ARUNDEL ®

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2020

ARUNDEL ®

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ARUNDEL ®

CHAIRMAN'S STATEMENT

The Company is pleased to report its results for the six months ended 30 June 2020 ("Jun20").

The Arundel Group's (the "Group") activities comprise:

(i) principal investments in selective assets;
(ii) the financing of investment opportunities from which the Company generates fees and carried interests; and
(iii) the provision of investment advice to various groups which generate fees and investment opportunities.

Overview

The first half of 2020 was dominated by the global impact of the COVID-19 pandemic. The Company has adapted successfully to the imposed conditions and managed to complete the group audit on time with all members of staff working from home since mid-March 2020. In line with government guidance and increasing infections in the UK and elsewhere, our employees will largely continue to work from home for the foreseeable future.

Whilst the impact of the pandemic has had a negative impact on the ability to generate new business, the group has nevertheless formed new partnerships and been working on a number of initiatives, many involving green and renewable strategies. We continue to collect all rent from our investment properties in Leipzig and have continued to receive recurring income under various advisory mandates.

Financial review

Overall, your Company is reporting a consolidated net profit of $2.6 million for Jun 20 (net profit of $12.2 million – six months ended 30 June 2019 ("Jun19")). In view of the Company's decision to retain the Leipzig Properties in April 2019, the results for Jun19 included a credit of $8.6 million in respect of a reversal of impairment costs provided in 2018 and an initial fair value recognition of $4.3 million in respect of the development land at 30 June 2019.

During Jun20, 75% of the Company's income was derived from rent and 25% was derived from investment advisory activities which is comparable to the split of income for the first half of 2019.

At 30 June 2020, the independent valuation of the Leipzig Properties was €139.8 million which represented an increase of €2.7 million from the independently appraised value at 31 December 2019. The increase was primarily as a result of a decline in capitalisation and discount rates used in preparing the independent valuation. The decrease in these rates reflects a decrease in the yields on the 10-year and 30-year German Government bonds between the reporting dates.

Despite reporting a consolidated net profit for Jun20, total equity decreased by 1.1% from $25.3 million at 31 December 2019 to $25.0 million at 30 June 2020, as a result of an adverse movement of $2.8 million on the foreign currency translation reserve. Sterling weakened by 6.6% against the US dollar during the first six months of the year, resulting in a reduction of $1.6 million in the carrying value of the London office building. The Indian rupee weakened by approximately 6.1% against the US dollar during the first six months of the year, resulting in a reduction of $0.6 million in the carrying value of the Indian development land at 30 June 2020. Since 30 June, the Euro, Sterling and Indian Rupee have appreciated by approximately 4.3%, 3.2% and 2.7%, respectively against the US dollar which will have a material positive impact on net assets of the Group if maintained in the second half of the year.

Management is in the process of reducing the number of companies in the group structure which will lead to lower operating costs from 2021 onwards. Management has reduced a number of other costs and will continue to focus on reducing other expenses over the short to medium term to combat the uncertainties in the current environment.

Events after the balance sheet date

In August 2020, the Group extended the maturity date by two years on approximately $3.4 million of loans scheduled to mature on 31 January 2021.

Covid-19

The Directors will continue to monitor the threat and implications of the COVID-19 pandemic, although it is too early to fully understand the impact that the virus will have on the Group's business sectors and the wider macro-economic environment in the medium and longer term. Management does not expect any reduction of its rental income. However, the probability of earning new transaction income from the Group's investment advisory business is reduced for the immediate future. Whilst there may be a temporary impact on the valuation of the Group's principal assets, management believes that the Leipzig investment properties, its prime freehold London office building and its development land in India represent an excellent source of long-term value.

New advisory business

The Group had been developing a number of new business initiatives which were expected to lead to an increase in advisory income in the current and subsequent financial years. However, the wider impact of the trade war between China and the USA, volatility in the oil and gas sector and latterly the development of the Covid-19 pandemic has created material uncertainty in the Company's ability to execute transactions in the immediate future. As stated earlier, we are pursuing a number of new initiatives, in the area of sustainable (ESG) investment where demand for investment opportunities is less constrained.

Whilst the economic back drop remains extremely challenging, your Group believes that its historic relationships and operations in the United States, Europe and Asia provide it with a unique set of diversified opportunities as the business environment stabilises.

Management shareholdings

At 30 June 2020 management owned 4,047,372 of the Company's issued share capital which represents 26.8% of the total number of shares in issue.

We look forward to reporting on future developments in the months ahead.

Arundel AG

David Quint (Chairman)
Approved by the board: 22 September 2020

Financial results

The comparative figures in the consolidated income statement for the six months 30 June 2019 ("Jun19") have been re-presented to reflect the release of an unallocated excess impairment provision related to the Leipzig Properties from finance costs to a separate line in the income statement. The presentation of the initial recognition of development land was also re-presented and reflected as a fair value gain in the income statement rather than being recognised directly in reserves.

