City Life PCC Limited
(formerly Curzon Capital PCC Limited)

Annual Report and Consolidated Audited Financial Statements

For the year ended 31 December 2010

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Directors
Mr Anthony Arthur Hall (Chairman)
Mr Paul Duquemin
Dr Katrina Tarizzo

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Promoters and Co-Distributors
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(Appointed 10 February 2010)
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Investment Advisor (Romanian Cell)
(Appointed 21 February 2011)
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Investment Advisor (Romanian Cell)
(Removed 21 February 2011)
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Company Summary

The Company

City Life PCC Limited (formerly Curzon Capital PCC Limited) (the "Company" or the "Scheme") was established as a protected cell company on 13 June 2005 and is governed by the provisions of the Companies (Guernsey) Law, 2008, and subsequent amendments. The Scheme has been authorised by the Guernsey Financial Services Commission as a Class B Scheme under The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended.

Objective

The Poland Geared Growth cell provides a listed, debt-geared, diversified exposure to the Polish property market through the acquisition "off-plan" of newly-built apartments in Poland's major cities, with the investment objective of achieving long-term capital growth.

The Romanian Geared Growth cell provides a listed, debt-geared, diversified exposure to the Romanian residential property market through the acquisition "off-plan" of newly-built apartments in Romania's major cities, with the investment objective of achieving long-term capital growth.

Management

At an Extraordinary General Meeting held on 10 February 2010, of the shareholders of the Poland Geared Growth Fund and Romania Geared Growth Fund "the funds" approved the removal of Curzon Capital Investment Management Limited as Principal Manager to the funds, reappointed Ardel Fund Services Limited (the existing administrator), and appointed Stratton Street Capital (CI) Limited as the new Principal Manager.

As per the new Management Agreement dated 15 February 2010 the Board appointed Stratton Street Capital (CI) Limited as Principal Manager. The appointment can be terminated by either party by giving not less than three months notice. The Principal Manager could also resign by giving no less than 30 days notice in writing if the Company shall commit any breach of the provisions of the Management Agreement and shall not have remedied such breach within thirty days after the service of notice requiring the same to be remedied. Further details of the Management Agreement are detailed in the notes to the financial statements.

Capital Structure

On incorporation the authorised capital of the Scheme was £50,100 divided in 100 Management Shares of £0.0001 each and 500,999,900 Unclassified Shares of £0.0001 each. Unclassified Shares may be issued as Redeemable Ordinary Shares of any Cell of the Scheme or as Nominal Shares. All issued Shares are in Registered form.

The 2 Management Shares in issue were issued at par and were beneficially owned by the Principal Manager as at 31 December 2009. These shares were transferred to the new Principal Manager, Stratton Street Capital (CI) Limited on 10 March 2010.

CISX Listing

The Scheme was admitted to the official list of the Channel Islands Stock Exchange ("CISX") on 2 June 2006. An initial application was made for the listing of up to 25 million Shares of the Poland Geared Growth cell by way of an offer for subscription. On the 20 July 2007 an application was made, and accepted, for the listing of an additional 25 million shares.

On the 22 August 2008 an application for 25 million Shares for the Romanian Geared Growth Cell was made and accepted.

Chairman's statement

Dear Shareholders

Before looking at the Poland Geared Growth Cell and Romania Geared Growth Cell in some more detail I would like to open with some general comments on developments in the Group that have taken place in 2010 and subsequent to the year end:

- As a result of the EGM in February 2010, Stratton Street Capital (CI) Limited were appointed as the new Principal Manager of both Cells and their sister company Stratton Street Capital LLP was appointed as Promoter likewise;
- Following the AGM of the Company in December 2010, the name of the Company was changed to City Life PCC Limited;
- An EGM for the Poland Geared Growth Cell was held in February 2011 and as a result the investment parameters of the Cell were widened to allow the Cell to invest in other property related assets in Poland such as commercial property where yields are higher than residential;
- In November and December 2010, a 'fast track' redemption process for those investors already in the redemption queue was carried out at a 20% reduction to the then NAV of the Poland Geared Growth Cell, by matching new subscriptions to those investors willing to take the discount, which permitted £375,000 of redemption requests to be met;
- In July 2010, a detailed review of all the properties in the Poland Geared Growth Cell was carried out by a leading industry expert which provided an extremely comprehensive analysis of the status and prospects of the assets of the Cell;
- Subsequent to the end of the financial year the existing Investment Adviser for the Romania Geared Growth Cell, SC Richmond Management SRL was replaced by Sapphire Capital Partners LLP. Sapphire is the investment adviser to a number of Romanian property funds and has a long history of investing in the region. A new board of directors has been appointed to SC IFLAK Holdings SRL, the Romanian property holding company.

I have itemised all of the above to firstly, thank all of you as investors for your support in approving the large number of EGM notices that have been sent out. Secondly, I wish to thank all of you for your patience whilst a number of necessary structural changes have been made to both Cells and the Company itself. Finally, in conjunction with the exciting prospects highlighted below in the following commentary, it is my belief that the great deal of effort from all parties involved in the above has placed the Company in a strong position to benefit from the continued strength in the Property sector for Poland.

Poland Geared Growth Cell

The Polish economy continues to show its robustness and defensive nature in comparison with much of Western and Eastern Europe. In 2010 the Polish GDP grew by 3.8%, which followed on from growth of 1.7% in 2009 when Poland was the only member of the European Union (EU) not to enter recession. Recent forecasts from the World Bank are for further growth in GDP of 4.1% in 2011 which compares favourably to an EU average of less than 2% (UK at 1.4%) and places Poland as the second fastest developing country in the EU after Slovakia. 2010 also saw an increase in mortgage lending and a stabilisation of sales prices. Poland does not have the same levels of personal debt as Western Europe as traditionally individuals have not had mortgages; increasing wealth and aspirations of the population should serve to underpin the growth of borrowing to purchase properties.

Inflation, as in the rest of the rest of the World, remains high (4.3% in March 2011) although unlike its European colleagues, the Polish Central Bank has already raised interest rates three times this year so far and is forecast for at least a couple more increases in 2011.

Reports from the Central Statistical Office suggest that Polish developers have regained some confidence in the market with significant growth of over 10% in the construction of residential units being started in 2010 (expected completion 2011 and 2012) as compared to the previous year. The report also highlighted a fall of 16% in the number of completed residential units delivered between January and November 2010 over the prior year comparative.

Warsaw, where the Cell has just over 50% of the portfolio invested, remains the most developed residential market in Poland, with demand driven by strong inward migration, the highest income levels in the country and the lowest unemployment rate, approaching full "real" employment.

The Polish residential market is characterised by a continuing housing shortage estimated at 1.5 million units (Ministry of Infrastructure) and although prices may have primarily stabilised in 2010, the outlook over the longer term is encouraging with prices being underpinned by strong local demand (rather than speculation) and a robust economic environment.

The Polish Zloty exchange rate against Sterling ended 2010 at 4.62, which was remarkably similar to the rate at the end of the previous year (4.63 Polish Zloty to the £). The current exchange rate has strengthened to around 4.45 at the time of writing. A number of investors have asked whether we would revert to hedging the currency exposure of the portfolio and this is under continual review between my fellow Directors and the Principal Manager, but to date the liquidity required to hedge is prohibitive given the liquidity constraints of the Cell.

The portfolio has been split into a "core holding" where the apartments are to be held and rented as the developments have good longer term prospects and a secondary portfolio where the apartments are being actively sold to meet liquidity needs or are still in the completion phase.

Chairman's statement (continued)

Poland Geared Growth Cell (continued)

Within the portfolio, significant progress has been made during the year so that at the time of writing the Cell has no external developer risk and the core portfolio is likely to be fully rented and therefore income generating within the near future. The first stage of Platinum Towers has been fitted out and rented (the second stage is due to complete shortly); Bruna and Atelier have also been completed and are now mostly rented and only Jesionowa, where the Cell has recently appointed King Sturge as property manager, has apartments being marketed to rent. Once completely rented the core portfolio will generate a gross rental income of PLN 5m pa for the Cell. There are still 5 developments that need to be built out and these are being dealt with one at a time as Cell liquidity permits.

A more aggressive sales policy has been adopted with 36 apartments sold in the year generating the liquidity to Company the fit outs and running costs of the Cell. Over the latter part of 2010 and the early part of 2011, it has been noticeable that the discounts on selling price have tightened and some of the apartments are now being sold again at decent premia to their valuations.

Looking forward we have recently signed a loan agreement with a leading Polish bank for a PLN15.4m facility which should permit the Cell to make further progress on the outstanding developments and in a move to reposition the Company for future growth the Investment Adviser will be looking to expand the portfolio base into small commercial developments where yields are greater than for the residential market, whilst maintaining the core portfolio as referred to above. Once the expanded portfolio is rented, the Directors and Principal Manager intend to examine the possibilities of paying regular income to investors from the higher expected yields.

In light of the above and combined with the more favourable market for realising sales, the Cell is proposing to start making partial redemption payments following the end of June valuation to those investors first in the queue funded by surplus sales proceeds.

So in conclusion for 2011 we will look to further position the Cell for the future by:

- Raising further bank debt in Poland to enable the portfolio to diversify the asset base into small commercial units and develop outstanding sites if appropriate;
- Utilise liquidity from the sale of non-core properties to fund the running costs of the Poland Cell and start making redemption payments;
- In light of the above objectives, look to re market the Cell to new investors as and when liquidity is demonstrated to be generated.

During the year the directors conducted an operating cost reduction program resulting in audit, management, promotion, performance and principal manager director fees reductions.

Romania Geared Growth Cell

The Romanian economy has been and continues to be affected badly by the financial crisis. Romanian GDP contracted by around 1.2% in 2010, although this was slightly better than had been forecast during the year and a significant improvement on the greater than 7% contraction in 2009. 2011 is forecast to show a further improvement to a positive 1.0-1.5% and potentially 4% in 2012.

Unemployment continued to rise in 2010 and inflation peaked at around 8% following the mid year increase in VAT from 19% to 24% along with food and fuel price rises.

There continues to be a lack of activity in the residential property market and as a result the portfolio has suffered a mark down of some 33% over the year in Euro terms. The Cell continues to carry one of the developments, Sunnyside, at nil valuation because little progress has been made with the developer during the period to complete the build. Subsequent to the year end, the outstanding developer payments on Green Vista have been finalised and the Cell has taken possession of 9 apartments as opposed to the original 10.

As investors are aware the Directors have during the year implemented an operating cost reduction program, reducing audit, management, promotion, administration, performance, Director and custodian costs, in order to reduce running costs of the Cell. In view of the difficult market conditions in Romania and the small size of the fund, the Directors have been considering the economic viability of the Cell. Unfortunately, the option of re-capitalising the Cell has not been possible due to the lack of support from existing and new investors for raising additional funds. Bearing in mind the small size of the Cell and the difficulty in the residential property market in Romania the Directors are now reviewing several options to wind up the Romania Cell in an orderly fashion. The Directors will be informing investors of the next steps at the earliest opportunity.

Going Concern

As outlined in note 4m of the financial statements, it is the Directors' opinion that the Group as a whole has adequate resources to continue as a going concern for the foreseeable future. For these reasons, the Group has continued to adopt the going concern basis in preparing the financial statements. During the year, the directors together with service providers agreed to reduce operating costs for both cells, these fee reductions are shown in notes 5, 7, 8, 9, 10, 11.

Anthony Hall
Chairman

Date: 29 June 2011

Board of Directors

Mr Anthony Hall

Mr Hall was joint CEO and Managing Director of Rea Brothers Group Plc between 1988 and 1995 and subsequently became Chairman of Rea Brothers (Guernsey) Limited before his retirement in 1996. He was the Chairman of the Association of Guernsey Banks in 1994, he is a Fellow of the Institute of Directors, and an associate of the Chartered Institute of Bankers and holds a number of directorships of offshore equity, equity derivative, bond and hedge funds. His wide experience of investment funds and his long career in offshore banking makes him ideally suited to act as Chairman of the Scheme's board of directors. Mr Hall is a Guernsey resident.

