ARUNDEL AG

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2021

ARUNDEL®

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ARUNDEL ®

CHAIRMAN'S STATEMENT

The Company is pleased to report its results for the year ended 31 December 2021 ("Dec21").

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

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

Financial review

Overall, your Company is reporting a consolidated net loss of $12.1 million for Dec21 compared to a net profit of $11.4 million for the year ended 31 December 2020 ("Dec20"). Approximately $9.4 million of the net loss for Dec21 relates to non-cash items including fair value losses on investment properties, as described below, as well as foreign exchange re-valuations charged in the consolidated income statement and depreciation. Total equity decreased to $22.8 million on 31 December 2021 from $38.3 million on 31 December 2020.

During 2021, 76% of the Company's income was derived from rent and 24% was derived from investment advisory activities which is comparable to the split of income for 2020.

On 31 December 2021, the independent valuation of the Group's investment properties in Germany which are leased to the Government of Saxony (the "Leipzig Properties") decreased to €142.8 million from €148.5 million compared to the end of 2020. This decrease primarily resulted from an increase in capitalisation and discount rates used in preparing the independent valuation (which reflect the increase in interest rates and in the yields on 10-year and 30-year German Government bonds). In addition, the Euro weakened against the US dollar resulting in further unrealised losses on the net capital invested in the Leipzig Properties.

As detailed below, management is pursuing 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.

Operational review

Key developments during 2021 and early 2022 included the following:

- On 15 December 2021, the Company announced that the maturity date of the Swiss Franc convertible bonds had been extended by five years to 31 March 2027. The group retained the right to repay the bonds earlier and it is the Company's intention to repay the bonds as quickly as possible.

- On 7 January 2022, the Company announced that the Government of Saxony exercised an option to extend the lease on the majority of the Leipzig Properties by three years to 30 June 2028. The balance of the Properties are leased until 31 December 2047.

- 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. On 31 December 2021 the Group's net equity in the Leipzig Properties was approximately $86 million. The exact proportion of equity to be sold will be dependent on developments over the next few months. 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%. A transaction is 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.

- The Directors also plan to appoint agents to review optimisation of the Group's other long-term investments in London and India.

- 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 $200,000 per annum. Overall personnel costs were 14% lower in 2021 compared to 2020. Further reductions are expected in the months ahead.

- Like many companies, the Directors offered more flexible working arrangements for employees 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 sought / will seek tenants. One tenant was secured in July 2021 with space leased for an initial one-year term. As mentioned last year, this process is likely to take time as many companies are reviewing how they wish to proceed with their own office space requirements going forward.

- On 27 October 2021, the Company announced that the trial regarding a fundraising conducted by its UK subsidiary in 2011 had concluded and that the Court had determined that the claim was statute barred. On 14 December 2021, the Company announced that the trial Court had denied the Claimant permission to appeal the judgement although the Claimant applied directly to the Court of Appeal. On 12 April 2022 the Claimant's application for permission to appeal was refused by the Court of Appeal which finally resolved the matter. Although the case was dismissed, no costs were awarded which contributed to a significant increase in legal and professional costs during 2021.

- The impact of the Covid-19 pandemic hampered the Group's ability to generate and transact new corporate finance transactions in 2021 due to the disruption of businesses across the world. In addition, limitations created by Brexit and the significant costs associated with maintaining regulated status in the UK resulted in the Company deciding to relinquish its authorisation as a regulated entity in that market. Effective 31 March 2022, the UK subsidiary ceased all regulated activity in the UK.

- During 2021 the Company paused discussions on seeking a strategic partner pending resolution of the litigation and conclusion of the process to relinquish the UK subsidiary's authorisation as a regulated entity.

Management matters

On 31 December 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, including shares owned by Dr Srinivas who resigned at a director effective 31 December 2021. These holdings remain unchanged from shares held on 31 December 2020.

Dr Srinivas resigned as a Director and Company Secretary of the Company on 31 December 2021. Dr Srinivas also ceased to be a member of the executive management on the same date. Dr Srinivas served as a Director from 2o05 and an executive director since 2016. I take this opportunity to thank him for his long service to the Group.

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

Arundel AG

David P. Quint (Chairman)
Approved by the board: 28 April 2022

Financial results

Total revenue for the year ended 31 December 2021 ("Dec21") was $9.7 million compared to $9.4 million for the year ended 31 December 2020 ("Dec20"). Rental income from the Leipzig Properties for Dec21 was $7.4 million (Dec20 - $7.1 million) and advisory income was $2.3 million (Dec20 - $2.2 million).

The results for Dec21 included a fair value loss on investment properties and development land of $5.8 million (Dec20 – gain of $13.1 million) which primarily reflected the impact of increases in interest rates and in 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 Dec21 were $7.5 million (Dec20 - $6.7 million) with the increase primarily attributable to a 38% increase in professional fees offset by a 14% reduction in personnel costs. The increase in professional fees related to the litigation referred to above and legal and consultant advice in dealing with a relinquishment of UK regulated activities.

Finance costs for Dec21 are stated at $8.4 million (Dec 20 - $4.8 million). The total for 2021 included a foreign exchange rate charge of $2.8 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 Dec21 were $5.2 million (Dec20 - $4.5 million) reflecting the cost of additional borrowings taken in 2021.

The Company is reporting a consolidated net loss for Dec21 of $12.2 million (Dec20 – profit $11.4 million) and a loss from adverse movements in foreign exchange rates of $3.3 million (Dec20 – gain $1.9 million) resulting in a total comprehensive expense for Dec21 of $15.4 million compared to a total comprehensive income of $13.3 million for Dec20.

Balance sheet

Total assets on 31 December 2021 were $211.0 million compared to $225.6 million on 31 December 2020.

