ARUNDEL®

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2021 (UNAUDITED)

ARUNDEL ®

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CHAIRMAN'S STATEMENT

The Company is pleased to report its results for the six months ended 30 June 2021 ("Jun21").

The activities of the Arundel Group (the "Group") have historically comprised:

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

Financial review

Overall, your Company is reporting a consolidated net loss (including a number of non-cash charges) of $5.5 million for Jun21 compared to a net profit of $2.6 million for the six months ended 30 June 2020 ("Jun20") As a result, total equity decreased to $32.9 million at 30 June 2021 from $38.3 million at 31 December 2020.

During the first half of 2021, 75% of the Company's revenue was derived from rent income and 25% was derived from investment advisory activities which is comparable to the split of income for 2020.

At 30 June 2021, the independent valuation of the Group's investment properties in Germany which are leased to the Government of Saxony (the "Leipzig Properties") decreased by 1.1% to €146.9 million from €148.5 million compared to the independent valuation at 31 December 2020. This decrease primarily resulted from an increase in capitalisation and discount rates used in preparing the independent valuation (which reflect a portion of the increase in the yields on 10-year and 30-year German Government bonds at 30 June 2021 compared to the comparable yields at 31 December 2020). As a result, fair value losses of $2.0 million are being reflected at 30 June 2021. However, it is worth noting that approximately 25% of the increase in the respective yields have reversed in the period since 30 June 2021 which would have the impact of reducing the fair value losses if recalculated today.

In addition, the Euro weakened by 3.2% against the US dollar since 31 December 2020 resulting in a decrease in the net exposure to Euros (approximately €77 million at the balance sheet date), primarily represented by the equity invested in the Leipzig Properties.

Management will continue to seek opportunities to refinance the Group's more expensive debt and to reduce other expenses over the short to medium term to combat uncertainties in the current environment.

Update on litigation

On 21 July 2021, the Company updated shareholders on the litigation involving the Company's UK subsidiary initially reported in 2018 and referred to in the contingent liability note in the Company's Annual Reports since that time. The litigation had been brought in 2018 against Arundel Group Limited ("AGL"), the Company's wholly owned UK subsidiary, Dr. D. Srinivas (a Director of AGL and the Vice Chairman of the Company's Board of Directors) and the former Chief Executive of a client for which AGL raised capital in 2011. The claim was for an amount of £15.25 million plus costs, expenses and interest and was brought by an investor which lost its entire investment. The opinion of legal counsel up to trial was that there were good prospects of AGL's and Dr. Srinivas's defence prevailing.

In early July, a trial in the matter was concluded in London. A final determination by the court could occur at any time. While it is hoped that the proceedings will be resolved favourably, the outcome of any litigation cannot be predicted with certainty.

A favourable judgement in the proceedings could result in AGL being awarded a portion of the costs of its legal defence which have totalled in excess of $1.3 million to date and have been expensed through the income statement since 2018. On the other hand, an unfavourable judgement could have a material adverse impact. It is not possible at this time to predict with certainty if the judgement will be favourable or adverse or, if adverse, whether the judgement would be for the full amount and/or if AGL's liability would be joint and several with the other defendants. It also is not possible to predict whether an adverse judgement could be appealed and/or whether a settlement could be negotiated.

Further details of the litigation, timing and outcome will be made available as soon as possible.

Operational matters

Other developments during 2021 have included the following:

- The Directors have continued to conduct an operational review and restructuring in order to streamline activities and reduce the number of subsidiary companies in the Group. To assist with our programme to reduce operational costs, the Group intends to relinquish in a phased manner its authorisation as a regulated entity in the UK and will only offer strategic advice in the UK going forward.

- Personnel costs have been reduced across the Group. Most senior executives agreed to reduce their salaries by 20% with effect from 1 January 2021 resulting in savings of more than $0.2 million per annum. Further reductions in personnel costs have occurred since then and more are planned in the months ahead.

- The Directors concluded that more flexible working arrangements for employees should be offered in the post pandemic period. The impact of this policy change has allowed the Group to free up space in the London office building for which the UK subsidiary has been seeking tenants. A first tenant has leased one floor of the building on an initial one-year term which will generate rent of approximately $120,000 p.a. from the second half of July. Further progress is likely to take time as many companies are reviewing how they wish to proceed with their office space requirements going forward.
- The Company has held discussions with parties which may lead to a strategic partnership being concluded in due course to expand and enhance the Group's activities. Progress has been impeded until the outcome of the litigation is known and the UK regulatory restructuring is completed.