Mr Paul Duquemin

Mr Duquemin is Managing Director of Ardel Fund Services Limited (formerly Bachmann Fund Administration Limited). Prior to joining Ardel in 2005, Mr Duquemin had been a director of BISYS Fund Services (Guernsey) Limited. He has over 20 years experience in offshore finance, mostly in fund administration with Rothschild Asset Management and BISYS Fund Services. He is a member of the Institute of Directors and holds the IOD Diploma in Company Direction. He also currently holds a number of directorships of offshore funds and companies. Mr Duquemin is a Guernsey resident.

Dr Katrina Tarizzo

Dr Katrina Tarizzo PhD acts as a Director and a major shareholder for several companies involved in financial services, property and container shipping. She is a Doctoral graduate of the London Business School and has a wealth of international business experience. She was a founding Director of The Share Centre Limited, an FSA regulated retail stockbroker; a founding Director and major shareholder of Johnson Fry Privatisations Limited (part of Johnson Fry PLC and now Legg Mason) involved in IPOs for the UK and French privatisation programmes and a Director of Connaught St. Michaels Registrars Limited which subsequently became part of IRG, now Capita IRG. Dr Tarizzo is a UK resident.

Directors' report

The Directors present their annual report and consolidated audited financial statements of City Life PCC Limited (formerly Curzon Capital PCC Limited), which is incorporated in Guernsey, for the year ended 31 December 2010.

Incorporation

The Company was incorporated on 13 June 2005 and commenced operations on 27 March 2006.

Principal activity

The Poland Geared Growth cell of City Life PCC Limited provides a listed, debt-geared, diversified exposure to the Polish property market through the acquisition "off-plan" of newly-built apartments in Poland's major cities, with the objective of achieving long-term capital growth. The investment strategy reflects the many economic and demographic changes occurring in Poland that should, in the Principal Manager's view, drive residential property prices in the main cities. This cell was listed on the Channel Islands Stock Exchange on 2 June 2006.

The Romania Geared Growth cell of City Life PCC Limited provides an opportunity to "bulk Buy" Romanian residential properties "off plan" directly from property developers or other investors with the objective of achieving long-term capital growth. The investment strategy is to maximise gross development yields and to reduce risk through property diversification main cities.

The Directors formally resolved to wind up the Romanian Geared Growth Cell on 27 June 2011.

The Romania Geared Growth cell was created in August 2007 and was listed on the Channel Islands Stock Exchange on 22 August 2008. On the 29 June 2011 the Directors resolved to suspend the shares of the Romanian Geared Growth Cell.

Results and dividends

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 11.

The Directors do not intend to declare a dividend for the year (2009: Nil).

Listing requirements

Throughout the accounting period the Company complied with the conditions set out in the Channel Island Stock Exchange Rules for Companies.

Directors

The Directors during the year and to date were as stated on page 2.

Directors shall not be subject to retirement by rotation at least every three years. No person shall be or become incapable of being appointed as a director by reason of having attained the age of 70 or any other age and no director will be required to vacate his office at any time by reason of the fact that he has attained the age of 70 or any other age.

Directors Statement

So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware having taken all the steps the directors ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of the information.

Directors' fees

During the year the Directors received remuneration in the form of fees as stated in note 11.

There are no service contracts in existence between the Company and any of the Directors.

Directors' interests

Dr Katrina Tarizzo indirectly owns 119,742.07 (2009: 93,290.46) and Tony Hall directly owns 63,492.06 (2009: Nil) redeemable ordinary shares of the Poland Geared Growth Cell. Paul Duquemin is Managing Director of the Administrator. The fees paid to Ardel Fund Services Limited are disclosed in note 7 to the financial statements.

Auditors

A resolution to re-appoint Ernst & Young LLP as auditors will be put to the members at the next Annual General Meeting.

By order of the board	Date 29 June 2011
Anthony Hall Chairman	Paul Duquemin Director

Statement of Directors' responsibilities

The Directors are responsible for preparing the financial statements in accordance with applicable Guernsey Law and generally acceptable accounting principles.

Guernsey company law requires the Directors to prepare financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the profit and loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company or the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements have been properly prepared in accordance with the Companies (Guernsey) Law, 2008 and The Collective Investment Schemes (Class B) Rules 1990 . They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Custodian

During the year ended 31 December 2010, Stratton Street Capital (CI) Limited, replaced Curzon Capital Investment Management Limited, on the 10 February 2010. In our opinion the Principal Manager, did manage City Life PCC Limited (the Company):

a) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the principal documents, by the scheme particulars and by The Protection of Investors (Bailiwick of Guernsey) Law 1987 as amended; and

b) in accordance with the provisions of the principal documents and the Collective Investment Schemes (Class B) Rules 1990.

BNP Paribas Trust Company (Guernsey) Limited

Date: 29 June 2011

Independent auditor's report
to the members of City Life PCC Limited

We have audited the financial statements of City Life PCC Limited for the year ended 31 December 2010 which comprise the consolidated Statement of Comprehensive Income, the consolidated Statement of Financial Position, the consolidated Statement of Changes in Net Assets attributable to Holders of Redeemable Ordinary Shares, the consolidated Statement of Cash Flows and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as endorsed by the European Union.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008 and Paragraph 4.02(3) of the Collective Investment Schemes (Class B) Rules, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited consolidated financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as endorsed by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008, the Collective Investment Schemes (Class B) Rules, 1990 and the principal documents.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP
Guernsey, Channel Islands

Date: 29 June 2011

Consolidated statement of comprehensive income for the year ended 31 December 2010

	Notes	Poland Geared Growth Cell Year ended 31 Dec 2010 *GBP*	Romania Geared Growth Cell Year ended 31 Dec 2010 *GBP*	Total Year ended 31 Dec 2010 *GBP*	Total Year ended 31 Dec 2009 *GBP*
Income					
Bank interest receivable		13,303	1,454	14,757	10,910
Unrealised gain / (loss) on investment properties	18	220,466	(671,120)	(450,654)	(158,410)
Loss on sale of investment properties	18	(426,304)	-	(426,304)	(356,960)
Impairment on advances on investment property	17	(326,689)	-	(326,689)	-
Rental income	12	428,576	24,743	453,319	341,040
Commissions received		34,248	-	34,248	31,895
Other income		210,062	1,963	212,025	112,604
Total income / (loss)		153,662	(642,960)	(489,298)	(18,921)
Expenditure					
Loan and bank interest paid	25/27	449,442	-	449,442	340,288
Administration fees	7	421,532	65,196	486,728	345,675
Management fees	8	985,791	30,823	1,016,614	1,105,035
Custodian fees	10	49,829	24,932	74,761	83,231
Professional fees		592,370	136,644	729,014	569,543
Director's fees and expenses	11	33,445	26,989	60,434	125,630
Other expenses	13	524,412	99,233	623,645	893,525
Provision against investment advances	17	-	45,979	45,979	282,269
Provision for liquidation costs		-	15,000	15,000	-
Disposal costs		-	28,584	28,584	-
Losses on other foreign currency transactions	4(d)	97,649	33,385	131,034	1,059,801
Total expenditure		3,154,470	506,765	3,661,234	4,804,997
Loss for the year		(3,000,808)	(1,149,725)	(4,150,532)	(4,823,918)
Other comprehensive loss					
Exchange differences arising on translation of foreign operations		(18)	(178,385)	(178,403)	(2,265,436)
Change in net assets attributable to holders of redeemable ordinary shares		(3,000,825)	(1,328,110)	(4,328,935)	(7,089,354)
Loss for the holders of redeemable ordinary shares - basic and diluted (pence per share)					
Poland Geared Growth Cell	14	(6.70)			(13.61)
Romania Geared Growth Cell	14		(29.65)		(21.53)

The accompanying notes 1 to 34 form an integral part of these financial statements.

Consolidated statement of financial position as at 31 December 2010

	Notes	Poland Geared Growth Cell As at 31 December 2010 *GBP*	Romania Geared Growth Cell As at 31 December 2010 *GBP*	Total As at 31 December 2010 *GBP*	Total As at 31 December 2009 *GBP*
Non-current assets					
Advances on investment properties	17	18,125,874	-	18,125,874	25,235,489
Investment properties	18	24,124,661	-	24,124,661	24,394,330
		42,250,535	-	42,250,535	49,629,819
Current assets					
Advances on investment properties	17	-	162,895	162,895	-
Investment properties	18	-	1,237,705	1,237,705	-
Trade and other receivables	20	1,527,080	289,288	1,816,368	2,579,025
Cash and cash equivalents	21	1,326,802	43,182	1,369,984	2,862,852
		2,853,882	1,733,070	4,586,952	5,441,877
Assets classified as held for sale	19	4,920,829	-	4,920,829	-
Total assets		50,025,246	1,733,070	51,758,316	55,071,696
Current liabilities					
Trade and other payables	22	(3,766,589)	(129,757)	(3,896,346)	(3,836,663)
Bridge loans	27	(165,000)	-	(165,000)	-
Bank loan	26	-	-	-	(196,341)
Non Current Liabilities					
Bank loan	26	(6,537,316)	-	(6,537,316)	(5,608,009)
Total liabilities		(10,468,905)	(129,757)	(10,598,662)	(9,641,013)
Liabilities directly associated with assets classified as held for sale	19	(28,821)	-	(28,821)	-
Net assets attributable to holders of Redeemable ordinary shares		39,527,520	1,603,313	41,130,833	45,430,683
NAV per redeemable ordinary share (pence per share)					
Poland Geared Growth Cell	24	88.10			94.79
Romania Geared Growth Cell	24		35.79		65.44
NAV per redeemable ordinary share at launch (pence per share)					
Poland Geared Growth Cell		100.00			100.00
Romania Geared Growth Cell			100.00		100.00

These financial statements on pages 11 to 40 were approved by the Board of Directors on 29 June 2011 and signed on behalf of the Board by

Anthony Hall — Chairman

Paul Duquemin — Director

The accompanying notes 1 to 34 form an integral part of these financial statements.

Consolidated statement of changes in net assets attributable to holders of redeemable ordinary shares for the year ended 31 December 2010

	Note	Poland Geared Growth Cell GBP	Romania Geared Growth Cell GBP	Net Assets Attributable to holders of Redeemable Ordinary Shares GBP
As at 1 January 2009		48,662,615	3,922,721	52,585,336
Change in net assets attributable to holders of redeemable ordinary shares		(6,095,689)	(993,665)	(7,089,354)
Issue of redeemable ordinary shares		50,083	20,215	70,298
Share issue costs		(116,666)	(18,931)	(135,597)
As at 31 December 2009		42,500,343	2,930,340	45,430,683
Change in net assets attributable to holders of redeemable ordinary shares		(3,000,826)	(1,328,110)	(4,328,936)
Issue of redeemable ordinary shares	23	28,003	1,083	29,086
As at 31 December 2010		39,527,520	1,603,313	41,130,833

The accompanying notes 1 to 34 form an integral part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2010

	Note	Poland Geared Growth Cell Year ended 31 December 2010 *GBP*	Romania Geared Growth Cell Year ended 31 December 2010 *GBP*	Total Year ended 31 December 2010 *GBP*	Total Year ended 31 December 2009 *GBP*
Loss for the year		(3,000,808)	(1,149,725)	(4,150,533)	(4,823,918)
Unrealised (loss) / gain on investment property		(220,466)	671,120	450,654	158,410
Loss on sale of investment property		426,304	-	426,304	356,960
Finance income		(13,303)	(1,454)	(14,757)	(10,910)
Interest expense		449,442	-	449,442	340,288
Lease incentive		(130,825)	-	(130,825)	-
Disposal costs		-	28,584	28,584	-
Property impairment		326,689	-	326,689	
Provision against investment advances		-	(45,960)	(45,960)	282,269
Operating cash flows before movements in working capital		(2,162,967)	(497,435)	(2,660,402)	(3,696,901)
Decrease / (increase) in receivables		678,091	84,566	762,657	(2,154,909)
(Decrease) / increase in payables		96,874	(8,370)	88,504	1,918,836
Net cash outflow from operating investment activities		(1,388,002)	(421,239)	(1,809,241)	(3,932,974)
Investment activities					
Advances on Investment Properties - additions		(1,769,465)	-	(1,769,465)	(818,060)
Advances on Investment Properties - disposals		73,743	-	73,743	400,053
Investment property - additions		(437,220)	(3,191)	(440,411)	(1,347,426)
Proceeds from sale of investment properties		2,612,338	-	2,612,338	3,712,690
Net cash inflow / (outflow) from investment activities		479,396	(3,191)	476,205	1,947,257
Financing activities					
Proceeds on issue of shares		28,004	1,083	29,087	70,293
Costs incurred on issue of shares		-	-	-	(135,597)
Interest income received		13,303	1,454	14,757	10,910
Interest paid		(449,442)	-	(449,442)	(340,288)
Bridging loan received		165,000	-	165,000	-
Bank loan received		732,967	-	732,967	736,298
Net cash inflow from financing activities		489,832	2,537	492,369	341,616
Net cash outflow for the year		(418,774)	(421,893)	(840,667)	(1,644,101)
Cash and cash equivalents at start of year		2,302,876	559,976	2,862,852	3,076,095
Effect of foreign exchange rates		(557,300)	(94,901)	(652,200)	1,430,858
Cash and cash equivalents at end of year	21	1,326,802	43,182	1,369,984	2,862,852

The accompanying notes 1 to 34 form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 December 2010

1 CORPORATE INFORMATION

City Life PCC Limited (formerly Curzon Capital PCC Limited) ("the Company" or "Fund") together with its subsidiaries ("the Group") is a Protected Cell Company incorporated in Guernsey. The address of the registered office is shown on page 2.