Total revenue for the six months 30 June 2020 ("Jun20") was $4.6 million compared to $4.7 million for Jun19. Rental income from the Leipzig Properties for Jun20 was $3.4 million (Jun19 - $3.5 million) and advisory income was $1.2 million (Jun19 - $1.1 million). The reduction in rental income reflected a 2.5% strengthening of the US dollar against the Euro during the reporting periods.

The results for Jun20 included a fair value gain on investment properties and development land of $3.0 million (Jun19 – $5.9 million) which for Jun20 primarily reflect the impact of the reduction of yields on 10-year and 30-year German government bonds between the reporting dates on the assumptions used in the independent valuation report for the Leipzig Properties. The investment properties increased by $1.6 million and development land by $4.3 million for Jun19 following the acquisition of three Indian companies which owned 61.6 acres of development land near Chennai.

The consolidated income statement for Jun19 reflects the release of an unallocated excess impairment provision in the amount of $8.6 million. The provision related to original intention, taken in 2018, to seek a buyer of the Leipzig Properties. However, as stated above, this decision was reversed in April 2019. As a result, the excess provision was no longer required.

Administrative and marketing expenses for Jun20 were $3.5 million (Jun19 - $3.2 million) with the increase attributable to the reversal of a tax recoverable amount of $0.3 million during Jun20. Cost saving measures are expected to be reflected in the second half results.

Finance Income for Jun20 was $0.5 million (Jun19 – nil) which represented movement on foreign exchange rates on certain borrowings. Finance costs for Jun20 are stated at $2.3 million (Jun19 - $4.1 million). Excluding non-cash related items such as the impact of movements in foreign exchange rates and amortisation of debt issue expenses, net finance costs for Jun20 were $2.2 million (Jun19 - $3.5 million) reflecting the beneficial impact of the refinancing of debt secured against the Leipzig Properties which completed at the end of September 2019.

The Company is reporting a consolidated net profit for Jun20 of $2.6 million (Jun19 – $12.2 million) and a loss from adverse movements in foreign exchange rates of $2.8 million (Jun19 – loss $0.5 million) resulting in total comprehensive expense for Jun20 of $0.2 million compared to comprehensive income of $11.8 million for Jun19.

Balance sheet

Total assets were $199.2 million at 30 June 2020 compared to $199.3 at 31 December 2019.

Property, plant and equipment at 30 June 2020 was stated at $23.6 million compared to $25.4 million at 31 December 2019 reflecting the US dollar's strength compared to sterling at the balance sheet dates.

The Leipzig Properties were independently valued at $157.3 million (€139.8 million) at 30 June 2020 compared to $154.0 million (€137.1 million) at 31 December 2019. The increase primarily reflects the impact of a decrease on German Government 10-year and 30-year bond yields feeding through to the assumptions used in the independent valuation offset by adverse movements in the exchange rate of the Euro against the US dollar.

Development land, independently valued at 30 June 2020, is stated at $9.4 million (31 December 2019 – $10.0 million). The reduction reflected the US dollar's strength compared to the Indian Rupee at the balance sheet dates.

Current assets at 30 June 2020 were $3.4 million compared to $4.6 million at 31 December 2019. Current liabilities at 30 June 2020 were $11.1 million compared to $7.3 million at 31 December 2019. The increase in current liabilities reflected approximately $3.4 million of borrowings transferred from non-current borrowing. However, in August 2020 the maturity date on these loans was extended by two years to 31 January 2023. As a result, the loans will revert to non-current borrowings.

Long term borrowings at 30 June 2020 were $163.2 million compared to $166.8 million at 31 December 2019.

Cash flow

During Jun20 the Group used $1.0 million in operating activities compared to $1.7 million during Jun19. Net cash used by financing activities in Jun20 totalled $0.6 million compared to $2.0 million generated by financing activities in Jun19. Overall, the Group decreased net cash and cash equivalents in Jun20 by $1.6 million compared to a net increase of $0.3 million in Jun19.

Arundel AG

Approved by the board: 22 September 2020

DIRECTORS

Mr. David Quint (Chairman)

Dr. Doraiswamy Srinivas (Vice Chairman)

Mr. Markus Müller

Mr. Ralph Beney (appointed 26 May 2020)

COMPANY SECRETARY

Dr. Doraiswamy Srinivas

EXECUTIVE MANAGEMENT

Mr. David Quint (Executive Chairman)

Dr. Doraiswamy Srinivas (Executive Director)

Mr. Ralph Beney (Director and Chief Financial Officer)

Mr. Richard Borg (Group Legal Officer)

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(as to Swiss Law)

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REGISTERED NUMBER

CH-020.3.922.903-6

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2020

	NOTE	6 Month Period to 30 June 2020	6 Month Period to 30 June 2019 RESTATED
		$	$
Revenue	4	4,610,243	4,664,179
Administrative and marketing expenses	5	(3,452,401)	(3,191,946)
Net fair value gains on investment properties and development land	9	2,998,210	5,907,713
Unallocated excess impairment provision	9	-	8,566,556
Reversal of impairment on financial assets	10	270,630	388,388
Other income		40,332	19,873
Operating profit		4,467,014	16,354,763
Finance income	6	535,773	41,384
Finance costs	7	(2,331,478)	(4,107,844)
Profit before income tax expense		2,671,309	12,288,303
Income tax expense		(59,305)	(44,777)
Profit for the period		2,612,004	12,243,526
Attributable to:			
Equity owners of the parent		2,341,310	11,863,233
Non-controlling interests		270,694	380,293
		$ per share	**$ per share**
Earnings per share from continuing operations attributable to the owners during the period			
Basic/diluted earnings per share:			
From profit for the period		0.156	0.796

The notes on pages 11 to 23 form part of these consolidated financial statements.