Covid-19

The Directors have considered and will continue to monitor the threat and implications of the COVID-19 pandemic. While there was no adverse impact on the Group's existing sources of income during the first half of the year the prospect of earning new transaction income from the Group's advisory business remains significantly reduced for the immediate future. The Directors believe that the Leipzig Properties, the freehold office building located in the prime location of St James's Square in London and its development land in India outside of Chennai represent an excellent source of long-term value for the Group. Based on the Group's current activities and prospects, its current working capital position and its ability to further reduce costs in the short term, the Directors are confident that this risk can be managed for the year ahead.

New opportunities

The Group is pursuing opportunities to enhance the Group's operational capability and earnings. Such opportunities may result in the Company reassessing its decision to hold certain assets for the longer term and to liquidate and redeploy capital invested on more attractive terms and / or to reduce the Group's debt. There are no firm plans at the present time and the Company will keep shareholders appraised of material developments.

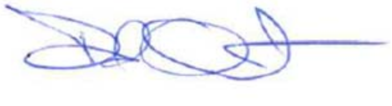
Whilst business conditions remain challenging, the directors believe that the Group's historic relationships and operations in the United States, Europe and Asia provide it with a unique set of diversified opportunities once the business environment stabilises.

Management shareholders

At 30 June 2021 management owned 4,008,743 of the Company's issued share capital which represents 26.5% of the total number of shares in issue. These holdings remain unchanged from shares held at 31 December 2020.

We look forward to reporting on future developments.

Arundel AG



David P. Quint (Chairman)
Approved by the board: 10 September 2021

ARUNDEL AG
MANAGEMENT REPORT ON THE FINANCIAL RESULTS
FOR THE PERIOD ENDED 30 June 2021 (UNAUDITED)

Financial results

Total revenue for the period ended 30 June 2021 ("June21") was $5.0 million compared to $4.6 million for the period ended 30 June 2020 ("Jun20"). Rental income from the Leipzig Properties for Jun21 was $3.8 million (Jun20 - $3.4 million) and advisory income was $1.2 million (Jun20 - $1.2 million).

The results for Jun21 included fair value losses on investment properties and development land of $2.0 million (Jun20 – fair value gains of $3.0 million) which primarily reflect the impact of the increase of yields on 10-year and 30-year German government bonds between the reporting dates which, in turn, impacted the assumptions used in the independent valuation report for the Leipzig Properties.

Administrative and marketing expenses for Jun21 were $3.9 million (Jun - $3.5 million) with the increase primarily attributable to a $0.4 million increase in legal costs incurred in connection with the litigation and regulatory matters. Personnel costs were 10% lower in the first half of 2021 compared to the prior year.

Finance costs for Jun21 are stated at $4.3 million (Jun20 - $2.3 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 Jun21 were $2.5 million (Jun20 - $2.3 million) with the increase attributable to interest on funds borrowed in March and April 2021 which are held to fund investment opportunities and for working capital.

The Company is reporting a consolidated net loss for Jun21 of $5.5 million (Jun20 – profit $2.6 million) and an offsetting profit from favourable movements in foreign exchange rates of $0.1 million (Jun20 – loss $2.8 million) resulting in total comprehensive expense for Jun21 of $5.4 million compared to $0.2 million for Jun20.

Balance sheet

Total assets at 30 June 2021 were $224.4 million compared to $225.6 million at 31 December 2020.

The Leipzig Properties were independently valued at $174.0 million (€146.9 million) at 30 June 2021 compared to $181.6 million (€148.5 million) at 31 December 2020. The decrease primarily reflects the fair value loss of $2.0 million referred to above and a $5.5 million adverse movement in the exchange rate of the Euro against the US dollar. The weighted average unexpired lease term at 30 June 2021 was 7.5 years. The Directors have been in discussions with the Government of Saxony and are hopeful that prior to the end of the year the tenant may exercise a three-year renewal option for that part of the lease which expires on 30 June 2025. Development land is stated at $9.7 million at 30 June 2021 compared to $9.8 million at 31 December 2020 with the decline attributable to the depreciation of the Indian Rupee against the US dollar between reporting dates. The group's London office together with plant and equipment was reflected at $25.8 million at 30 June 2021 ($25.7 million – 31 December 2020), accounted for at historic cost less amortisation and depreciation.

