



**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED
30 JUNE 2022
(UNAUDITED)**



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CHAIRMAN'S STATEMENT

Arundel AG ("Company") is pleased to report its results for the six months ended 30 June 2022 ("Jun22"). Like other companies, our results have been adversely impacted by external events including inflation brought on by the war in Ukraine and supply chain shortages resulting from the Covid pandemic. As a consequence, interest rates are increasing and the US dollar has strengthened against most other currencies, notably the Euro and Sterling. These changes adversely impact the consolidated financial results of the Company, particularly earnings and net assets reported in US dollars.

Whilst many market commentators expect that inflation will peak in the first quarter of 2023, that interest rates will fall as governments struggle to address the cost-of-living crisis and that the US dollar will give up as least some of its gains against the major currencies, the timing and scale of these changes are impossible to predict with any certainty. Further increases in interest rates and/or the strength of the US dollar against the Euro, Sterling and/or the Indian Rupee will further adversely affect reported results in the future.

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

- (i) principal investments in selective assets held in Euros, Sterling and Indian Rupees;
- (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.

While continuing to pursue these areas, your Directors are focusing on those factors over which they have some control such as operating costs and debt reduction.

Financial review

Overall, your Company is reporting a consolidated net loss of \$5.4 million for Jun22 compared to a net loss of \$5.5 million for the six months ended 30 June 2021 ("Jun21"). Our consolidated results also reflect an adverse movement of \$4.8 million through the translation reserve in the balance sheet. Consequently, total equity decreased from \$22.8 million on 31 December 2021 to \$11.8 million on 30 June 2022. Of this reduction, nearly 90% was attributable to non-cash items. Adverse movements in foreign exchange accounted for 71% of the decrease in net assets whilst a further 18% of the decrease was attributable to fair value losses on investment properties, depreciation and amortisation of debt issuance costs.

During the first half of 2022, 76% of the Company's revenue was derived from rental income and 24% was derived from investment advisory activities, compared to 75% and 25%, respectively during the first six months of 2021.

On 30 June 2022, the independent valuation of the Group's investment properties in Germany, which are leased to the Government of Saxony (the "Leipzig Properties"), was €142.0 million compared to €142.8 million on 31 December 2021. Increases in the yields on 10-year and 30-year German Government bonds on 30 June 2022 adversely impacted the discounted projections of future rents while higher inflation expectations increased the residual value due to the prospect of higher rents to be achieved at the end of the current lease term. However, the Euro weakened by 8.53% against the US dollar since 31 December 2021 resulting in an adverse foreign exchange movement of \$12.7 million between reporting dates, although this foreign exchange loss was partially offset by the reduction in dollar terms of the senior Euro debt secured against the Leipzig Properties.

The Group's investment in its London property is carried at historical cost less amortization. On 30 June 2022 this amounted to \$22.3 million. As sterling weakened by 11.1% against the US dollar between 31 December 2021 and June 2022, an adverse foreign exchange movement of \$2.5 million was recorded on 30 June 2022.

While global increases in interest rates have impacted asset valuations, the Directors have worked hard over the last few years to restructure the Group's debt, primarily focusing on fixed rate obligations and extending maturity dates when required. As a result, approximately 95% of the Group's debt is in fixed-rate instruments, thereby helping to minimize the effect of higher interest rates in the short to medium term. Management will continue to seek opportunities to refinance the Group's most expensive debt and to extend the maturity of certain debt due within one year. Management also intends to reduce other expenses although the timing of these measures is likely to be affected by current market conditions.

Operational matters

Other developments during the first half of 2022 included the following:

- On 7 January 2022, the Company announced that the Government of Saxony exercised an option to extend its lease on approximately 85% of the Leipzig Properties by three years to 30 June 2028. The balance of the Leipzig Properties is leased until 31 December 2047.
- In late March 2022, the Group signed a mandate with a German advisory group to explore the sale of a stake in the Leipzig Properties. Unfortunately, increases in inflation and interest rates have affected prospective investors' ability and/or appetite to invest at this time. The exact proportion of equity to be sold and the timing of any sale will be dependent on developments over the next few months. A transaction is now unlikely to be completed prior to the end of 2022. Proceeds of any sale would primarily be used to repay debt and to provide working capital.
- The Directors have appointed an agent to review optimisation of the Group's prime London property and plan also to do so for its investment in Indian land. The external factors mentioned above are expected to impact the timing of any decision on these assets as well. In July 2022, the UK subsidiary agreed a further one-year lease for a tenant occupying one floor of the London office building at an annual rent of circa \$100,000 per annum. Leasing additional space is likely to take time as many companies are reviewing how they wish to proceed with their office space requirements going forward.
- The Directors have continued to conduct an operational review and restructuring of the Group's activities and to reduce the number of subsidiary companies. To assist with the reduction of operational costs and in view of the limitations created by Brexit and the significant costs associated with maintaining regulated status in the UK, the Company's UK subsidiary decided to relinquish its authorisation as a regulated entity. Consequently, the Company announced on 26 July 2022 that Richard Borg, the Group's General Counsel and Compliance Officer would cease to be a member of executive management of the Company with immediate effect and that he would cease to be an employee of the Group effective 31 December 2022.
- Personnel costs are under review across the Group and will reduce by at least \$0.5 million during 2022 and a further \$0.4 million per annum from the beginning of 2023. Other savings will be considered in the months ahead.
- Now the previously discussed litigation has been concluded and regulatory compliance costs are no longer required in the UK, we expect to see significant savings on legal and professional fees going forward.

As indicated above, the Company continues to evaluate its assets and may decide to liquidate certain assets to reduce the Group's debt and/or to redeploy capital invested on more attractive terms. No firm decisions on any of the assets have been taken at the present time and the Company will keep shareholders apprised of material developments.

Management shareholdings

On 30 June 2022 management owned 2,498,743 of the Company's issued share capital which represents 16.5% of the total number of shares in issue. These holdings remain unchanged from shares held by them on 31 December 2021.

We look forward to reporting on future developments.

Arundel AG



David P. Quint (Chairman)

Approved by the board: 13 September 2022

ARUNDEL AG
MANAGEMENT REPORT ON THE FINANCIAL RESULTS
FOR THE PERIOD ENDED 30 June 2022 (UNAUDITED)

Financial results

Total revenue for the period ended 30 June 2022 (“June22”) was \$4.5 million compared to \$5.0 million for the period ended 30 June 2021 (“Jun21”). Rental income from the Leipzig Properties for Jun22 was \$3.4 million (Jun21 - \$3.8 million) reflecting a weaker Euro compared to the US dollar while advisory income was \$1.1 million (Jun21 - \$1.3 million).

Our results for Jun22 included fair value losses on investment properties and development land of \$0.9 million (Jun21 – \$2.0 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 of the Leipzig Properties.

Administrative and marketing expenses for Jun22 were \$3.4 million (Jun21 - \$3.9 million) with the decrease primarily attributable to a \$0.2 million decrease in personnel costs and a \$0.1 million decrease in legal and professional fees.

Finance costs for Jun22 are stated at \$5.6 million (Jun21 - \$4.3 million), including a non-cash charge of \$3.0 million in respect of foreign exchange movements (Jun21 - \$1.6 million). Excluding non-cash related items, net finance costs for Jun22 were \$2.5 million (Jun21 - \$2.5 million) which reflect higher US dollar interest costs offset by lower Euro interest costs, expressed in US dollars.

The Company is reporting a consolidated net loss for Jun22 of \$5.4 million (Jun21 – loss \$5.5 million) and an additional loss from adverse movements in foreign exchange rates of \$5.0 million (Jun21 – profit \$0.1 million) resulting in total comprehensive expense for Jun22 of \$10.4 million compared to \$5.4 million for Jun21.

Balance sheet

Total assets on 30 June 2022 were \$191.4 million compared to \$211.0 million on 31 December 2021, reflecting the weakness of the Euro, Sterling and Indian Rupee against the US dollar.

The Leipzig Properties were independently valued at \$148.9 million (€142.0 million) on 30 June 2022 compared to \$162.5 million (€142.8 million) on 31 December 2021. The decrease primarily reflects the fair value loss referred to above and a \$12.7 million adverse movement in the exchange rate of the Euro against the US dollar. The weighted average unexpired lease term on 30 June 2022 was 9.0 years following the three-year extension for that part of the property which is now leased to 30 June 2028. The tenant may exercise a further three-year renewal option, extending that lease term to 30 June 2031. The balance of the Leipzig Properties is leased until 2047. Development land in India is stated at \$10.0 million on 30 June 2022 compared to \$10.6 million on 31 December 2021 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 \$22.3 million on 30 June 2022 compared to \$25.0 million on 31 December 2021. The property is accounted for at historic cost less amortisation and depreciation, but the majority of the decrease (\$2.5 million) related to Sterling’s weakness against the US dollar between reporting dates.