The Company is a Protected Cell Company in accordance with the provisions of the Companies (Guernsey) Law, 2008 as amended. The assets of the Company can be either cellular assets or non-cellular assets. The assets attributable to a cell comprise assets represented by the proceeds of cell share capital, reserves and any other assets attributable to that cell. The non-cellular assets comprise the assets of the Company which are not cellular assets. Where a liability arises from a transaction in respect of a particular cell, and there are insufficient assets within this cell, there will be no recourse to the assets of any other cell, or the non-cellular assets.

The Poland Geared Growth Cell ("Poland Cell"), a Cell within City Life PCC Limited provides a listed, debt-geared, diversified exposure to the Polish residential property market through the acquisition of newly built "off-plan" apartments in Poland's major cities, with the investment objective of achieving long-term capital growth.

On 10 February 2009 the Poland Cell acquired a 100% subsidiary, City Living Polska SP. Z.O.O. a management company registered and incorporated in Poland.

On 5 October 2010 the Poland Cell acquired a 100% subsidiary, City Living Development Polska SP. Z.O.O. a management company registered and incorporated in Poland.

The Romania Geared Growth Cell ("Romanian Cell"), a Cell within City Life PCC Limited provides a listed, debt-geared, diversified exposure to the Romanian residential property market through the acquisition of newly built "off-plan" apartments in Romania's major cities, with the investment objective of achieving long-term capital growth.

On 4 September 2007 the Romania Cell acquired a 100% subsidiary, Rominvest (Luxembourg) sarl ("Rominvest"), an investment property holding company registered and incorporated in Luxembourg. Rominvest acquired, at the same date, the entire share capital of Iflak Holdings SRL ("Iflak"), a property investment company registered and incorporated in Romania.

Funds raised on the placing of shares at the launch of the Romanian Cell were provided to Iflak in the form of equity and loans, in order for Iflak to acquire apartments in Romania.

The initial offer period of the Romanian Cell commenced on 20 June 2008. The shares were listed on the Channel Islands Stock Exchange on 22 August 2008 and the first dealing date was 31 October 2008.

2 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except for investment property and forward foreign currency contracts.

(2.1) Basis of preparation

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") which comprise standards and interpretations issued by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standing Interpretations approved by the International Financial Reporting Interpretation Committee that remain in effect and to the extent they have been adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company's accounting policies.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates and underlying assumptions are reviewed on an ongoing basis.

Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 3.

Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision only affects that year, or in the year of the revision and future years if the revision affects both current and future years.

Notes to the financial statements
for the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(2.2) Changes in accounting policies and disclosure:

New and amended standards and interpretations

The same accounting policies, presentation and methods of computation are followed in these consolidated financial statements as were followed in the previous financial year. The adoption of the following new standards, amendments and interpretations effective from 1 January 2010, has not had any impact on the financial position or performance of the Group:

- IFRS 1: First-time Adoption of International Financial Reporting Standards – New Structure
- IFRS 1: First-time Adoption of International Financial Reporting Standards – Additional exemptions (Amendments)
- IFRS 2: Group Cash-settled Share-based Payment Arrangements (Amendments) - for account periods commencing on or after 1 January 2010
- IFRS 3: Business combinations (Revised) - for account periods commencing on or after 1 July 2009
- IAS 27: Consolidation and Separate Financial Statements (Amendment) - for account periods commencing on or after 1 July 2009
- IAS 39: Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009
- IFRS 12: Service Concessions - for accounting periods commencing on or after 28 March 2009
- IFRIC 15: Agreements for the Construction of Real Estate – for accounting periods commencing on or after 31 December 2009
- IFRIC 17: Distribution to non-cash assets to owners – for accounting periods commencing on or after 1 July 2009
- IFRIC 18: Transfers of Assets from Customers – effective from 1 July 2009

When the adoption of the standard or interpretation may have an impact on the financial statements or performance of the Company, its impact is described below:

IFRS 2: Share-based Payment (Revised)
The International Accounting Standards Board ("IASB") issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. The Group adopted this amendment as of 1 January 2010. It did not have an impact on the financial position or performance of the Company.

IFRS 3: Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)
IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of noncontrolling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

IAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010. The change in accounting policy did not have any material impact on earnings per share.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as it has not entered into any such hedges.

IFRIC 17 Distribution of Non-cash Assets to Owners
This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on the financial position nor performance of the Company.

IFRIC 18: Transfer of Assets from Customers
The International Financial Reporting Interpretations Committee ("IFRIC") issued IFRIC Interpretation 18 in January 2009. IFRIC 18 provides guidance on accounting for transfers of assets, where cash is used to purchase those items of plant, property and equipment, which an entity receives from a customer, which is either used to connect the customer to a network, or provide the customer ongoing access to a supply of goods and services. The interpretation is effective prospectively to transfers of assets from customers received on or after 1 July 2009. The interpretation has no effect on the financial position or performance of the Group.

Improvements to IFRS

In May 2008 and April 2009, the IASB issued an omnibus of amendments to its standards, primarily with a view to removing inconsistences and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies, but did not have any impact on the financial position or performance of the Group.

Notes to the financial statements
for the year ended 31 December 2010

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(2.2) Changes in accounting policies and disclosure (continued):

Issued in May 2008

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations

Issued in April 2009
- IFRS 2: Share-based payment
- IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
- IAS 1: Presentation of Financial Statements
- IAS 7: Statement of Cash Flows
- IAS 17: Leases
- IAS 34: Interim Financial Reporting
- IAS 36: Impairment of Assets
- IAS 38: Intangible Assets
- IAS 39: Financial Instruments: Recognition and Measurement
- IFRC 9: Reassessment of Embedded Derivatives
- IFRIC 16: Hedge of a Net Investment in a Foreign Operation

At the date of approval of these financial statements, the following standards and interpretations, which have not been applied, were in issue but not yet effective:

- IAS 24: Related party disclosures – for accounting periods commencing on or after 1 January 2011
- IFRS 9: Financial instruments – for accounting periods commencing on or after 1 January 2013
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments – for accounting periods commencing on or after 1 July 2010
- IFRIC 14: Prepayments of a minimum funding requirement - for accounting periods commencing on or after 1 January 2011
- IAS 32 amendments: Classification of rights issues – for accounting periods commencing on or after 1 February 2010
- IFRS 1 amendments: Limited exemption from comparative IFRS 7 disclosures – for accounting periods commencing on or after 1 July 2010
- IFRS 7: Disclosures – Transfer of financial assets - for accounting periods commencing on or after 1 July 2011
- IAS 12: Income Taxes – Tax recovery of underlying assets (Amendment)
- IAS 39: Financial Instruments: Recognition and Measurement – Classification of rights issues
- 2010 improvements to IFRS

The Directors anticipate that the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Company. These standards and interpretations will be adopted when they become effective.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors. The Group is required to determine whether a property qualifies as investment property. The Group considers when the property is in a condition which will allow the generation of cash flows from its rental or disposal that the property is no longer a property under development but is an investment property.

3.1 Critical accounting estimates and assumptions
Management is required to make estimates and assumptions concerning the future. The resulting accounting estimates seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Estimate of fair value of investment properties
The Principal Manager engages the services of BRE Bank Hipoteczny SA plus other valuation agents as relevant for the Poland Geared Growth Cell and SHM Smith Hodgkinson (Romania) on behalf of the Romanian Geared Growth Cell as the valuation agent to assist in their assessment of the fair values of investment properties and of any impairment in the value of advances in investment property made. All properties and developments are revalued on a quarterly basis by appropriately qualified, independent valuers. Valuations are prepared in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards. The valuation basis used is an open market comparison approach. Any assumptions made by the valuer are reviewed by the Board and the Principal Manager for their reasonableness.

(b) Review of impairment of advances on investment property
The Group's main activity is the purchase of "off-plan" apartments and their subsequent rental. The Group continually reviews the net realisable value of its advances on investment properties against the cumulative costs that are held on its Consolidated statement of financial position. BRE Bank Hipoteczny SA and SHM Smith Hodgkinson (Romania) plus other valuation agents as relevant have been appointed as the valuation agents to assess the fair value of its properties on a quarterly basis.

Notes to the financial statements
for the year ended 31 December 2010

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(c) Recoverability of VAT

Regulations regarding VAT are subject to frequent changes. These changes can result in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax may be subject to inspection by administrative bodies authorised to impose high penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with high interest. As outlined in note 20 and 22 the above circumstances mean that tax exposure is significantly greater in countries that have a less established taxation system. Tax settlements may become subject to inspection by tax authorities within a period of five years. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 December 2010. Control is achieved where the Company has the power to govern the financial and operating activities of an investee entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies as adopted by the Group in regard of translation of subsidiaries.

(b) Income

Income is measured at the fair value of the consideration received or receivable.

Interest income is recognised on a time apportioned basis using the effective interest method.

Rental income and lease incentives from investment property leased out is recognised in the Consolidated statement of comprehensive income on a straight line basis over the term of the lease. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

(c) Expenses

Expenses are measurable at the fair value of the consideration paid or payable and are recognised in the Consolidated statement of comprehensive income on an accruals basis.

(d) Foreign exchange

Monetary Assets and Liabilities are translated into Sterling at the rate of exchange ruling on the last day of the Company's financial period. Foreign currency transactions are translated at the rate of exchange ruling on the date of the transaction. Profits and losses arising on currency translation are included in the Consolidated statement of comprehensive income. Hedge accounting is not used.

Other exchange gains and losses on translation of subsidiaries are shown separately in the Consolidated statement of comprehensive income under the heading of 'Losses on other foreign currency transactions'. The exchange differences on consolidation for each Cell are aggregated to arrive at the total Group translation reserve at the reporting date. The gains and losses on consolidation have no effect on the value of the net assets allocated to the individual Cells.

Transactions during the period are translated at the rate of exchange ruling at the end of each reporting period.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(e) Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and short term deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Notes to the financial statements
for the year ended 31 December 2010

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Functional and presentation currency

The functional and presentation currency of the Company is Pounds Sterling as this is the currency in which the Group raises capital, the Group's shares are traded and the key performance measures are established.

(g) Advances on investment property

Properties in the course of construction for future rent, over which the Group does not yet hold title, are accounted for as cash advances for investment properties until the date that title passes to the Group, at which point they will become Investment property and will be carried on the same basis as other investment property assets.

Advances on investment properties are carried at cost, less any recognised impairment loss. Cost comprises all cash advances provided to the developers of each property project.

The Group has appointed BRE Bank Hipoteczny SA plus other valuation agents as relevant, and SHM Smith Hodgkinson (Romania) SRL as principal property valuers, to prepare valuations on a quarterly basis for the properties and developments held and these are used to ensure that any impairment is accounted for in advances on investment property.

An impairment review is undertaken on the advances on investment property by the Directors on an annual basis.

(h) Investment property

Properties which are held for the long term, to earn rentals and/or for capital appreciation are accounted for under International Accounting Standard 40 "Investment Property". Such properties are initially stated at cost, including any related transaction costs. After initial recognition, investment properties are carried at their fair value based on professional valuations. Gains or losses arising from changes in the fair value of investment properties are included in the Consolidated statement of comprehensive income in the period in which they arise.

