may result in an obligation or claim of any member of the Vienna Insurance Group that may threaten the Issuers' ability to fulfil its obligations towards the Noteholders.

16. TREND INFORMATION REGARDING THE ISSUER

There has been no material adverse change in prospects of the Issuer since the date of its last published audited financial statement.

Save as disclosed in this Prospectus, the Issuer is not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

17. FINANCIAL INFORMATION CONCERNING THE ISSUERS ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

17.1 Historical Financial Information and Interim Financial Information

The historical financial information as well as the interim financial information is incorporated to this Prospectus by reference (refer to Section 3).

The aggregated financial information together with explanations of the Issuer is included in Article 8.4 above.

17.2 Aggregated financial information of selected subsidiaries of the Issuer

17.2.1 Burzovní Palác Investment s.r.o.

Set forth below are the aggregated financial information of Burzovní Palác Investment s.r.o. according to Czech Accounting Standards as of 31 December 2013 and as of 31

December 2012. The financial statements of Burzovní Palác Investment s.r.o. for the year 2013 were audited by PricewaterhouseCoopers Audit s.r.o. Burzovní Palác Investment s.r.o. has been fully consolidated by the Issuer since May 2014.

Burzovní Palác Investment s.r.o.	12/2013	12/2012
Non-current assets	602,162	622,607
Current assets	17,218	18,952
Total assets	619,380	641,559
Equity	-54,546	6,073
Non-current liabilities	546,057	610,962
Current liabilities	127,869	24,524
Total equity and liabilities	619,380	641,559
Sales - rent and services	62,099	60,765
Profit or loss after tax	-30,122	-13,496

Notes:

The aggregated financial information was prepared according to the Czech Accounting Standards. The figures are in thousand CZK.

17.2.2 HAVLÍČKOVA INVESTMENT a.s.

Set forth below are the aggregated financial information of HAVLÍČKOVA INVESTMENT a.s. according to Czech Accounting Standards as of 31 December 2013 and as of 31 December 2012. The financial statements of HAVLÍČKOVA INVESTMENT a.s. for the year 2013 were audited by KPMG Česká republika Audit, s.r.o. HAVLÍČKOVA INVESTMENT a.s. had been fully consolidated by the Issuer since December 2013. It was merged with the Issuer as of 31 May 2014 and does not exist anymore.

HAVLÍČKOVA INVESTMENT a.s.	12/2013	12/2012
Non-current assets	232,356	220,964
Current assets	19,518	19,247
Total assets	251,874	240,211
Equity	7,073	-47,378
Non-current liabilities	8,830	177,441
Current liabilities	235,971	110,148
Total equity and liabilities	251,874	240,211

Sales - rent and services	11,262	4,346
Profit or loss after tax	4,451	-36,082

Notes:

The aggregated financial information was prepared according to the Czech Accounting Standards. The figures are in thousand CZK.

17.3 Pro forma financial information

Not applicable to the Issuer.

17.4 Financial Statements

The Financial Statements of the Issuer were prepared in accordance with IFRS as adopted by the European Union. The Issuer decided for this presentation in accordance with Section 19a (7) of the Act No. 563/1991 Coll., on accounting, as amended, as stated in the articles of association of the Issuer.

Until the Issuer has commenced preparation works for the issue of the Notes, the Issuer has not prepared consolidated financial statements as it is, including its subsidiaries, part of consolidation by its ultimate parent. Due to the issue of Notes the Issuer is now obliged to prepare financial statements on a consolidated basis. For the purpose of this Prospectus, the Issuer has carried out consolidation all of his previous financial statements (including interim figures).

17.5 Auditing of historical annual financial information

Consolidated financial statements of the Issuer for 31 December 2012 and 31 December 2013 were audited by KPMG Česká republika Audit s.r.o.

17.6 Interim and other financial information

Interim and other financial information are presented according to IFRS. Year end financial statements were subject to audit. Interim financial information statements were subject to limited review by KPMG Česká republika Audit s.r.o. For more information refer to Article 17.1 above.