Current assets on 30 June 2022 were \$6.0 million compared to \$8.2 million on 31 December 2021. Current liabilities on 30 June 2022 were \$13.4 million compared to \$11.9 million on 31 December 2021. Included in the balance on 30 June 2022 are loans of \$2.8 million which are due to be repaid on 31 January 2023. The directors anticipate that these loans will be repaid should any of the Group’s primary assets be sold or, alternatively, the maturity date of each loan is expected to be extended.

Long term borrowings on 30 June 2022 were \$158.9 million compared to \$168.5 million on 31 December 2021 with the decrease attributable to the positive movement of the US dollar against the Euro and Swiss Franc debt between reporting dates.

Deferred tax of \$7.3 million has been provided on 30 June 2022 (\$7.8 million – 31 December 2021).

On 30 June 2022 the group’s weighted average loan maturity is 4.1 years and the current weighted average loan interest rate is 3.02% per annum.

Cash flow

During Jun22 the group used \$0.3 million in operating activities compared to \$1.0 million during Jun21. Net cash used by financing activities in Jun22 totalled \$1.4 million compared to \$6.9 million generated by financing activities in Jun21.

Overall, the Group decreased its net cash and cash equivalents in Jun22 by \$1.7 million compared to a net increase of \$5.9 million in Jun21.

**ARUNDEL AG
COMPANY INFORMATION
FOR THE PERIOD ENDED 30 JUNE 2022**

DIRECTORS

Mr. David Quint (Chairman)
Mr. Markus Müller
Mr. Ralph Beney

AUDITORS

PricewaterhouseCoopers AG
Birchstrasse 160
CH-8050 Zurich
Switzerland

COMPANY SECRETARY

Mr. Markus Müller

EXECUTIVE MANAGEMENT

Mr David Quint (Executive Chairman)
Mr. Ralph Beney (Director and Chief
Financial Officer)

**LEGAL ADVISORS
(as to Swiss Law)**

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Switzerland

REGISTERED OFFICE

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CH-8002 Zurich
Switzerland

REGISTRAR

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Baslerstrasse 100
Postfach
CH-4601 Olten
Switzerland

INDEPENDENT PROXY

Dr. Roger Groner
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CH-8002 Zürich
Switzerland

REGISTERED NUMBER

CH-020.3.922.903-6

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

	NOTE	6 Month Period to 30 June 2022	6 Month Period to 30 June 2021
		\$	\$
Revenue	4	4,516,185	5,019,772
Administrative and marketing expenses	5	(3,426,960)	(3,883,679)
Net fair value (losses)/gains on investment properties and development land	9	(852,858)	(2,024,802)
Other income		89,890	24,522
Operating profit/(loss)		326,257	(864,187)
Finance income	6	10	-
Finance costs	7	(5,623,892)	(4,263,426)
(Loss) before income tax expense		(5,297,625)	(5,127,613)
Income tax expense		(107,493)	(346,982)
(Loss) for the period		(5,405,118)	(5,474,595)
Attributable to:			
Equity owners of the parent		(5,466,628)	(5,503,837)
Non-controlling interests		61,510	29,242
		\$ per share	\$ per share
Earnings per share from continuing operations attributable to the owners during the period			
<i>Basic and diluted (loss) per share:</i>		(0.368)	(0.369)

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 2022 (UNAUDITED)

	6 Month Period to 30 June 2022	6 Month Period to 30 June 2021
	\$	\$
(Loss)/profit for the period	(5,405,118)	(5,474,595)
Other comprehensive income/(expense) for period		
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(5,030,855)	56,865
Other comprehensive income/(expense) for the period	(5,030,855)	56,865
Total comprehensive (expense)/income for the period	(10,435,973)	(5,417,730)
Attributable to:		
Equity owners of the parent	(10,222,077)	(5,329,564)
Non-controlling interests	(213,896)	(88,166)
	(10,435,973)	(5,417,730)

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 2022 (UNAUDITED)