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2020

	6 Month Period to 30 June 2020 $	**6 Month Period to 30 June 2019 RESTATED** $
Profit for the period	2,612,004	12,243,526
Other comprehensive (expense)/income for period		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(2,803,439)	(466,238)
Other comprehensive (expense)/income for the period	(2,803,439)	(466,238)
Total comprehensive (expense)/income for the period	(191,435)	11,777,288
Attributable to:		
Equity owners of the parent	(462,129)	11,407,235
Non-controlling interests	270,694	370,053
	(191,435)	11,777,288

The notes on pages 11 to 23 form part of these consolidated financial statements.

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2020

	NOTE	As at 30 June 2020	As at 31 December 2019
		$	$
ASSETS			
Non-current assets			
Property plant and equipment	8	23,591,070	25,442,793
Investment property and development land	9	166,647,204	163,909,916
Receivables and prepayments	10	5,620,782	5,419,895
		195,859,056	194,772,604
Current assets			
Receivables and prepayments	10	1,595,701	1,161,663
Cash and cash equivalents		1,784,636	3,405,850
		3,380,337	4,567,513
TOTAL ASSETS		199,239,393	199,340,117
EQUITY			
Capital and reserves			
Share capital	12	16,362,693	16,362,693
Share premium		56,307,636	56,307,636
Equity component of convertible bond		778,972	778,972
Translation reserve		(3,806,623)	(993,116)
Accumulated losses		(47,290,239)	(49,631,549)
Treasury Shares		(430,583)	(348,835)
Attributable to the equity holders of the parent		21,921,856	22,475,801
Non-controlling interests		3,063,616	2,782,854
TOTAL EQUITY		24,985,472	25,258,655
LIABILITIES			
Non-current liabilities			
Non current borrowings	11	159,288,526	162,602,260
Deferred taxation		3,890,745	4,147,900
		163,179,271	166,750,160
Current liabilities			
Accruals		1,860,281	1,574,395
Trade and other payables		4,485,968	4,545,856
Current borrowings	11	4,728,401	1,211,051
		11,074,650	7,331,302
TOTAL LIABILITIES		174,253,921	174,081,462
TOTAL EQUITY AND LIABILITIES		199,239,393	199,340,117

The notes on pages 11 to 23 form part of these consolidated financial statements.

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2020

	Attributable to equity owners of the parent								
	Share Capital $	Share Premium $	Treasury Shares $	Equity Component of Convertible Bond $	Translation Reserve $	Accumulated Losses $	Attributable to equity owners of the parent $	Non-controlling interest $	Total $
As at 31 December 2019 and 1 January 2020	**16,362,693**	**56,307,636**	**(348,835)**	**778,972**	**(993,116)**	**(49,631,549)**	**22,475,801**	**2,782,854**	**25,258,655**
Profit for the period	-	-	-	-	-	2,341,310	2,341,310	270,694	2,612,004
Other comprehensive income									
Foreign currency translation - net	-	-	-	-	(2,813,507)	-	(2,813,507)	10,068	(2,803,439)
Total comprehensive income	-	-	-	-	(2,813,507)	2,341,310	(472,197)	280,762	(191,435)
Treasury share transactions	-	-	(81,748)	-	-	-	(81,748)	-	(81,748)
As at 30 June 2020	**16,362,693**	**56,307,636**	**(430,583)**	**778,972**	**(3,806,623)**	**(47,290,239)**	**21,921,856**	**3,063,616**	**24,985,472**

	Share Capital $	Share Premium $	Treasury Shares $	Equity Component of Convertible Bond $	Translation Reserve $	Accumulated Losses $	Attributable to equity owners of the parent $	Non-controlling interest $	Total $
As at 31 December 2018 and 1 January 2019	**147,264,236**	**56,307,636**	**(1,012,035)**	**752,049**	**(170,851)**	**(189,651,464)**	**13,489,571**	**2,305,664**	**15,795,235**
Profit for the period	-	-	-	-	-	11,863,233	11,863,233	380,293	12,243,526
Other comprehensive income									
Foreign currency translation - net	-	-	-	-	(455,998)	-	(455,998)	(10,240)	(466,238)
Total comprehensive income	-	-	-	-	(455,998)	11,863,233	11,407,235	370,053	11,777,288
Treasury share transactions	-	-	153,993	-	-	(130,134)	23,859	-	23,859
Equity component of convertible bond	-	-	-	18,183			18,183		18,183
As at 30 June 2019	**147,264,236**	**56,307,636**	**(858,042)**	**770,232**	**(626,849)**	**(177,918,365)**	**24,938,848**	**2,675,717**	**27,614,565**

The notes on pages 11 to 23 form part of these consolidated financial statements.