17.7 Dividend policy

Dividends paid in the year 2013 (i.e. distribution of profit from 2012) were EUR 3,723 thousand (EUR 328 / share) and dividends paid in the year 2014 (distribution of profit from 2013) were EUR 3,921 thousand (EUR 292 / share) based on Issuer's dividend policy, according to which on an annual basis a proposal of the board of directors to the supervisory board for further decision making in the general meeting is made based on an appropriate yield on the invested capital of the shareholders under the conditions that dividends are only paid out as long as the financial condition, the applicable law as well as the future expectations of the Issuer allow for dividend payment. The appropriate yield on the invested capital or percentage on the annual profit for the financial year is

discussed on an annual basis in the course of regular supervisory board meetings of the Issuer. However, there is no agreed fixed amount or percentage of the yearly net earnings to be paid out to shareholders of the Issuer as a dividend.

17.8 Significant change in the Issuer's financial or trading position

Since the date of the latest audited financial statement of the Issuer, the following transactions, potentially affecting the Issuer's financial situation, have occurred.

On 23 December 2013 the Issuer acquired 100 % of the shares in HAVLÍČKOVA INVESTMENT a.s. This company merged into the Issuer with the accounting decisive day 1 January 2014. The merger was registered on 31 May 2014.

On 15 May 2014 the Issuer acquired 100 % of the shares in Burzovní Palác Investment a.s. It is anticipated that this company will merge into the Issuer. The merger has not been completed as of the date of this Prospectus.

Acquisition of a perpetual usufruct right to the real property and the ownership right of all buildings erected thereon, comprising land plot numbered 71/1, with a total area of 1,897 m², located, as per the Land and Mortgage Register, in Warsaw, Śródmieście District, at ul. Jasna number 26, for which the Warsaw-Mokotów District Court in Warsaw, 10th Land and Mortgage Register Division, maintains Land and Mortgage Register Kw number WA4M/00117205/5 (Jasna). The closing of the transaction occurred in October 2014.

Acquisition of a real property and all buildings erected thereon, comprising land plots numbered 47/7 and 47/8, with a total area of 7,948 m², located, as per the Land and Mortgage Register, in Warsaw, Włochy District, at ul. Gottlieba Daimlera number 2 (plot numbered 47/7) and number 4 (plot numbered 47/8), for which the Warsaw-Mokotów District Court in Warsaw, 13th Land and Mortgage Register Division, maintains Land and Mortgage Register Kw number WA1M/00400430/1 (Libra). The acquisition process has not yet been completed as of the date of this Prospectus, however, the acquisition is in an advanced and pre-final stage, whereas closing is expected to occur until the end of November 2014.

To the Issuer's best knowledge, the above transactions shall have no significant negative impact on the financial or trading position of the Issuer.

17.9 Legal and arbitration proceedings

There have been no governmental, legal or arbitration proceedings (including threatened or pending proceedings known to the Issuer) during the period of previous twelve months which may have or have had in the recent past effects on the financial position or profitability of the Issuer or the Group.

18. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATION OF ANY INTEREST

This Prospectus does not include any representation or report, except for the auditor's opinion on the Financial Statements and certain information from the valuation reports regarding the real

estate held directly or indirectly (through subsidiaries) by the Issuer, of any person acting as an expert. The expert reports and / or the information derived from such reports included in this Prospectus have been included with the consent of the relevant experts. The relevant experts (including the auditor of the Issuer) do not have any material interest in the Issuer or the issue of the Notes.

To the extent certain data stated herein come from third parties, such data have been accurately reproduced, to the Issuer's best knowledge, and to the extent, in which such data could be obtained from information published by third parties. No facts which would render the reproduced data inaccurate or misleading have been omitted.

19. TAXATION IN THE CZECH REPUBLIC

The following provides a general summary of Czech taxation of income derived from the acquisition, holding and sale of notes issued by the Czech tax resident corporate issuer subject to the Czech tax law as applicable, including its prevailing interpretation, at the time of the preparation of this prospect. It is recommended that the Notes acquirer consults a legal or tax counsel regarding the acquisition, holding and sale of notes according to law applicable in the Czech Republic or a country in which income from the Notes may be taxed.