	NOTE	As at 30 June 2022	As at 31 December 2021
		\$	\$
ASSETS			
Non-current assets			
Property plant and equipment	8	22,369,491	25,077,450
Investment property and development land	9	158,885,258	173,041,842
Receivables and prepayments	10	4,138,575	4,679,263
		185,393,324	202,798,555
Current assets			
Receivables and prepayments	10	2,775,640	3,205,066
Cash and cash equivalents		3,257,560	5,015,184
		6,033,200	8,220,250
		191,426,524	211,018,805
TOTAL ASSETS			
EQUITY			
Capital and reserves			
Share capital	12	16,362,693	16,362,693
Equity component of convertible bond		778,972	778,972
Translation reserve		(7,236,403)	(2,480,954)
Other reserve		493,190	493,190
Accumulated (loss)/profit		(685,220)	4,774,889
Treasury Shares		(1,135,928)	(601,572)
Attributable to the equity holders of the parent		8,577,304	19,327,218
Non-controlling interests		3,264,474	3,478,370
		11,841,778	22,805,588
LIABILITIES			
Non-current liabilities			
Non current borrowings	11	158,918,653	168,503,639
Deferred taxation		7,260,645	7,827,138
		166,179,298	176,330,777
Current liabilities			
Accruals		5,402,095	4,725,754
Trade and other payables		3,587,395	3,922,848
Current borrowings	11	4,415,958	3,233,838
		13,405,448	11,882,440
		179,584,746	188,213,217
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
		191,426,524	211,018,805

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 2022 (UNAUDITED)

	Attributable to equity owners of the parent								Total
	Share Capital	Treasury Shares	Equity Component of Convertible Bond	Translation Reserve	Other Reserve	Accumulated Profits	Attributable to equity owners of the parent	Non-controlling interest	
	\$	\$	\$	\$	\$	\$	\$	\$	
As at 31 December 2021 and 1 January 2022	16,362,693	(601,572)	778,972	(2,480,954)	493,190	4,774,889	19,327,218	3,478,370	22,805,588
(Loss)/profit for the period	-	-	-	-	-	(5,466,628)	(5,466,628)	61,510	(5,405,118)
Other comprehensive income									
Foreign currency translation - net	-	-	-	(4,755,449)	-	-	(4,755,449)	(275,406)	(5,030,855)
Total comprehensive income	-	-	-	(4,755,449)	-	(5,466,628)	(10,222,077)	(213,896)	(10,435,973)
Treasury share transactions	-	(534,356)	-	-	-	6,519	(527,837)	-	(527,837)
As at 30 June 2022	16,362,693	(1,135,928)	778,972	(7,236,403)	493,190	(685,220)	8,577,304	3,264,474	11,841,778
	Share Capital	Treasury Shares	Equity Component of Convertible Bond	Translation Reserve	Other 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	34,479,810	3,827,069	38,306,879
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
Equity component of convertible bond									
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

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 2022 (UNAUDITED)

	NOTE	6 Month Period to 30 June 2022	6 Month Period to 30 June 2021
Cash flow from operating activities			
<i>(Loss) for the period</i>		\$ (5,405,118)	\$ (5,474,595)
Adjustments for:			
- Net foreign exchange movements	7	2,953,531	1,644,325
- Interest income	6	(10)	-
- Interest expenses and other finance expenses	7	2,485,993	2,427,471
- Amortisation of debt issue costs	7	170,848	165,513
- Changes in fair value of investment property and development land	9	852,858	2,024,802
- Treasury shares issued in lieu of fees		74,348	27,007
- Profit on settlement agreement share receipt	4	(113,685)	-
- Depreciation	8	221,568	234,020
- Income tax expense		107,493	346,982
<i>Changes in working capital</i>			
- Trade creditors and other payables		(37,193)	(84,911)
- Other receivables and prepayments		(63,091)	(702,734)
- Accruals		(144,444)	106,271
Interest paid		(1,385,122)	(1,446,556)
Income tax paid		-	(193,849)
Net cash (used) by operating activities		(282,024)	(926,254)
Cash flow from investing activities			
Capital expenditure		-	(2,224)
Interest received		10	-
Net cash generated/(used) by investing activities		10	(2,224)
Cash flow from financing activities			
Proceeds from borrowings – net of costs	11	-	7,620,000
Repayment of borrowings	11	(1,402,640)	(767,587)
Net cash (used)/generated by financing activities		(1,402,640)	6,852,413
Net (decrease)/increase in cash and cash equivalents		(1,684,654)	5,923,935
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		5,015,184	1,263,386
Net (decrease)/increase in cash and cash equivalents		(1,684,654)	5,923,935
Foreign currency translation adjustments		(72,970)	(16,699)
Cash and cash equivalents at end of period		3,257,560	7,170,622

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

ARUNDEL AG
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

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 2022 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 2021 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 2021 and the annual report to 31 December 2021.

