

Annual Report 2017

VIG FUND, a.s.

VIG  FUND

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2. Basic Company Information

Company: VIG FUND, a.s. (formerly: VIG FUND uzavřený investiční fond, a.s.)

Company address: Templová 747/5, Staré Město, 110 00 Praha 1

Legal form: joint-stock company

Identification no.: 24220809

Date of balance: 31st December 2017

Accounting period: 1st January 2017 – 31st December 2017

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

Until 31st December 2016 the Company was a fund of qualified investors pursuant to the Act No 240/2013 Coll., on Investment Companies and Investment Funds („Act“). Upon the Company’s request the Company was deregistered of the list of funds kept by CNB with effective date 1st January 2017. As a consequence the Company’s name was changed from VIG FUND uzavřený investiční fond, a.s. to VIG FUND, a.s.

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

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

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

In 2016 the Company decided to become a standard business corporation and with effective date 1st January 2017 VIG FUND was deleted from the list of investment funds kept by Czech National Bank. In 2017, VIG FUND finalized the transformation of the company to the standard business corporation with main focus on the management of its real estate assets.

Upon the Company's request VIG FUND's bonds were delisted from the Prague Stock Exchange with effective date 28th February 2017.

The economic activities of the Company ended with a profit of TEUR 6,689 for the period from 1st January to 31st December 2017.

The portfolio of VIG FUND

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

Status of Properties

Assets

In balance sheet as of 31st December 2017 the Company reported assets amounting to TEUR 288,217 (out of which TEUR 276,049 represents investment properties and shares).

Liabilities

Total liabilities of the Company amounted to TEUR 130,543.

Registered share capital

The Company's registered share capital amounts to TEUR 145.

The management of the Company is not aware of any other facts that would significantly affect the financial situation of the Company as of the date of generating the annual report for 2017. The management is furthermore not aware of any substantial lawsuits (active or passive) that could affect the financial situation of the Company for 2017.

4. Expected Company development in 2018

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

5. Other information

Activities in the area of research and development

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

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

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

Organizational units abroad

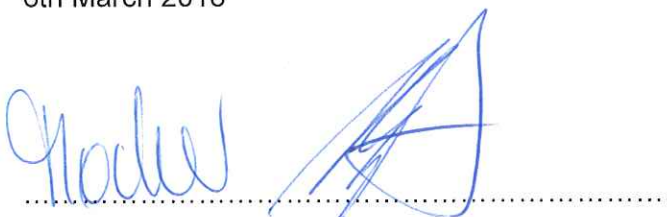
The Company has no organizational unit abroad but holds two properties in Poland directly.

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

Information on lawsuits or arbitrations

The Company was not involved in lawsuits or arbitrations in 2017 that would significantly affect the financial situation of the Company. The Board of Directors hereby declares that to its knowledge, the annual report gives a true and fair view of the financial position, business activities and results of the Company for the reported period and a true and fair view of the future outlook for the financial situation, business activities and financial results.

6th March 2018



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

6. Report on relationships between related parties

The controlled company: VIG FUND, a.s.

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

Company purpose

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

The controlling companies:

Shareholder	Share on registered capital
VIG-CZ Real Estate GmbH, Vienna	71.57 %
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	16.70 %
VIG RE zajišťovna, a.s., Prague	3.11 %
Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group, Prague	0.35 %
Pojišťovna České spořitelny, a.s., Vienna Insurance Group, Pardubice	0.75 %
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	0.79 %
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warsaw	0.79 %
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	0.44 %
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	0.72 %
Poist'ovňa Slovenskej sporitel'ne, a.s. Vienna Insurance Group, Bratislava	0.79 %
Komunálna poist'ovňa, a.s. Vienna Insurance Group, Bratislava	1.06 %
KOOPERATIVA poist'ovňa, a.s. Vienna Insurance Group, Bratislava	1.59 %
Wiener Osiguranje Vienna Insurance Group d.d., Zagreb	1.33 %
VIG ND, a.s., Prague	0.01 %
Total	100.00 %

Method and means of controlling

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

Related Parties

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

Real concern

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

Contracts and agreements concluded between entities within the Group

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

Contract	Contracting party of the Group
Insurance Policy No. 7720716986 and Amendment no. 1 to the Insurance Policy No. 7720716986	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720794414 and Amendment no. 1 to the Insurance Policy No. 7720794414	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720997921	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720826500 and Amendment no. 1 to the Insurance Policy No. 7720826500	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720921271	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720987010	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720980394	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy No. 7720981580	Kooperativa pojišťovna, a.s., Vienna Insurance Group
Insurance Policy Type 9802 No. 31770 (Property against all risks insurance)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
Insurance Policy Type 1301 No. 000051879 (Insurance of Third Party Liability)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
Insurance Policy Type 9802 No. 31769 (Property against all risks insurance)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group
Insurance Policy Type 1301 No. 000051880 (Insurance of Third Party Liability)	Compensa Towarzystwo Ubezpieczen S.A. Vienna Insurance Group

Contract	Contracting party of the Group
Loan Agreement 1	Wiener Städtische Versicherung AG Vienna Insurance Group Sparkassen Versicherung AG Vienna Insurance Group Donau Versicherung AG Vienna Insurance Group InterRisk Lebensversicherung-AG Vienna Insurance Group InterRisk Versicherung-AG Vienna Insurance Group
Loan Agreement 2	InterRisk Lebensversicherung-AG Vienna Insurance Group
Loan Agreement 3	Wiener Städtische Versicherung AG Vienna Insurance Group Sparkassen Versicherung AG Vienna Insurance Group Donau Versicherung AG Vienna Insurance Group Compensa Life Vienna Insurance Group SE Compensa Vienna Insurance Group InterRisk Versicherung-AG Vienna Insurance Group InterRisk Lebensversicherung-AG Vienna Insurance Group Poist'ovňa Slovenskej sporiteľne, a.s. Vienna Insurance Group Komunálna poisťovňa, a.s. Vienna Insurance Group
Contract on performance of office	VIG Asset Management, a.s.
Amendment of the Contract on performance of office	VIG Asset Management, a.s.
Sub-lease contract	VIG Asset Management, a.s.
Service contract	SK BM s.r.o
Guarantee agreement	SK BM s.r.o
Service contract	Europeum Business Center s.r.o.
Service contract	HUN BM Korfátolt Felelőségű Társaság
Guarantee agreement	HUN BM Korfátolt Felelőségű Társaság
Agreement on subscription and purchase of notes	Kooperativa poisťovňa, a.s., Vienna Insurance Group Komunálna poisťovňa, a.s., Vienna Insurance Group Poist'ovňa Slovenskej sporiteľne, a.s., Vienna Insurance Group

Contract	Contracting party of the Group
Agreement on subscription and purchase of notes	Kooperativa pojišťovna, a.s., Vienna Insurance Group Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group Compensa Life Vienna Insurance Group SE InterRisk Towarzystwo Ubezpieczeń Spolka Akcyjna Vienna Insurance Group Poist'ovňa Slovenskej sporiteľne, a.s., Vienna Insurance Group Wiener Städtische Versicherung AG Vienna Insurance Group Sparkassen Versicherung AG Vienna Insurance Group DONAU Versicherung AG Vienna Insurance Group
Insurance Policy No. K4-X581.801-5 and Amendment	Donau Vienna Insurance Group

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

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

Transactions with Related Parties

Transactions with related parties	2017	2016
STATEMENT OF FINANCIAL POSITION		
Accrued assets	59	35
Other payables, current part	-23	-53
Interest bearing liabilities	-41 367	-42 807
Bonds and interests	-40 042	-41 770
Trade and other payables	-6	-16
STATEMENT OF COMPREHENSIVE INCOME		
Indirect expenditures	-623	-625
Operating expenses	0	-1
Interest expenses	-2 945	-2 612
Insurance paid	-98	-83

Conclusion

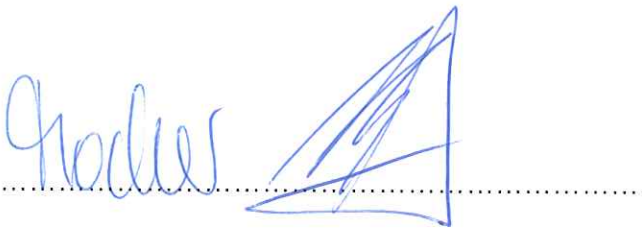
The Company is embedded in the network of Vienna Insurance Group and uses benefits from membership in this international group.

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

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

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

6th March 2018



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

7. Report of the Supervisory Board

The Supervisory Board has received the annual financial statements for 2017 from the Board of Directors as well as the report on business activities and the status of properties of the Company dating to 31st December 2017. The Supervisory Board has carefully read and reviewed these documents. Based on this review, the Supervisory Board has unanimously agreed to approve the annual financial statements prepared by the Board of Directors and the Board of Directors' proposal on the distribution of result of 2017.

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

In 2017, two Shareholder's Meeting were held, as well as four meetings of the Supervisory Board and two circular resolution of the Supervisory Board.

The Supervisory Board hereby informs that the Company's annual financial statements for 2017 are audited by KPMG Česká republika Audit, s.r.o. (registration no. 71), an auditing company; that the Supervisory Board obtained, reviewed and discussed the financial statements of the Company, and that said review and its final result did not give rise to any issues.