Interest income

Generally, interest income paid to an individual is subject to the Czech withholding tax (i.e. withheld by a notes issuer upon the payment of an interest) of 15%. If an individual is not a Czech tax resident, does not have any Czech permanent establishment, and is not a tax resident of other EU member state or other state of the European Economic Area or a third state with which the Czech Republic has not concluded an effective double tax treaty or agreement on exchange of information on tax matters, the tax rate is 35%. For Czech tax resident individuals, the withholding taxation is final in the Czech Republic. Czech tax non-resident individuals, which are tax residents of other EU member state or other state of the European Economic Area may decide to include the interest income in their Czech tax return, the withholding tax is then considered to be an advance tax payment. An individual conducting a business in the Czech Republic via the Czech permanent establishment is required to submit the Czech tax return and the withholding tax is considered to be an advance payment for the total tax payment.

Interest income paid to the corporate entity which is Czech tax resident or conducts a business in the Czech Republic through a permanent establishment, is included in the general tax base of the recipient subject to the 19% corporate income tax. For a corporate entity which is not Czech tax resident or it does not have a Czech permanent establishment, the 15% withholding tax applies (i.e. withheld by the notes issuer upon the payment of an interest). If a corporate entity is not a Czech tax resident, it does not have any income tax permanent establishment, and is not a tax resident of other EU member state or other state of the European Economic Area or a third state with which the Czech Republic has not concluded an effective double tax treaty or agreement on exchange of information on tax matters, the tax rate is 35%. Czech tax non-resident corporate entities, which are tax residents of other EU member state or other state of the European Economic Area may decide to include the interest income in their Czech tax return, the withholding tax is then considered to be an advance tax payment. If an interest income is paid to the Czech permanent establishment of the corporate entity which is not a tax resident of other EU member state or other state of the European Economic Area, the notes issuer is obliged to withhold a 10% tax securing. This tax securing may but need not be considered a final tax by the

Czech tax authorities. The corporate entity conducting the business through the Czech permanent establishment is generally required to submit the Czech tax return and the tax securing withheld is considered as an advance payment for the total tax liability.

For recipients that are not Czech tax residents, the Czech withholding tax may be reduced or eliminated based on the double tax treaty concluded between the Czech Republic and the tax resident country of the recipient of the income. In order to apply the respective double tax treaty it may be required that the recipient provides the tax residency certificate issued by the tax authorities of the respective country and confirmation on the beneficial ownership of such an income. The payer of the interest or the payment agent may require information in order to fulfil notification requirements based on the EU Savings Taxation Directive (Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments).

Recipients that are not Czech tax residents and are related parties to the Company as defined in the Income Tax Act (the Act No. 586/1992 Coll., on income tax, as amended), may exempt the interest from Czech withholding tax under certain conditions.

Recipients who are not Czech tax residents have to tax the respective interest income in their domestic countries of tax residency in accordance with the respective tax legislation. Elimination of double taxation may be applied in accordance with the respective double tax treaty or the local legislation.

Income on sale

Income derived from the sale of the Notes by an individual which is a Czech tax resident or which is Czech tax non-resident, but conducts business through its Czech permanent establishment or the income is derived from the acquirer which is Czech tax resident, or from the Czech permanent establishment, the income is included in the general tax base subject to the 15% Czech personal income tax. If income is attributed to the business conducted by the individual, it may also be subject to the solidarity surcharge of 7%. Income from the sale of the Notes outside the business conducted by an individual is exempt from Czech personal income tax if the period between the acquisition and the sale exceeds 3 years.

Income from the sale of the Notes by the corporate entity which is Czech tax resident, Czech tax non-resident corporate entity, but conducts business in the Czech Republic through the permanent establishment or the income from the sale arise from the acquirer which is Czech tax resident or the Czech permanent establishment it is included in the general tax base subject to 19%.

Income from the sale of the Notes by an individual or corporate entity which is not Czech tax resident, does not conduct business in the Czech Republic through the permanent establishment and the income arise from the acquirer which is not Czech tax resident or the Czech permanent establishment is usually not subject to taxation in the Czech Republic in accordance with the respective double tax treaty.

Income from the sale of the Notes by an individual or corporate entity which is not a Czech tax resident or a tax resident of other EU member state or other state of the European Economic Area to an acquirer who is Czech tax resident or the Czech permanent establishment, the acquirer is required to withhold a 1% tax securing from the income. This tax securing may but need not be

considered a final tax by the Czech tax authorities. The seller is generally required to submit the Czech tax return and the tax securing withheld is considered as an advance payment for the total tax liability.