Investment properties are derecognised when they are disposed of which occurs when the Group has transferred substantially all the risks and rewards of ownership.

Any gains or losses on disposal of an investment property are recognised in the Consolidated statement of comprehensive Income in the period of disposal.

(i) Impairment

The carrying amounts of the Group’s assets, excluding investment property but including advances on investment property, are reviewed for impairment at each reporting date. If any indication of impairment of the value of these assets exists, the recoverable amount of the asset is assessed. An impairment loss is recognised in the Consolidated statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable value of an asset is assessed by obtaining an independent assessment of its market value less any costs that would be incurred to realise its value.

(j) Taxation

Current tax arises in jurisdictions other than Guernsey, it is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantially enacted at the reporting date. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities.

City Life PCC Limited is a open ended investment scheme and is therefore exempt from taxation in Guernsey.

Tax arises in Luxembourg in respect of the intermediate holding companies. This is limited to net wealth tax as losses were recognised for the period in those subsidiaries.

There is no local tax arising in Poland on rental income, a position which was confirmed by a local tax ruling. Therefore the Polish fund is not liable for tax in this regard.

The Romanian Fund is liable to Romanian corporation tax at a rate of 16%.

(k) Deferred Taxation

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that taxable profits will be available against which the future reversal of the underlying temporary differences can be deducted.

Notes to the financial statements
for the year ended 31 December 2010

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Deferred Taxation (continued)

Temporary differences principally arise from using different balance sheet values for assets and liabilities other than their respective tax base values. Deferred tax is provided in respect of all these taxable temporary differences at the reporting date.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets or liabilities.

(l) Forward foreign exchange contracts

These contracts are measured at fair value on initial recognition and subsequently remeasured to fair value. Any gains or losses arising from these contracts are included in the Consolidated statement of comprehensive income in the period in which they arise. Hedge accounting is not used.

(m) Going concern

During the year, the Directors together with service providers agreed to reduce operating costs for both cells, these fee reductions are shown in notes 5, 7, 8, 9, 10, 11.

Poland Geared Growth Cell

The Directors have considered the Group's cash flow projections for a period of no less than 12 months from the date of approval of these consolidated financial statements together with the Group's borrowing facilities, commitments and requested redemptions. These projections show that the Group will be able to meet its liabilities as they fall due in the light of the Director's ability to suspend redemption requests from shareholders.

Romania Geared Growth Cell

In view of the difficult market conditions in Romania and the small size of the fund, the Directors have been considering the economic viability of the Cell. Unfortunately, the option of re-capitalising the Cell has not been possible due to the lack of support from existing and new investors for raising additional funds. Bearing in mind the small size of the Cell and the difficulty in the residential market in Romania the Directors resolved on the 27 June 2011 to wind up the Romania Cell in an orderly fashion. The Directors will be informing the investors of the next steps at the earliest opportunity.

Group going concern position

Having given careful consideration to the current cash flow position and financial viability of the Group, the Directors are of the opinion that the cash requirements of the Group as a whole will be met over the coming months.

Accordingly the consolidated financial statements have been prepared on the going concern basis.

(n) Redeemable ordinary shares

Redeemable ordinary shares are redeemable at the shareholders' option and are classified as financial liabilities.

The liabilities arising from the redeemable ordinary shares are carried at the redemption amount being the net asset value calculated in accordance with the prospectus.
For the purpose of calculating the net assets attributable to redeemable ordinary shareholders in accordance with the Fund's redemption requirement, the Fund's assets and liabilities are valued at a single price.
The Cells issue shares at the net asset value of the existing redeemable ordinary shares. The holder of redeemable ordinary shares can redeem them, in accordance with redemption requirement as set out in the Investment Memorandum, for cash equal to the Fund's net asset value.
The Cells net asset value per redeemable ordinary share is calculated by dividing the net assets attributable to redeemable ordinary shareholders (calculated in accordance with redemption requirements as set out in the Investment Memorandum) by the number of shares in issue.

5 CO-DISTRIBUTORS FEE AND PROMOTERS FEE

Poland Geared Growth Cell
The co-distributors fee is calculated as 0.5% of the subscription proceeds of the Poland Geared Growth Cell, only where there is a co-distributor.

Up to the 10 February 2010, the Promoter's fee was calculated as 3.25% of all funding raised by the Promoter including all subscriptions received by the Poland Geared Growth Cell, all gearing loans committed as part of the property purchase transactions (but not necessarily drawn down) and all funding from any other source. Since the 10 February 2010 this fee was reduced to 1.3% shared between Tarizzo Limited 0.3% and other parties 1% (eg Skarbiec or Stratton). For new subscriptions a fee of 1.65% is shared between the Principal manager 1.15% and Tarizzo Limited 0.5%. If a co -promoter is appointed the fee increases by 0.85%. The Promoter's fee is payable by the Poland Geared Growth Cell in the month following the relevant dealing date.

Notes to the financial statements
for the year ended 31 December 2010

5 CO-DISTRIBUTORS FEE AND PROMOTER'S FEE (continued)

Romania Geared Growth Cell
The co-distributor's fee is calculated as 0.5% of the subscription price of the Romania Geared Growth Cell, only where there is a co-distributor.

Up to 10 February 2010 the Promoter's fee was calculated as 3.25% of all funding raised by the Promoter including all subscriptions received by the Romania Geared Growth Cell, all gearing loans committed as part of the property purchase transactions (but not necessarily drawn down) and all funding from any other source. As from the 10 February 2010, a fee of 1.15% on new subscriptions is payable to Stratton, if a co-Promoter is appointed this fee increase by 0.85% payable to Stratton and a further 1% to whoever brings in the funds. The Promoter's fee is payable by the Romania Geared Growth Cell in the month following the relevant dealing date.

Promoters and co-distributors fees that are directly related to the issue of shares have been deducted from the proceeds received. Where loans have been used as a source of funding then the related Promoters and co-distributors fees are shown in the Consolidated statement of comprehensive income.

6 PRELIMINARY EXPENSES

The Scheme's Information Memoranda require the dealing valuation, for the purposes of subscriptions and redemptions, of the Protected Cell Company ("PCC") the fund's net assets to include preliminary expenses incurred in the establishment of the Cells, such expenses to be amortised over the first five annual accounting periods. However, this accounting treatment is not permitted under IFRS and has been adjusted accordingly within these financial statements such that the preliminary expenses are fully written off as incurred.

7 ADMINISTRATION FEES

Poland Geared Growth Cell
Under an Administration Agreement the Administrator (Guernsey) is entitled to receive an annual administration fee from the Poland Geared Growth Cell at a rate as may be agreed in writing from time to time between the Company and the Administrator. From 10 February 2010 the fee is 0.2% per annum (previously 0.2% per annum) of the Net Asset Value of the Fund up to GBP50 million decreasing to 0.15% per annum (previously 0.15% per annum) of the Net Asset Value of the Fund above GBP50 million, subject to a minimum fee during the year of GBP84,920 (2008: GBP83,920) per annum plus disbursements. The above ongoing fees are subject to annual review and a minimum increase by the latest published Retail Price Index ("RPI") in Guernsey upon the anniversary date of the Administration Agreement.

The Administrator (Luxembourg) is entitled to receive an administration fee of Euro 9,225 per annum plus any time related charges.

The Administrator (Skarbiec) is entitled to a fixed quarterly charge of PLN 25,000 plus a percentage for administration, this fee is deducted from their management fee.

Romania Geared Growth Cell
Under an Administration Agreement the Administrator (Guernsey) is entitled to receive an annual administration fee from the Romania Geared Growth Cell at a rate as may be agreed in writing from time to time between the Company and the Administrator. From the 10 February 2010 the fee is 0.2% per annum of the Net Asset Value of the Fund up to GBP50 million (previously 0.2% per annum). The Net Asset Value of the Fund above GBP50 million, is 0.15% per annum (previously 0.15% per annum) subject to a minimum fee of GBP80,000 per annum plus disbursements. From the 1 April 2010 until 31 March 2011 this was reduced to £50,000 per annum.

The above ongoing fees are subject to annual review and a minimum increase by the latest published RPI in Guernsey upon the anniversary date of the Administration Agreement.

The Administrator (Luxembourg) is entitled to receive an annual administration fee of Euro 20,000 per annum thereafter plus any time related charges.

Under an Administration Agreement the Administrator (Romania) is entitled to receive an annual administration estimated to be in the sum of approximately Euro 12,000 per annum. The fee is dependent on the amount of activity generated by the Romanian Holding Company and the level of fee could therefore vary. The fee is also subject to annual review.

8 MANAGEMENT FEES

Poland Geared Growth Cell
Up to 10 February 2010 the Principal Manager, the Fund Manager (Poland) - Skarbiec TFI SA and Polish Administrator - Skarbiec Asset Management Holdings SA and the Fund Manager- Tarizzo Limited were entitled to receive payment of a management fee at a percentage of the Gross Asset Value ("GAV") of the Cell per quarter, calculated as at each dealing date. If the GAV of the Cell is greater than or equal to GBP30 million management fee is split as follows:

Principal Manager	0.84% of the GAV
Tarizzo Limited	0.21% of the GAV
Administrator / Fund Manager (Poland)	0.45% of the GAV

Notes to the financial statements
for the year ended 31 December 2010

8 MANAGEMENT FEES (continued)

Poland Geared Growth Cell (continued)
As from 10 February 2010 the split is as follows

Principal Manager	0.59% of the GAV (minimum £206,000 pa)
Tarizzo Limited	0.21% of the GAV
Administrator / Fund Manager (Poland)	0.45% of the GAV

If the GAV of the Poland Cell is less than GBP30 million management fee is split as follows:

Principal Manager	0.76% of the GAV
Tarizzo Limited	0.19% of the GAV
Administrator / Fund Manager (Poland)	0.55% of the GAV

As from 10 February 2010 the split is as follows

Principal Manager	0.51% of the GAV (minimum £206,000 pa)
Tarizzo Limited	0.19% of the GAV
Administrator / Fund Manager (Poland)	0.55% of the GAV

The payment of this fee is due to the Principal Manager within 14 days of the management fee being debited from the Poland Geared Growth Cell in accordance with the Information Memorandum.

Romania Geared Growth Cell
The Principal Manager is entitled to receive payment of a management fee from the Romania Geared Growth Cell. This fee has been set at a percentage of the GAV of the Romania Geared Growth Cell per quarter, calculated on each dealing date, accrued and payable in arrears by the Romania Geared Growth Cell on the last business day of the month following the relevant dealing date. From 10 February 2010 the management fee is calculated at 0.6% per annum (previously 1.5%) of the consolidated GAV, no minimum fee has been agreed for this Cell.

9 PERFORMANCE FEES

Poland Geared Growth Cell
The Principal Manager and the Investment Adviser are incentivised to maximise the returns to investors through the potential for the payment by the Poland Geared Growth Cell of a performance fee. From 10th February 2010 this performance fee will be 11% (previously 15%) of the annual increase (if any) in the published NAV per share of the Poland Geared Growth Cell in excess of the previous High Water Mark Net Asset Value ("HWM NAV") per share of the Poland Geared Growth Cell. The performance fee will be adjusted for all relevant subscriptions and redemptions of ordinary shares, and calculated as at 30 September each year, accrued and payable annually one month after the calculation date. Any accrued performance fee will also be calculated and deducted from any proceeds of the redemption of shares.

The performance fee is shared with two thirds being due to the Principal Manager and one third being due to the Investment Adviser, in accordance with the Group's Investment Memorandum.

Romania Geared Growth Cell
The Principal Manager and the Investment Adviser are incentivised to maximise the returns to investors through the payment by the Romania Geared Growth Cell of a performance fee. From 10 February 2010 this performance fee is 10% (previously 15%) of the annual increase (if any) in the published NAV per share of the Romania Geared Growth Cell in excess of the previous High Water Mark Net Asset Value ("HWM NAV") per share of the Romania Geared Growth Cell. The performance fee will be adjusted for all relevant subscriptions and redemptions of ordinary shares, and calculated as at 31 December each year, accrued and payable annually one month after the calculation date. Any accrued performance fee will also be calculated and deducted from any proceeds of the redemption of shares.

The HWM NAV per share at 31 December each year of the Romania Geared Growth Cell is calculated as the NAV per Share, provided that the NAV per share is greater than the previous HWN NAV per share; otherwise the HWM NAV per Share will remain unchanged.