.....
Dr. Martin Simhandl

Chairperson of the Supervisory Board

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

Company	Registered Office	participation %
Fully consolidated companies		
"BULSTRAD LIFE VIENNA INSURANCE GROUP" EAD, Sofia	Bulgaria	100,00
"Grüner Baum" Errichtungs- und Verwaltungsges.m.b.H., Wien	Austria	100,00
"POLISA-ZYCIE" Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warschau	Poland	99,90
Alpenländische Heimstätte, gemeinnützige Wohnungsbau- und Siedlungsgesellschaft m.b.H., Innsbruck	Austria	94,84
Andel Investment Praha s.r.o., Prag	Czech Republic	100,00
Anif-Residenz GmbH & Co KG, Wien	Austria	100,00
Arithmetica Versicherungs- und Finanzmathematische Beratungsgesellschaft m.b.H., Wien	Austria	100,00
ASIGURAREA ROMANEASCA - ASIROM VIENNA INSURANCE GROUP S.A., Bukarest	Romania	99,65
ATBIH GmbH, St.Pölten	Austria	100,00
AXA Life Insurance S.A., Bukarest	Romania	100,00
BCR Asigurari de Viata Vienna Insurance Group S.A., Bukarest	Romania	93,98
Blizzard Real Sp. z o.o., Warschau	Poland	100,00
BML Versicherungsmakler GmbH, Wien	Austria	100,00
BTA Baltic Insurance Company AAS, Riga	Latvia	90,83
Bulgarski Imoti Asistans EOOD, Sofia	Bulgaria	100,00
Businesspark Brunn Entwicklungs GmbH, Wien	Austria	100,00
CAL ICAL "Globus", Kiew	Ukraine	100,00
CAPITOL, akciová spoločnosť, Bratislava	Slovakia	100,00
CENTER Hotelbetriebs GmbH, Wien	Austria	80,00
Central Point Insurance IT-Solutions GmbH, Wien	Austria	100,00
Ceská podnikatelská pojist'ovna, a.s., Vienna Insurance Group, Prag	Czech Republic	100,00
Compania de Asigurari "DONARIS VIENNA INSURANCE GROUP" Societate pe Actiuni, Kischinau	Moldavia	99,99
COMPENSA Holding GmbH, Wiesbaden	Germany	100,00
Compensa Life Vienna Insurance Group SE, Tallinn	Estonia	100,00
Compensa Towarzystwo Ubezpieczen Na Zycie Spolka Akcyjna Vienna Insurance Group, Warschau	Poland	100,00
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warschau	Poland	99,94
Compensa Vienna Insurance Group, akcine draudimo bendrove, Vilnius	Lithuania	100,00
CP Solutions a.s., Prag	Czech Republic	100,00
DBLV Immobesitz GmbH & Co KG, Wien	Austria	100,00
DBLV Immobesitz GmbH, Wien	Austria	100,00
DBR-Liegenschaften GmbH & Co KG, Stuttgart	Germany	100,00
DBR-Liegenschaften Verwaltungs GmbH, Stuttgart	Germany	100,00
Deutschmeisterplatz 2 Objektverwaltung GmbH, Wien	Austria	100,00

Donau Brokerline Versicherungs-Service GmbH, Wien	Austria	100,00
DONAU Versicherung AG Vienna Insurance Group, Wien	Austria	99,24
DVIB GmbH, Wien	Austria	100,00
ELVP Beteiligungen GmbH, Wien	Austria	100,00
Erste gemeinnützige Wohnungsgesellschaft Heimstätte Gesellschaft m.b.H., Wien	Austria	99,77
Erste osiguranje Vienna Insurance Group d.d., Zagreb	Croatia	100,00
ERSTE Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	95,00
Europeum Business Center, s.r.o.	Slovakia	100,00
Floridsdorf am Spitz 4 Immobilienverwertungs GmbH, Wien	Austria	100,00
Gemeinnützige Industrie-Wohnungsaktiengesellschaft, Leonding	Austria	55,00
Gemeinnützige Mürz-Ybbs Siedlungsanlagen-GmbH, Kapfenberg	Austria	99,92
Gesundheitspark Wien-Oberlaa Gesellschaft m.b.H., Wien	Austria	100,00
HUN BM Kft.	Hungary	100,00
Insurance Company Nova Ins EAD, Sofia	Bulgaria	100,00
INSURANCE JOINT-STOCK COMPANY "BULSTRAD VIENNA INSURANCE GROUP", Sofia	Bulgaria	100,00
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
InterRisk Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Insurance Group, Warschau	Poland	99,99
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	Germany	100,00
INTERSIG VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89,98
Joint Stock Company Insurance Company GPI Holding, Tiflis	Georgia	90,00
Joint Stock Company International Insurance Company IRAO, Tiflis	Georgia	100,00
Joint Stock Insurance Company WINNER-Vienna Insurance Group, Skopje	Makedonia	100,00
Kaiserstraße 113 GmbH, Wien	Austria	100,00
KÁLVIN TOWER Ingatlanfejlesztési és Beruházási Korlátolt Felelősségű Társaság, Budapest	Hungary	100,00
Kapitol pojist'ovací a finanční poradenství, a.s., Brünn	Czech Republic	100,00
KOMUNÁLNA poisťovna, a.s. Vienna Insurance Group, Bratislava	Slovakia	100,00
KOOPERATIVA poisťovna, a.s. Vienna Insurance Group, Bratislava	Slovakia	100,00
Kooperativa, poisťovna, a.s. Vienna Insurance Group, Prag	Czech Republic	98,39
Limited Liability Company "UIG Consulting", Kiew	Ukraine	100,00
LVP Holding GmbH, Wien	Austria	100,00
MAP Bürodienstleistung Gesellschaft m.b.H., Wien	Austria	100,00
MH 54 Immobilienanlage GmbH, Wien	Austria	100,00
NEUE HEIMAT OberAustria Gemeinnützige Wohnungs-und SiedlungsgesmbH, Linz	Austria	99,82
Neuland gemeinnützige Wohnbau-Gesellschaft m.b.H., Wien	Austria	61,00
OMNIASIG VIENNA INSURANCE GROUP S.A., Bukarest	Romania	99,50
Palais Hansen Immobilienentwicklung GmbH, Wien	Austria	56,55
Passat Real Sp. z o.o., Warschau	Poland	100,00
Pension Insurance Company Doverie AD, Sofia	Bulgaria	92,58
PFG Holding GmbH, Wien	Austria	89,23
PFG Liegenschaftsbewirtschaftungs GmbH & Co KG, Wien	Austria	92,88
Poisťovna Slovenskej sporiteľne, a.s. Vienna Insurance Group, Bratislava	Slovakia	95,00

Pojist'ovna České sporitelny, a.s. Vienna Insurance Group, Pardubice	Czech Republic	95,00
Porzellangasse 4 Liegenschaftsverwaltung GmbH & Co KG, Wien	Austria	100,00
Private Joint-Stock Company "INSURANCE COMPANY "KNAZHA LIFE VIENNA INSURANCE GROUP", Kiev	Ukraine	97,80
Private Joint-Stock Company "Insurance company" Ukrainian insurance group", Kiev	Ukraine	100,00
PRIVATE JOINT-STOCK COMPANY "UKRAINIAN INSURANCE COMPANY "KNAZHA VIENNA INSURANCE GROUP", Kiev	Ukraine	99,99
PROGRESS Beteiligungsges.m.b.H., Wien	Austria	60,00
Projektbau GesmbH, Wien	Austria	100,00
Projektbau Holding GmbH, Wien	Austria	90,00
Rathstraße 8 Liegenschaftsverwertungs GmbH, Wien	Austria	100,00
Ray Sigorta Anonim Sirketi, Istanbul	Turkey	94,96
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH & Co KG, Wien	Austria	100,00
Schulring 21 Bürohaus Errichtungs- und Vermietungs GmbH, Wien	Austria	100,00
SCHWARZATAL Gemeinnützige Wohnungs- und Siedlungsanlagen GmbH, Wien	Austria	100,00
SECURIA majetkovosprávna a podielová s.r.o., Bratislava	Slovakia	100,00
Senioren Residenz Fultererpark Errichtungs- und Verwaltungs GmbH, Wien	Austria	100,00
Senioren Residenz Veldidenapark Errichtungs- und Verwaltungs GmbH, Innsbruck	Austria	66,70
SIGMA INTERALBANIAN VIENNA INSURANCE GROUP Sh.A., Tirana	Albania	89,05
SK BM, s.r.o.	Slovakia	100,00
SOZIALBAU gemeinnützige Wohnungsaktiengesellschaft, Wien	Austria	54,17
Sparkassen Versicherung AG Vienna Insurance Group, Wien	Austria	95,00
Stock Company for Insurance and Reinsurance MAKEDONIJA Skopje Vienna Insurance Group, Skopje	Makedonia	94,26
SVZ GmbH, Wien	Austria	100,00
SVZI GmbH, Wien	Austria	100,00
T 125 GmbH, Wien	Austria	100,00
TBI BULGARIA EAD, Sofia	Bulgaria	100,00
twinformatics GmbH, Wien	Austria	100,00
UNION Vienna Insurance Group Biztosító Zrt., Budapest	Hungary	100,00
Untere Donaulände 40 GmbH & Co KG, Wien	Austria	100,00
Urbanbau Gemeinnützige Bau-, Wohnungs- und Stadterneuerungsgesellschaft m.b.H., Wien	Austria	51,46
Vienibas Gatve Investments OÜ, Tallinn	Estonia	100,00
Vienibas Gatve Properties SIA, Riga	Latvia	100,00
Vienna Life Towarzystwo Ubezpieczeń na Życie S.A. Vienna Insurance Group, Warschau	Poland	100,00
Vienna Life Vienna Insurance Group Biztosító Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100,00
Vienna-Life Lebensversicherung AG Vienna Insurance Group, Benden	Liechtenstein	100,00
VIG ND, a.s., Prag	Czech Republic	100,00
VIG Properties Bulgaria AD, Sofia	Bulgaria	99,97
VIG RE zajist'ovna, a.s., Prag	Czech Republic	100,00