The Czech tax may be reduced or eliminated based on the double tax treaty concluded between the Czech Republic and the tax resident country of the recipient of the income. In order to apply the respective double tax treaty it may be required that the recipient provides the tax residency certificate issued by the tax authorities of the respective country and confirmation on the beneficial ownership of such an income.

20. FOREIGN EXCHANGE REGULATION IN THE CZECH REPUBLIC

The Notes are not regarded as foreign securities in the meaning of the Foreign Exchange Act. In general, the issuance and acquisition of the Notes is not subject of foreign exchange regulation in the Czech Republic, except for potential reporting requirements under the Foreign Exchange Act.

21. ENFORCEMENT OF CIVIL LIABILITIES AGAINST THE ISSUER

The text of this Section 21 is merely a summary of certain legal aspects of Czech law regarding the enforcement of civil law entitlements connected with the Notes against the Issuer. This summary does not describe any legal aspects of enforcement of the aforementioned entitlements resulting from the law of any other state than the Czech Republic. This summary is based on the laws effective as at the day of this Prospectus and may be subject to subsequent change (including potential retroactive results). The future assignees of the Notes are recommended to consult with their legal and tax advisors on the legal context of the enforcement of entitlements from the Notes towards the Issuer under the relevant laws.

The Issuer has granted its consent to the jurisdiction of the Municipal Court in Prague in connection with any lawsuit commenced on the basis of the acquisition or in connection with the holding of the Notes. As a result, it may be impossible for the acquirer of the Notes to file a suit abroad or to commence any proceedings against the Issuer or require foreign courts to issue court decisions against the Issuer or fulfil decisions issued by such courts that are based on the provisions of foreign legal regulations.

In cases where the Czech Republic has entered into an international treaty on the recognition and enforcement of court decisions with a specific state, it ensures the enforcement of court decisions of such state pursuant to the provisions of the given international treaty. Where such treaty does not exist, the decisions of foreign courts may be recognized and enforced in the Czech Republic under the terms and conditions stipulated in the Private International Law Act. Under the Private International Law Act, the decisions of foreign states' justice bodies in matters specified in the provisions of the Private International Law Act, foreign court conciliations and foreign notarial deeds (jointly also referred to as the "**foreign decisions**") cannot be recognized and enforced if (i) the decided matter falls under the exclusive jurisdiction of the bodies of the Czech Republic or if the proceedings could not be conducted before any body of a foreign state, if the provisions regarding jurisdiction of the courts of the Czech Republic would be used to judge the jurisdiction of a foreign body, unless a party to the proceedings towards which the foreign decision is to be recognized has voluntarily submitted to jurisdiction of the foreign state justice body; or (ii) the same legal relation is subject to a proceeding at a justice body of the Czech Republic and such proceeding has been initiated prior to initiation of foreign proceeding in which a foreign decision was granted and is

now subject to proposed recognition; or (iii) in the same legal relation has been issued a decision by a body of the Czech Republic or a decision of a third state's body has already been recognized in the Czech Republic; or (iv) a party to the proceedings towards which the decision is to be recognized has been denied the possibility to duly participate in the proceedings through a procedure of a foreign body, in particular if the party has not been duly summoned for the purpose of the commencement of the proceedings; or (v) the recognition of the foreign decision would be contrary to the public order of the Czech Republic; or (vi) the mutuality of the recognition and the enforcement of decisions is not ensured (mutuality is not required if the foreign decision does not aim against a citizen of the Czech Republic or a legal entity with its registered office in the Czech Republic). The impediment stated above in point (iv) of this paragraph shall be taken in account only if a party to the proceedings towards which a foreign decision is to be recognized invokes such impediment. The same applies to impediments under point (ii) and (iii) above, except when the justice body deciding about recognition is aware of the existence of such impediment under point (ii) or (iii) above.

In connection with the accession of the Czech Republic to the EU, Council Regulation No. 44/2001 EC of 22 December 2000, on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, is directly applicable in the Czech Republic. A judgment given in a member state of the EU and enforceable in that State shall be enforced in another member state when, on the application of any interested party, it has been declared enforceable there.