2.2 Going Concern

The liabilities of the Group include certain borrowings that mature on 31 January 2023. If the Group is unable to repay or refinance these borrowings or to extend their repayment date, this would significantly affect the Group’s liquidity. As the Group’s ability to repay, refinance or extend the maturity of the liabilities is currently uncertain, this indicates a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern.

In response to this uncertainty, 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) In December 2021, the Group received consent to extend the maturity date on the Group’s Swiss Franc convertible bonds by five years to 31 March 2027. Whilst the Group would prefer not to place any additional bonds, it has capacity to issue up to CHF 15 million of bonds if it was necessary to do so. The Group has retained the right to repay the bonds at par on any interest payment date prior to the final maturity date.

2) The Group raised \$7.75 million in March and April 2021 with the proceeds to be used to fund potential investment opportunities and as general working capital. The Group had cash balances of \$3.5 million at 30 June 2022.

3) In late March 2022, the Group signed a mandate with a German group to explore the sale of a stake in the Leipzig Properties and / or to refinance the senior debt secured on the Properties. The exact proportion of equity to be sold will be dependent on developments over the next few months. At 30 June 2022, the Group’s net equity invested in the Leipzig properties was approximately €80 million. Alternatively, or in addition, the Group expects to increase senior debt financing secured against the Properties with the current loan to value ratio being 44%. Due to volatility in the markets a transaction is not expected to be completed prior to the end of 2022. Proceeds of any sale or refinancing would primarily be used to repay debt and to provide working capital.

4) In June 2022 the Group extended the maturity on funds borrowed from Kathy Quint, the wife of the Chairman, until 30 June 2024.

5) At 30 June 2022, the Group had other loans totalling approximately \$3.2 million which are due to be repaid on 31 January 2023. One loan for approximately \$0.7 million was repaid in February 2022. If a sale transaction, as described in 3) above occurs, the remaining loans are likely to be repaid. If a sale transaction does not complete prior to 31 January 2023, management is confident that the lenders would again extend the maturity date for these loans, if required.

ARUNDEL AG
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

2.2 Going Concern (continued)

6) The Group could obtain additional loans secured by the London office building. Alternatively, the Group could raise additional capital through a sale, in whole or part, of the London office building and / or a sale of the development land and/or loans it holds in India.

7) In July 2022, the Group was able formally relinquish its UK regulatory licence. As a result, there will be costs savings of at least \$0.4 million per annum achieved through a restructuring of the operations in London from 1 January 2023.

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

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. The consolidated financial statements have been prepared on a going concern basis as the Board of Directors is confident that the measures described above can be implemented in due time.

Adoption of new standards and interpretations

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

- Annual improvements to IFRS Standards 2018-2020 Cycle
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

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:

- 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 2021. See Note 3 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 2022, Investment property and development land of \$158,885,258 is included in level 3 (December 2021- \$173,041,842). There were no instruments included in level 1 or 2 at 30 June 2022 or 31 December 2021. 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 2022.

ARUNDEL AG
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

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 2022	6 month period to 30 June 2021
	Total segment revenue \$	Total segment revenue \$
Rental Income	3,416,900	3,766,372
Investment management and advisory fees	1,099,285	1,253,400
Total	4,516,185	5,019,772

Nature of services provided by the Group

Rental income:

The Group leases out investment property in Leipzig, Germany to a Government tenant for which it receives monthly rental income. In January 2022 the lease on approximately 85% of the properties was extended to June 2028. The tenant has the right to terminate a portion of the lease for approximately 20% of these properties by giving six months' notice. No such notice has been received. The remaining 15% of the properties are leased until December 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 several 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 31 December 2021 the Group had a contract asset of \$214,082 (after allowance for lifetime expected loss of \$500,000) with a customer which entitled it to a share of fee income due to a third-party fund manager.