VIG REAL ESTATE DOO, Belgrad	Serbien	100,00
VIG Real Estate GmbH, Wien	Austria	100,00
VIG Services Ukraine, LLC, Kiev	Ukraine	100,00
VIG-CZ Real Estate GmbH, Wien	Austria	100,00
VITEC Vienna Information Technology Consulting GmbH, Wien	Austria	51,00
VLTAVA majetkovosprávní a podílová spol.s.r.o., Prag	Czech Republic	100,00
WGPV Holding GmbH, Wien	Austria	100,00
Wiener Osiguranje Vienna Insurance Group ad, Banja Luka	Bosnia and Herzegovina	100,00
Wiener osiguranje Vienna Insurance Group dioničko društvo za osiguranje, Zagreb	Croatia	97,82
WIENER RE akcionarsko društvo za reosiguranje, Beograd, Belgrad	Serbien	100,00
WIENER STÄDTISCHE Beteiligungs GmbH, Wien	Austria	100,00
WIENER STÄDTISCHE Finanzierungsdienstleistungs GmbH, Wien	Austria	100,00
WIENER STÄDTISCHE OSIGURANJE akcionarsko društvo za osiguranje Beograd, Belgrad	Serbien	100,00
WIENER STÄDTISCHE VERSICHERUNG AG Vienna Insurance Group, Wien	Austria	99,90
WIENER VEREIN BESTATTUNGS- UND VERSICHERUNGSSERVICE-GESELLSCHAFT M.B.H., Wien	Austria	100,00
WILA GmbH, Wien	Austria	100,00
WNH Liegenschaftsbesitz GmbH, Wien	Austria	100,00
WOFIN Wohnungsfinanzierungs GmbH, Wien	Austria	100,00
WSBV Beteiligungsverwaltung GmbH & Co KG, Wien	Austria	100,00
WSV ImmoHolding GmbH, Wien	Austria	100,00
WWG Beteiligungen GmbH, Wien	Austria	87,07

Company	Country	participation %
At equity consolidated companies		
AB Modřice, a.s., Prag	Czech Republic	100,00
AIS Servis, s.r.o., Brünn	Czech Republic	100,00
Benefita, a.s., Prag	Czech Republic	100,00
Beteiligungs- und Immobilien GmbH, Linz	Austria	25,00
Beteiligungs- und Wohnungsanlagen GmbH, Linz	Austria	25,00
CPP Servis, s.r.o., Prag	Czech Republic	100,00
CROWN-WSF spol. s.r.o., Prag	Czech Republic	30,00
ERSTE društvo s ogranicenom odgovornoscu za upravljanje obveznim i dobrovoljnim mirovinskim fondovima, Zagreb	Croatia	25,30
GLOBAL ASSISTANCE, a.s., Prag	Czech Republic	100,00
Gewista-Werbegesellschaft m.b.H., Wien	Austria	33,00
Global Expert, s.r.o., Pardubice	Czech Republic	100,00
HOTELY SRNI, a.s., Prag	Czech Republic	100,00

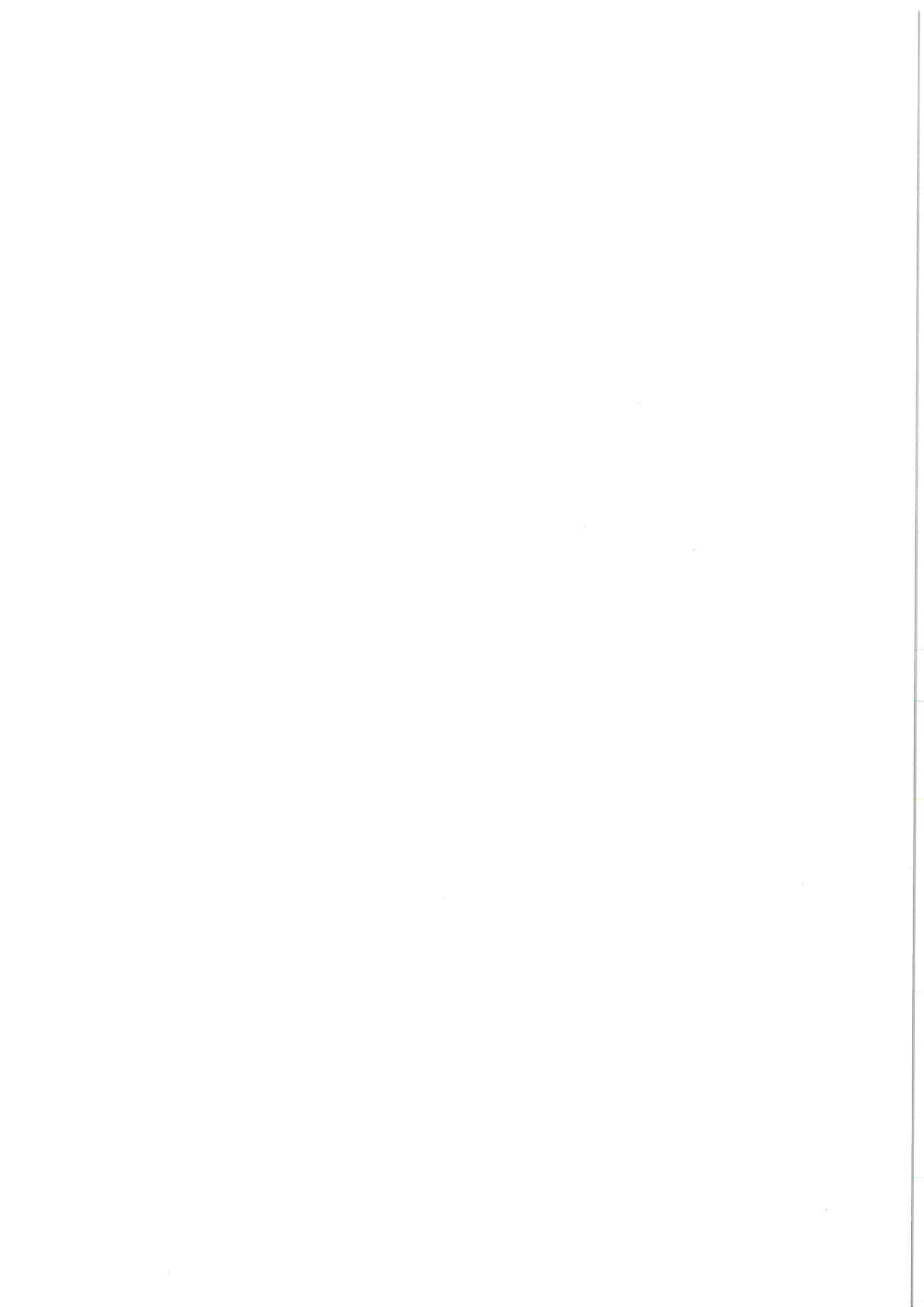
KIP, a.s., Prag	Czech Republic	100,00
Main Point Karlín II., a.s., Prag	Czech Republic	100,00
Pražská softwarová s.r.o, Prag	Czech Republic	100,00
S - budovy, a.s., Prag	Czech Republic	100,00
S IMMO AG, Wien	Austria	10,33
S-správa nemovitosti, a.s., Prag	Czech Republic	100,00
SURPMO, a.s., Prag	Czech Republic	100,00
Sanatorium Astoria, a.s., Karlsbad	Czech Republic	100,00
VBV - Betriebliche Altersvorsorge AG, Wien (Konzernabschluss)	Austria	23,72
Austriaisches Verkehrsbüro Aktiengesellschaft, Wien (Konzernabschluss)	Austria	36,58

Company	Country	participation %
Non-consolidated companies		
"Assistance Company "Ukrainian Assistance Service" LLC, Kiew	Ukraine	100,00
"Compensa Services" SIA, Riga	Latvia	100,00
"Eisenhof" Gemeinnützige Wohnungsgesellschaft m.b.H., Wien	Austria	20,13
"Medical Clinic "DIYA" LLC, Kiew	Ukraine	100,00
"Neue Heimat" Stadterneuerungsgesellschaft m.b.H., Linz	Austria	79,51
ALBA Services GmbH, Wien	Austria	49,95
AQUILA Hausmanagement GmbH, Wien	Austria	99,90
AREALIS Liegenschaftsmanagement GmbH, Wien	Austria	49,95
Amadi GmbH, Wiesbaden	Germany	100,00
Anif-Residenz GmbH, Wien	Austria	99,90
Autosig SRL, Bukarest	Romania	99,50
B&A Insurance Consulting s.r.o., Moravská Ostrava	Czech Republic	48,15
Benefia Ubezpieczenia Spolka z ograniczona odpowiedzialnoscia, Warschau	Poland	99,94
Brunn N68 Sanierungs GmbH, Wien	Austria	49,95
Bulstrad Trudova Meditzina EOOD, Sofia	Bulgaria	100,00
CAPITOL BROKER DE PENSII PRIVATE S.R.L., Bukarest	Romania	98,16
CAPITOL INTERMEDIAR DE PRODUSE BANCARE S.R.L., Bukarest	Romania	98,16
CAPITOL INTERMEDIAR DE PRODUSE DE LEASING S.R.L., Bukarest	Romania	98,16
CAPITOL Spolka z Ograniczona odpowiedzialnoscia, Warschau	Poland	99,98
CARPLUS Versicherungsvermittlungsagentur GmbH, Wien	Austria	99,90
Camelot Informatik und Consulting Gesellschaft m.b.H., Villach	Austria	90,18
Compensa Dystrybucja Spolka z ograniczona odpowiedzialnoscia, Warschau	Poland	99,99
DIRECT-LINE Direktvertriebs-GmbH, Wien	Austria	99,90
DV Asset Management EAD, Sofia	Bulgaria	100,00
DV CONSULTING EOOD, Sofia	Bulgaria	100,00
DV Invest EAD, Sofia	Bulgaria	100,00