22. DOCUMENTS ON DISPLAY

The Financial Statements of the Issuer and the reports of the auditor on the review thereof (including historical financial information of the subsidiaries of the Issuer), will be available for inspection upon request at the Issuer's registered office during standard working hours, as well as on the Issuer's website www.vigam.cz (except for the historical financial information of the subsidiaries of the Issuer which will only be available at the registered officer of the Issuer).

Any annual reports will be available at the same place. Any other documents and materials specified herein, including any valuation reports regarding the real estate held directly or indirectly by the Issuer, relating to the Issuer (or the Group), including any past financial data of the Issuer for each of the two financial years preceding the publication this Prospectus, as well as the articles of association of the Issuer and its statute will be available for physical inspection at the Issuer's registered office.

Any documents specified in this section will be available at the aforementioned locations until the expiration of this Prospectus.

23. GENERAL INFORMATION

23.1 Internal approval of issuance by the Issuer

The issuance of the Notes was approved by the decision of the board of directors of the Issuer, dated 13 November 2014 and by the decision of the supervisory board of the Issuer, dated 8 September 2014.

In accordance with Section 123 (1) of the ACMU, the Issuer chooses the Czech Republic as the home member state.

23.2 Laws governing Notes issuance

The issuance of the Notes shall be governed by the applicable Czech and EU laws in effect, especially (but not limited to) the Notes Act, the ACMU and the Prospectus Regulation.

23.3 Approval of this Prospectus by CNB

This Prospectus has been approved by a resolution of the Czech National Bank No. 2014/61006/CNB/570, Sp. zn. S-Sp-2014/33/CNB/572 dated 18 November 2014, which became legally effective and binding on 19 November 2014.

It is intended that the Notes will be admitted to trading on the Regulated Market of the PSE as of the Issue Date.

23.4 Conflict of Interest

To the knowledge of the Issuer, there are no interests of the natural or legal persons involved in the issue which would be material to the issue.

23.5 No negative change

Safe as disclosed in this Prospectus, there has been no significant change in the financial or trading position of the Group which has occurred since 31 December 2013.

Safe as disclosed in this Prospectus, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2013.

23.6 Miscellaneous

The auditor of the Issuer, KPMG Česká republika Audit, s.r.o., with its registered office at Pobřežní 648/1a, Prague 8, Postal Code 186 00, Czech Republic, Id. No. 496 191 87, has granted and not withdrawn a written consent to the inclusion of the Financial Statements into this Prospectus, including the auditor's reports.

This Prospectus was drafted as of 13 November 2014.

Matters important for exercise of the rights of the Noteholders shall be published in the way specified in the Terms and Conditions.

The full text of the Financial Statements of the Issuer, including appendices and the auditor's reports, are together with other documents referred to in this Prospectus accessible at the Issuer's registered office during regular office hours as long as the Notes remain outstanding.

The net proceeds of the issuance (i.e. after deduction of all fees, costs and expenses) shall be used for the financing, respectively refinancing, of the acquisition of the Real Estate.