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2020

	NOTE	6 Month Period to 30 June 2020	6 Month Period to 30 June 2019 RESTATED
Cash flow from operating activities		$	$
Profit for the period		2,612,004	12,243,526
Adjustments for:			
-Net foreign exchange movements	6	(532,045)	83,792
- Interest income	6	(3,728)	(41,384)
- Interest expenses and other finance expenses	7	2,190,933	3,540,210
- Amortisation of debt issue costs	7	140,545	483,842
- Changes in fair value of investment property and development land	9	(2,998,210)	(5,907,713)
- Excess impairment provision	9	-	(8,566,558)
- Allowance for impairment of receivables	10	(270,630)	(388,388)
- Write off taxation receivable	5	239,917	-
- Depreciation	8	216,013	212,404
- Income tax expense		59,305	(44,777)
Changes in working capital			
- Trade creditors and other payables		(87,121)	239,298
- Other receivables and prepayments		(755,606)	(876,976)
- Accruals		(422,262)	(42,199)
Interest paid		(1,409,973)	(2,616,357)
Income tax (paid)/received		(10,251)	(3,954)
Net cash (used) by operating activities		(1,031,109)	(1,685,234)
Cash flow from investing activities			
Change in restricted cash	10	-	21,539
Capital expenditure		(906)	(39,267)
Cash paid for acquisition of shares		-	(23,930)
Interest received		3,728	1,045
Net cash (used)/generated by investing activities		2,822	(40,613)
Cash flow from financing activities			
Proceeds from borrowings	11	-	4,030,060
Repayment of borrowings	11	(559,894)	(2,030,946)
Net cash generated/(used) by financing activities		(559,894)	1,999,114
Net increase/(decrease) in cash and cash equivalents		(1,588,181)	273,267
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		3,405,850	1,284,048
Net increase/(decrease) in cash and cash equivalents		(1,588,181)	273,267
Foreign currency translation adjustments		(33,033)	285
Cash and cash equivalents at end of period		**1,784,636**	**1,557,600**

The notes on pages 11 to 23 form part of these consolidated financial statements.

1. GENERAL INFORMATION

Arundel AG (the "Company") is domiciled in Switzerland with its registered office at Gotthardstrasse 21, CH-8002, Zürich and is the ultimate parent company of the Arundel Group (the "Group"). The Company is an investment holding company. The Group is focused on investment and financing activities in Europe, the USA and India.

The Company is listed on the SIX Swiss Exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim condensed consolidated financial statements have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

These condensed interim financial statements for the half year reporting period ended 30 June 2020 have been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in the annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2019 and any public announcements made by the Group during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial period end and corresponding interim reporting period, except for changes in policy necessitated by the adoption of new standards as set out below.

Comparative information presented is that included in the last set of interim condensed consolidated financial statements issued by the Group to 30 June 2019 and the annual report to 31 December 2019.

In the context of the preparation of 2019 annual financial statements, it was noted that the initial recognition of the fair value of the parcel in India was recognised through equity instead of through the income statement. In addition, the reversal of the provision for unallocated excess impairment that was recognised as financial expense instead of a part of the operating profit. These errors from the interim financial statements 2019 were correctly reported in the financial statements 2019. The impact on the interim financial statements for the six-month period to 30 June 2019 was as follows:

	Restated	**As previously stated**	**Movement**
	$	**$**	**$**
Net fair value gains on investment properties and development land	5,907,713	1,132,094	4,775,619
Unallocated excess impairment provision	8,566,556	-	8,566,556
Operating profit	**16,354,763**	**3,012,588**	**13,342,175**
Finance costs	(4,107,844)	4,458,712	(8,566,556)
Profit before income tax expense	**12,288,303**	**7,512,684**	**4,775,619**
Profit for the period	**12,243,526**	**7,467,907**	**4,775,619**
Earnings per share from continuing operations attributable to the owners during the period	**0.784**	**0.476**	**0.308**

There was no impact on the statement of financial position as at December 31, 2019 or on net cash (used) by operating activities, net cash used by investing activities or net cash generated/(used) by financing activities for the six month period to 30 June 2019.

2.2 COVID - 19

The Covid-19 pandemic (the "Pandemic") has not had any impact on the Group's primary sources of revenue and is not expected to do so in the foreseeable future. A significant majority of income is derived from rental income in respect of investment properties which are leased to the State of Saxony. As a result, the directors are satisfied that there is limited impact on the ability of the Company to continue as a going concern as a direct result of Covid-19. Similarly, there is no evidence that the Pandemic has had an adverse impact on the carrying value of the Group's assets based on the independent valuations procured at the reporting date. The Company will monitor the position on an on-going basis.

The Group's employees have successfully operated remotely for the period of the Pandemic. The Group has not relied on any relief or support from government or the states in which it operates. As a result, the directors expect that the Pandemic will have little impact on the future cashflows for the Group and that the full impact of measures required in respect of the Pandemic known at this time have been reflected in these interim financial statements.