DVS Donau-Versicherung Vermittlungs- und Service-Gesellschaft m.b.H., Wien	Austria	94,40
EBS Wohnungsgesellschaft mbH Linz, Linz	Austria	24,97
EBV-Leasing Gesellschaft m.b.H., Wien	Austria	73,92
EGW Datenverarbeitungs-Gesellschaft m.b.H., Wien	Austria	71,92
EGW Liegenschaftsverwertungs GmbH, Wien	Austria	71,92
EGW Wohnbau gemeinnützige Ges.m.b.H., Wiener Neustadt	Austria	71,92
EXPERTA Schadenregulierungs-Gesellschaft mbH, Wien	Austria	95,78
Erste Bank und Sparkassen Leasing GmbH, Wien	Austria	48,95
Erste Biztositasi Alkusz Kft, Budapest	Hungary	95,00
European Insurance & Reinsurance Brokers Ltd., London	United Kingdom	85,00
Foreign limited liability company "InterInvestUchastie", Minsk	Belarus	100,00
Finanzpartner GmbH, Wien	Austria	49,95
GC Liegenschaftsentwicklungs GmbH, Judenburg	Austria	24,98
GELUP GmbH, Wien	Austria	33,30
GEO HOSPITALS LLC, Tiflis	Georgia	93,50
GGVier Projekt-GmbH, Wien	Austria	54,95
GLOBAL ASSISTANCE SERVICES SRL, Bukarest	Romania	99,70
GLOBAL ASSISTANCE SERVICES s.r.o., Prag	Czech Republic	100,00
GLOBAL ASSISTANCE SLOVAKIA s.r.o., Bratislava	Slovakia	100,00
Glamas Beteiligungsverwaltungs GmbH & Co "Beta" KG, Wien	Austria	23,31
Glamas Beteiligungsverwaltungs GmbH, Wien	Austria	23,31
Global Services Bulgaria JSC, Sofia	Bulgaria	100,00
HORIZONT Personal-, Team- und Organisationsentwicklung GmbH, Wien	Austria	98,58
Hausservice Objektbewirtschaftungs GmbH, Wien	Austria	20,72
IMOVE Immobilienverwertung- und -verwaltungs GmbH, Wien	Austria	20,72
Immodat GmbH, Wien	Austria	20,72
InterRisk Informatik GmbH, Wiesbaden	Germany	100,00
JAHORINA AUTO d.o.o., Banja Luka	Bosnia and Herzegovina	100,00
Joint Stock Company "Curatio", Tiflis	Georgia	90,00
Joint Stock Insurance Company WINNER LIFE - Vienna Insurance Group Skopje, Skopje	Makedonia	100,00
KUPALA Belarusian-Austrian Closed Joint Stock Insurance Company, Minsk	Belarus	98,26
KWC Campus Errichtungsgesellschaft m.b.H., Klagenfurt	Austria	49,95
LiSciV Muthgasse GmbH & Co KG, Wien	Austria	23,31
MC EINS Investment GmbH, Wien	Austria	49,95
Money & More Pénzügyi Tanácsadó Zártkörűen Működő Részvénytársaság, Budapest	Hungary	100,00
Nuveen Management Austria GmbH, Wien	Austria	34,97
Nußdorfer Straße 90-92 Projektentwicklung GmbH & Co KG, Wien	Austria	94,93
PFG Liegenschaftsbewirtschaftungs GmbH, Wien	Austria	73,76
People's Pharmacy LLC, Tiflis	Georgia	45,00
Privat Joint-Stock Company "OWN SERVICE", Kiew	Ukraine	100,00
RISK CONSULT Sicherheits- und Risiko- Managementberatung Gesellschaft m.b.H., Wien	Austria	50,44
Renaissance Hotel Realbesitz GmbH, Wien	Austria	37,76
Risk Consult Bulgaria EOOD, Sofia	Bulgaria	50,44

Risk Consult Polska Sp.z.o.o., Warschau	Poland	67,78
Risk Expert Risk ve Hasar Danismanlik Hizmetleri Limited Sirketi, Istanbul	Turkey	63,80
Risk Experts s.r.o., Bratislava	Slovakia	50,44
Risk Logics Risikoberatung GmbH, Wien	Austria	50,44
S. C. SOCIETATEA TRAINING IN ASIGURARI S.R.L., Bukarest	Romania	98,45
S.C. CLUB A.RO S.R.L., Bukarest	Romania	99,68
S.C. Risk Consult & Engineering Romania S.R.L., Bukarest	Romania	50,44
S.O.S.- EXPERT d.o.o. za poslovanje nekretninama, Zagreb	Croatia	100,00
SB Liegenschaftsverwertungs GmbH, Wien	Austria	40,26
SVZ Immoholding GmbH, Wien	Austria	94,93
SVZ Immoholding GmbH & Co KG, Wien	Austria	94,93
SVZD GmbH, Wien	Austria	100,00
Senioren Residenzen gemeinnützige Betriebsgesellschaft mbH, Wien	Austria	99,90
Slovexperta, s.r.o., Zilina	Slovakia	100,00
Soleta Beteiligungsverwaltungs GmbH, Wien	Austria	23,31
Sparkassen-Versicherungsservice Gesellschaft m.b.H., Wien	Austria	94,93
Spoldzielnia Usługowa VIG EKSPERT W WARSZAWIE, Warschau	Poland	99,96
Spoldzielnia Vienna Insurance Group IT Polska, Warschau	Poland	99,97
TBI Info EOOD, Sofia	Bulgaria	98,62
TOGETHER CCA GmbH, Wien	Austria	24,28
UAB "Compensa Life Distribution", Vilnius	Lithuania	100,00
UAB "Compensa Services", Vilnius	Lithuania	100,00
UNION-Informatikai Szolgáltató Kft., Budapest	Hungary	100,00
Untere Donaulände 40 GmbH, Wien	Austria	97,70
VIG AM Services GmbH, Wien	Austria	100,00
VIG Asset Management, a.s., Prag	Czech Republic	100,00
VIG Management Service SRL, Bukarest	Romania	98,45
VIG Services Bulgaria EOOD, Sofia	Bulgaria	100,00
VIG Services Shqiperi Sh.p.K., Tirana	Albania	89,52
VIG-AT Beteiligungen GmbH, Wien	Austria	100,00
Versicherungsbüro Dr. Ignaz Fiala Gesellschaft m.b.H., Wien	Austria	33,30
Vienna Insurance Group Polska Spolka z ograniczona odpowiedzialnoscia, Warschau	Poland	99,99
Vienna International Underwriters GmbH, Wien	Austria	100,00
VÖB Direkt Versicherungsagentur GmbH, Graz	Austria	49,95
WAG Immobilien Einsiedlergasse GmbH, Linz	Austria	24,98
WAG Immobilien Einsiedlergasse GmbH & Co OG, Linz	Austria	24,98
WAG Immobilien GmbH & Co OG, Linz	Austria	24,98
WAG Wohnungsanlagen Gesellschaft m.b.H., Linz	Austria	24,98
WINO GmbH, Wien	Austria	99,90
WSBV Beteiligungsverwaltung GmbH, Wien	Austria	99,90
WSV Beta Immoholding GmbH, Wien	Austria	99,90
WSV Vermögensverwaltung GmbH, Wien	Austria	99,90
Wien 3420 Aspern Development AG, Wien	Austria	24,44
Wiener Städtische Donau Leasing GmbH, Wien	Austria	99,90
Akcionarsko drustvo za zivotno osiguranje Wiener Städtische Podgorica, Vienna Insurance Group, Podgorica	Montenegro (Rep.)	100,00

9. Financial statements for 2017



VIG FUND, a.s.

Financial Statements

As of 31st December 2017

VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Identification number: 242 20 809

Legal form: joint-stock company

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

Date of Financial Statements: 31st December 2017

Date of preparation: 6th March 2018

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VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2017

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VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2017

A. STATEMENT OF FINANCIAL POSITION

<i>For the year ended 31st December</i>			
<i>In thousands of euro</i>	Note	2017	2016
Assets			
Non-current assets			
Investment properties	1.2	243 090	238 680
Shares	1.3	32 959	32 745
Current assets			
Tax receivables	2.10	344	0
Trade receivables	1.4	1 127	822
Other receivables	1.5	730	1 201
Cash and cash equivalents	1.6	8 589	14 555
Accrued assets	1.7	1 318	1 371
Other assets		60	0
Total assets		288 217	289 374

VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2017

STATEMENT OF FINANCIAL POSITION CONTINUED

<i>For the year ended 31st December</i>			
<i>In thousands of euro</i>	Note	2017	2016
Equity			
Share capital	2.1	145	145
Capital reserve	2.2	104 319	104 319
Transaction reserve	2.2	41 431	41 431
Available for sale reserve	2.2	1 445	1 231
Profit/Loss of the current period		6 689	5 205
Retained earnings	2.3	3 645	2 502
Total equity		157 674	154 833
Liabilities			
Non-current liabilities		121 947	126 640
Loans, non-current part	2.4	60 802	64 264
Bonds issued	2.5	40 221	41 957
Other payables, non-current part	2.6	1 157	1 063
Deferred tax liabilities	2.10	19 767	19 356
Current liabilities		8 596	7 901
Loans, current part	2.4	3 462	3 333
Trade payables	2.7	1 269	1 693
Provisions	2.8	341	135
Accrued liabilities	2.9	1 296	1 026
Current tax liabilities	2.10	0	104
Other payables, current part	2.11	2 228	1 610
Total liabilities		130 543	134 541
Total equity and liabilities		288 217	289 374

VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2017

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

<i>In thousands of euro</i>	Note	2017	2016
Rental income	3.1	12 318	13 650
Operating costs charged to tenants	3.1	2 329	2 756
Operating expenses	3.2	-3 822	-3 849
Other operating income	3.3	412	198
Net operating income		11 237	12 755
Indirect expenditures	3.4	-875	-988
Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses		10 362	11 767
Revaluation of investment property	1.2	-110	-1 957
Operating result		10 252	9 810
Interest income		1	2
Dividend income	3.5	1 000	143
Other financing revenues		80	78
Interest expenses	3.6	-3 936	-3 681
Foreign currency gain/loss	3.7	109	-100
Other financing expenses		-4	-4
Financial result		-2 750	-3 562
Net result before taxes		7 502	6 248
Current income tax	3.8	-402	-639
Deferred income tax	3.8	-411	-404
Profit (loss) after tax		6 689	5 205
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Revaluation of shares, available for sale financial assets, gross	1.3	214	3 419
Revaluation of shares, available for sale financial assets, net	1.3	214	3 419
Other comprehensive income total		214	3 419
Total comprehensive income		6 903	8 624

VIG FUND, a.s.