Current assets at 30 June 2021 were $13.2 million compared to $3.1 million at 31 December 2020. Current liabilities at 30 June 2021 were $38.7 million compared to $9.1 million at 31 December 2020 with the increase primarily resulting from the movement of $27.8 million in respect of the Swiss Franc convertible bonds from long term to short term borrowings. The bonds are due for repayment on 31 March 2022. The Company intends to repay the bonds or to seek bondholder consent to extend the maturity prior to the end of the year while continuing to work on plans to refinance this debt on or before maturity. Long term borrowings at 30 June 2021 were $144.8 million compared to $170.4 million at 31 December 2020 with the decrease attributable to the movement of convertible bonds to current borrowings as noted above, the positive movement of the US dollar on conversion of Euro and Swiss Franc debt between reporting dates and $7.8 million of additional borrowing secured during March and April 2021.

Deferred tax of $8.0 million has been provided at 30 June 2021 ($7.7 million – 31 December 2020).

At 30 June 2021 the group's weighted average loan maturity is 4.21 years and the current weighted average loan interest rate is 2.83% per annum.

Cash flow

During Jun21 the group used $0.9 million in operating activities compared to $1.0 million during Jun20. Net cash generated by financing activities in Jun21 totalled $6.9 million compared to $0.6 million used by financing activities in Jun20.

Overall, the Group increased its net cash and cash equivalents in Jun21 by $7.2 million compared to a net increase of $1.8 million in Jun20.

Approved by the board – 10 September 2021

DIRECTORS

Mr. David Quint (Chairman)

Dr. Doraiswamy Srinivas (Vice Chairman)

Mr. Markus Müller

Mr. Ralph Beney

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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REGISTERED NUMBER

CH-020.3.922.903-6

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2021 (UNAUDITED)

	NOTE	6 Month Period to 30 June 2021	6 Month Period to 30 June 2020
		$	$
Revenue	4	5,019,772	4,610,243
Administrative and marketing expenses	5	(3,883,679)	(3,452,401)
Net fair value (losses)/gains on investment properties and development land	9	(2,024,802)	2,998,210
Reversal of impairment on financial assets	10	-	270,630
Other income		24,522	40,332
Operating (loss)/profit		(864,187)	4,467,014
Finance income	6	-	535,773
Finance costs	7	(4,263,426)	(2,331,478)
(Loss)/profit before income tax expense		(5,127,613)	2,671,309
Income tax expense		(346,982)	(59,305)
(Loss)/profit for the period		(5,474,595)	2,612,004
Attributable to:			
Equity owners of the parent		(5,503,837)	2,341,310
Non-controlling interests		29,242	270,694
		$ per share	**$ per share**
Earnings per share from continuing operations attributable to the owners during the period			
Basic/diluted earnings per share:			
From (loss)/profit for the period		(0.369)	0.156

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 2021 (UNAUDITED)

	6 Month Period to 30 June 2021	6 Month Period to 30 June 2020
	$	$
(Loss)/profit for the period	(5,474,595)	2,612,004
Other comprehensive income/(expense) for period		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	56,865	(2,803,439)
Other comprehensive income/(expense) for the period	56,865	(2,803,439)
Total comprehensive (expense)/income for the period	(5,417,730)	(191,435)
Attributable to:		
Equity owners of the parent	(5,329,564)	(472,197)
Non-controlling interests	(88,166)	280,762
	(5,417,730)	(191,435)

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 2021 (UNAUDITED)

	NOTE	As at 30 June 2021	As at 31 December 2020
		$	$
ASSETS			
Non-current assets			
Property plant and equipment	8	25,828,392	25,749,057
Investment property and development land	9	183,676,088	191,384,749
Receivables and prepayments	10	1,678,608	5,353,544
		211,183,088	222,487,350
Current assets			
Receivables and prepayments	10	6,064,989	1,809,907
Cash and cash equivalents		7,170,622	1,263,386
		13,235,611	3,073,293
TOTAL ASSETS		224,418,699	225,560,643
EQUITY			
Capital and reserves			
Share capital	12	16,362,693	16,362,693
Equity component of convertible bond		778,972	778,972
Translation reserve		749,169	574,896
Accumulated profit		11,835,037	17,339,544
Treasury Shares		(548,618)	(576,295)
Attributable to the equity holders of the parent		29,177,253	34,479,810
Non-controlling interests		3,738,903	3,827,069
TOTAL EQUITY		32,916,156	38,306,879
LIABILITIES			
Non-current liabilities			
Non current borrowings	11	144,751,434	170,388,539
Deferred taxation		8,032,848	7,735,191
		152,784,282	178,123,730
Current liabilities			
Accruals		3,755,082	2,890,409
Trade and other payables		3,860,667	4,221,273
Current borrowings	11	31,102,512	2,018,352
		38,718,261	9,130,034
TOTAL LIABILITIES		191,502,543	187,253,764
TOTAL EQUITY AND LIABILITIES		224,418,699	225,560,643