In May 2022, the Group entered into a settlement agreement with the customer which settled this receivable along with a number of other receivables and payables from the same customer. The Group received 290,534 shares of the Company as full and final settlement for the net receivable (See Note 10 and 12). An analysis is as follows:

	Note	\$
Contract asset settled	10	(714,082)
Impairment provision released	10	500,000
Receivables settled	10	(476,667)
Payables settled		204,167
Net receivable settled		(486,582)
Company shares received in settlement (290,534 shares)	12	600,267
Profit		113,685

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5. ADMINISTRATIVE AND MARKETING EXPENSES

	6 month period to 30 June 2022	6 month period to 30 June 2021
	\$	\$
Staff costs	1,010,439	1,193,450
Professional fees and other sundry costs	1,730,507	1,878,624
Property rent and maintenance	464,446	577,581
Depreciation	221,568	234,024
	3,426,960	3,883,679

6. FINANCE INCOME

	6 month period to 30 June 2022	6 month period to 30 June 2021
	\$	\$
Foreign exchange movements	-	-
Bank interest and other finance income	10	-
	10	-

7. FINANCE COSTS

	6 month period to 30 June 2022	6 month period to 30 June 2021
	\$	\$
Interest on bonds	1,182,572	910,088
Interest on facilities	326,667	371,796
Interest on other loans	976,754	1,145,587
Amortisation of debt issue costs	170,848	165,531
Other borrowing expenses	13,700	26,099
Foreign exchange movements	2,953,351	1,644,325
	5,623,892	4,263,426

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8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land \$	Freehold Buildings \$	Fixtures and Fittings \$	Vehicles \$	Total \$
Period ended 30 June 2022					
Opening net book amount	9,721,299	15,271,119	45,841	39,191	25,077,450
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation charge	-	(196,587)	(14,757)	(10,224)	(221,568)
Foreign exchange movement	(971,921)	(1,514,470)	-	-	(2,486,391)
Closing net book amount	8,749,378	13,560,062	31,084	28,967	22,369,491
At 30 June 2022					
Cost	8,749,378	15,835,044	194,292	81,792	24,860,506
Accumulated depreciation	-	(2,274,982)	(163,208)	(52,825)	(2,491,015)
Net book amount	8,749,378	13,560,062	31,084	28,967	22,369,491
Year ended 31 December 2021					
Opening net book amount	9,819,684	15,794,583	75,151	59,639	25,749,057
Additions	-	47,807	6,528	-	54,335
Disposals	-	-	(6,796)	-	(6,796)
Depreciation charge	-	(418,540)	(29,042)	(20,448)	(468,030)
Foreign exchange movement	(98,385)	(152,731)	-	-	(251,116)
Closing net book amount	9,721,299	15,271,119	45,841	39,191	25,077,450
At 31 December 2021					
Cost	9,721,299	17,349,514	194,292	81,792	27,346,897
Accumulated depreciation	-	(2,078,395)	(148,451)	(42,601)	(2,269,447)
Net book amount	9,721,299	15,271,119	45,841	39,191	25,077,450

At 30 June 2022, 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.

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9. INVESTMENT PROPERTY AND DEVELOPMENT LAND

	Period ended 30 June 2022 \$	Period ended 30 June 2022 \$	Period ended 30 June 2022 \$
	Investment Property	Development Land	Total
Beginning of year	162,473,366	10,568,476	173,041,842
Fair value losses	(852,858)	-	(852,858)
Additions	-	-	-
Net change in fair value due to exchange differences	(12,710,859)	(592,867)	(13,303,726)
End of period	148,909,649	9,975,609	158,885,258

	Year ended 31 December 2021 \$	Year ended 31 December 2021 \$	Year ended 31 December 2021 \$
	Investment Property	Development Land	Total
Beginning of year	181,562,626	9,822,123	191,384,749
Fair value gains	(6,767,790)	953,037	(5,814,753)
Additions	-	23	23
Net change in fair value due to exchange differences	(12,321,470)	(206,707)	(12,528,177)
End of year	162,473,366	10,568,476	173,041,842

Investment Property

The investment property is carried fair value. An independent valuation of the investment property was performed by Botta Management AG as at 30 June 2022 and 31 December 2021. 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).

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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
		142,030,000/ 148,909,649		6,250,000/ 6,827,482	4.0 to 4.2%	4.5 to 4.7%
Germany	Investments in Government tenanted properties	(31 Dec 2021 - 142,810,000/ 162,473,366)	Discounted cash flow	(31 Dec 2021 - 6,250,000/ 7,394,875)	(31 Dec 2021 - 3.2 to 3.6%)	(31 Dec 2020 - 4.2 to 4.6%)

The fair value of the investment properties was decreased by \$852,858 (€780,000) 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 \$(12,710,859).

Development Land

At 30 June 2022 the development land is carried at a fair value of \$9,975,609 (INR 787.6m) (31 December 2021 - \$10,568,476 (INR 787.6m)). 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.