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Non – consolidated Financial Statements as of 31st December 2017

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

<i>In thousands of euro</i>	Note	2017	2016
Cash flows from operating activities			
Profit before tax		7 502	6 248
Adjustments to reconcile profit before tax to net cash flows:			
Valuation gains/loss on investment property	1.2	110	1 957
Change in provisions	2.8	206	0
Dividend income	3.5	-1 000	-143
Interest income		-1	-2
Interest expense	3.6	3 936	3 681
Working capital adjustments			
Decrease/(increase) in trade and other receivables and accruals		-159	720
(Decrease)/increase in trade, other payables and accruals		558	-1 654
Income tax paid		-850	-2 898
Net cash flow from/(used in) operating activities		10 620	7 909
Cash flows from investment activities			
Investments in properties and acquisition of businesses, net of cash acquired		-4 520	-51 388
Repayment of loans provided to group companies		0	11 000
Dividends received	3.5	1 000	143
Interest received		1	2
Net cash from/(used in) investment activities		- 3 519	-40 243
Cash flows from financing activities			
Proceeds from borrowings		0	56 500
Redemption of borrowings - repayment of bank loan	2.4	-1 893	-1 812
Redemption of borrowings - repayment of other loans from group companies	2.4	-1 440	-33 513
Proceeds from issue of share capital		0	13 055
Redemption of bonds	2.5	-1 736	-1 675
Dividend paid		-4 062	-3 020
Interest paid	3.6	-3 936	-3 681
Net cash (used in)/from financing activities		-13 067	25 854
Net (decrease)/increase in cash and cash equivalents		-5 966	-6 480
Effect of acquisition of businesses, cash acquired		0	0
Cash and cash equivalents at 1 January	1.6	14 555	21 035
Cash and cash equivalents at 31 December	1.6	8 589	14 555

VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2017

D. STATEMENT OF CHANGES IN EQUITY

<i>For the year ended 31st December In thousands of euro</i>	Note	Share capital	Capital reserve	Transaction reserve	Available for sales reserve	Profit/Loss of the current period	Retained earnings	Total equity
Opening balance as of 1st January 2016		133	91 275	41 426	-2 188	1 651	3 876	136 173
Profit or loss after tax		0	0	0	0	5 205	0	5 205
Other comprehensive income	2.2	0	0	0	3 419	0	0	3 419
Shares issued	2.1	12	13 044	0	0	0	0	13 056
Dividend distribution		0	0	5	0	-1 651	-1 374	-3 020
Closing balance as of 31st December 2016		145	104 319	41 431	1 231	5 205	2 502	154 833
Profit or loss after tax		0	0	0	0	6 689	0	6 689
Other comprehensive income	2.2	0	0	0	214	0	0	214
Prior year profit distribution		0	0	0	0	-1 143	1 143	0
Dividend distribution		0	0	0	0	-4 062	0	-4 062
Closing balance as of 31st December 2017		145	104 319	41 431	1 445	6 689	3 645	157 674

VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2017

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

Company:	VIG FUND, a.s. („the Company“)
Identification number:	242 20 809
Date of Establishment:	The Company was set up by the Articles of association on 27th November 2011. The Company was registered into the Commercial Register on 1st March 2012.
Registered Office:	Templová 747/5, Prague 1, postcode 110 00
Legal form:	joint-stock company („akciová společnost“)
Subject of business:	renting of the properties, flats and non residential premises
Trade Register File Nr:	Section B, entry 17896 of the Commercial Register kept by the Municipal court in Prague
Country of incorporation:	Czech Republic
Accounting period:	1st January 2017 – 31st December 2017

Until 31st December 2016 the Company was a special fund of qualified investors pursuant to the Act No 240/2013 Coll., on Investment Companies and Investment Funds („Act“). Upon the Company's request the Company was deregistered of the list of funds kept by CNB with effective date 1st January 2017. As a consequence the Company's name was changed from VIG FUND uzavřený investiční fond, a.s. to VIG FUND, a.s.

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

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

1.2 Establishment of the Company

The Company has been established on 1st March 2012.

With the decisive day 1st January 2016 the Company (being the acquiring company) merged by law through a merger by acquisition with VIG FUND Revoluční s.r.o. (being the acquired company). The Company has control over VIG FUND Revoluční s.r.o. since 14th July 2016, as at this date the Company took over into its accounting the assets, liabilities and equity of the acquired company in the amount and structure, as arose from the financial statements of the acquired company as of 14th July 2016. The merger was registered as of 31st December 2016.

1.3 Statutory bodies in the course of the accounting period

The Board of Directors members are:

Name	Function	From (date)	To (date)
VIG Asset Management, a.s.	Board of Directors	16. 7. 2014	31. 12. 2017

VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2017

The Supervisory Board members are:

Name	Function	From (date)	To (date)
Dr. Martin Simhandl	Chairperson of Supervisory Board	1. 3. 2012	31. 12. 2017
Gary Wheatley Mazzotti	Supervisory Board member	17. 4. 2012	16. 8. 2017
Mag. Gerhard Lahner	Supervisory Board member	16. 8. 2017	31. 12. 2017
Mag. Roland Gröll	Supervisory Board member	1. 3. 2012	31. 12. 2017

1.4 Employees

The Company had no employees in 2017 and 2016. All Company activities are provided by suppliers.

1.5 Shareholders

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

The shareholders as of 31st December 2017 and 2016 are as follows:

Investor	Share on registered capital (in %)	
	2017	2016
VIG-CZ Real Estate GmbH, Vienna	71.57 %	71.57 %
VIG RE zajišťovna, a.s., Prague	3.11 %	3.11 %
Kooperativa pojišťovna, a.s., Vienna Insurance Group, Prague	16.70 %	16.70 %
Česká podnikatelská pojišťovna, a.s., Prague	0.35 %	0.35 %
Pojišťovna České spořitelny, a.s., Pardubice	0.75 %	0.75 %
Interrisk Towarzystow Ubezpieczen Spolka Akcyjna Vienna Ins. Group, Warsaw	0.79 %	0.79 %
Compensa Towarzystwo Ubezpieczen Spolka Akcyjna Vienna Ins. Group, Warsaw	0.79 %	0.79 %
InterRisk Versicherungs-AG Vienna Insurance Group, Wiesbaden	0.44 %	0.44 %
InterRisk Lebensversicherungs-AG Vienna Insurance Group, Wiesbaden	0.72 %	0.72 %
Poist'ovna Slovenskej sporitel'ne, a.s. Vienna Insurance Group, Bratislava	0.79 %	0.79 %
Komunálna poisťovna, a.s. Vienna Insurance Group, Bratislava	1.06 %	1.06 %
Kooperativa poisťovna a.s. Vienna Insurance Group, Bratislava	1.59 %	1.59 %
Wiener Osiguranje Vienna Insurance Group d.d., Zagreb	1.33 %	1.33 %
VIG ND, a.s.	0.01 %	0.01 %
Total	100.00 %	100.00 %

VIG FUND, a.s.

Templová 747/5, Prague 1, 110 00

Non – consolidated Financial Statements as of 31st December 2017

2. ACCOUNTING PRINCIPLES

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

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

3. ACCOUNTING POLICIES**Functional currency**

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

Business operations in foreign currency

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

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

FX rates EUR	quantity	31.12.2017	31.12.2016
HUF	1	310,328	309,830
CZK	1	25,540	27,020
PLN	1	4,177	4,410

Investment properties - classification

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

Investment properties - valuation

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

Sensitivity analysis

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

The table below illustrates the sensitivity of the property value to a change in rental income and yield. An increase of rental income by 2.5 % respectively 5 % and unchanged Yield will lead to an increase of the value of the properties by TEUR 4,680 respectively TEUR 9,436. On the other side a decline of rental income would lead to an according reduction in the asset values.

In case of a Yield increase by 0.25 % respectively 0.5 % and leaving the rental income unchanged the values of the properties would decrease by TEUR 9,954 respectively TEUR 19,156. A Yield decrease would result in the opposite effect, namely accordingly higher asset values.

VIG FUND, a.s.

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Non – consolidated Financial Statements as of 31st December 2017

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

		Relative change in rental income				
		-5.00%	-2.50%	0.00%	2.50%	5.00%
Relative Yield changes	-0.50%	255 126	260 350	265 573	270 792	276 077
	-0.25%	243 956	248 905	253 853	258 797	263 805
	0.00%	233 685	238 382	243 090	247 770	252 526
	0.25%	224 206	228 672	233 136	237 597	242 120
	0.50%	215 431	219 683	223 934	228 182	232 491

The table contains rounded figures.

Determination of fair value

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

Investment – shares in companies

Investment – shares in companies are originally valued at their acquisition cost and consequently revaluated at fair value with any change therein recognised in other comprehensive income. The change in revaluation is or may be reclassified subsequently to profit or loss.

The fair value is determined as net asset value reflecting changes at the fair value of the included investment property and other fixed assets.

Receivables and other financial assets

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

Cash and cash equivalents

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

Finance cost

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

Other financial liabilities

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

Interest bearing liabilities

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

Derivative financial instruments

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

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Impairment

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

Provisions and contingent liabilities

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

Current taxes

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

Deferred taxes

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

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

Operating lease contracts

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

Recognition of revenues

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

Dividend income

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

Judgments and estimates

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

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

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

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

Standard/Interpretation [IAS 8.31 (a), 8.31(c)]	Nature of impending change in accounting policy [IAS 8.31 (b)]	Possible impact on financial statements [IAS 8.30 (b); 31 (e)]
<p>IFRS 15 Revenue from Contracts with Customers and Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)</p> <p>(Effective for annual periods beginning on or after 1 January 2018. Earlier application is permitted.)</p>	<p>The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:</p> <ul style="list-style-type: none"> • over time, in a manner that depicts the entity's performance; or • at a point in time, when control of the goods or services is transferred to the customer. <p>IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The Clarifications to IFRS 15 clarify some of the Standard's requirements and provide additional transitional relief for companies that are implementing the new Standard.</p> <p>The amendments clarify how to:</p> <ul style="list-style-type: none"> • identify a performance obligation - the promise to transfer a good or a service to a customer- in a contract; • determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and • determine whether the revenue from granting a license should be recognised at a point in time or over time. 	<p>The Company does not expect that the Standard will have material impact on the financial statements. The timing and measurement of the Entity's revenues are not expected to change under IFRS 15 because of the nature of the Entity's operations and the types of revenues it earns.</p>