Adoption of new standards and interpretations

No new or amended standards became applicable for the current reporting period.

New standards not yet adopted

There are no other new standards or amendments which are currently issued but not effective which are expected to have a material impact on the financial statements of the Group.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors

The Group's financial and other risk management is unchanged from that disclosed in the Annual Financial Statements for the period ended 31 December 2019. See Note 10 for consideration of credit risk and expected credit losses arising from IFRS 9.

3.2 Fair value estimation

The fair value of instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As at 31 December 2019, Investment property and development land of $166,647,204 is included in level 3 (2019 - $163,909,916). There were no instruments included in level 1 or 2 at 30 June 2020 or 31 December 2019.

For further details of the valuation technique used to value the Investment Properties and development land held by the group see Note 9.

There were no transfers between levels in the period ended 30 June 2020.

4. REVENUE

In the following table, revenue is disaggregated by the nature of services provided. All revenue is transferred over time.

	6 month period to 30 June 2020 **Total segment revenue $**	**6 month period to 30 June 2019** **Total segment revenue $**
Rental Income	3,444,634	3,530,931
Investment management and advisory fees	1,165,609	1,133,248
Total	4,610,243	4,664,179

Nature of services provided by the Group

Rental income from government tenanted property:

The Group leases out real estate assets in Leipzig, Germany for which it receives monthly rental income. Approximately 85% of the properties are leased to the tenant until March 2025, although the tenant has the right to terminate approximately 20% of the properties by giving six months notice. No such notice has been received. The remaining 15% of the properties are leased until March 2047.

Investment management and advisory:

The Group provides investment management and advisory services to customers with a focus on investment in India, the US and Europe. The Group earns fee income from the provision of these services which generally accrues over time. The group has a number of contracts in place with customers for the provision of these services which specify fixed consideration for services provided, revenue is recognised in accordance with fulfilment of the performance obligations over time.

Contract assets

As at 30 June 2020 and 31 December 2019 the Group has contract assets of $1,250,000 with a customer which entitles it to a share of fee income due to a third-party fund manager. The performance obligation in relation to this contract was fulfilled at inception of the contract. The Company estimated the variable consideration it expects to receive based on the expected value. The Company recognised revenue only up the amount for which it expects it highly probable that no reversal of revenue will occur. There was no change in the amount compared to 2019 because the estimated fee remains within a range of potential outcomes. Management expects to collect the consideration after the distribution of the funds, which is not expected to occur before 31 December 2020, and classified the contract asset as non-current

5. ADMINISTRATIVE EXPENSES

	6 month period to 30 June 2020	6 month period to 30 June 2019
	$	$
Staff costs	1,324,543	1,303,465
Professional fees and other sundry costs	1,456,092	1,248,171
Property rent and maintenance	455,753	427,906
Depreciation	216,013	212,404
	3,452,401	3,191,946

Included in professional fees and other sundry costs in the period to 30 June 2020 is an amount of $239,917 relating to the release of a taxation receivable no longer deemed recoverable.

6. FINANCE INCOME

	6 month period to 30 June 2020	6 month period to 30 June 2019
	$	$
Foreign exchange movements	532,045	-
Bank interest and other finance income	3,728	41,384
	535,773	41,384

7. FINANCE COSTS

	6 month period to 30 June 2020	6 month period to 30 June 2019
	$	$
Interest on bonds	855,729	794,136
Interest on facilities	350,236	1,794,301
Interest on other loans	971,259	852,770
Amortisation of debt issue costs	140,545	483,842
Other borrowing expenses	13,709	99,003
Foreign exchange movements	-	83,792
	2,331,478	4,107,844

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
Period ended 30 June 2020					
Opening net book amount	9,529,055	15,730,655	102,996	80,087	25,442,793
Additions	-	-	906	-	906
Disposals	-	-	-	-	-
Depreciation charge	-	(190,881)	(14,909)	(10,223)	(216,013)
Foreign exchange movement	(618,625)	(1,017,991)	-	-	(1,636,616)
Closing net book amount	8,910,430	14,521,783	88,993	69,864	23,591,070
At 30 June 2020					
Cost	8,910,430	15,981,703	193,501	140,156	25,225,790
Accumulated depreciation	-	(1,459,920)	(104,508)	(70,292)	(1,634,720)
Net book amount	8,910,430	14,521,783	88,993	69,864	23,591,070

	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
Year ended 31 December 2019					
Opening net book amount	9,170,299	15,487,469	80,913	37,288	24,775,969
Additions	-	39,267	40,660	81,792	161,719
Disposals	-	-	-	(19,455)	(19,455)
Depreciation charge	-	(387,252)	(18,577)	(19,538)	(425,367)
Foreign exchange movement	358,756	591,171	-	-	949,927
Closing net book amount	9,529,055	15,730,655	102,996	80,087	25,442,793
At 31 December 2019					
Cost	9,529,055	16,999,694	192,595	140,156	26,861,500
Accumulated depreciation	-	(1,269,039)	(89,599)	(60,069)	(1,418,707)
Net book amount	9,529,055	15,730,655	102,996	80,087	25,442,793

At 30 June 2020, the Group does not believe that any impairment of the asset has occurred and continues to hold the freehold property at the independent appraised value on acquisition less amortisation and depreciation in accordance with the appropriate accounting policies.