The performance fee is shared with three quarters being due to the Principal Manager and one quarter being due to the Investment Adviser, in accordance with the Group's Investment Memorandum.

10 CUSTODIAN FEE

Poland Geared Growth Cell
The Custodian Fee has been set at 0.01875% of the Vacant Possession Value ("VPV") of the portfolio of advances and development properties per quarter, up to a maximum VPV of GBP50 million, calculated as at each Dealing Date, accrued and payable by the Poland Geared Growth Cell in arrears on the last business day of the month following the relevant dealing date, subject to a minimum fee of GBP5,000 per quarter. For that part of the VPV above GBP50 million, the Custodian's fee will reduce to 0.0125% of the VPV of the portfolio per quarter.

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10 CUSTODIAN FEE (continued)

Romania Geared Growth Cell

The Custodian Fee has been set at 0.01875% of the Vacant Possession Value ("VPV") of the portfolio of properties per quarter, up to a maximum VPV of GBP50 million, calculated as at each Dealing Date, accrued and payable by the Romania Geared Growth Cell in arrears on the last business day of the month following the relevant dealing date, subject to a minimum fee of GBP10,000 per quarter. For that part of the VPV above GBP50 million, the Custodian's fee will reduce to 0.0125% of the VPV of the portfolio per quarter. An initial establishment fee of GBP5,000 applies and the custodian reserves the right to review its fee tariff on an annual basis. The fee charged by BNP was reduced by 50% starting on the 1st of April for a period of 12 months, leaving the minimum quarterly fee at £5,000.

11 DIRECTORS FEES AND EXPENSES

Poland Geared Growth Cell

With effect from 1 January 2009 Directors' fees and expenses are as follows: remuneration of the Directors of the Cell not exceeding GBP35,000 (2009: GBP35,000) in any one financial year, and remuneration of the Directors of the Principal Manager not exceeding GBP20,000 (2009: GBP20,000), up to the date of resignation of Curzon Investment Management as Principal Manager, no further fees were charged in the year. Remuneration of the Directors of City Living Luxembourg Sarl not exceeding Euro 25,000 (2009: Euro 20,000) in any one financial year and remuneration of the Directors of City Living Polska not exceeding PLN 100,000 (2009: PLN 100,000) in any one financial year.

Romania Geared Growth Cell

Directors' fees and expenses payable out of the assets of the Romania Geared Growth Cell include the following: remuneration of the Directors of the Scheme not exceeding GBP17,500 (having been reduced on 1 April 2010) (2009: GBP35,000) in any one financial year, and remuneration of the Directors of the Principal Manager not exceeding GBP11,000 (2009: GBP11,000), up to the date of resignation of Curzon Investment Management as Principal Manager, no further fees were charged in the year. Remuneration of the Directors of Rominvest (Luxembourg) Sarl not exceeding Euro 20,000 (2009: Euro 20,000) in any one financial year and remuneration of the Directors of the Romanian Holding Company not exceeding Euro 25,000 (2009: Euro 25,000) in any one financial year. These fees are paid from the respective companies.

	Poland Geared Growth Cell 31 December 2010 GBP	Romanian Geared Growth Cell 31 December 2010 GBP	Year ended 31 December 2010 Total GBP	Year ended 31 December 2009 Total GBP
Directors fees paid from the Cell				
A Hall	12,501	7,812	20,313	25,000
P Duquemin	10,000	6,250	16,250	20,000
K Tarizzo	10,000	6,250	16,250	20,000
	32,501	20,312	52,813	65,000
Directors fees paid by the Cell on behalf of the Principal Manager Curzon Capital Investment Management				
A Hall	311	311	622	5,912
P Duquemin	255	255	510	4,907
W Graham	378	378	756	15,966
C Derricott	-	-	-	3,000
K Tarizzo	-	-	-	3,000
	944	944	1,888	32,785
Directors fees paid by the Cell on behalf of Iflak Holdings SRL				
C Ionescu	-	4,292	4,292	9,266
D Hayward	-	1,441	1,441	2,253
R Muir-Hayward	-	-	-	16,326
	-	5,733	5,733	27,845
	33,445	26,989	60,434	125,630

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for the year ended 31 December 2010

12 RENTAL INCOME

	Poland Geared Growth Cell Year ended 31 December 2010	Romanian Geared Growth Cell Year ended 31 December 2010	Year ended 31 December 2010 Total	Year ended 31 December 2009 Total
	GBP	GBP	GBP	GBP
Total rental income	428,576	24,743	453,319	341,040

At the reporting date the Poland Geared Growth Cell had contracted with tenants for the following future lease payments:

	Year ended 31 December 2010	Year ended 31 December 2009
	GBP	GBP
Within 1 year	563,207	74,593
In the second to fifth years inclusive	1,865,639	351,017
After 5 years	-	-
Total	2,428,846	425,610

Leases are typically for the term of 5 years.

13 OTHER EXPENSES

	Poland Geared Growth Cell Year ended 31 December 2010	Romanian Geared Growth Cell Year ended 31 December 2010	Year ended 31 December 2010	Year ended 31 December 2009
	GBP	GBP	GBP	GBP
Audit	99,721	16,953	116,674	139,669
Accountancy fees	135,094	-	135,094	122,594
Advertising and printing	15,300	1,537	16,837	8,855
Insurance costs	32,290	17,452	49,742	51,395
Travel and entertainment	3,283	2,046	5,329	39,848
Statutory fees	4,622	3,697	8,319	10,034
Bank charges	39,763	1,723	41,486	24,791
Irrecoverable VAT	31,404	1,748	33,152	71,155
Provision for doubtful debts	-	-	-	233,152
Sundry expenses*	162,935	54,077	217,012	192,032
	524,412	99,233	623,645	893,525

*Included within the total of sundry expenses, are direct property operating expenses that generated rental income during the year. These amounts are deemed to be immaterial.

14 LOSS PER SHARE - BASIC AND DILUTED

Poland Geared Growth Cell

The basic and diluted loss per ordinary share for the Cell are based on the loss for the year of GBP 3,000,808 (2009: GBP 3,590,643) and on 44,849,803 Ordinary Shares (2009: 44,802,338), being the weighted average number of ordinary shares in issue during the year.

Romania Geared Growth Cell

The basic and diluted loss per ordinary share for the Cell are based on the loss for the year of GBP 1,149,725 (2009: GBP 1,233,275) and on 4,479,136 (2009: 4,466,720) Ordinary Shares, being the weighted average number of ordinary shares in issue during the period.

15 INVESTMENT IN SUBSIDIARIES

POLAND GEARED GROWTH CELL

City Living Luxembourg Sarl

Proportion of shares and voting rights held	100%
Nature of business	Investment holding
Country of incorporation	Luxembourg

City Living Luxembourg Sarl invests in, and owns 100% of the share capital of, City Living Polska FIZAN, a Polish property fund.

Notes to the financial statements
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15 INVESTMENT IN SUBSIDIARIES (continued)

City Living Polska SP. Z.O.O.

Proportion of shares and voting rights held	100%
Nature of business	Management Company
Country of incorporation	Poland

On the 10 February 2009, Poland Geared Growth Cell purchased 100% of the share capital of City Living Polska S.P Z.O.O., a Polish management company.

City Living Development Polska SP. Z.O.O.

Proportion of shares and voting rights held	100%
Nature of business	Management Company
Country of incorporation	Poland

On the 5 October 2010, Poland Geared Growth Cell purchased 100% of the share capital of City Living Development Polska S.P Z.O.O., a Polish management company.

ROMANIA GEARED GROWTH CELL

Rominvest (Luxembourg) Sarl

Proportion of shares and voting rights held	100%
Nature of business	Investment holding
Country of incorporation	Luxembourg

Rominvest (Luxembourg) Sarl invests in, and owns 100% of the share capital of, Iflak Holdings SRL, a Romanian holding company.

16 TAXATION

During the period the Company was exempt from taxation under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. As such, the Company was only liable to pay a fixed annual fee, currently GBP600.

Reconciliation of income tax charge

	Year ended 31 December 2010 Poland GBP	Year ended 31 December 2010 Romania GBP	Year ended 31 December 2010 Total GBP	Year ended 31 December 2009 Total GBP
Loss on ordinary activities multiplied by applicable tax rate of 0% / 16% in respective jurisdiction	-	(158,578)	(158,578)	(98,886)
Unrecognised tax losses	-	158,578	158,578	98,886
Tax charge in the Consolidated statement of comprehensive income	-	-	-	-

The local Polish fund is exempt from Polish corporate tax and accordingly no tax reconciliation has been prepared.

Deferred Taxation

Deferred tax is provided on profits subject to the extent that they are recognised but not yet remitted.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the Consolidated statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the financial statements
for the year ended 31 December 2010

16 TAXATION (continued)

The Polish Geared Growth Cell subsidiary, City Living Luxembourg Sarl, will be liable for taxation in Luxembourg on any profits in relation to its investment in the Local Polish Fund to the extent that such profits are remitted to City Life PCC Limited. A 15% proportion of such profits are subject to Luxembourg withholding tax, currently at a rate of 15%.

The Local Polish Fund is exempt from Polish corporate income tax.

The Romania Geared Growth Cell subsidiary, Rominvest (Luxembourg) Sarl, will be liable for taxation in Luxembourg on any profits in relation to its investment in the Local Romanian Fund to the extent that such profits are remitted to Curzon Capital PCC Limited. Such profits are subject to Luxembourg withholding tax, currently at a rate of 15%. Interest payments made by Rominvest (Luxembourg) Sarl to Guernsey under the terms of the interest bearing loan should not be subject to any withholding tax in Luxembourg provided that: the thin capitalisation rules are fulfilled, the loan remuneration is at arms length and that the interest rates does not directly depend on the profits of the borrower.

A financing margin will remain in Rominvest (Luxembourg) Sarl for its financing activity and this margin less all related expenses is subject to Luxembourg Income Tax at a rate of 29.63%.The level of this net margin should be in the range of 0.5% to 0.125% of the nominal value of the loan.

The Local Romanian Fund is subject to Romanian corporation tax at a rate of 16%.

Romanian withholding tax would be due on interest payments due to Luxembourg amounting to 10%. This tax will cease to be payable from 1 January 2011 when Romania will apply the EU Directive.

17 ADVANCES ON INVESTMENT PROPERTY

Poland Geared Growth Cell	Year ended 31 December 2010	Year ended 31 December 2009
Opening cost	24,295,492	31,823,029
Transfer from Advances on investment property	(8,398,686)	(5,638,392)
Impairment of property	(326,689)	-
Additions	1,769,465	815,644
Disposals at cost	(73,742)	(400,053)
Revaluation at year end foreign exchange rate	860,034	(2,304,736)
Closing cost	18,125,874	24,295,492

Property name	City	Advances to date 31 December 2010 GBP	Anticipated purchase date	Advances to date 31 December 2009 GBP	Anticipated purchase date
Al. 29 listopada	Krakow	761,446	30/11/2013	759,679	30/11/2011
Bagno "Atelier Residence"	Warsaw	257,531	15/01/2011	1,982,221	30/06/2010
Cyprysowa	Jozefoslaw	830,376	31/12/2013	885,214	13/05/2010
Grodzisk Mazowiecki	Grodzisk	1,095,773	31/08/2012	1,032,243	31/08/2012
Julianowska	Jozefoslaw	2,142,969	31/12/2011	2,403,649	31/10/2010
Platinum Towers	Warsaw	9,347,764	23/03/2011	8,163,084	31/12/2010
Rejtana	Poznan	738,033	31/07/2013	737,426	31/07/2012
Spiska	Warsaw	706,508	30/06/2011	707,131	30/06/2011
Szulborska	Warsaw	-	-	3,003,291	29/01/2010
ul. Górczewska 253 A	Warsaw	-	-	1,341,233	04/03/2010
ul. Pustułeczki	Warsaw	1,105,620	15/06/2011	983,214	13/05/2010
Willa Gloria	Milanoek	1,139,854	30/06/2011	1,101,024	30/09/2010
Włochy - Śląska	Warsaw	-	-	1,196,083	30/06/2010
Total		18,125,874		24,295,492	

The total fair value of the above properties at 31 December 2010 is GBP 30,369,854 (2009: GBP 39,133,770).