24. LIST OF DEFINITIONS, TERMS AND ABBREVIATIONS USED

Aggregate Nominal Amount	shall have the meaning ascribed to it in Section 7 Article 1.1;
AIFIC	means Act No. 240/2013 Coll., on investment companies and investment funds, as amended;
Applicant	shall have the meaning ascribed to it in Section 7 Article 1.4.6, Article 1.18.12 or Article 1.18.13;
Application	shall have the meaning ascribed to it in Section 7 Article 1.18.13;
BB C Building C, s.r.o.	means a dissolved company BB C - Building C, s.r.o. (originally registered in the Commercial Register maintained by the Municipal Court in Prague under Id. No. 630 79 666);
Business Corporations Act	means the Act No. 90/2012 Coll., on business corporations and cooperatives (Act on Business Corporations), as amended;
Business Day	shall be any calendar day (other than a Saturday or Sunday) on which banks in the Czech Republic are open for business, and on which interbank payments in EUR or in any other lawful currency that might replace EUR are settled.
Burzovní Palác Investment s.r.o.	means Burzovní Palác Investment s.r.o., a limited liability company, with its registered office in Prague 1 - Staré Město, Rybná 682/14, Postal Code 110 00, Id. No. 275 86 634, registered in the Commercial Register maintained by the Municipal Court in Prague, Section C, File 117197;
Business Day Convention	shall have the meaning ascribed to it in Section 7 Article 1.12.3;
Cadastral Register	means the cadastral register maintained in accordance with Act No. 256/2013 Coll., the cadastral act, as amended;
Capital Markets Act or CMA or ACMU	means Act No. 256/2004 Coll., on capital market undertakings, as amended;
CEE	means Albania, Belarus, Bulgaria, Croatia, the Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Montenegro, Poland, Romania, Russia, Serbia, the Slovak Republic, Slovenia, Turkey and Ukraine;
Central Depository	means the Central Securities Depository Prague (in Czech <i>Centrální Depozitář Cenných Papírů Praha</i>), with its registered office in Prague 1, Rybná 14, Postal Code 110 05, Id. No. 250 81 489, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 4308;
Česká spořitelna or CS	means Česká spořitelna, a.s., with its registered office at Prague 4, Olbrachtova 1929/62, Postal Code 140 00, Id. No. 452 44 782, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1171;
Commercial Register	means the Czech commercial register maintained in accordance with Act No. 304/2013 Coll., on public registries, as amended;
Common Proxy	shall have the meaning ascribed to it in Section 7 Article 1.18.9;
Civil Code	means the Act No. 89/2012 Coll., the Civil Code, as amended;
Czech Accounting Standards	means accounting standards commonly applicable in the Czech Republic;
Czech Government	means the government (executive body) of the Czech Republic;
CZK	means the Czech crown, the official currency of the Czech Republic;

Czech National Bank or CNB	means the Czech National Bank (in Czech <i>Česká národní banka</i>), a legal entity established by Act No. 6/1993 Coll., on the Czech National Bank, as amended, or, as the case may be, any legal successor thereof;
Day Count Fraction	shall have the meaning ascribed to it in Section 7 Article 1.10.2;
Divestment Redemption	shall have the meaning ascribed to it in Section 7 Article 1.11.4(a);
Early Redemption	shall have the meaning ascribed to it in Section 7 Article 1.4.6;
Early Redemption Date	shall have the meaning ascribed to it in Section 7 Article 1.14.2, 1.18.12 or 1.18.13;
Early Redemption Notice	shall have the meaning ascribed to it in Section 7 Article 1.14.1;
Erste Group Bank	means Erste Group Bank AG, with its registered office in Vienna and business address at Graben 21, 1010 Vienna, registered in the Austrian Commercial Register under FN 33209m;
Erste Group	means Erste Group Bank together with all of its subsidiaries and affiliates, including all entities controlled by it in the meaning of Section 74 <i>et seq.</i> of the Business Corporations Act;
European Economic Area	means EU member states, Iceland, Liechtenstein and Norway;
Event of Default	shall have the meaning ascribed to it in Section 7 Article 1.14.1;
EU	means the European Union;
EUR	means Euro, the single currency of the European Monetary Union;
European Union	is a politico-economic union of 28 member states that are primarily located in Europe, known under the designation "European Union";
Final Redemption Date	shall have the meaning ascribed to it in Section 7 Article 1.11.1;
Financial Statements	means the audited consolidated financial statements of the Issuer for the 2012 financial year (compiled as of 31 December 2012), for the 2013 financial year (compiled as of 31 December 2013) and interim reviewed consolidated financial statements of the Issuer for the period 1/2014 to 6/2014 (compiled as of 30 June 2014);
Foreign Exchange Act	means Act No. 219/1995 Coll., the foreign exchange act, as amended;
Group	means the Issuer together with all of its subsidiaries;
HAVLÍČKOVA INVESTMENT a.s.	means a dissolved company HAVLÍČKOVA INVESTMENT a.s., originally with its registered office in Prague 1, Templová 747/5, Staré Město, Postal Code 110 00, Id. No. 274 27 625, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 10567;
IFRS	means the International Financial Reporting Standards;
Insolvency Act	means the Act No. 186/2006 Coll. as amended, the insolvency act;
Instruction	shall have the meaning ascribed to it in Section 7 Article 1.12.5;
Interest	shall have the meaning ascribed to it in Section 7 Article 1.10.3;
Interest Payment Date	shall have the meaning ascribed to it in Section 7 Article 1.10.1;
Interest Period	shall have the meaning ascribed to it in Section 7 Article 1.10.1;
Interest Rate	shall have the meaning ascribed to it in Section 7 Article 1.10.1;
Issue Date	shall have the meaning ascribed to it in Section 7 Article 1.3.1;