9. INVESTMENT PROPERTY AND DEVELOPMENT LAND

	As at 30 June 2020 $ Investment Property	As at 30 June 2020 $ Development Land	As at 30 June 2020 $ Total	As at 31 December 2019 $ Investment Property and Development Land
Beginning of period/year	153,950,673	9,959,243	163,909,916	-
Transferred from disposal group classified as held for sale	-	-	-	149,877,496
Investment in development land in India	-	-	-	5,041,788
Net gains on fair value adjustment	2,998,210	-	2,998,210	8,526,525
Additions	-	-	-	9,132
Net change in fair value due to exchange differences	313,723	(574,645)	(260,922)	454,975
End of period/year	157,262,606	9,384,598	166,647,204	163,909,916

Investment Property

The investment property is carried fair value. An independent valuation of the investment properties was performed by Botta Management AG as at 30 June 2020 and 31 December 2019. A discounted cash flow method was used to calculate the market value assuming a 10 year calculation period and a terminal value (with the exception of the Records Bureau for which a 30 year calculation period was used).

This resulted in a gross capital valuation as set out below.

Country	Segment	Valuation (EUR/USD)	Valuation technique	Rental value (EUR/USD)	Discount rate %	Capitalisation rate for terminal value
Germany	Investments in Government tenanted properties	139,830,000/ 157,262,606 (31 Dec 2019 – 137,110,000/ 153,950,673)	Discounted cash flow	6,250,000/ 7,030,371 (Dec 2019 – 6,250,000/ 7,017,662)	2.95/3.4% (Dec 2019 – 3.1% to 4.6%)	3.95/4.4% (Dec 2019 – 4.1% to 4.6%)

The fair value of the investment properties was increased by $2,998,210 (€2,720,000) to take account for the valuation change and was recorded as a gain on fair value adjustments. The property is denominated in EUR and the net change in fair value in the period due to exchange difference was $313,723.

During the period ended 30 June 2019 an unallocated excess impairment provision the Group made upon classification of the Leipzig Properties as available for sale was released to the income statement as the decision to dispose of the properties was reversed.

9. INVESTMENT PROPERTY AND DEVELOPMENT LAND (Continued)

Development Land

In March 2019, the Group acquired the entire issued share capital of three Indian companies ("Indian Co's") which owned 61.6 acres of land in near Chennai, India. The land is approved for residential development. The acquisition was treated as an asset acquisition as defined in IFRS 3. In December 2019 a legal process to merge the Indian Co's with Omkar Property Development Private Limited was completed. The Group had previously advanced loans to the Indian Co's to acquire the land.

The development land was initially recognised at $5.0 million (INR 350.1m) during 2019, which represents cumulative cash payments lent by the Group to facilitate the acquisition of the land.

At 30 June 2020 the development land is carried at a fair value of $9,384,598 (INR 708.9m) (31 December 2019 - $9,959,243 (INR 708.9m)). The fair value is based on an independent valuation performed by Vestian Global Workplace Services Pvt Ltd. The valuation was based on a market approach using comparable transactions, adjusted to reflect the size, the infrastructure and access, the location within the neighbourhood and the shape and topography. The valuation uses a weighted average premium/discount.

This valuation was performed in January 2020, however in July 2020 the Group obtained an update from the external valuers who confirmed that there was no change in their opinion of the value of the development land as at 30 June 2020 as compared to that as at 31 December 2019. It was recommended however that the valuation is kept under periodic review as the impact of the COVID-19 pandemic on various assumptions and prevailing market conditions becomes clearer.

10. RECEIVABLES AND PREPAYMENTS

	As at 30 June 2020 $	As at 31 December 2019 $
Non-current		
Other receivables and prepayments – third party	1,303,971	1,383,916
Contract assets	1,250,000	1,250,000
Other receivables and prepayments – related party	3,366,050	3,360,468
Provision made for impairment of receivables	(299,239)	(574,488)
	5,620,782	5,419,896
Current		
Other receivables and prepayments – third party	1,595,701	1,161,663
	1,595,701	1,161,663
Total Receivables and prepayments	**7,216,483**	**6,581,559**

Non-current third party receivables and prepayments:

Third party receivables represent payments made to third parties for potential development land related to the ECR Property in India.

Non-current related party receivables and prepayments:

Non-current related party receivables as at 30 June 2020 and 31 December 2019 relate to a loan of $2,249,719 (€2,000,000) and accrued interest due from Ridgemont Holdings Limited ("Ridgemont"). The principal and interest are due to be repaid in March 2022.

10. RECEIVABLES AND PREPAYMENTS (Continued)

Current third party receivables and prepayments:

	As at 30 June 2020 $	As at 31 December 2019 $
Trade receivables	987,683	528,489
Taxation receivable	-	239,127
Other receivables and prepayments	608,018	394,047
	1,595,701	1,161,663

Impairment of financial assets

As at 30 June 2020, the group considers the credit risk on trade receivables and contract assets to be very low and consequently the period over which expected loss was considered was limited to 12 months. The assessment considered the individual counterparty risk and collateral held. Following this assessment, no impairment has been recognised.