Some of the above mentioned properties are apartment blocks, consequently the anticipated purchase dates move as separate units are completed within that specific project.

Notes to the financial statements
for the year ended 31 December 2010

17 ADVANCES ON INVESTMENT PROPERTY (continued)

Romania Geared Growth Cell

	Year ended 31 December 2010	Year ended 31 December 2009
Opening cost	1,222,286	1,130,528
Transfer from Advances on investment property	(780,031)	-
Additions	-	91,758
Disposals at cost	-	-
Revaluation at year end foreign exchange rate	(43,051)	-
Closing cost	399,204	1,222,286
Opening provision	(282,288)	-
Movement	45,979	(282,288)
Closing provision	(236,309)	(282,288)
Total	162,895	939,998

	Advances to date 31 December 2010 GBP	Advances to date 31 December 2009 GBP	Anticipated purchase date
Sunny Side Residential	164,610	170,409	* During 2011
Green Vista Residential	234,594	1,051,857	** 2010 & 2011
Less provision	(236,309)	(282,269)	
	162,895	939,997	

*Management have fully provided against the Sunny Side project and are currently holding this investment at nil, a final delivery date is being negotiated.

** As at the year end out of the final 4 apartments that were vacant, 3 were subsequently transferred during early 2011. It is intended that remainder is to be purchased during 2011.

The total fair value of the above properties at 31 December 2010 are GBP 1,655,521 (2009: GBP 2,552,57) of which GBP 389,232 (2009: GBP 1,325,996) relates to property advances.

Notes to the financial statements
for the year ended 31 December 2010

18 INVESTMENT PROPERTY

Poland Geared Growth Cell	31 December 2010 GBP	31 December 2009 GBP
Opening cost	21,997,499	21,446,319
Transfer from Advances on investment property	8,398,686	5,638,392
Additions	437,220	586,228
Disposals at cost:	(2,612,340)	(4,069,650)
Realised loss	(426,304)	(356,960)
Revaluation at year end foreign exchange rate	(298,566)	(1,246,830)
Closing cost	27,496,195	21,997,499
Opening unrealised gain	1,202,192	1,387,932
Unrealised gain / (loss)	220,466	(101,878)
Amortisation of rental income	130,825	-
Revaluation at year end foreign exchange rate	(4,188)	(83,862)
Closing unrealised gain	1,549,295	1,202,192
Less:		
Investments held for sale (refer note 19)	(4,920,829)	-
Market Value	24,124,661	23,199,691

Romania Geared Growth Cell	31 December 2010 GBP	31 December 2009 GBP
Opening cost	1,174,476	445,876
Transfer from Advances on investment property	780,031	-
Additions at cost:	3,191	761,198
Revaluation at period end foreign exchange rate	(38,520)	(32,598)
Closing cost	1,919,178	1,174,476
Opening unrealised gain	20,163	82,758
Unrealised loss	(671,120)	(56,532)
Provision disposal costs	(28,584)	-
Revaluation at period end foreign exchange rate	(1,932)	(6,063)
Closing unrealised gain	(681,473)	20,163
Market Value	1,237,705	1,194,639

19 ASSETS CLASSIFIED AS HELD FOR SALE AND DIRECTLY ASSOCIATED LIABILITIES

Poland Geared Growth Cell

On the 31 December 2010 the group announced the intended sale of the following properties: (2009: Nil).

Property name	City	Headline Price GBP	Deposit GBP
Dolina Bernadowska	Gdynia	112,603	-
ul. Płaskowickiej	Warsaw	104,944	-
Włochy Bratnia	Warsaw	1,235,172	15,068
ul. Górczewska 253 A	Warsaw	1,358,929	7,686
Arkada Park, Żupy	Bydgoszcz	1,655,597	-
Wilanów Sarmacka	Warsaw	453,584	6,067
		4,920,829	28,821

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19 ASSETS CLASSIFIED AS HELD FOR SALE AND DIRECTLY ASSOCIATED LIABILITIES (continued)

The assets and liabilities directly associated with the sale of this property have been separately classified as at 31 December 2010. (2009: Nil) The major classes of assets and liabilities held for sale are as follows:

	31 December 2010 GBP	31 December 2009 GBP
Assets		
Properties		
Dolina Bernadowska	112,603	-
ul. Płaskowickiej	104,944	-
Włochy Bratnia	1,235,172	-
ul. Górczewska 253 A	1,358,929	-
Arkada Park, Żupy	1,655,597	-
Wilanów Sarmacka	453,584	-
Total assets classified as held for sale	4,920,829	-

	31 December 2010 GBP	31 December 2009 GBP
Liabilities		
Properties		
ul. Płaskowickiej	-	-
Włochy Bratnia	-	-
Górczewska	15,068	-
Dolina Bernadowski	7,686	-
Park Arkada	-	-
	6,067	-
Total liabilities directly associated with the assets classified as held for resale	28,821	-

20 TRADE AND OTHER RECEIVABLES

	31 December 2010 Poland GBP	31 December 2010 Romania GBP	31 December 2010 Total GBP	31 December 2009 Total GBP
Tax recoverable*	1,425,998	-	1,425,998	2,057,440
Prepayments	-	3,022	3,022	1,748
Sundry debtors	101,082	286,266	387,348	519,837
	1,527,080	289,288	1,816,368	2,579,025

* The tax recoverable amount as shown has been assessed as recoverable for the year ending 31 December 2010. However, the future recoverability may be uncertain as this is dependent on the interpretation of Polish tax law.

It was assessed that all of the remaining receivables are expected to be recovered. There is no difference between the carrying value and their fair value.

21 CASH AND CASH EQUIVALENTS

	31 December 2010 Poland *GBP*	31 December 2010 Romania *GBP*	31 December 2010 Total *GBP*	31 December 2009 Total *GBP*
Investment bonds	30,616	-	30,616	9,699
Cash at bank	1,296,186	43,182	1,339,368	2,853,153
	1,326,802	43,182	1,369,984	2,862,852

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22 TRADE AND OTHER PAYABLES

	31 December 2010 Poland	31 December 2010 Romania	31 December 2010 Total	31 December 2009 Total
	GBP	*GBP*	*GBP*	*GBP*
Vat provision *	2,687,280	-	2,687,280	2,986,093
Legal cost	2,590	-	2,590	42,628
Administration fee payable	42,409	12,691	55,100	52,837
Management fee payable	371,564	15,678	387,242	422,688
Custodian fee payable	12,500	5,041	17,541	21,082
Directors fee payable	8,125	8,349	16,474	27,739
Audit fee payable	89,580	16,902	106,482	125,962
Accountancy fee payable	33,378	-	33,378	23,166
Provision for liquidation	-	15,000	15,000	-
Sundry creditors	519,163	56,096	575,259	134,468
	3,766,589	129,757	3,896,346	3,836,663

* During the period the fund sold apartments to Companies that may be liable for VAT, as such there is the possibility that Polish output VAT may be due. A provision of GBP2,687,280 (2009:GBP 2,986,093) has been made as a result.

It was assessed that all of the remaining payables are expected to be paid. There is no difference between the carrying value and their fair value.

23 SHARE CAPITAL AND PREMIUM

City Life PCC Limited	Company and Consolidated 31 December 2010	Company and Consolidated 31 December 2009	Company and Consolidated 31 December 2010	Company and Consolidated 31 December 2009
	Shares	*Shares*	*GBP*	*GBP*
Authorised share capital				
Management shares of £0.0001 par value	100	100	-	-
Redeemable ordinary shares of £0.0001 par value	500,999,900	500,999,900	50,100	50,100
	501,000,000	501,000,000	50,100	50,100

Non cellular Shares
Management shares issued and fully paid

2 Ordinary shares of £0.0001 Par value	-	-

Management shares
On the 11 January 2010, the management shares that were previously held by Curzon Capital Investment Management Limited as Principal Manager to the Fund, were transferred to Stratton Street Capital (CI) Limited as the new Principal Manager.

Poland Geared Growth Cell	Cell 31 December 2010	Cell 31 December 2009	Cell 31 December 2010	Cell 31 December 2009
Issued and fully paid	*Shares*	*Shares*	*GBP*	*GBP*
Redeemable Ordinary shares				
Opening Balance	44,834,302	44,784,239	4,484	4,479
Issued during the year	30,749	50,063	3	5
Closing Balance	44,865,051	44,834,302	4,487	4,484

Notes to the financial statements
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23 SHARE CAPITAL AND PREMIUM (continued)

Poland Geared Growth Cell	31 December 2010	31 December 2009
Share premium	*GBP*	*GBP*
Opening Balance	52,293,388	52,359,976
Issued and redeemed during the year	28,003	50,078
Commissions payable on issue of shares	-	(116,666)
Closing Balance	52,321,391	52,293,388

Romania Geared Growth Cell	Cell 31 December 2010	Cell 31 December 2009	Cell 31 December 2010	Cell 31 December 2009
Issued and fully paid	*Shares*	*Shares*	*GBP*	*GBP*
Redeemable Ordinary shares				
Opening Balance	4,477,973	4,453,446	445	445
Issued during the year	2,307	24,527	-	-
Closing Balance	4,480,280	4,477,973	445	445

	31 December 2010	31 December 2009
Share premium	*GBP*	*GBP*
Opening Balance	4,352,987	4,351,703
Issued / redeemed during the year/period	1,083	20,215
Commissions payable on issue of shares	-	(18,931)
Closing Balance	4,354,070	4,352,986.63

Management Shares

The Management Shares have been created so that Redeemable Ordinary Shares may be issued. To qualify as Redeemable Ordinary Shares, the shares are required under Guernsey law to have a preference over some other class of share capital. The Management Shares are not redeemable, carry one vote each and do not carry any right to dividends. Assets not attributable to the Poland Geared Growth Cell or any other particular Cell, will constitute the non-cellular assets of the Cell for the purposes of the Fund. In any winding-up the surplus of non-cellular assets shall be distributed among the holders of Management Shares pro rata to their respective holdings. As a result of the above the management shares have been classified as equity.

The Redeemable Ordinary Shares carry the right to dividends as determined by the Scheme in general meeting. Each holder of shares is entitled to one vote for each Redeemable Ordinary Share held. Assets attributable to any Cell will constitute the cellular assets of such cell for the purposes of the Ordinance. In any winding-up, the cellular assets available for distribution shall be applied in repayment of the nominal amount paid up firstly on Redeemable Ordinary Shares and secondly on Nominal Shares issued in respect of the cell in question. Any surplus of cellular assets then remaining shall be distributed among the holders of Redeemable Ordinary Shares of each Cell in question pro rata to their respective holdings in such Cell. A fraction of a Redeemable Ordinary Share in a cell will rank pari passu and proportionately with a whole Redeemable Ordinary Share. Redeemable Ordinary Shares are being offered in respect of one or more cells.

The nominal shares can only be issued at par to the Principal Manager. The holder of nominal shares is entitled to one vote only, irrespective of the number of nominal shares held. The nominal shares carry no right to dividends. In any winding-up, the holder of the nominal shares has the right to repayment only of paid-up capital after repayment of the paid-up capital on the redeemable ordinary shares.

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23 SHARE CAPITAL AND PREMIUM (continued)

Redeemable Ordinary Shares

The Principal Manager intends to subscribe for nominal shares for cash at par when redeemable ordinary shares are redeemed to ensure that funds are available to redeem the nominal amount paid-up on each redeemable ordinary share, unless the Directors of the Scheme decide that the nominal amount of such redeemable ordinary shares is to be redeemed out of Company profits. Nominal shares issued for the purpose of redemption of Redeemable Ordinary Shares of a particular cell shall constitute shares in such cell and the proceeds of issue shall constitute cellular assets of such cell. Nominal shares in respect of a particular cell may be converted into redeemable ordinary shares of that cell by the Principal Manager for sale to investors. Such conversion may take place on any dealing date. There will be no right to such conversion if the determination of the NAV for the relevant cell has been suspended in respect of that dealing date.

Treatment of redeemable ordinary shares and Nominal shares

In accordance with the revised IAS 32 redeemable and nominal shares are required to be shown as liabilities rather than as part of shareholders funds. A consequence of this is that redeemable and nominal shares have been classified in the Consolidated statement of financial position as a liability.

24 NAV PER SHARE

Poland Geared Growth Cell
The Net Asset Value per redeemable ordinary share for the Cell is based on the Net Asset Value at the reporting date of GBP 39,527,520 (2009: GBP 42,500,343) and on 44,865,051 (2009: 44,834,302) ordinary shares, being the number of ordinary shares in issue at the end of the year.