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	<p>The amendments also provide entities with two additional practical expedients:</p> <ul style="list-style-type: none">• An entity need not restate contracts that are completed contracts at the beginning of the earliest period presented (for entities that using the full retrospective method only);• For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract but shall instead reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented (also for entities recognising the cumulative effect of initially applying the standard at the date of initial application).	
<p>IFRS 16 - Leases (Effective for annual periods beginning of or after 1 January 2019. Earlier application is permitted if the entity also applies IFRS 15)</p>	<p>IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees and instead requires companies to bring most leases on-balance sheet under a single model, eliminating the distinction between operating and finance leases.</p> <p>Under IFRS 16, a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For such contracts, the new model requires a lessee to recognise a right-of-use asset and a lease liability. The right-of-use asset is depreciated and the</p>	<p>The Company does not expect that the new Standard, when initially applied, will have material impact on the financial statements because the the Company is not part to a contractual arrangement that would be in the scope of IFRS 16.</p>

Standard/Interpretation [IAS 8.31 (a), 8.31(c)]	Nature of impending change in accounting policy [IAS 8.31 (b)]	Possible impact on financial statements [IAS 8.30 (b); 31 (e)]
	<p>liability accrues interest. This will result in a front-loaded pattern of expense for most leases, even when the lessee pays constant annual rentals.</p> <p>The new Standard introduces a number of limited scope exceptions for lessees which include:</p> <ul style="list-style-type: none"> - leases with a lease term of 12 months or less and containing no purchase options, and - leases where the underlying asset has a low value ('small-ticket' leases). <p>Lessor accounting shall remain largely unaffected by the introduction of the new Standard and the distinction between operating and finance.</p>	
<p>Amendments to IAS 40 Transfers of Investment Property (issued on 8 December 2016)</p> <p>(Effective for annual periods beginning on or after 1 January 2018; Earlier application is permitted)</p> <p>These amendments are not yet endorsed by the EU.</p>	<p>The Amendments provide clarification on transfers to, or from, investment properties:</p> <ul style="list-style-type: none"> • a transfer into, or out of investment property should be made only when there has been a change in use of the property; and • such a change in use would involve an assessment of whether the property qualifies as an investment property. 	<p>The Company does not expect that the Amendments will have a material impact on the financial statements because the Company use the property neither for own use, nor for sale in the ordinary course of business, but to earn rental income and do not plan to change use of the property.</p>
<p>IFRIC 22 Foreign Currency Transactions and Advance Consideration</p> <p>(Effective for annual periods beginning on or after 1 January 2018. Early application is permitted.)</p> <p>This interpretation is not yet endorsed by the EU.</p>	<p>IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance and clarifies that the transaction date is the date on which the company initially recognises the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.</p>	<p>The Company does not expect that the Interpretation, when initially applied, will have material impact on the financial statements as the Company uses the exchange rate on the transaction date for the initial recognition of the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.</p>

Standard/Interpretation [IAS 8.31 (a), 8.31(c)]	Nature of impending change in accounting policy [IAS 8.31 (b)]	Possible impact on financial statements [IAS 8.30 (b); 31 (e)]
<p>IFRS 9 Financial Instruments (2014)</p> <p>(Effective for annual periods beginning on or after 1 January 2018; to be applied retrospectively with some exemptions. The restatement of prior periods is not required, and is permitted only if information is available without the use of hindsight. Early application is permitted.)</p>	<p>This Standard replaces IAS 39, <i>Financial Instruments: Recognition and Measurement</i>, except that the IAS 39 exception for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply, and entities have an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting until the standard resulting from the IASB's project in macro hedge accounting is effective.</p> <p>Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.</p> <p>A financial asset is measured at amortized cost if the following two conditions are met:</p> <ul style="list-style-type: none"> • the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and • its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. <p>In addition, for a non-trading equity instrument, a company may elect to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.</p> <p>For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.</p> <p>The impairment model in IFRS 9 replaces the 'incurred loss' model in</p>	<p>The Company is evaluating the effect of the impact of the Standard. In particular, the Company is assessing whether to use the option of IFRS 9.5.7.1 (b) to present gains and losses on shares through other comprehensive income. If the Company decided to use the option, the presentation would remain similar to the Company's current accounting policy. If, however, the Company decided not to use the option, the gain or loss from revaluation of shares would be recognised in profit and loss. Further, the equity position of Available for sale reserve amounting to TEUR 1,445 as of 2017 would be transferred into Retained earnings.</p> <p>Beside the above mentioned, the implementation of IFRS 9 does not have any further material impact on the Company's Financial Statements.</p>

	<p>IAS 39 with a forward-looking an 'expected credit loss' (ECL) model, which means that a loss event will no longer need to occur before an impairment allowance is recognised. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.</p> <p>Under IFRS 9, loss allowances will be measured on either of the following bases:</p> <ul style="list-style-type: none">• 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and• Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. <p>IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required. The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.</p> <p>Extensive additional disclosures regarding an entity's risk management and hedging activities are required.</p>	
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4. INVESTMENT OBJECTIVE AND INVESTMENT POLICY

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

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

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

Until 31st December 2016 the Company was a fund of qualified investors in terms of the classification of collective investment funds according to risk and type of assets in which it predominantly invests, focusing on direct or indirect real estate investments generating regular income and on investments into liquid assets with lower risk.

The Company was not a capital guaranteed fund.

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With effective date 1st January 2017 the Company was deregistered of the list of funds kept by CNB.

5. PRINCIPLES OF VALUATION OF COMPANY ASSETS

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

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

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

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

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

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

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

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

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

Credit risk	Trade receivables		Cash and cash equivalents	
	2017	2016	2017	2016
General allowance	0	0	0	0
Specific allowance	84	96	0	0
Past due, not impaired	0	0	0	0
Neither past due, nor impaired	1 127	822	8 589	14 555
Total	1 211	918	8 589	14 555

Liquidity risk

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

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

Liquidity risk	1 year		1 - 5 years		more than 5 years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Interest bearing liabilities	5 394	3 333	22 942	14 644	76 149	91 577	104 485	109 554
Trade payables	1 269	1 693	0	0	0	0	1 269	1 693
Other payables	2 228	1 610	1 157	1 063	0	0	3 385	2 673
Total	6 959	6 636	18 839	15 707	83 200	91 577	108 998	113 920

Currency risk

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

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

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

Currency risk	Assets		Liabilities		Net exposure	
	2017	2016	2017	2016	2017	2016
CZK	5 041	4 531	2 863	3 477	2 178	1 054
PLN	828	599	548	184	279	415
Total	5 869	5 130	3 411	3 661	2 457	1 469

Market risk and property-specific risk

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

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

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

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

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

Risk of insufficient liquidity, based on a certain asset of the Company not being encashed in time at a reasonable price – Given the nature of the real estate market, which may make up a substantial portion of the Company's

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assets, we need to point out that encashing an immovable property in an effort to obtain the best price requires time. In an extreme scenario, the liquidity risk may lead to a liquidity crisis.

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

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

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

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

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

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

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

F. NOTES TO THE FINANCIAL STATEMENTS

1.1 General information on the financial statements

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

The accounting period for 2017 is a twelve month period from 1st January 2017 to 31st December 2017.

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

1.2 Investment properties

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

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

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

The capitalization rate of the portfolio ranges from 5.15 % to 9.00 %.

Occupancy rate of the total portfolio is approximately 82 %. The total rentable area amounts to approximately 119,000 sqm.

Investment properties	Total
Opening balance as of 1st January 2016	204 490
New acquisitions of investment properties and other additions	36 147
Revaluation	-1 957
Balance as of 31st December 2016	238 680
New acquisitions of investment properties and other additions	4 520
Revaluation	-110
Balance as of 31st December 2017	243 090

The market value of the properties assigned as collateral for external financing totals to TEUR 238,680 as of 1st January 2017 and TEUR 243,090 as of 31st December 2017.

1.3 Investments – shares

Subsidiary	Field of activity	Country of operation	Equity share		Investment			
			2017	2016	2017	Changes	Revaluations	2016
HUN BM Kft.	rental properties	Hungary	100 %	100 %	3 808	0	-480	4 288
SK BM s.r.o.	rental properties	Slovakia	100 %	100 %	16 767	0	1 015	15 752
EBC s.r.o.	rental properties	Slovakia	100 %	100 %	12 384	0	-321	12 705
Total					32 959	0	214	32 745

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

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

1.4 Trade receivables

The opening balance represents trade receivables in the gross amount of TEUR 713 (most not due on 31st December 2016) and advance payments in the amount of TEUR 205. The closing balance includes trade receivables in the gross amount of TEUR 1,063 (most not due on 31st December 2017) and advance payments amounting to TEUR 148.

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

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Age structure of trade receivables as of 31st December

Age structure	2017		2016		2017	2016
	Acquisition costs total	Impairment	Acquisition costs total	Impairment	Net book value	
before due date	652	0	678	0	652	678
1 - 30 days	176	0	144	0	175	144
31 - 180 days	200	-25	26	-26	175	0
181 - 360 days	60	-7	26	-26	53	0
overdue more than 1 year	123	-51	44	-44	72	0
Total	1 211	-84	918	-96	1 127	822

1.5 Other receivables

Other receivables	2017	2016
Estimated receivable	230	865
Accrued income	499	335
Other	1	1
Total	730	1 201

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

1.6 Cash and cash equivalents

Cash and cash equivalents include the credit bank balances of bank accounts in the amount of TEUR 8,589 as of 31st December 2017 and TEUR 14,555 as of 31st December 2016, respectively. The Company has no cash on hand.

1.7 Accrued assets

Accrued assets	2017	2016
Pre-paid expenses	1 318	1 371
Total	1 318	1 371

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

2.1 Share capital

Type of shares	Number as of		Nominal value	Unpaid
	2017	2016		
registered	18 671 pcs.	18 671 pcs.	200 CZK	0 CZK

As of 31st December 2017 the share capital of the Company as recorded in the Commercial Register totalled TCZK 3,734 (TEUR 145) and consisted of 18,671 shares with a nominal value of CZK 200 per share. All shares are fully paid in and authorised.