Country	Segment	Valuation (INR/USD)	Valuation technique	Average Rate (INR million/acre)	Weighted average premium/ (discount)
India	Investments in Development Land	787,594,500/ 9,975,609 (31 Dec 2021 - 787,594,500/ 10,568,476)	Market Approach - comparison method	12.79 (Dec 2021 - 12.79)	(1.0)/4.0% (Dec 2021 - (1.0)/4.0%

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10. RECEIVABLES AND PREPAYMENTS

	As at 30 June 2022	As at 31 December 2021
	\$	\$
Non-current		
Other receivables and prepayments – third party	1,000,481	1,060,075
Contract assets	-	714,082
Other receivables and prepayments – related party	3,138,094	3,405,106
Provision made for impairment of receivables	-	(500,000)
	4,138,575	4,679,263
Current		
Trade receivables	2,247,500	2,673,337
Taxation receivable	113,904	126,557
Other receivables and prepayments – third party	414,236	405,172
	2,775,640	3,205,066
Total Receivables and prepayments	6,914,215	7,884,329

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 2022 these total \$1,000,481 (December 2021: \$1,060,075).

Non-current related party receivables and prepayments:

Non-current related party receivables as at 30 June 2022 relate to a loan of \$2,096,877 (€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

The Group has assessed the loan to Ridgemont mentioned above as at 30 June 2022. This loan is secured against the 5.1% minority holding of Ridgemont in USI Verwaltungszentrum Leipzig Limited & Co.KG. As at 30 June 2022 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.

As outlined in Note 4, in May 2022 the Group entered into a settlement agreement in which it received shares of the Company in full and final settlement for the contract asset of \$714,082 as at 31 December 2021. As such the impairment provision in relation to this asset was released as at this date.

As at 30 June 2022, the group considers the credit risk on trade receivables 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.

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11. BORROWINGS

	30 June 2022 \$	31 December 2021 \$
Non-current		
Bonds	34,655,133	35,870,847
Facilities	62,904,471	69,067,010
Other loans	61,359,049	63,565,782
	158,918,653	168,503,639
Current		
Bonds	-	-
Facilities	1,664,374	1,610,609
Other loans	2,751,584	1,623,229
Total current borrowings	4,415,958	3,233,838
Total borrowings	163,334,611	171,737,477

Bonds

On 15 December 2021, after securing bond holder consent, the Group extended the maturity date of its Swiss Franc convertible bonds for five years with a new maturity date of 31 March 2027. The interest rate of 6.25% and conversion price of CHF 10.00 per share remained unchanged. In the period ended 30 June 2022, no new convertible bonds were issued to third parties, meaning the total in issue as at 30 June 2022 remained at CHF 26.44 million (2021 – CHF 26.44 million). The Group can issue up to a total of CHF 42.04 million of the bonds.

During the year ended 31 December 2021, the Group issued up to \$8 million Guaranteed Secured Notes. These paid interest at an initial rate of 6% per annum (rising to 8% as of March 2022) and have a maturity date of 31 March 2024. As at 30 June 2022 the total in issue is \$7.75 million.

Facilities

In 2019 the group entered into a new 5-year facility with a major German financial institution to refinance the debt secured against the Leipzig properties. 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.

Other Loans – non-current

At 30 June 2022 Other Loans included various loans from minority shareholders totaling \$59.9 million (December 2021 - \$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 2022 \$	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 2022, the Group held 484,266 treasury shares (31 December 2021 – 223,732 shares).

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12. SHARE CAPITAL (Continued)

Treasury Shares	June 2022 Shares	Dec 2021 Shares	June 2022 \$	Dec 2021 \$
	484,266	223,732	1,135,928	601,572

An analysis of the movement in treasury shares in the period ended 30 June 2022 and year ending 31 December 2021 is as follows:

	No of Treasury Shares	\$	Average price per share \$
As at 31 December 2020	211,532	576,295	2.72
Receipt of shares in settlement of obligations	52,200	132,573	2.54
Shares issued in lieu of fees	(40,000)	(107,296)	2.68
As at 31 December 2021	223,732	601,572	2.69
Receipt of shares in settlement of obligations from former shareholders	290,534	600,267	2.07
Shares issued in lieu of fees	(30,000)	(65,911)	2.20
As at 30 June 2022	484,266	1,135,928	2.35