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 2021 (UNAUDITED)

	Attributable to equity owners of the parent							
	Share Capital	Treasury Shares	Equity Component of Convertible Bond	Translation Reserve	Accumulated Profits	Attributable to equity owners of the parent	Non-controlling interest	Total
	$	$	$	$	$	$	$	$
As at 31 December 2020 and 1 January 2021	**16,362,693**	**(576,295)**	**778,972**	**574,896**	**17,339,544**	**35,979,810**	**3,827,069**	**38,306,879**
(Loss)/profit for the period	-	-	-	-	(5,503,837)	(5,503,837)	29,242	(5,474,595)
Other comprehensive income								
Foreign currency translation - net	-	-	-	174,273	-	174,273	(117,408)	56,865
Total comprehensive income	-	-	-	174,273	(5,503,837)	(5,329,564)	(88,166)	(5,417,730)
Treasury share transactions	-	27,677	-	-	(670)	27,007	-	27,007
As at 30 June 2021	**16,362,693**	**(548,618)**	**778,972**	**749,169**	**11,835,037**	**29,177,253**	**3,738,903**	**32,916,156**

	Share Capital	Treasury Shares	Equity Component of Convertible Bond	Translation Reserve	Accumulated Profits	Attributable to equity owners of the parent	Non-controlling interest	Total
	$	$	$	$	$	$	$	$
As at 31 December 2019 and 1 January 2020	**16,362,693**	**(348,835)**	**778,972**	**(993,116)**	**6,676,087**	**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)
Equity component of convertible bond								
As at 30 June 2020	**16,362,693**	**(430,583)**	**778,972**	**(3,806,623)**	**9,017,397**	**21,921,856**	**3,063,616**	**24,985,472**

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 2021 (UNAUDITED)

	NOTE	6 Month Period to 30 June 2021	6 Month Period to 30 June 2020
Cash flow from operating activities			
		$	**$**
(Loss)/Profit for the period		(5,474,595)	2,612,004
Adjustments for:			
-Net foreign exchange movements	7	1,644,325	(532,045)
- Interest income	6	-	(3,728)
- Interest expenses and other finance expenses	7	2,427,471	2,190,933
- Amortisation of debt issue costs	7	165,513	140,545
- Changes in fair value of investment property and development land	9	2,024,802	(2,998,210)
- Treasury shares issued in lieu of fees		27,007	-
- Reversal of impairment on financial assets	10	-	(270,630)
- Write off taxation receivable	5	-	239,917
- Depreciation	8	234,020	216,013
- Income tax expense		346,982	59,305
Changes in working capital			
- Trade creditors and other payables		(84,911)	(87,121)
- Other receivables and prepayments		(702,734)	(755,606)
- Accruals		106,271	(422,262)
Interest paid		(1,446,556)	(1,409,973)
Income tax paid		(193,849)	(10,251)
Net cash (used) by operating activities		(926,254)	(1,031,109)
Cash flow from investing activities			
Capital expenditure		(2,224)	(906)
Interest received		-	3,728
Net cash (used)/generated by investing activities		(2,224)	2,822
Cash flow from financing activities			
Proceeds from borrowings – net of costs	11	7,620,000	-
Repayment of borrowings	11	(767,587)	(559,894)
Net cash generated/(used) by financing activities		6,852,413	(559,894)
Net increase/(decrease) in cash and cash equivalents		5,923,935	(1,588,181)
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		1,263,386	3,405,850
Net increase/(decrease) in cash and cash equivalents		5,923,935	(1,588,181)
Foreign currency translation adjustments		(16,699)	(33,033)
Cash and cash equivalents at end of period		**7,170,622**	**1,784,636**

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 2021 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 2020 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 2020 and the annual report to 31 December 2020.

2.2 COVID - 19

The Directors have considered and will continue to monitor the threat and implications of the COVID-19 pandemic. While there was no adverse impact on the Group's existing sources of income during the first half of the year the prospect of earning new transaction income from the Group's advisory business remains significantly reduced for the immediate future. The Directors believe that the Leipzig Properties, the freehold office building located in the prime location of St James's Square in London and its development land in India outside of Chennai represent an excellent source of long-term value for the Group. Based on the Group's current activities and prospects, its current working capital position and its ability to further reduce costs in the short term, the Directors are confident that this risk can be managed for the year ahead.

