

## Key Developments

- **Asset Realisation Plan in Progress; Final Certificates in FIZAN (Polish Investment Fund) Redeemed, Debt and Cost Reductions Continue**
  - **Avison Young, a Polish independent real estate agent, were appointed to market the Fund's assets for sale via a competitive bidding process in an orderly time-frame (see section immediately below).**
  - The Fund redeemed its final certificates in the FIZAN which is now liquidated pending only the deregistration by the Polish courts.
  - The Fund repaid Sancus approximately £0.34m of principal with a further £0.34m pending signing of final Jesionowa sales agreements, thus reducing the outstanding balance to approximately £2.98m.
  - Despite ongoing events in the Ukraine, the Polish residential real estate market has so far remained largely unscathed. Following the initial sudden influx of approximately 5 million Ukrainian refugees, it is estimated that between 2 and 3 million have remained in Poland, creating strong additional demand for residential real estate, including buyers for some of the Fund's assets at Jesionowa..
  - Though interest rates increased sharply in Poland over the course of 2022, with 3 months WIBOR peaking at 7.43% in November 2022, rates have eased to 5.86% currently. This reduction in borrowing costs should be price supportive for the Fund's real estate assets. The Fund no longer has any PLN denominated debt.
  - The new Polish Government are intending to introduce even more attractive mortgage rates for first time buyers with zero interest rates for the first 10 years up to a value of PLN 0.9m per apartment which ought to be price supportive.

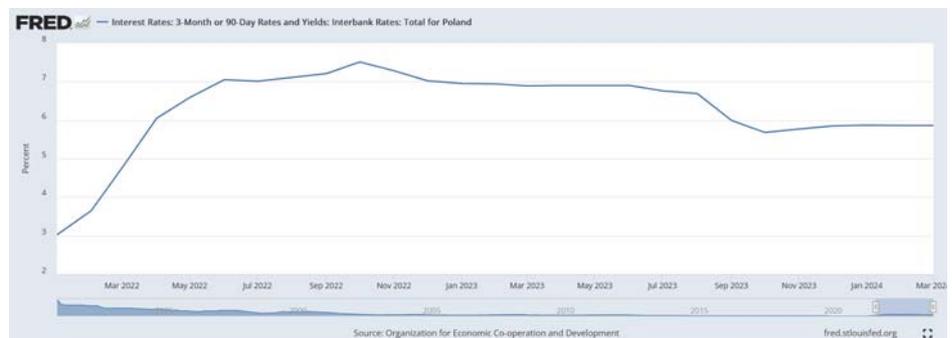
## Asset Sales Process Underway

- **Asset Sales Process Underway**
  - Now that the in-specie liquidation of the Polish regulated fund structure has been completed, the Fund is able to sell its real estate assets in an orderly manner and has appointed Avison Young, a Polish independent real estate agent, to manage the sales process and solicit investment interest from their extensive network of real estate investors both in Poland and abroad.
  - Avison Young are operating a competitive bidding process over an orderly time-frame with final bid deadlines being set in accordance with the indicative demand from investors and bearing in mind the Fund's need to repay outstanding debt in October 2024.
  - The first asset expected to be sold is the Szaserow land plot with a final valid building permit. Final bids have been received from which a preferred bidder has been selected and a sales/purchase agreement is under negotiation.
  - The majority of the net sale proceeds from the Szaserow sale are expected to be used towards a partial repayment of the outstanding Sancus debt so as to reduce the Fund's monthly interest costs.
  - The deadline for final bids for Platinum Towers and Wilanow, being the next two assets expected to be sold, has been set for 28 June 2024.
  - This process is expected to continue until all assets are disposed of.
  - It is expected that shareholder realisations should occur as and when the cash from sales permits and once Fund debt has been repaid, bearing in mind the need to retain sufficient cash for closure costs. Shareholders will be updated as and when the Preference and Ordinary shares are expected to be redeemed.
  - The Fund has approximately £5m of useable Polish tax losses across its various SPVs and initial attempts are being made to sell the SPVs in order to receive some value from such tax losses as well as saving the Fund from having to bear closure costs and reducing the time for shareholder realisations.
  - It may not be possible to realise any value from these tax losses and in this case the structures may simply be merged and liquidated commencing with Group entities in Poland then Luxembourg and finally, the PCC structure in Guernsey..

## PLN Interest Rates

### Polish Interest Rates Started to Fall:

- Though the Fund no longer has any PLN denominated loans, Polish interest rates do affect the demand and price of the Fund's real estate assets.
- The Polish lending rate 'WIBOR' (3 months) remains at around 5.86% having declined from its most recent peak in late 2022 of 7.43% (graph below). Polish lenders require corporate borrowers to take out interest rate swap or cap agreements to protect against further rises in interest rates as well as adding their own margins – resulting in PLN borrowing rates in excess of 10%.
- Falling interest rates coupled with the Government's first time buyer assistance (as detailed below) are expected to be price supportive for the Polish residential real estate market.