All shares are voting shares.

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2.2 Other reserves

Other reserves	2017	2016	Distribution possibility
Capital reserve	104 319	104 319	Yes
Transaction reserve	41 431	41 431	Yes
Available for sales reserve	1 445	1 231	No
Total	147 195	146 981	

2.3 Retained earnings

The balance of the retained earnings includes the profit after tax of the previous years amounting to TEUR 3,645 (2016: TEUR 2,502).

2.4 Interest bearing liabilities - loans

The structure of the loans is as follows:

Loans	2017			2016		
	Principal amount	Interest accrued	Total	Principal amount	Interest accrued	Total
Bank loans	22 897	0	22 897	24 790	0	24 790
Loans - group companies	41 367	0	41 367	42 807	0	42 807
Total	64 264	0	64 264	67 597	0	67 597
thereof: short-term	3 462	0	3 462	3 333	0	3 333
thereof: long-term	60 802	0	60 802	64 264	0	64 264

As of 31st December 2017 the terms of interest-bearing liabilities are as follows:

Loan	Currency	Signed on	Principal amount	Already repaid principal		Due date	Interest rate
				2017	2016		
Investment Loan 1	EUR	29.11.2011	48 081	29 478	27 773	31.12.2026	4.05%
Investment Loan 2	EUR	12.12.2012	18 000	3 340	2 618	31.12.2024	3.95%
Investment Loan 3	EUR	19.12.2013	9 000	1 268	931	31.12.2025	3.95%
Investment Loan 4	EUR	7.10.2016	24 000	731	162	30.6.2026	2.30%

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

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

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

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

Assets pledged as collateral	2017	2016
Investment properties	243 090	238 680
Trade receivables from rental incomes	452	307
Cash and cash equivalents	7 054	9 231

2.5 Interest bearing liabilities - bonds

On 26th November 2014 the Company issued two bonds in the nominal amount of TEUR 32,000 and TEUR 13,000. The bonds bear interest at a fixed rate. Interest on bonds shall be payable semi-annually on 26th May and 26th November of each year. Part of the nominal value is redeemed semi-annually at the same date as interest. Unless redeemed early or repurchased by the issuer, the bonds shall be fully repaid on 26th November 2034. Until 28th February 2017 the bonds were registered for trading on the Regulated Market of the Prague Stock Exchange.

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

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

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

The carrying amount of bonds amounts to TEUR 40,221. This value includes the accrued interests of TEUR 152. The effective interest rates do not differ significantly from the coupon rates.

Bonds issued	2017	2016
Nominal value of bonds	40 080	41 810
Interests on bonds	152	159
Agio	-11	-12
Total	40 221	41 957

Financial assets pledged as collateral	2017	2016
Investment properties	97 120	95 400

2.6 Other payables, non-current part

The other payables, non-current part includes long-term security deposits of the tenants amounting to TEUR 1,157 and TEUR 1,063 for 2017 and 2016, respectively.

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2.7 Trade payables

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

Trade and other payables	2017	2016
Accounts payable – inland	764	476
Accounts payable – foreign	204	107
Advanced payments	301	1 110
Total	1 269	1 693

Age structure of accounts payable as of 31st December

Age structure	2017			2016		
	Accounts payable - inland	Accounts payable - foreign	Advanced payments	Accounts payable - inland	Accounts payable - foreign	Advanced payments
before due date	734	103	24	428	28	1 110
< 30 days	24	78	11	15	72	0
<60 days	4	14	10	0	0	0
<90 days	1	4	17	0	7	0
<120 days	0	0	35	0	0	0
overdue more than 120 days	1	5	204	33	0	0
Total	764	204	301	476	107	1 110

2.8 Provisions

Provisions	Other provisions	Total
	2016	135
Use	0	0
Release	0	0
Creation	198	198
Effect of FX variance	8	8
	2017	341
thereof: short-term	341	341
thereof: long-term	0	0

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

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2.9 Accrued liabilities

Accrued liabilities	2017	2016
Accrued revenues	1 296	1 026
Total	1 296	1 026

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

2.10 Tax liabilities, current and deferred

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

Tax payables	2017	2016
Value added tax	104	114
Income tax on ordinary activities - due	-448	-10
Deferred tax	19 767	19 356
Total	19 423	19 460

2.11 Other payables, current part

Other payables, current part	2017	2016
Estimated payables	2 052	1 185
Other payables	176	425
Total	2 228	1 610

Estimated payables mainly represent estimates for service charges, media, repairs and investment to properties in the amount of TEUR 1,677 (2016: TEUR 773).

Estimated payables	2017	2016
Service charges, media, repairs, investment to properties	1 677	773
Legal consulting	135	7
Accounting	60	21
Tax advisory	56	15
Other consultancy	32	18
Regular services (management fee, depositary fee, etc.)	30	147
Other services	26	13
Audit	23	20
Interests from loans	13	159
Reduced VAT deduction	0	12
Total	2 052	1 185

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The other payables represent mainly the short-term deposit and retention in the amount of TEUR 172 and TEUR 422 in 2017 and in 2016, respectively.

2.12 Contingent liabilities

The Company provided guarantees to its subsidiaries valid during the life of the loans in order to secure the loans granted to these subsidiaries. The carrying amount of the guarantees is TEUR 9,036 and TEUR 10,040 as of 31st December 2017 and 31st December 2016, respectively. Further the loans of SK BM and HUN BM are secured by pledge of shares in the carrying amount of TEUR 20,575 and 20,040 in 2017 and in 2016, respectively.

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

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

2.13 Financial instruments

The values of financial assets and liabilities are as follows:

Financial instruments	2017		2016	
	carrying amount	fair value	carrying amount	fair value
Financial assets:				
Shares	32 959	32 959	32 745	32 745
Tax receivables	344	344	0	0
Trade receivables	1 127	1 127	822	822
Other receivables	730	730	1 201	1 201
Cash and cash equivalents	8 589	8 589	14 555	14 555
Total	43 749	43 749	49 323	49 323
Financial liabilities:				
Loans, non-current part	60 802	62 430	64 264	65 802
Loans, current part	3 462	3 462	3 333	3 333
Bonds issued	40 221	41 393	41 957	43 891
Trade and other payables	1 269	1 269	1 693	1 693
Other payables, non-current part	1 157	1 157	1 063	1 063
Other payables, current part	2 228	2 228	1 610	1 610
Total	109 139	111 939	113 920	117 392

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

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

The fair value of the loans and bonds was determined based on discounted cash flow calculation. The calculation is based on other observable inputs such as applied interest rates (Level 2 of fair value hierarchy). Interest, trade and other payables are considered to be current and the carrying amount reflects the fair value.

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3.1 Rental income and operating costs

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

Revenue	2017	2016
Rental income	12 318	13 650
Operating costs charged to tenants	2 329	2 756
Total	14 647	16 406

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

Future minimum rental income	2017	2016
Not later than one year	12 645	13 609
Between 1 and 5 years	42 040	32 169
More than 5 years	32 257	32 674

The Company has no contingent rents.

3.2 Operating expenses

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

Operating expenses	2017	2016
Energy consumption	1 079	1 255
Repairs	691	521
Facility management	27	76
Property and asset management	370	351
Insurance	98	91
Easement	213	213
Real estate tax	186	191
Security	427	352
Other service charges	281	374
Valuation adjustment of receivable	-22	-110
Legal and other consultancy	152	162
Brokerage fee	37	16
Other	283	357
Total	3 822	3 849

3.3 Other operating income

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

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Other operating income	2017	2016
Services to SK BM, s.r.o.	32	36
Services to HUN BM, Kft.	7	8
Services to European Business Center, s.r.o.	34	18
Other income	339	136
Total	412	198

3.4 Indirect expenditures

Indirect expenditures	2017	2016
Management fee	623	623
Custodian fee	0	44
Audit and legal fees	41	132
Administration fees	190	174
Bank charges	6	7
Other services	15	5
Provisions	0	3
Total	875	988

Investment management fees are represented by the management fee of VIG Asset Management, a.s. in the amount of TEUR 623 both in 2017 and 2016.

3.5 Dividend income

Dividend income represents the revenue from long-term financial assets. The share of profit from European Business Center, s.r.o. has been paid to the Company as of 15th December 2017 in the amount of TEUR 1,000. The share of profit from SK BM s.r.o. has been paid to the Company as of 2nd December 2016 in the amount of TEUR 143.

3.6 Interest expenses

Interest expenses amount to TEUR 3,936 and TEUR 3,681 in 2017 and 2016, respectively. Thereof TEUR 2,945 and TEUR 2,612 relate to interest to related parties in 2017 and 2016, respectively. The balance also includes the interest expenses from the bonds issued in the amount of TEUR 1,657 and TEUR 1,726 in 2017 and 2016, respectively.

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

3.7 Foreign currency gain/loss

Foreign currency gain/loss (+/-) amounts to TEUR 109 and TEUR -100 in 2017 and 2016, respectively.

3.8 Income tax

The following table shows details on income tax:

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Corporate income tax	2017	2016
Income tax on ordinary activities - due	402	639
Income tax on ordinary activities - deferred	411	404
Total	813	1 043

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

Movement in deferred tax balances	Net balance at 1 January	Impact of merger with VIG FUND Revoluční in balance sheet	Recognised in profit or loss	Net balance at 31 December
2017				
Investment properties	-19 263	0	545	-18 718
Other	-93	0	-956	-1 049
Net tax assets (liabilities)	-19 356	0	-411	-19 767
2016				
Investment properties	-15 545	-3 275	-443	-19 263
Other	-132	0	39	-93
Net tax assets (liabilities)	-15 677	-3 275	-404	-19 356

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

Income tax	2017	2016
Net result before tax	7 502	6 250
Corporate income tax rate	19%	19%
Expected tax	1 425	1 188
Tax reconciliation:		
Adjustment to Czech tax base	-467	-153
Non-taxable income	-229	-72
Non-taxable expense	84	0
Income tax paid in foreign jurisdiction	0	80
Income tax without influence of tax rate changes	813	1 043
Effective tax rate in %	11%	17%
Tax rate changes	0	0
Income tax total	813	1 043

3.9 Segmental information

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

The Company has a single group of related services being the rental of investment properties to business tenants exclusively. Segment information is provided on the basis of geographic areas, being the basis on which the Company manages its interests. Revenue is attributed to a country or region based on the location of the Company's investment property.

