



CZECH FARMLAND FUND

Report on Fund development

December 2014

Dear Investors,

We would like to present to you a summary report to brief you on how your investments have been developing so far. As at 30th October 2014, the Czech Farmland Fund held 92% of its investments in high-quality farmland. The Fund was joined by a number of new investors who put further CZK 82 million in total in the Fund. The Fund's total assets to date stand at CZK 222 million, with CZK 1,015.36 of asset value per (the) Fund share. As illustrated by the chart, both private and institutional investors have been investing in the Fund.

During the second half of 2014, the Fund acquired new farmland plots mostly in the Kolín and Nymburk districts at the average purchase price of CZK 13.80 (EUR 0.49) per sq.m., thus equalling 105% of the official price for the purchased land. We believe that the achieved purchase price is truly attractive.

Long-term success of the Czech Farmland Fund is based on two fundamental concepts – successful leasing of the purchased plots, and step-by-step amalgamating into larger land units.

We have been succeeding to gradually improve the levels of rentals of the plots to the farmers who manage them; as a result, the current average rental returns on the plots owned by the Fund equal 2.5% p.a. Alongside with the Fund expansion, we also manage to concentrate the network of land in our ownership so that the Fund would hold larger total area in the specific minor regions. Prices for such combined larger units exceed those of fragmented small plots and add value to the long-term appreciation of your investments. The chart shows the structure of the plots owned by the Fund classified by larger land unit (note that the plots of farmland are not merged into one but the chart rather demonstrates our negotiating power in the given region).

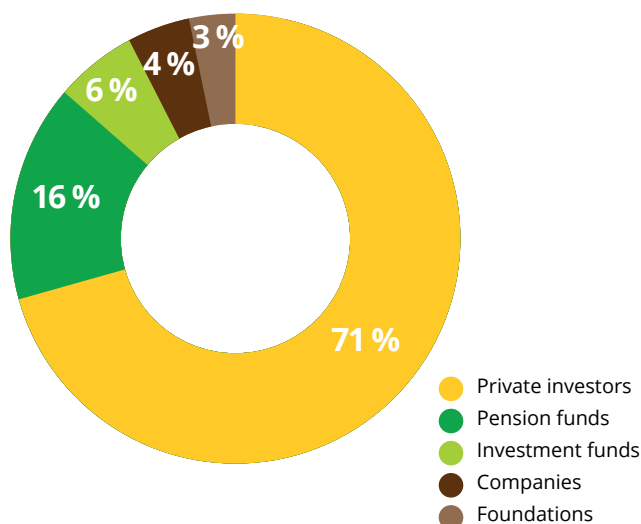
Recent new investments in the Fund enabled us to launch new purchase projects, most recently in the Pardubice district. We will keep you updated on the next developments of the Czech Farmland Fund portfolio.

Yours faithfully

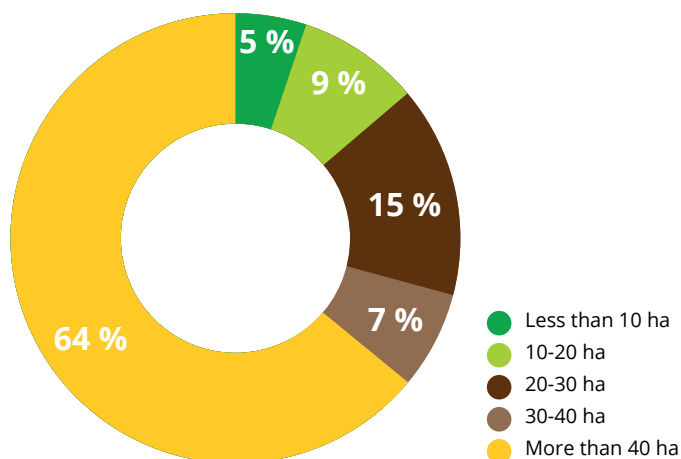
Marek Smýkal
Chairman of the Board of Directors

Martin Burda
Member of the Board of Directors

Structure of Czech Farmland Fund investors



Plots in the portfolio classified by their assignment to larger units



Fund mission

The Fund's primary mission is to protect real value of our investors' assets by making investments in Czech agricultural land.

Investment strategy

The Fund focus is on purchasing high quality agricultural plots, in particular those located in the Elbe Basin area. The investment strategy builds both on the low purchase prices and on the Fund's ability to create larger land units by way of gradually purchasing plots from small owners and to achieve higher rental returns (on) and improved efficiency at management of the plots.

Yield and risk

Total targeted yield:	6 % p.a.-10 % p.a.
Risk:	Conservative structure of the Fund that includes only quality farmland and cash held on the Fund accounts.
Liquidity:	Regular dealing days of the Fund have been set at 30th April and 31st October. The Fund's Board of Directors may, should the investors be so interested, set extraordinary dealing days outside the foregoing two regular terms.
Investment period:	Minimum 5 years

Fund basic characteristics

Name:	Czech Farmland Fund (Český fond půdy), a sole sub-fund of Český fond SICAV plc
Administrator:	Valetta Fund Services Limited
Regulator:	Maltese Financial Services Authority
Auditor:	KPMG
Transfer agent:	Conseq Investment Management, a.s.
Minimum investment:	CZK 3,500,000 (equivalent of EUR 125,000)
Share types:	Accumulation shares and dividend paying shares
Denomination:	CZK
Entry fee:	3 %
Management fee:	1 % p.a.
Participation in profits:	20 %
Exit fee:	0 %, once the minimum 5-year investment period has expired
Investment termination:	In order to protect investors' interests, a share buyback requires a 12-month prior notice; a 20% early redemption fee calculated from the value of the shares applies if the investor requests a buyback earlier than 5 years from the date of the investment in the Fund.



Fund core data

Total assets:	CZK 222 million
Accumulation share price:	CZK 1,015.36
Dividend paying share price:	CZK 1,015.36
Yield since Fund formation:	1,54 %*
Next dealing day of Fund:	30. 1. 2015

* The yield as calculated from the first dealing day of the Fund, i.e. from 7 Aug. 2014.

Development of Fund share price

The Fund share price grew by 1.54% over the period from the first dealing day of 7th August 2014 to 31st October 2014. The price of the dividend paying shares and accumulation shares of the Fund has been still identical since no dividend payout to the dividend paying stock shareholders has taken place as yet.

"Buy land, they're not making it anymore." Mark Twain

www.fondpudy.cz

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