Issue Price	shall have the meaning ascribed to it in Section 7 Article 1.3.3;
Issuer or Company	means VIG FUND;
Land and Mortgage Register	means each land and mortgage register at which the relevant Real Estate is registered;
Lead Manager	means Česká spořitelna, a.s.
Liabilities	shall have the meaning ascribed to it in Section 7 Article 1.5 or Article 1.14.1;
Listing Agent	means Česká spořitelna, a.s.
Loan-to-Value Ratio	shall have the meaning ascribed to it in Section 7 Article 1.9;
LTV Account	shall have the meaning ascribed to it in Section 7 Article 1.9;
LTV Determination Date	shall have the meaning ascribed to it in Section 7 Article 1.9;
Market Interest Rate	has the meaning specified in Article 2.1.2 hereof;
Market value of the Real Estate	shall have the meaning ascribed to it in Section 7 Article 1.9;
Material Change	shall have the meaning ascribed to it in Section 7 Article 1.18.2;
Maturity Date	means both the Final Redemption Date and the Early Redemption Date;
MiFID	means the Markets in Financial Instruments Directive (Directive 2004/39/EC);
MiFID Directive	shall have the meaning ascribed to it in Section 7 Article 1.1.2;
Mortgage	means the joint first-ranking mortgage over the Real Estate registered in the Land and Mortgage Register;
Mortgage Administrator Agreement	shall have the meaning ascribed to it in Section 7 Article 1.4.2;
Nominal Amount	means the nominal amount of each Note in the amount of EUR 100,000 (one hundred thousand Euros);
Noteholder(s)	shall have the meaning ascribed to it in Section 7 Article 1.1;
Noteholders Meeting	means a meeting of the Noteholders under Sec. 21 <i>et seq.</i> of the Notes Act;
Notes Act	means Act No. 190/2004 Coll., on notes, as amended;
Notes	means the notes to be issued by the Issuer under this Prospectus;
Payee	shall have the meaning ascribed to it in Section 7 Article 1.12.4(a) ;
Payment Date	shall have the meaning ascribed to it in Section 7 Article 1.12.2;
PCCP	means the Polish Code of Civil Procedure;
Perpetual Usufruct Transformation Act	means the Act on transformation of the perpetual usufruct right into the ownership right of 29 July 2005 (consolidated text: Polish Journal of Laws 2012, item 83, as amended);
Polish Civil Code	means the Civil Code of 23 April 1964 (consolidated text: Polish Journal of Laws 2014, item 121, as amended);
Private International Law Act	means the Act No. 91/2012 Coll., on international private law, as amended;
Prague Stock Exchange or PSE	means Burza cenných papírů Praha, a.s., with its registered office at Prague 1, Rybná 14/682, Postal Code 110 00, Czech Republic, Id. No. 471 15 629;