The tables below present segment information on the revised basis.

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STATEMENT OF FINANCIAL POSITION

For the year ended 31st December 2017

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

For the year ended 31st December 2017

<i>In thousands of euro</i>	CZ	PL	Total segments
Liabilities			
Non-current liabilities	93 297	28 650	121 947
Loans, non-current part	60 802	0	60 802
Bonds issued	11 633	28 588	40 221
Other payables, non-current part	1 085	72	1 157
Deferred tax liabilities	19 777	-10	19 767
Current liabilities	8 849	-253	8 596
Loans, current part	3 462	0	3 462
Trade payables	1 071	198	1 269
Provisions	198	143	341
Accrued liabilities	1 195	101	1 296
Other payables, current part	2 923	-695	2 228
Total liabilities	102 146	28 397	130 543

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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2017

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

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STATEMENT OF FINANCIAL POSITION

For the year ended 31st December 2016

<i>In thousands of euro</i>	CZ	PL	Total segments
Assets			
Non-current assets	207 945	63 480	271 425
Investment properties	175 200	63 480	238 680
Shares	32 745	0	32 745
Current assets	16 115	1 834	17 949
Trade receivables	510	312	822
Other receivables	1 201	0	1 201
Cash and cash equivalents	13 060	1 495	14 555
Accrued assets	1 344	27	1 371
Total assets	224 060	65 314	289 374

For the year ended 31st December 2016

<i>In thousands of euro</i>	CZ	PL	Total segments
Liabilities			
Non-current liabilities	96 144	30 496	126 640
Loans, non-current part	64 264	0	64 264
Bonds issued	12 100	29 857	41 957
Other payables, non-current part	1 039	24	1 063
Deferred tax liabilities	18 741	615	19 356
Current liabilities	7 106	795	7 901
Loans, current part	3 333	0	3 333
Trade payables	1 656	37	1 693
Provisions	135	0	135
Accrued liabilities	867	159	1 026
Current tax liabilities	59	45	104
Other payables, current part	1 056	554	1 610
Total liabilities	103 250	31 291	134 541

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STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31st December 2016**In thousands of euro*

	CZ	PL	Total segments
Rental income	9 033	4 617	13 650
Operating costs charged to tenants	1 727	1 029	2 756
Operating expenses	-2 524	-1 325	-3 849
Other operating income	84	114	198
Net operating income	8 320	4 435	12 755
Indirect expenditures	-823	-165	-988
Earnings before interest, taxes, depreciation, amortization and fair value unrealized gains/losses	7 497	4 270	11 767
Revaluation of investment property	-869	-1 088	-1 957
Operating result	6 628	3 182	9 810
Interest income	2	0	2
Dividend income	143	0	143
Other financing revenues	74	4	78
Interest expenses	-2 447	-1 234	-3 681
Foreign currency gain/loss	-49	-51	-100
Other financing expenses	-4	0	-4
Financial result	-2 281	-1 281	-3 562
Net result before taxes	4 347	1 901	6 248
Current income tax	-326	-313	-639
Deferred income tax	-405	1	-404
Profit (or loss) after tax	3 616	1 589	5 205
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Revaluation of shares, available for sale financial assets, gross	3 419	0	3 419
Revaluation of shares, available for sale financial assets, tax	0	0	0
Revaluation of shares, available for sale financial assets, net	3 419	0	3 419
Other comprehensive income total	3 419	0	3 419
Total comprehensive income	7 035	1 589	8 624

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3.10 Related party information

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

Transactions with the related parties	2017	2016
STATEMENT OF FINANCIAL POSITION		
Accrued assets	59	35
Other payables, current part	-23	-53
Interest bearing liabilities	-41 367	-42 807
Bonds and interests	-40 042	-41 770
Trade and other payables	-6	-16
STATEMENT OF COMPREHENSIVE INCOME		
Indirect expenditures	-623	-625
Operating expenses	0	-1
Interest expenses	-2 945	-2 612
Insurance paid	-98	-83

The Company has three subsidiaries: SK BM, s.r.o., Europeum Business Center, s.r.o. and HUN BM, Kft.

Transactions with the subsidiaries	2017	2016
STATEMENT OF COMPREHENSIVE INCOME		
Other operating income	73	61
Dividend income	1 000	143
Other financing revenues	76	76

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

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

G. INFORMATION ON THE DISTRIBUTION OF PROFIT

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

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

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

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

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

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

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

H. DATA ON SECURITIES ISSUED BY THE COMPANY

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

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

The Company's shares are securities in certificated form.

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

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

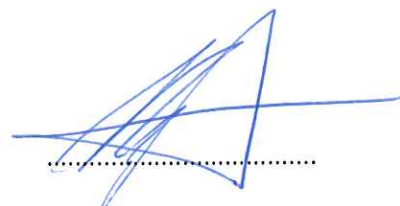
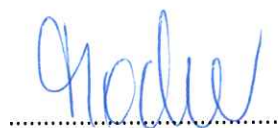
The Company issued bonds which were registered for trading on the Regulated Market of the Prague Stock Exchange. Also upon the Company's request the Company's bonds were delisted from the Prague Stock Exchange with effective date 28th February 2017.

Upon the Company's request the Company was deregistered of the list of funds kept by CNB with effective date 1.1.2017 and as a consequence the Company's name was changed from VIG FUND uzavřený investiční fond, a.s. to VIG FUND, a.s.

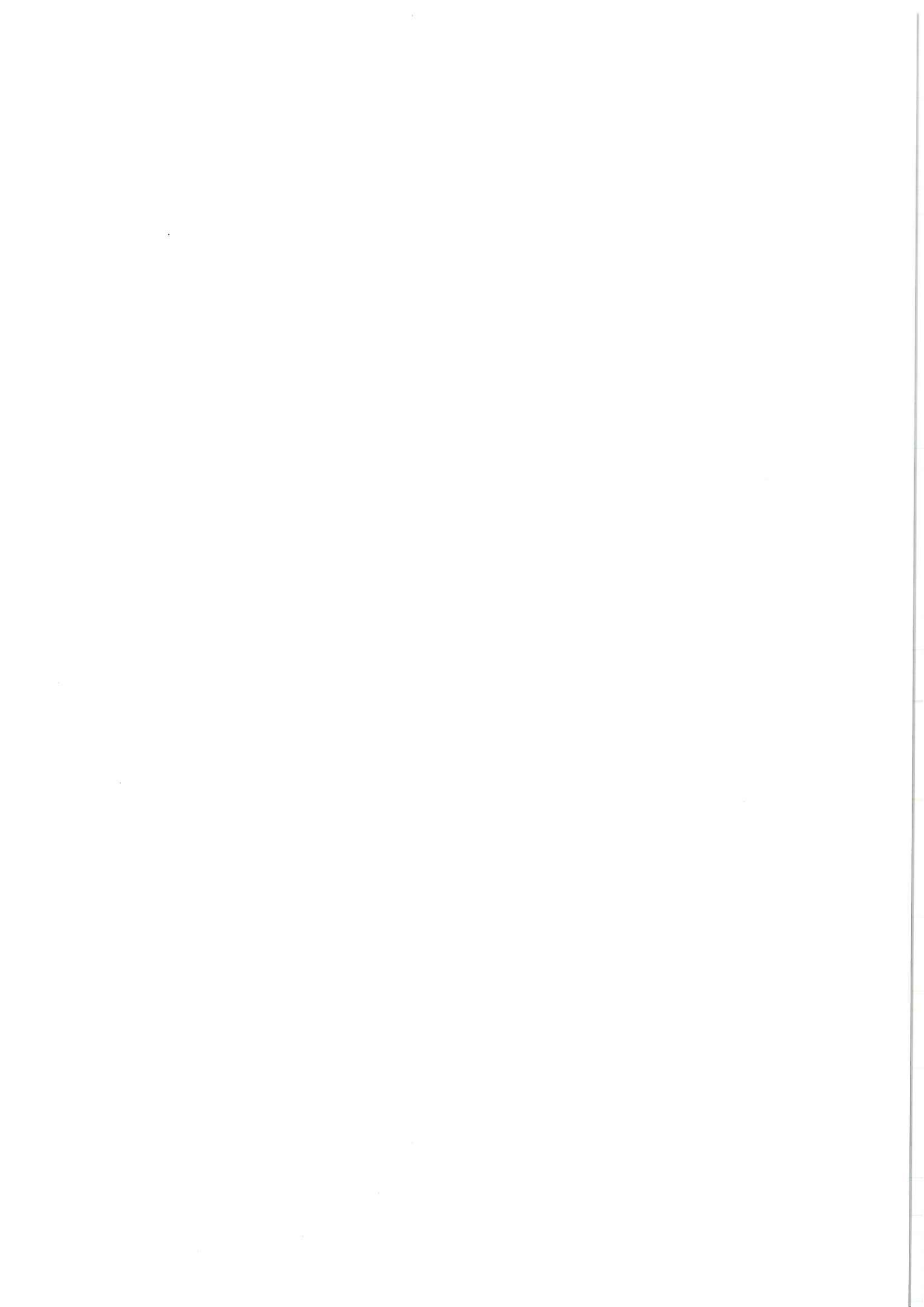
I. SUBSEQUENT EVENTS

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

6th March 2018



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





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

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

Opinion

We have audited the accompanying financial statements of VIG FUND, a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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



Other Information

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

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

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

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

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

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

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance



is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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



Statutory Auditor Responsible for the Engagement

Vladimír Dvořáček is the statutory auditor responsible for the audit of the financial statements of VIG FUND, a.s. as at 31 December 2017, based on which this independent auditor's report has been prepared.

Prague
6 March 2018

KPMG Česká republika Audit

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

A handwritten signature in blue ink, appearing to be 'V. Dvořáček', written in a cursive style.

Vladimír Dvořáček
Partner
Registration number 2332