2.3 Going Concern

The Group has taken a number of steps to ensure that it has sufficient liquidity to meet its obligations for the foreseeable future. These measures include:

1) The Company intends to repay the Group's Swiss Franc convertible bonds which mature on 31 March 2022 or to seek bondholder consent to extend the maturity prior to the end of the year while continuing to work on plans to refinance this debt before maturity.

2) The Group has raised $7.75 million in March and April 2021 with the proceeds to be used to fund certain investments and as general working capital.

3) The Group continues to reduce certain operational costs and intends to further reduce personnel costs in the months ahead. In addition, the Group intends to lease surplus space in the London office to generate additional income.

4) The Company has initiated discussions with various parties which may lead to a strategic partnership being concluded in due course to expand and enhance the Group's activities.

5) Whilst there can be no guarantee of a favourable outcome in the proceedings referred to in Note 15, a favourable judgement could result in the Group's UK subsidiary being awarded a portion of the costs of its legal defence which have totalled in excess of $1.3 million to date and have been expensed through the income statement since 2018.

2.3 Going Concern (continued)

If required, the Group could also raise additional capital through a sale, in whole or part, of the Group's investments in the Leipzig properties, the London office building and / or a sale of the development land and/or loans in India.

If the Group is unable to execute on several of the matters referred in this note it could have a material impact on the ability of the Group to continue as a going concern.

Adoption of new standards and interpretations

The following new or amended standards became applicable for the current reporting period as follows:

- Covid-19-Related Rent Concessions (Amendment to IFRS 16)
- Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

After assessment, the Group concluded that there are no financial impacts on application and did not make retrospective adjustments as a result of adopting these standards and amendments.

New standards not yet adopted

The following new standards or amendments are currently issued but not effective:

- Amendment to IAS1 classification of liabilities as current and non-current
- Annual improvements to IFRS Standards 2018-2020 Cycle
- IFRS17 Insurance Contracts

These are not 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 2020. 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 30 June 2021, Investment property and development land of $183,676,088 is included in level 3 (December 2020 - $191,384,749). There were no instruments included in level 1 or 2 at 30 June 2021 or 31 December 2020.

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 2021.

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 2021 **Total segment revenue** **$**	**6 month period to 30 June 2020** **Total segment revenue** **$**
Rental Income	3,766,372	3,444,634
Investment management and advisory fees	1,253,400	1,165,609
Total	5,019,772	4,610,243

Nature of services provided by the Group

Rental income:

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 2021 and 31 December 2020 the Group has contract assets of $750,000 (after allowance for lifetime expected loss) 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 assessed the contract at 30 June 2021 and 31 December 2020 to represent a non performing asset under IFRS 9, as such allowance has been made for a lifetime expected loss of $500,000 (see Note 10).

Management expects to collect the consideration after the distribution of the funds, which is not expected to occur before 31 December 2022, and classified the contract asset as non-current.

In August 2021, an amount of $535,917 of this asset was offset against an amount payable to the same customer.

5. ADMINISTRATIVE AND MARKETING EXPENSES

	6 month period to 30 June 2021	6 month period to 30 June 2020
	$	$
Staff costs	1,193,450	1,324,543
Professional fees and other sundry costs	1,878,624	1,456,092
Property rent and maintenance	577,581	455,753
Depreciation	234,024	216,013
	3,883,679	3,452,401

6. FINANCE INCOME

	6 month period to 30 June 2021	6 month period to 30 June 2020
	$	$
Foreign exchange movements	-	532,045
Bank interest and other finance income	-	3,728
	-	535,773

7. FINANCE COSTS

	6 month period to 30 June 2021	6 month period to 30 June 2020
	$	$
Interest on bonds	910,088	855,729
Interest on facilities	371,796	350,236
Interest on other loans	1,145,587	971,259
Amortisation of debt issue costs	165,531	140,545
Other borrowing expenses	26,099	13,709
Foreign exchange movements	1,644,325	-
	4,263,426	2,331,478

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
Period ended 30 June 2021					
Opening net book amount	9,819,684	15,794,583	75,151	59,639	25,749,057
Additions	-	-	2,201	-	2,201
Disposals	-	-	-	-	-
Depreciation charge	-	(208,864)	(14,936)	(10,224)	(234,024)
Foreign exchange movement	119,010	192,148	-	-	311,158
Closing net book amount	9,938,694	15,777,867	62,416	49,415	25,828,392
At 30 June 2021					
Cost	9,938,694	17,646,586	196,761	140,156	29,922,197
Accumulated depreciation	-	(1,868,719)	(134,345)	(90,741)	(2,093,805)
Net book amount	9,938,694	15,777,867	62,416	49,415	25,828,392