The credit risk on the loan made in respect of investments in development rights in India is considered to be nil as the Group holds collateral in excess of the value of the loans made.

The Group has assessed the loan to Ridgemont mentioned above to represent a non-performing asset under IFRS 9. This loan is secured against the 5.1% minority holding of Ridgemont in USI Verwaltungszentrum Leipzig Limited & Co.KG. Due to revaluations of this holding as at 30 June 2020 the value of this holding is lower than the valuation of the loan made and accrued interest. As such, allowance has been made for the lifetime expected loss, the allowance has been adjusted in the period to the underlying value of the 5.1% minority holding.

	Related Parties $
Opening loss allowance as at 1 January 2020	574,488
Decrease in allowance recognised in profit or loss during the period	(270,630)
Impact of foreign exchange rates	(4,619)
Closing loss allowance as at 30 June 2020	299,239

11. BORROWINGS

	30 June 2020 $	31 December 2019 $
Non-current		
Bonds	27,178,744	26,594,480
Facilities	70,476,133	70,937,633
Other loans	61,633,649	65,070,147
	159,288,526	162,602,260
Current		
Bonds	-	-
Facilities	1,310,835	1,211,051
Other loans	3,417,566	-
Total current borrowings	4,728,401	1,211,051
Total borrowings	164,016,927	163,813,311

11. BORROWINGS (Continued)

Bonds

On 31 March 2019, after securing bond holder consent, the Group extended the maturity date of its Swiss Franc convertible bonds for three years with a new maturity date of 31 March 2022. The interest rate remained unchanged at 6.25% whilst the conversion price decreased to CHF 10.00 per share. The total in issue as at 30 June 2020 is CHF 26.44 million.

Facilities

On 26 September 2019 the group successfully completed the refinancing of debt secured against the Leipzig properties. The group entered into a new 5-year facility with a major German financial institution. The principal sum borrowed was €65 million and the interest rate was fixed at 0.95% per annum. Under the terms of the financing approximately 10.5% of the principal sum will be amortised during the term of the loan. The facility is secured against the Leipzig properties.

Other facilities include a loan from a bank which is secured by a first legal mortgage over freehold property in the UK and a fixed and floating charge. The loan is repayable by equal quarterly instalments of approximately $66k ending in September 2022. Interest on the loan is payable at 2% over the lender's base rate. As at 30 June 2020, the principal amount outstanding on this loan was $642,298.

Other Loans – non current

At 30 June 2020 Other Loans included various loans from minority shareholders totaling $59.5 million (December 2019 - $59.6 million). The maturity date of these loans is 31 December 2028. The weighted average interest rate on these loans is 2.63% per annum.

12. SHARE CAPITAL

	30 June 2020 $	31 December 2019 $
Authorised, allotted, called up and fully paid:		
Equity interests:		
15,115,164 Ordinary shares of CHF 1.00 each	16,362,693	16,362,693

At the Annual General Meeting on 11 June 2019 a reduction in the par value of the Company's shares from CHF 9.00 to CHF 1.00 was approved, the reduction was used to eliminate losses carried forward. This was recorded on the commercial register on 2 September 2019. No dividend or capital distribution was proposed in relation to the accounting year ended 31 December 2019.

As at 30 June 2020, the Group held 144,147 treasury shares (31 December 2019 – 106,928 shares).

Treasury Shares	June 2020 Shares	Dec 2019 Shares	June 2020 $	Dec 2019 $
	144,147	106,928	430,583	348,835

12. SHARE CAPITAL (Continued)

An analysis of the movement in treasury shares in the period ended 30th June 2020 and year ending 31 December 2019 is as follows:

	No of Treasury Shares	$	Average price per share $
As at 31 December 2018	252,165	1,012,035	4.01
Receipt of shares in settlement of obligations from former shareholders	69,763	145,700	2.09
Issue of shares in settlement of obligations to third parties	(215,000)	(808,900)	3.76
As at 31 December 2019	106,928	348,835	3.26
Receipt of shares in settlement of obligations from former shareholders	37,219	81,748	2.20
As at 30 June 2020	144,147	430,583	2.98

13. FOREIGN EXCHANGE RATES

	Balance Sheet		Income and Cash Flow Statement (average)	
	As at 30 June 2020 $	As at 31 December 2019 $	Period ended 30 June 2020 $	Period ended 30 June 2019 $
EUR	0.889	0.891	0.907	0.885
CHF	0.947	0.968	0.966	0.999
GBP	0.807	0.754	0.794	0.773
SGD	1.394	1.345	1.398	1.359
INR	75.539	71.180	74.136	69.989