Prospectus	means this Prospectus dated 13 November 2014;
Prospectus Directive	means the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 as amended by Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010;
Prospectus Regulation	means the Commission Regulation (EC) No. 809/2004, implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and the dissemination of advertisements;
Real Estate	means Real Estate 1 and Real Estate 2 as defined in Section 7 Article 1.4.1;
Real Estate 1	shall have the meaning ascribed to it in Section 7 Article 1.4.1;
Real Estate 2	shall have the meaning ascribed to it in Section 7 Article 1.4.1
Record Date for Redemption Amount	shall have the meaning ascribed to it in Section 7 Article 1.12.4(b);
Record Date for the Attendance	shall have the meaning ascribed to it in Section 7 Article 1.18.4;
Record Date for Interest Payment	shall have the meaning ascribed to it in Section 7 Article 1.12.4(a);
Redemption Amount	shall have the meaning ascribed to it in Section 7 Article 1.1;
Redemption Plan	shall have the meaning ascribed to it in Section 7 Article 1.11.3;
Redemption Price	shall have the meaning ascribed to it in Section 7 Article 1.11.1;
Regulated Market	means a regulated market, as defined under Directive 2004/39/EC, of the Prague Stock Exchange, which qualifies as a "regulated market" pursuant to the Directive 2004/39/EC on markets in financial instruments;
Regulatory Redemption	shall have the meaning ascribed to it in Section 7 Article 1.11.4(b)
Replacement Security Agent	shall have the meaning ascribed to it in Section 7 Article 1.4.3;
Sec.	is used as an abbreviation for the word "Section";
Securities Act of 1933	means the United States Securities Act of 1933;
Security	means the Mortgage;
Security Agency Agreement	means the agreement between the Issuer and the Security Agent regarding the performance of the services of the Security Agent;
Security Agent	Ceska sporitelna or any other person appointed to provide services of the Security Agent related to the security established in favor of the Security Agent;
Security Documentation	means the Security Agency Agreement together with any and all documents relating to establishment of the Security;
Redemption Payments	shall have the meaning ascribed to it in Section 7 Article 1.11.3;
Redemption Payment Notice	shall have the meaning ascribed to it in Section 7 Article 1.11.3;
Specified Office of the Issuer	shall have the meaning ascribed to it in Section 7 Article 1.17;
Specified Office of the Security Agent	shall have the meaning ascribed to it in Section 7 Article 1.16.1;
Subscription Period	shall have the meaning ascribed to it in Section 7 Article 1.3.2;

Tax and Accounting Advisor	means TPA Horwath Tax s.r.o., with its registered office at Antala Staška 2027/79, Krč, 140 00 Prague 4, Czech Republic, Id. No. 26126851;
Terms and Conditions	means the terms and conditions of the Notes;
Warsaw Land Decree	means a decree on the ownership and perpetual usufruct of land located within the capital city of Warsaw (Polish Journal of Laws No, 50, item 279 as of 21 November 1945);
VIG	means VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, with its registered office at 1010 Vienna, Schottenring 30, registered in the Austrian Commercial Register under FN 75687f;
VIG AM	means VIG Asset Management investiční společnost, a.s., with its registered office in Prague 1, Templová 747/5, Postal Code 110 00, Id. No. 24838233, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 17131.
VIG FUND	means VIG FUND uzavřený investiční fond, a.s., with its registered office in Prague 1, Templová 747/5, Postal Code 110 00, Id. No. 242 20 809, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 17896;
Vienna Insurance Group	means VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, with its registered office at 1010 Vienna, Schottenring 30, registered in the Austrian Commercial Register under FN 75687f, together with all of its subsidiaries and affiliates, including all entities controlled by it in the meaning of Section 74 <i>et seq.</i> of the Business Corporations Act.

**OVERVIEW OF PARTIES INVOLVED IN THE ISSUE AND CAPACITY IN WHICH THEY HAVE
ACTED**

ISSUER

VIG FUND uzavřený investiční fond, a.s.
*Templová 747/5, Prague 1, Postal Code 110 00, Czech Republic
Id. No. 242 208 09*

LEAD MANAGER

Česká spořitelna, a.s.
*Prague 4, Olbrachtova 1929/62, Postal Code 140 00, Czech Republic,
Id. No. 452 44 782*

LEGAL ADVISOR

WOLF THEISS Rechtsanwälte GmbH & Co KG, organizační složka
*Pobřežní 394/12, Karlín, 186 00 Prague 8,
Id. No. 02261031*

LISTING AGENT

Česká spořitelna, a.s.
*Prague 4, Olbrachtova 1929/62, Postal Code 140 00, Czech Republic,
Id. No. 452 44 782*

SECURITY AGENT

Česká spořitelna, a.s.
*Prague 4, Olbrachtova 1929/62, Postal Code 140 00, Czech Republic,
Id. No. 452 44 782*

ISSUER'S AUDITOR

KPMG Česká republika Audit, s.r.o.
*Pobřežní 648/1a, Prague 8, Postal Code 186 00, Czech Republic,
Id. No. 496 191 87*

TAX AND ACCOUNTING ADVISOR

TPA Horwath Tax s.r.o.
*Antala Staška 2027/79, Krč, Prague 4, Postal Code 140 00, Czech Republic,
Id. No. 26126851*