	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
Year ended 31 December 2020					
Opening net book amount	9,529,055	15,730,655	102,996	80,087	25,442,793
Additions	-	-	1,965	-	1,965
Disposals	-	-	-	-	-
Depreciation charge	-	(390,816)	(29,810)	(20,448)	(441,074)
Foreign exchange movement	290,629	454,744	-	-	745,373
Closing net book amount	9,819,684	15,794,583	75,151	59,639	25,749,057
At 31 December 2020					
Cost	9,819,684	17,454,438	194,560	140,156	27,608,838
Accumulated depreciation	-	(1,659,855)	(119,409)	(80,517)	(1,859,781)
Net book amount	9,819,684	15,794,583	75,151	59,639	25,749,057

At 30 June 2021, 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

	Period ended 30 June 2021 $ Investment Property	Period ended 30 June 2021 $ Development Land	Period ended 30 June 2021 $ Total
Beginning of year	181,562,626	9,822,123	191,384,749
Fair value losses	(2,024,802)	-	(2,024,802)
Additions	-	23	23
Net change in fair value due to exchange differences	(5,512,939)	(170,944)	(5,683,883)
End of period	174,024,886	9,651,202	183,676,088

	Year ended 31 December 2020 $ Investment Property	Year ended 31 December 2020 $ Development Land	Year ended 31 December 2020 $ Total
Beginning of year	153,950,673	9,959,243	163,909,916
Fair value gains	13,043,958	96,466	13,140,424
Additions	-	14,815	14,815
Net change in fair value due to exchange differences	14,567,995	(248,401)	14,319,594
End of year	181,562,626	9,822,123	191,384,749

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 2021 and 31 December 2020. 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 part of the property for which a 30 year calculation period was used).

9. INVESTMENT PROPERTY AND DEVELOPMENT LAND (Continued)

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	146,850,000/ 174,024,886 (31 Dec 2020 – 148,530,000/ 181,562,626)	Discounted cash flow	6,250,000/ 7,532,744 (Dec 2020 – 6,250,000/ 7,138,769)	2.9/3.5% (Dec 2020 – 2.9%/3.3%)	3.9/4.5% (Dec 2020 – 4.1%/4.6%)

The fair value of the investment properties was decreased by $2,024,802 (€1,680,000) to take account for the valuation change and was recorded as a loss 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 $(5,512,939).

Development Land

At 30 June 2021 the development land is carried at a fair value of $9,651,202 (INR 717.1m) (31 December 2020 - $9,822,123 (INR 717.1m)). 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 2021, however in July 2021 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 2021 as compared to that as at 31 December 2020. The valuation is kept under periodic review as the impact of the COVID-19 pandemic on various assumptions and prevailing market conditions becomes clearer.

Country	Segment	Valuation (INR/USD)	Valuation technique	Average Rate (INR million/acre)	Weighted average premium/ (discount)
India	Investments in Development Land	717,128,899/ 9,651,202 (31 Dec 2020 – 717,128,899/ 9,822,123)	Market Approach – comparison method	11.02 (Dec 2020 – 11.02)	(16.0)/(13.0) % (Dec 2020 – (16.0)/(13.0) %)

10. RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 $	As at 31 December 2020 $
Non-current		
Other receivables and prepayments – third party	928,608	945,057
Contract assets	1,250,000	1,250,000
Other receivables and prepayments – related party	-	3,658,487
Provision made for impairment of receivables	(500,000)	(500,000)
	1,678,608	5,353,544
Current		
Trade receivables	1,906,823	1,421,543
Other receivables and prepayments – related party	3,546,671	-
Other receivables and prepayments – third party	611,495	388,364
	6,064,989	1,809,907
Total Receivables and prepayments	7,743,597	7,163,451

Non-current third party receivables and prepayments:

Third party receivables represent payments made to third parties for potential development land in Chennai, India. As at 30 June 2021 these total $928,608 (December 2020: $945,057).

Current related party receivables and prepayments:

Current related party receivables as at 30 June 2021 relate to a loan of $2,370,089 (€2,000,000) and accrued interest to June 2016 due from Ridgemont Holdings Limited ("Ridgemont"). Ridgemont's sole asset is a 5.1% interest in the partnership which owns the Leipzig investment properties. Ridgemont has the right but not the obligation to deliver its interest in the partnership in settlement of its obligations under the loan. In September 2021 the maturity date for the loan was extended by three years to 31 March 2025.