## Rental Income



Grodzisk



Rejtana, Poznan



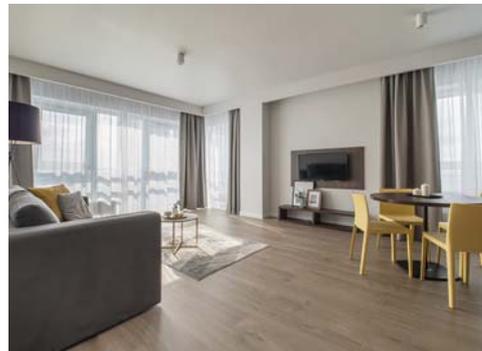
Jesionowa, Katowice

### Rental Income

- Efforts continue to be made to ensure as close to 100% occupancy as possible in order to attract the best sales price for the Fund's assets.
- **Grodzisk, Warsaw, Full Occupancy:**
  - The vacant unit has now been rented to a nursery resulting in 100% occupancy that should increase the value of this commercial asset.
- **Rejtana, Poznan Fit-Out and Rental:**
  - Six of the nine units have already been fitted and are all rented. The last three units will be left in 'shell' form in order that any prospective buyer may decide on the fit-out options and standards that they wish.
- **Jesionowa, Katowice, Full Occupancy:**
  - This building has long been the Fund's most difficult rental asset to rent out and manage, accounting for a significant part of the rental income gap reported in previous Investor Reports. However, through a combination of a new rental/building manager and selected sales, occupancy is now at 100% which has eliminated the cost burden on the Fund from having to pay significant running costs for vacant units of approximately PLN 50,000 per annum. The 100% occupancy should also assist the sales process.
  - Rental rates have also been increased by Polish CPI at 11.4% where possible to increase the yield on this asset.
- **Utility agreements transferred into the names of the Tenants:**
  - Jesionowa, Arkada and Rejtana utility agreements have, as far as possible, been transferred into the names of the tenants in order to eliminate the need for the Fund to pre-finance these payments with the utility providers and reduce the non-payment of such costs from tenants that has been problematic for the Fund over the years. There is still more work to do in this respect and the rental manager continues to work with both tenants and the utility companies to effect further transfers.

Fund Assets  
Platinum Towers,  
Rejtana and Jesionowa

*Platinum Towers, Warsaw*



*Rejtana, Poznan*



*Jesionowa, Katowice*



30 June 2024

### Real Estate Portfolio

Developed Portfolio	Valuation (PLN) 31/12/2023 (unless stated otherwise)
Platinum Towers	37,160,664
Jesionowa*	14,523,943
Grodzisk**	7,910,000
Wilanow	4,863,400
Rejtana	5,175,900
Arkada	3,638,400
Parking Spaces	30,000
<b>Total : Developed Portfolio</b>	<b>73,302,307</b>
<b>Under Construction or Land Plot</b>	
Spiska***	1,500,600
Szaserow****	4,305,000
<b>Total: Under Construction/Land Plot</b>	<b>5,805,600</b>
<b>Total Portfolio</b>	<b>79,107,907</b>

#### Notes.

The Fund no longer undertakes quarterly valuations. Full valuations are undertaken at year end to align with the audit or at other times so determined by the Directors where there is a need for a Net Asset Value to be calculated.

\* Jesionowa – sales adjusted to 30 June 2024.

\*\* Grodzisk – 30 September 2023 valuation to reflect current full occupancy level achieved.

\*\*\* Spiska – the land plot was revalued after the adverse Master Plan decision. This is not the compensation claim value.

\*\*\*\* Szaserow – the valuation is based on the gross value of the land plot as compared to the completed build because the asset is intended to be sold as a land plot with a valid building permit.

## Key Fund Facts

### Total Shares in Issue

▪ 43,958,507.64

### Number of Ordinary Shares in Issue

▪ 38,625,507.64

### Number of Preference Shares in Issue

▪ 5,333,000.00

### Launch Date and Share Launch Prices

▪ 31 May 2006 – Ordinary Shares at 100.00p  
▪ 28 December 2022 – Preference Shares at 37.50p

### Valuation Points

▪ Annually at Year End

### Listing

• The International Stock Exchange ('TISE')

### Price published

▪ Reuters and TISE

### SEDOL Ordinary and Preference

▪ Ordinary Shares: B125N44

### ISIN Ordinary Shares

▪ Ordinary Shares: GB00B125N441

### Bloomberg Ticker

▪ POLGGR GU

### Administrator

▪ JTC Fund Solutions (Guernsey) Limited

### Shareholder enquiries

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## Important Information

- These materials do not constitute an offer to sell or solicitation of an offer to buy shares in the Scheme. The Scheme referred to in this Investor Report constitutes an 'unregulated collective investment scheme' for the purposes of the restriction on the promotion of unregulated schemes under section 238 of the UK FSMA and, accordingly, the Scheme cannot be marketed in the UK to the general public. Past performance is no guide to future performance and the value of the shares in the Fund may go down as well as up.
- This Investor Report should be read in conjunction with, and in the context of, the Information Memorandum of the City Living PCC Limited: Poland Geared Growth Cell (the 'Scheme') which has been prepared to comply with the terms of Rule 4.1(1) of The Authorised Closed-ended Investment Schemes Rules and Guidance 2021 (the 'Rules') as issued by the Guernsey Financial Services Commission pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 (the 'Law'). Expressions of opinion herein are subject to change without notice.
- City Living PCC Limited was established as a protected cell company on 13 June 2006, and is governed by the provisions of the Companies (Guernsey) Law 2008, and subsequent amendments. On 30 November 2022, the Fund wrote to the Guernsey Financial Services Commission confirming its intention to convert from a Class B Scheme to an Authorised Closed-ended Scheme. The Fund converted from a Class B Scheme to an Authorised Closed-ended Scheme, under the Authorised Closed-ended Investment Scheme Rules and Guidance 2021 on 22 December 2022. Prior to this date, the cell was authorised by the Guernsey Financial Services Commission as a Class B Scheme under The Authorised Collective Investment Schemes (Class B) Rules and Guidance.