14. SEGMENT INFORMATION **Period ended 30 June 2020**	**Investment in Development Rights (India)** **$**	**Investment Advisory (UK/US)** **$**	**Investment in Government Tenanted Property (Germany)** **$**	**Head Office and Reconciling Central Costs** **$**	**Total** **$**
Revenue (Note 4)	-	1,165,609	3,444,634	-	4,610,243
Net gain on fair value movement on investment property and development land (Note 9)	-	-	2,998,210	-	2,998,210
(Loss)/profit after tax	**(169,061)**	**(558,997)**	**4,909,133**	**(1,569,071)**	**2,612,004**
Assets					
Investment property and development land (Note 9)	9,384,598	-	157,262,606	-	166,647,204
Property, plant and equipment (Note 8)	-	-	-	23,591,070	23,591,070
Other receivables (Advance development rights payments) (Note 10)	1,303,971	-	-	-	1,303,971
Trade receivables (Note 10)	-	1,250,000	-	-	1,250,000
Cash and cash equivalents	51,164	1,308,861	10,489	414,122	1,784,636
Segment assets for reportable segments	**10,739,733**	**2,558,861**	**157,273,095**	**24,005,192**	**194,576,881**
Of which are non-current assets:	10,688,569	1,250,000	157,262,606	23,591,070	192,792,245
Liabilities					
Total borrowings (Note 11)	9,573,954	-	71,144,689	83,298,284	164,016,927
Deferred taxation	865,307	-	-	3,025,438	3,890,745
Trade and other payables	562,627	2,829,467	-	1,093,874	4,485,968
Accruals	20,591	289,025	795,873	754,792	1,860,281
Segment liabilities for reportable segments	**11,022,479**	**3,118,492**	**71,940,562**	**88,172,388**	**174,253,921**

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany. Investment advisory income is derived from a number of external customers worldwide. The column Head Office and Reconciling Central Costs represents expenses, assets and liabilities that relate to the London property and also those which cannot be separately allocated between segments.

14. SEGMENT INFORMATION	Investment in Development Rights (India)	Investment Advisory (UK/US)	Investment in Government Tenanted Property (Germany)	Head Office and Reconciling Central Costs	Total
	$	$	$	$	$
Period ended 30 June 2019					
Revenue (Note 4)	-	1,133,248	3,530,931	-	4,664,179
Net gain on fair value movement on investment property and development land (Note 9)	4,314,557	-	1,593,156	-	5,907,713
Unallocated excess impairment	-	-	8,566,556	-	8,566,556
(Loss)/profit after tax	**4,160,460**	**(212,518)**	**11,288,600**	**(2,993,016)**	**12,243,526**
Year ended 31 December 2019					
Assets					
Investment property (Note 9)	9,959,243	-	153,950,673	-	163,909,916
Property, plant and equipment (Note 8)	-	-	-	25,442,793	25,442,793
Other receivables (Advance development rights payments) (Note 10)	1,383,816	-	-	-	1,383,816
Trade receivables (Note 10)	-	1,250,000	-	-	1,250,000
Cash and cash equivalents	29,332	2,153,365	134,976	1,088,177	3,405,850
Segment assets for reportable segments	**11,372,391**	**3,403,365**	**154,085,649**	**26,530,970**	**195,392,375**
Of which are non-current assets:	11,343,059	1,250,000	153,950,673	25,442,793	191,986,525
Liabilities					
Total borrowings (Note 11)	9,430,384	-	71,325,296	83,057,631	163,813,311
Deferred taxation	918,292	-	-	3,229,608	4,147,900
Trade and other payables	597,098	2,631,553	-	1,317,205	4,545,856
Accruals	-	393,277	365,488	815,630	1,574,395
Unallocated excess impairment	-	-	-	-	-
Segment liabilities for reportable segments	**10,945,774**	**3,024,830**	**71,690,784**	**88,420,074**	**174,081,462**

All revenue derived from Investments in Government Tenanted Property is derived from one external customer in Germany. Investment advisory income is derived from a number of external customers worldwide. The column Head Office and Reconciling Central Costs represents expenses, assets and liabilities that relate to the London property and also those which cannot be separately allocated between segments.

14. SEGMENT INFORMATION (CONTINUED)

Reportable segments' assets are reconciled to total assets as follows:

Period ended	**30 June 2020 $**	**31 December 2019 $**
Total reportable segment assets	194,576,881	195,392,375
Other investments	100	100
Receivables and prepayments (Note 9)	4,662,412	3,947,642
Total assets per balance sheet	199,239,393	199,340,177

Reportable segments' liabilities equal total liabilities in both periods.

15. SUBSEQUENT EVENTS

In August 2020, the Group extended the maturity date by two years on approximately $3.4 million of loans scheduled to mature on 31 January 2021.

In August 2020, the Company approved a group restructuring and reorganisation which is expected to result in the elimination of several subsidiaries in the second half of 2020 and first quarter of 2021 which will lead to a reduction of Group administrative costs with no adverse impact on revenues.

16. BOARD APPROVAL

The unaudited consolidated financial statements on pages 6 to 24 are subject to approval and have been authorised by the board of directors on 30 September 2020 and were signed on its behalf by:

Mr David Quint
Chairman

Date: 22 September 2020

Dr. Doraiswamy Srinivas
Vice Chairman

Date: 22 September 2020