Romania Geared Growth Cell
The Net Asset Value per redeemable ordinary share for the Cell is based on the Net Asset Value at the reporting date of GBP 1,603,313 (2009: GBP 2,930,340) and on 4,480,280 (2009: 4,477,973) ordinary shares, being the number of ordinary shares in issue at the end of the year.

25 FINANCIAL INSTRUMENTS AND RISK PROFILE

Both the Poland Geared Growth Cell and the Romania Geared Growth Cell hold cash and liquid resources as well as having receivables and payables that arise directly from its operations. The Cells' investment activities expose them to various types of risk associated with the property market. The main risks arising from the Cells' financial instruments are liquidity risk, credit risk, currency exchange risk market price risk and interest rate risk. Investing in Eastern Europe also brings political and economic risk. The Directors regularly review and agree policies for managing each of these risks and these are summarised below.

Liquidity risk

Liquidity risk is the risk that the Cell will encounter in realising property assets or otherwise raising funds to meet financial commitments. Investments in property are relatively illiquid and are inherently difficult to value due to the individual nature of each property. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price, even where such sales occur shortly after the valuation. Directors may exercise their discretion to delay payment of redemption proceeds until the Cell has received sufficient proceeds from the sale of its underlying properties.

Notes to the financial statements
for the year ended 31 December 2010

25 FINANCIAL INSTRUMENTS (continued)

Liquidity risk (Continued)

As reported in the Chairman's statement the fund is in continued and ongoing discussions with banks about additional facilities. These discussions are currently on going and in the meantime the board continues to pursue alternative sources of funding, including the sale of non core assets and raising money from investors.

The Board has concluded that the combination of these circumstances represents a risk to the Group. Nevertheless after making enquiries, and in considering the uncertainties described above, the Board has a reasonable expectation that the Group has adequate resources to continue as a going concern for the foreseeable future. For these reasons, the Group has continued to adopt the going concern basis in preparing the financial statements.

Consolidated - as at 31 December 2010	Total	Less than 6 months	6 to 12 months	Greater than 12 months
	GBP	*GBP*	*GBP*	*GBP*
Financial Assets				
Trade and other receivables	1,816,368	390,370	1,425,998	-
Cash and cash equivalents	1,369,984	1,369,984	-	-
	3,186,352	1,760,354	1,425,998	-
Financial Liabilities				
Trade and other payables	(3,896,346)	(1,194,066)	(2,687,280)	-
Loans payable	(9,422,327)	(165,000)		(9,257,327)
	(13,318,673)	(1,359,066)	(2,687,280)	(9,257,327)
Net Position	(10,132,321)	401,288	(1,261,282)	(9,257,327)

Consolidated - as at 31 December 2009	Total	Less than 6 months	6 to 12 months	Greater than 12 months
	GBP	*GBP*	*GBP*	*GBP*
Financial Assets				
Trade and other receivables	2,579,025	521,585	2,057,440	-
Cash and cash equivalents	2,862,852	2,862,852	-	-
	5,441,877	3,384,437	2,057,440	-
Financial Liabilities				
Trade and other payables	(3,836,663)	(850,570)	(2,986,093)	-
Loans payable	(8,974,150)	(98,171)	(98,171)	(8,777,808)
	(12,810,813)	(948,741)	(3,084,264)	(8,777,808)
Net Position	(7,368,936)	2,435,696	(1,026,824)	(8,777,808)

Credit risk

Credit risk is the risk that an issuer or counter party will be unable or unwilling to meet a commitment that it has entered into with the Group. In the event of default by a developer such that it was unable to complete the development within the contracted purchase cost or timeframe, then either the Poland Geared Growth Cell or Romania Geared Growth Cell may lose some or all of their deposits and instalments payments paid to the developers which could materially damage the value of the NAV per Share. In an attempt to mitigate concentration risk, whenever possible the available financial information of developers is reviewed by the Fund Manager prior to awarding contracts to ensure that no more than 20% of the portfolio is with one developer. As at the reporting date the Poland Geared Growth developer with the greatest share of the portfolio is developing 16.46% (2009: 15.64%) by value.

Notes to the financial statements
for the year ended 31 December 2010

25 FINANCIAL INSTRUMENTS (Continued)

Credit risk (continued)

For Romanian Geared Growth the largest exposure to a single developer (Carmel Residential SRL) was 16% (2009: 46%) of the total property on 31 December 2010.

In respect of credit risk arising from other financial assets and liabilities, which mainly comprise of cash and cash equivalents and open forward foreign exchange contracts, exposure to credit risk arises from default of the counterparty with a maximum exposure equal to the carrying amounts of these instruments. In order to mitigate such risks cash is maintained with major international financial institutions. During the year and at the reporting date the Group and the Company maintained relationships with branches and subsidiaries of The Royal Bank of Scotland plc, Bank Pekao, (a member of the UniCredit Group), DNB Nord Bank Polska SA, ING Bank Romania, MKB Romexterra Bank, BRE Bank SA and Getin Noble Bank SA.

	Rating	2010 Balances	2009 Balances
		GBP	GBP
Royal Bank of Scotland	A+	(296)	631,948
Bank Pekao	A-	158,500	1,202,641
ING Bank Romania	A+	22,055	238,348
ING Bank Luxemburg	A+	11,178	31,934
MKB Romexterra Bank	BBpi	10,941	16,576
DNB Nord Bank Polska SA	A+	948,301	440,021
BRE Bank SA	BBBpi	638	107,256
Getin Noble Bank SA	Ba2	188,051	184,430
Poland Government Bond OK0112	A	20,656	-
Poland Government Bond OK1012	A	9,960	-
Poland Government Bond OK0711	A	-	7,577
Poland Government Bond WZ0911	A	-	1,080
Poland Government Bond WZ0118	A	-	1,042

A bank guarantee exists in favour of Iflak Holdings SRL against Carmel Residential S.R.L for Euro 499,054 (2009: Euro 499,054) from one of its developers.

Credit risk is managed on a local and group basis and structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty, or groups of counterparty. Such risks are subject to at least an annual review. The Group has policies in place to ensure that where possible rental contracts are made with customers with an appropriate credit history. Cash transactions are limited to high-credit-quality financial institutions. The table above shows the balance of the major counterparties.

The above amounts are deemed to be of a sufficiently credit quality, to be fully recoverable.

Currency risk

Currency risk is the risk that cash flows and fair values can be affected by currency translation movements. The table below summarises the Fund's exposure to particular foreign currencies.

As at 31 December 2010

	Euro	Polish Zloty	Romanian Lei	Total
	GBP	*GBP*	*GBP*	*GBP*
Financial Assets				
Trade and other receivables	-	1,521,669	286,266	1,807,935
Cash and cash equivalents	25,214	1,337,284	7,782	1,370,280
Financial Liabilities				
Trade and other payables	-	(3,286,499)	(41,726)	(3,328,225)
Loans payable	-	(6,537,316)	-	(6,537,316)
	25,214	(6,964,862)	252,321	(6,687,326)

Notes to the financial statements
for the year ended 31 December 2010

25 FINANCIAL INSTRUMENTS (Continued)

Currency risk (continued)

As at 31 December 2009

	Euro	Polish Zloty	Romanian Lei	Total
	GBP	*GBP*	*GBP*	*GBP*
Financial Assets				
Trade and other receivables	-	2,200,507	372,106	2,572,613
Cash and cash equivalents	529,201	1,975,981	30,776	2,535,958
Financial Liabilities				
Trade and other payables	-	(3,183,789)	(39,267)	(3,223,056)
Loans payable	-	(5,804,350)	-	(5,804,350)
	529,201	(4,811,651)	363,615	(3,918,835)

Poland Geared Growth Cell
The board consider the risk of foreign exchange exposure in the underlying subsidiaries to be minimal as the underlying transaction costs and revenues are based in the functional currency of that subsidiary. The Cell NAV is exposed to foreign exchange on the re-translation of property values from Polish Zloty to Sterling. It should be noted that fluctuations in the Polish Zloty to Sterling rate can lead to increases in volatility in the net asset value of the Cell. The board monitors foreign exchange exposure on an individual Cell basis.

The sensitivity analysis below is based on a change in one variable while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may be correlated – for example, changes in interest rates and changes in foreign currency rates. The sensitivity analysis prepared by management for foreign currency risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Romania Geared Growth Cell

The board consider the risk of foreign exchange exposure to the Lei to Euro rate in the underlying subsidiary to be minimal as the books are kept in Euro together with the fact that all contracts including both property transactions and fees are in Euros with payments/receipts made in Romanian Lei on the day of payment creating a transaction cost rather than an FX exposure (the Romanian Lei is expected to be replaced by the Euro in 2014). The Cell NAV is exposed to foreign exchange on the re-translation of property values from Euro to Sterling. It should be noted that fluctuations in the Euro to Sterling rate can lead to increases in volatility in the net asset value of the Cell. The board monitors foreign exchange exposure on an individual Cell basis.

If Sterling weakened/ strengthened by 10% against the currencies below, with all other variables held constant, Net assets attributable to redeemable ordinary shares at the year end would have increased/decreased respectively by the amounts disclosed below;

Consolidated position

	Consolidated 31 Dec 2010	Consolidated 31 Dec 2009
	GBP	*GBP*
Euro	2,521	52,920
Polish Zloty	696,486	481,165
Romanian Lei	25,232	36,362

Interest rate risk

Apart from the loans below with Bank DnB Nord Polska S.A and Getin Noble Bank, and the bridge loan (see note 27), no other loans are held. Any exposures to movements in interest rates are limited to the financial assets held in cash and cash equivalents, the majority of which are placed on short term fixed deposits and therefore unlikely to be subject to significant exposure to interest rate movements.

The amount charged to the statement of consolidated statement of comprehensive income for bank interest was GBP 440,690 (2009: GBP 340,288).

Notes to the financial statements
for the year ended 31 December 2010

25 FINANCIAL INSTRUMENTS (Continued)

Interest rate risk (continued)

An increase of 1 percent in interest yields would result in a decrease in the net assets attributable to holders of ordinary redeemable shares at the year end of GBP 67,023 (2009: GBP 58,552). A decrease of 1 percent in interest yields would result in an increase in net assets attributable to redeemable ordinary share holders for the year of GBP 67,023 (2009: GBP 58,552).

As at 31 December 2010

The interest rate of the Fund's financial liabilities is as follows :

	Date	Floating rate	Amount	Effective Interest rate
Bank Loans				
Bank DnB Nord Polska S.A.		1 month deposit WIBOR + 2.5%	5,491,470	8.24%
Getin Noble Bank Poland		12 month deposit WIBOR + 5.25%	1,045,846	11.99%

As at 31 December 2009

The interest rate of the Fund's financial liabilities is as follows :

	Date	Floating rate	Amount	Effective Interest rate
Bank Loans				
Bank DnB Nord Polska S.A.	to 11/05/2009	1 month deposit WIBOR + 1.5%		
	from 12/05/2009	1 month deposit WIBOR + 2.5%	4,763,350	11.99%
Getin Noble Bank Poland		12 month deposit WIBOR + 5.25%	1,041,000	11.96%

Price risk

The Group has no exposure to price risk as its investments are in property.

26 BANK LOAN

	Consolidated 31 Dec 2010 *GBP*	Consolidated 31 Dec 2009 *GBP*
Bank DnB Nord Polska S.A.	5,491,470	4,763,350
Getin Noble Bank Poland	1,045,846	1,041,000
	6,537,316	5,804,350

The loan between Bank DnB NORD Polska S.A. and City Living Polska Spolka z ograniczona odpowiedzialnoscia S.K.A., for a maximum of PLN39,940,000.
This amount is available in two tranches of PLN 33,500,000 and PLN 6,440,000. Both tranches shall be repaid in full by the 20 August 2013. If the loan is to be repaid within 3 years from the date of the agreement, an additional amount of 1.5% will be required as a prepayment fee.