13. FOREIGN EXCHANGE RATES

	Balance Sheet		Income and Cash Flow Statement (average)	
	As at 30 June 2022 \$	As at 31 December 2021 \$	Period ended 30 June 2022 \$	Period ended 30 June 2021 \$
EUR	0.954	0.879	0.915	0.830
CHF	0.954	0.912	0.944	0.908
GBP	0.821	0.739	0.771	0.721
SGD	1.390	1.349	1.365	1.333
INR	78.962	74.523	76.223	73.336

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	Note	Investment in Government Tenanted Property (Germany)	Investment Advisory (UK/US)	Investment in Development Land (India)	Head Office and Reconciling Central Costs	Total
		\$	\$	\$	\$	\$
14. SEGMENT INFORMATION						
Period ended 30 June 2022						
Revenue	4	3,416,900	1,099,285	-	-	4,516,185
(Loss)/Gain on fair value movement on investment property and development land	9	(852,858)	-	-	-	(852,858)
(Loss) for the year		1,243,727	(570,412)	(161,128)	(5,917,305)	(5,405,118)
Assets						
Investment property and development land	9	148,909,649	-	9,975,609	-	158,885,258
Property, plant and equipment	8	-	-	-	22,369,491	22,369,491
Other receivables and prepayments – third party	10	-	-	1,000,481	-	1,000,481
Contract asset	10	-	-	-	-	-
Receivables and prepayments – related party	10	-	-	-	3,138,094	3,138,094
Current receivables	10	-	2,247,500	-	528,140	2,775,640
Cash and cash equivalents		75,939	1,741,407	43,969	1,396,245	3,257,560
Segment assets for reportable segments		148,985,588	3,988,907	11,020,059	27,431,970	191,426,524
Of which are non-current assets:		148,909,649	-	10,976,090	25,507,585	185,393,324
Liabilities						
Total borrowings	11	64,568,856	-	10,074,716	88,691,039	163,334,611
Deferred taxation		2,924,094	-	1,055,144	3,281,407	7,260,645
Trade and other payables		-	2,266,828	177,300	1,143,267	3,587,395
Accruals		86,496	-	2,533	5,313,066	5,402,095
Segment liabilities for reportable segments		67,579,446	2,266,828	11,309,693	98,428,779	179,584,746

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.

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	Note	Investment in Government Tenanted Property (Germany)	Investment Advisory (UK/US)	Investment in Development Land (India)	Head Office and Reconciling Central Costs	Total
		\$	\$	\$	\$	\$
14. SEGMENT INFORMATION						
Period ended 30 June 2021						
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)
As at 31 December 2021						
Assets						
Investment property and development land	9	162,473,366	-	10,568,476	-	173,041,842
Property, plant and equipment	8	-	-	-	25,077,450	25,077,450
Other receivables and prepayments – third party	10	-	-	1,060,075	-	1,060,075
Contract asset	10	-	714,082	-	-	714,082
Allowance made for impairment of financial assets	10	-	(500,000)	-	-	(500,000)
Receivables and prepayments	10	-	2,501,499	-	4,108,673	6,610,172
Cash and cash equivalents		44,738	3,970,661	28,812	970,973	5,015,184
Segment assets for reportable segments		162,518,104	6,686,242	11,657,363	30,157,096	211,018,805
Of which are non-current assets:		162,473,366	214,082	11,628,551	25,077,450	199,393,449
Liabilities						
Total borrowings	11	70,677,627	-	9,954,122	91,105,728	171,737,477
Deferred taxation		3,054,695	-	1,117,996	3,654,447	7,827,138
Trade and other payables		-	2,506,585	187,861	1,228,402	3,922,848
Accruals		75,614	-	14,222	4,635,918	4,725,754
Segment liabilities for reportable segments		73,807,936	2,506,585	11,274,201	100,624,496	188,213,217

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.

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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

The Group had no contingent liabilities at 30 June 2022.

16. SUBSEQUENT EVENTS

In July 2022, the Company announced that it had ceased all regulated activities in the United Kingdom. As a result, the Group expects to save approximately \$0.4 million per annum on personnel and related costs with effect from 1 January 2023. The Company also expects to make one-off cost savings of at least \$0.5 million in the second half of the year.

17. BOARD APPROVAL

The unaudited consolidated financial statements on pages 6 to 23 are subject to approval and have been authorised by the board of directors on 13 September 2022 and were signed on its behalf by:



Mr David Quint
Chairman

Date: 13 September 2022



Mr. Markus Müller
Director

Date: 13 September 2022