Impairment of financial assets

As at 30 June 2021, 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 as at 30 June 2021. This loan is secured against the 5.1% minority holding of Ridgemont in USI Verwaltungszentrum Leipzig Limited & Co.KG. As at 30 June 2021 the value of this holding is higher than the valuation of the loan made and accrued interest. As such, no allowance has been made for the lifetime expected loss.

The Group has assessed the contract asset as at 30 June 2021 to continue to represent a non-performing asset under IFRS 9.

	Contract Asset $	Total $
Opening loss allowance as at 1 January 2021 (calculated under IFRS 9)	500,000	500,000
Reversal of impairment on financial assets - net	-	-
Impact of foreign exchange rates	-	-
Closing loss allowance as at 30 June 2021	500,000	500,000

11. BORROWINGS

	30 June 2021 $	31 December 2020 $
Non-current		
Bonds	7,632,703	29,095,120
Facilities	72,953,993	75,946,316
Other loans	64,164,738	65,797,103
	144,751,434	170,388,539
Current		
Bonds	27,812,275	-
Facilities	1,630,710	2,012,228
Other loans	1,659,527	6,064
Total current borrowings	31,102,512	2,018,352
Total borrowings	175,853,946	172,406,891

Bonds – non-current

During the period ended 30 June 2021, the Group issued up to $8 million Guaranteed Secured Notes. These pay interest at an initial rate of 6% per annum and have a maturity date of 31 March 2024. As at 30 June 2021 the total in issue is $7.75 million.

Bonds - current

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 2021 is CHF 26.44 million. The Company intends to repay the bonds or to seek bondholder consent to extend the maturity prior to the end of the year while continuing to work on plans to refinance this debt on or before maturity.

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 2021, the principal amount outstanding on this loan was $430,511.

Other Loans – non-current

At 30 June 2021 Other Loans included various loans from minority shareholders totaling $60.1 million (December 2020 - $60.0 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 2021 $	31 December 2021 $
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

As at 30 June 2021, the Group held 201,532 treasury shares (31 December 2020 – 211,532 shares).

12. SHARE CAPITAL (Continued)

Treasury Shares	June 2021 Shares	Dec 2020 Shares	June 2021 $	Dec 2020 $
	201,532	211,532	548,618	576,295

An analysis of the movement in treasury shares in the period ended 30th June 2021 and year ending 31 December 2020 is as follows:

	No of Treasury Shares	$	Average price per share $
As at 31 December 2019	106,928	348,835	3.26
Receipt of shares in settlement of obligations from former shareholders	104,604	227,460	2.17
As at 31 December 2020	211,532	576,295	2.72
Shares issued in lieu of fees	(10,000)	(27,677)	2.77
As at 30 June 2021	201,532	548,618	2.72

13. FOREIGN EXCHANGE RATES

	Balance Sheet		Income and Cash Flow Statement (average)	
	As at 30 June 2021 $	As at 31 December 2020 $	Period ended 30 June 2021 $	Period ended 30 June 2020 $
EUR	0.844	0.818	0.830	0.907
CHF	0.925	0.885	0.908	0.966
GBP	0.723	0.732	0.721	0.794
SGD	1.345	1.322	1.333	1.398
INR	74.305	73.012	73.336	74.136

26. SEGMENT INFORMATION Period ended 30 June 2021	Note	Investment in Government Tenanted Property (Germany) $	Investment Advisory (UK/US) $	Investment in Development Land (India) $	Head Office and Reconciling Central Costs $	Total $
Revenue	4	3,766,372	1,253,400	-	-	5,019,772
(Loss)/Gain on fair value movement on investment property and development land	9	(2,024,802)	-	-	-	(2,024,802)
Profit/(loss) for the year		**677,839**	**(1,547,879)**	**(175,438)**	**(4,429,117)**	**(5,474,595)**
Assets						
Investment property and development land	9	174,024,886	-	9,651,202	-	183,676,088
Property, plant and equipment	8	-	-	-	25,828,392	25,828,392
Other receivables and prepayments – third party	10	-	-	928,608	-	928,608
Contract asset	10	-	1,250,000	-	-	1,250,000
Allowance made for impairment of financial assets	10	-	(500,000)	-	-	(500,000)
Receivables and prepayments – related party	10	-	-	-	3,546,671	3,546,671
Current receivables	10	-	1,906,823	-	611,495	2,518,318
Cash and cash equivalents		80,341	5,254,393	42,506	1,793,382	7,170,622
Segment assets for reportable segments		**174,105,227**	**7,911,216**	**10,622,316**	**31,779,940**	**224,418.699**
Of which are non-current assets:		174,024,886	750,000	10,579,810	29,375,063	214,729,759
Liabilities						
Total borrowings	11	74,154,646	-	9,837,812	91,861,487	175,853,946
Deferred taxation		3,318,146	-	970,112	3,744,591	8,032,848
Trade and other payables		-	2,554,583	188,413	1,117,671	3,860,667
Accruals		32,590	878,158	15,700	2,828,635	3,755,082
Segment liabilities for reportable segments		**77,505,382**	**3,432,741**	**11,012,037**	**99,552,384**	**191,502,543**

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. 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.