Security for this loan is by way of the following:
- Mortgage over the Borrower’s real estate;
- a registered pledge over a collection of the Borrower’s movable assets;
- a civil and registered pledge over City Living Polska Sp. z o.o.’s general partner’s rights;
- financial and registered pledges over the Borrower’s shares;
- security assignment of the Borrower’s rights under insurance agreements, real estate acquisition agreements and lease agreements;

- power of attorney to the Borrower’s bank accounts in favour of the Bank;
- the Borrower’s submission to execution in favour of the Bank;
- subordination of rights under promissory notes; and escrow agreement.

Notes to the financial statements
for the year ended 31 December 2010

26 BANK LOAN (continued)

The loan between Noble Bank S.A. and City Living Polska Spolka z ograniczona odpowiedzialnoscia S.K.A., for a maximum of PLN4,975,531.

This amount has been paid in one tranche of the full amount, it shall be repaid in full by the 7 November 2018, an additional amount of 2% being charges by the mortgage court when registered.

Security for this loan is by way of the following:
- A deposit held by the provider to secure repayments of monthly interest due to the value of PLN 849,500
- A blank promissory note
- Inspection rights of Szulborska and Olbrachta properties, with agreement to provide prospective lease details
- Financial information on SKA2 CLP every quarter
- If the collateral decreases and the loan to value exceeds 80% the bank reserves the right to seek further security over collateral
- Any prospective sales of the secured properties, will need prior approval. The bank will communicate repayment details at this time

The company monitors its exposure using a Loan to value ratio, (loan to property values (LTV)). The Company's policy is to keep the LTV ratio to below a maximum of 60%. At the reporting date the Group had drawn down PLN 30,500,963 (2009: PLN 26,842,797) against its initial loan facility of PLN 39,940,000 (2009: PLN 39,940,000) and PLN 4,832,646 (2009: PLN 4,975,531) respectively.

The LTV ratio at the reporting date was 15.3% (2009: 12.2%).
The carrying value of the loan is not materially different from its fair value. The fair value of collateral for the loans are PLN 86,344,651 (2009: PLN 86,344,651).

27 BRIDGE LOAN

The bridge loan is between the Poland Geared Growth Cell and various parties. This loan was drawn on the 31 December 2009, for a principal amount of £165,000, interest is applied at an annualised rate of 5% above the Bank of England base rate. Security for this loan was given over two apartments in the Platinum Towers Proect at Grzybowska Street Warsaw. The loan plus interest was fully repaid by 28 February 2011.

The amount of interest charged to the consolidated statement of comprehensive income was GBP 8,752 (2009: nil).

28 OTHER RISKS

Political and economic risk

The value of redeemable ordinary shares may be affected by uncertainties such as political or diplomatic developments, social and religious instability, changes in government policies, taxation or interest rates, currency repatriation and other political and economic developments in law or regulations and, in particular, the risk of expropriation, nationalisation, and confiscation of assets and changes in legislation relating to the level of foreign ownership.

Governmental authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection, safety and other matters. The introduction and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Group's assets.

29 CAPITAL MANAGEMENT

The primary objective of the company’s capital management is to ensure that it maintains shareholder value. The company manages its capital structure and makes adjustments to it in light of changes in economic conditions.

Poland Geared Growth Cell

In order to maintain the capital management of the Poland Geared Growth Cell, and in accordance with the memorandum, the Directors have taken the decision to delay any repayments to redeemers. As at the reporting date the company has GBP14,574,392 (2009: GBP16,098,948) in respect of applications made for shares to be redeemed. It is the intention of the Directors to start repayment of redemptions in 2011, once sufficient liquidity is available.

The Cell monitors capital using a gearing ratio, loan to value (LTV). The Cell's policy is to keep the gearing ratio to below a maximum of 60%. At the reporting date the company had drawn down PLN 30,207,630 (2009: PLN 26,842,797) against its initial loan facility of PLN44,915,531 (2009: PLN 39,940,000) representing a loan to value ratio of 14% (2009: 12.2%).

Notes to the financial statements
for the year ended 31 December 2010

29 CAPITAL MANAGEMENT (Continued)

Poland Geared Growth Cell (continued)

	31 December 2010 GBP	31 December 2009 GBP
Total borrowings	(6,702,316)	(5,804,350)
Less cash and cash equivalents	1,326,802	2,302,875
Net debt	(5,375,514)	(3,501,475)
Net assets attributable to redeemable ordinary shareholders	(39,527,520)	(42,500,343)
Total capital	(39,527,520)	(42,500,343)
Gearing ratio	13.60%	8.24%

The Romanian Geared Growth Cell has no debt.

Romanian Geared Growth Cell

In order to maintain the capital management of the Romanian Cell, and in accordance with the memorandum, the Directors have taken the decision to delay any repayments to redeemers. As at the reporting date the company has GBP 687,785 (2009: GBP 1,386,921) in respect of applications made for shares to be redeemed. It is the intention of the Directors to repay the redemptions once there is sufficient liquidity.

30 RELATED PARTY DISCLOSURES

Ardel Fund Services Limited is a related party by virtue of its appointment as Administrator, Registrar, Transfer Agent and Secretary to the Scheme. Paul Duquemin is the Managing Director of Ardel Fund Services Limited. Fees paid to this entity are declared in note 7. The balances outstanding as at the year end are as disclosed in note 22.

Katrina Tarizzo is a Director and the main shareholder of Tarizzo Limited, which also holds 119,742.07 (2009: 93,784.21) shares in the Poland Geared Growth Cell. Tarizzo Limited is entitled to certain fees payable

Management fee	If GAV is above £30m fee is 0.21%, if below £30M fee is 0.19%
Promotion fee	For new subscriptions 0.5%
Promotion fee	On debt or other funds raised 0.3%
Performance fee	A 2% share of the 11% fee charged above the High Water Mark

31 CONTROLLING PARTY

In the opinion of the Directors there is no controlling party as no one party has the ability to direct the financial and operating policies of the Group with a view to gaining economic benefits from their direction.

Notes to the financial statements
for the year ended 31 December 2010

32 RECONCILIATION OF THE FINANCIAL STATEMENTS NAV TO PUBLISHED NAV

Poland Geared Growth Cell	31 December 2010 GBP Published NAV	31 December 2009 GBP Published NAV
Net Asset Value per financial statements	39,527,520	42,500,343
Add back:		
Changes in unrealised gain on investments	1,270,556	4,216,834
Adjustments to accruals	1,765,007	983,279
Preliminary expenses - Amortised	85,435	145,986
Preliminary expenses - Cost	(60,551)	(60,551)
Published Net Asset Value	42,587,967	47,785,891

Romania Geared Growth Cell	31 December 2010 Published NAV GBP	31 December 2009 Published NAV GBP
Net Asset Value per financial statements	1,603,313	2,930,340
Add back:		
Changes in unrealised gain on investments	287,124	595,747
Adjustments to accruals	(262,448)	(587,764)
Preliminary expenses - Amortised	180,113	229,654
Preliminary expenses - Cost	(49,541)	(49,541)
Published Net Asset Value	1,758,561	3,118,436

The Cell's principal documents require the dealing valuation of the Scheme's net assets to include preliminary expenses incurred in the establishment of the Company, such expenses to be amortised over the first five accounting periods of the Fund. The preliminary expenses which have not yet been amortised over the remainder of the five year period are GBP 24,884 (2009: GBP 85,435) for the Polish Geared Growth Cell and GBP 130,572 (2009: GBP 180,113) for the Romanian Geared Growth Cell. However, this accounting treatment is not permitted under IFRS and the full amount of all preliminary expenses incurred have been accounted for as an expense in the accounting period in which they were incurred.

Poland Geared Growth Cell
The Net Asset Value per the financial statements above corresponds to an NAV per ordinary share of 88.10 pence (2009: 94.79 pence) based on 44,865,051 ordinary shares issued at the year end (2009: 44,834,302). The Published Net Asset Value above corresponds to an NAV per ordinary share of 97.92 pence (2009: 106.59 pence), based on 44,865,051 (2009: 44,834,302) ordinary shares in issue.

The changes in unrealised gains on investments relate to the shareholders NAV incorporating the investments in and advances on property made by the Cell at their market value, compared to the NAV in these financial statements which uses a combination of cost and market values of property depending on the circumstance of each individual project. Details of the IFRS valuation policies used are disclosed in note 4. The adjustments to accruals relate to estimates made at the dealing date.

Romanian Geared Growth Cell
The Net Asset Value per the financial statements above corresponds to an NAV per ordinary share of 35.79 pence (2009: 65.44 pence) based on 4,480,280 ordinary shares issued at the year end (2009: 4,477,973) The Published Net Asset Value above corresponds to an NAV per ordinary share of 39.25 pence (2009: 69.64 pence), based on 4,480,280 (2009: 4,477,973) ordinary shares in issue.

Notes to the financial statements
for the year ended 31 December 2010

33 POST BALANCE SHEET EVENTS

Romanian Geared Growth Cell
One apartment has been sold on 31 January 2011, La Perla apartment No 8 for a consideration of Euro 80,000 and a pre-sales contract for apartment No 5 for a conditional amount of Euro 94,513.

SC Richmond Management SRL gave 3 month's notice of resignation as investment manager on 16 November 2010. At a board meeting held on the 21 February 2011, it was agreed to appoint Sapphire Capital Partners LLP, as the new investment advisor.

Poland Geared Growth Cell
During the EGM held in February 2011, the investment parameters were widened to allow the Cell to invest in other property related assets in Poland, such as Commercial property, where projected yields may be potentially higher.

Management have signed an additional loan agreement with Bank Zachodni WBK S.A. for the Poland Geared Growth Cell, secured over the Platinum Towers project. The principal amount is PLN 15.4 million, starting from the date of actual drawdown, a grace period is in effect until 30 June 2015 to enable the facility to be interest only. After this date repayments will be made in 6 equal instalments starting from 30 September 2015.

34 CAPITAL COMMITMENTS

Poland Geared Growth Cell
As at 31 December 2010 the Scheme had commitments in respect of investment properties amounting to GBP 10,824,370 (2009: GBP 10,776,730).

Romanian Geared Growth Cell
As at 31 December 2010 the Scheme had no commitments in respect of investment properties. (2009: GBP 446,657).

Portfolio Statement
as at 31 December 2010

Poland Geared Growth Cell

Property	Location	31 December 2010 GBP	31 December 2010 %	31 December 2009 %
Arkada Park, Żupy	Bydgoszcz	1,553,853	3.27	3.44
Dolina Bernadowska	Gdynia	120,074	0.25	1.96
Grodzisk Mazowiecki	Grodzisk	1,179,721	2.48	2.17
Jesionowa	Katowice	3,539,342	7.45	7.74
Jesionowa	Katowice	5,280,025	11.12	11.52
		8,819,367	18.57	19.26
Al. 29 listopada	Krakow	789,968	1.66	1.60
Willa Gloria	Milanoek	1,222,189	2.57	2.32
Osiedle Grunwald	Poznan	1,400,715	2.95	5.21
Rejtana	Poznan	789,396	1.66	1.55
		2,190,111	4.61	6.76
Bagno "Atelier Residence"	Warsaw	2,527,397	5.32	4.17
Bruna	Warsaw	1,226,022	2.58	2.37
Cyprysowa	Warsaw	813,250	1.71	1.86
Julianowska	Warsaw	2,139,128	5.18	5.06
Olbrachta	Warsaw	2,051,500	4.32	4.31
Platinum Towers	Warsaw	9,171,340	19.31	17.19
Spiska	Warsaw	870,789	1.83	1.49
Szulborska	Warsaw	3,402,100	7.16	6.32
ul. Górczewska 253 A	Warsaw	1,805,339	3.80	2.82
ul. Płaskowickiej	Warsaw	2,748,896	5.79	6.12
ul. Pustułeczki	Warsaw	1,150,095	2.42	2.07
Wilanów Sarmacka	Warsaw	402,797	0.85	3.36
Włochy - Śląska	Warsaw	1,648,841	3.47	2.52
Zawiszy	Warsaw	1,338,587	2.82	2.82
		31,296,081	66.57	62.49
		47,171,364	100.00	100.00

Romanian Geared Growth Cell

Property	Location	31 December 2010 GBP	31 December 2010 %	31 December 2009 %
Perla BL A	Bucharest	516,118	36.11	38.04
Green Vista Residential S1 Ctrl bl 1	Bucharest	628,429	43.97	44.04
Vila RU 26	Bucharest	131,173	9.18	8.40
Vila RU 28	Bucharest	153,464	10.74	9.52
		1,429,184	100.00	100.00