26. SEGMENT INFORMATION **Period ended 30 June 2020**	**Note**	**Investment in Government Tenanted Property (Germany)** **$**	**Investment Advisory (UK/US)** **$**	**Investment in Development Land (India)** **$**	**Head Office and Reconciling Central Costs** **$**	**Total** **$**
Revenue	**4**	3,444,634	1,165,609	-	-	4,610,243
(Loss)/Gain on fair value movement on investment property and development land	**9**	2,998,210	-	-	-	2,998,210
Profit/(loss) for the year		**4,909,133**	**(558,997)**	**(169,061)**	**(1,569,071)**	**2,612,004**
As at 31 December 2020						
Assets						
Investment property and development land	**9**	181,562,626	-	9,822,123	-	191,384,749
Property, plant and equipment	**8**	-	-	-	25,749,057	25,749,057
Other receivables and prepayments – third party	**10**	-	-	945,057	-	945,057
Contract asset	**10**	-	1,250,000	-	-	1,250,000
Allowance made for impairment of financial assets	**10**	-	(500,000)	-	-	(500,000)
Receivables and prepayments	**10**	-	-	-	5,468,394	5,468,394
Cash and cash equivalents		126,331	291,753	39,541	805,761	1,263,386
Segment assets for reportable segments		**181,688,957**	**1,041,753**	**10,806,721**	**32,023,212**	**225,560,643**
Of which are non-current assets:		181,562,626	750,000	10,767,180	29,407,544	218,828,863
Liabilities						
Total borrowings	**11**	76,941,879	-	9,691,087	85,773,925	172,406,891
Deferred taxation		3,422,712	-	987,295	3,325,185	7,735,191
Trade and other payables		-	2,398,250	191,750	1,631,273	4,221,273
Accruals		89,331	372,589	10,000	2,418,489	2,890,409
Segment liabilities for reportable segments		**80,453,922**	**2,770,839**	**10,880,132**	**93,148,872**	**187,253,764**

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. 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)

The assets and liabilities of the reportable segments together with Head Office and Reconciling Central Costs equal total assets and liabilities in both periods.

15. CONTINGENT LIABILITY

On 21 July 2021, the Company updated shareholders on the litigation involving the Company's UK subsidiary initially reported in 2018 and referred to in the contingent liability note in the Company's Annual Reports since that time. The litigation had been brought in 2018 against Arundel Group Limited ("AGL"), the Company's wholly owned UK subsidiary, Dr. D. Srinivas (a Director of AGL and the Vice Chairman of the Company's Board of Directors) and the former Chief Executive of a client for which AGL raised capital in 2011. The claim was for an amount of £15.25 million plus costs, expenses and interest and was brought by an investor which lost its entire investment. The opinion of legal counsel up to trial was that there were good prospects of AGL's and Dr. Srinivas's defence prevailing.

In early July, a trial in the matter was concluded in London. A final determination by the court could occur at any time. While it is hoped that the proceedings will be resolved favourably, the outcome of any litigation cannot be predicted with certainty.

A favourable judgement in the proceedings could result in AGL being awarded a portion of the costs of its legal defence which have totalled in excess of $1.3 million to date and have been expensed through the income statement since 2018. On the other hand, an unfavourable judgement could have a material adverse impact. It is not possible at this time to predict with certainty if the judgement will be favourable or adverse or, if adverse, whether the judgement would be for the full amount and/or if AGL's liability would be joint and several with the other defendants. It also is not possible to predict whether an adverse judgement could be appealed and/or whether a settlement could be negotiated.

The Group had no other contingent liabilities at 30 June 2021.

16. SUBSEQUENT EVENTS

In July 2021 AGL leased a floor of the London office party to a tenant for an initial one-year term at a rental of approximately $120,000. AGL intends to lease other available space in the month ahead.

In September 2021 the maturity date for the loan to Ridgemont was extended by three years to 31 March 2025.

17. 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 10 September 2021 and were signed on its behalf by:

Mr David Quint
Chairman

Date: 10 September 2021

Dr. Doraiswamy Srinivas
Vice Chairman

Date: 10 September 2021