The Leipzig Properties were independently valued at $162.5 million (€142.8 million) on 31 December 2021 compared to $181.6 million (€148.5 million) on 31 December 2020. The decrease primarily reflects the fair value losses referred to above and the adverse movements in the exchange rate of the Euro against the US dollar. The current weighted average unexpired lease term for the Leipzig properties is 9.2 years.

The group's London office, used by the majority of the group's employees, together with plant and equipment was reflected at $25.1 million on 31 December 2021 ($25.8 million – 31 December 2020).

Development land in India on 31 December 2021 is stated at $10.6 million (31 December 2020 – $9.8 million). This carrying value reflects the independent valuation performed as at 31 December 2021 with the increase at the year-end primarily attributable to the depreciation of the Indian Rupee against the US dollar between reporting dates.

Current assets on 31 December 2021 were $8.2 million compared to $3.1 million on 31 December 2020. Current liabilities on 31 December 2021 were $11.9 million compared to $9.1 million on 31 December 2020. Long term borrowings on 31 December 2021 were $168.5 million compared to $170.3 million on 31 December 2020 with the decrease primarily attributable to the movement of the US dollar on conversion of Euro and Swiss Franc debt offset by an increase in borrowings during the year. Deferred tax of $7.8 million has been provided at 31 December 2021 ($7.7 million – 31 December 2020).

On 31 December 2021, the Group's weighted average loan maturity is 4.56 years and the current weighted average interest rate payable on borrowings is 2.89% per annum.

Cash flow

During Dec21 the group used $1.9 million in operating activities compared to $1.0 million during Dec20. Net cash generated by financing activities in Dec21 totalled $5.7 million compared to $1.2 million used by financing activities in Dec20.

Overall, the Group increased its net cash and cash equivalents in Dec21 by $3.8 million compared to a net decrease of $2.2 million in Dec20.

Approved by the board – 28 April 2022

DIRECTORS

Mr. David Quint (Chairman)

Mr. Markus Müller

Mr. Ralph Beney (appointed 26 May 2020)

COMPANY SECRETARY

Mr. Markus Müller

EXECUTIVE MANAGEMENT

Mr David Quint (Executive Chairman)

Mr. Ralph Beney (Director and Chief Financial Officer)

Mr. Richard Borg (Group Legal Officer)

REGISTERED OFFICE

Gotthardstrasse 21
CH-8002 Zurich
Switzerland

INDEPENDENT PROXY

Dr. Roger Groner
Tödistrasse 52,
CH-8002 Zürich
Switzerland

AUDITORS

PricewaterhouseCoopers AG
Birchstrasse 160
CH-8050 Zurich
Switzerland

LEGAL ADVISORS (as to Swiss Law)

Advestra AG
Uraniastrasse 9
CH-8001 Zurich
Switzerland

REGISTRAR

SAG SIS Aktienregister AG
Baslerstrasse 100
Postfach
CH-4601 Olten
Switzerland

REGISTERED NUMBER

CH-020.3.922.903-6

ARUNDEL AG
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the audited consolidated financial statements to the shareholders for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

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.

DIRECTORS

The Directors of the Company at 31 December 2021, all of whom have been directors for the whole of the year then ended unless otherwise indicated, are set out below. In accordance with Swiss law, the term of each director is limited to one year.

	Nationality	Function	Member since
Executive members			
Mr. David Quint	USA/GB	Chairman	2005
Mr. Ralph Beney	British	Member	2020
Non-executive members			
Mr. Markus Müller	Swiss	Member	2016

SECRETARY

The secretary of the Company at 31 December 2021 was Mr. Markus Müller.

AUDITORS

The auditors are PricewaterhouseCoopers AG, Zurich, Switzerland.

DIRECTORS’ INTERESTS

The Directors’ interests in the shares of the Company were as stated below:

	31 December 2021	31 December 2020
Mr. David Quint	1,638,075	1,638,075
Dr. Doraiswamy Srinivas (resigned 31 December 2021)	1,510,000	1,510,000
Mr. Markus Müller	Nil	Nil
Mr. Ralph Beney	542,091	542,091

By order of the Board

Mr David Quint
Chairman - Date: 28 April 2022

Report of the statutory auditor

to the General Meeting of Arundel AG

Zurich

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Arundel AG and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2021, the consolidated balance sheet as at 31 December 2021, the consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 2.1 to these consolidated financial statements, which states that the Group has certain borrowings that mature until 31 January 2023. If the Group is unable to repay or refinance the borrowings or to extend their repayment date, this would significantly affect the Group's liquidity. In response to this uncertainty, 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 Group also expects to extend the maturity on funds borrowed from a related party which are due for repayment at the end of April 2022. The Group further plans to extend the maturity of other loans, if required. As the outcome of these measures is uncertain, this indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. Our opinion is not qualified in respect of this matter.

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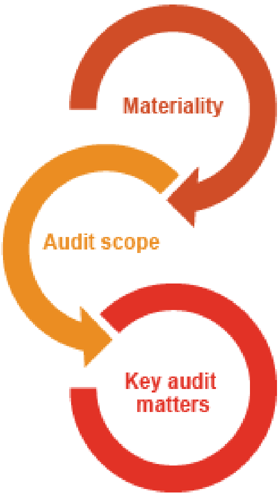
PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

Our audit approach

Overview



Overall Group materiality: USD 1'000'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

As key audit matter the following area of focus has been identified:

Valuation of investment properties and development land

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	USD 1'000'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as a relevant benchmark for a Group that mainly holds capital investments, which is a generally accepted benchmark.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of 16 companies, of which five operate on the British Virgin Islands, two each from Germany, the United States and Singapore, one each from the United Kingdom, India and Mauritius, and the holding company as well as one subsidiary in Switzerland. We have identified two companies that, in our view, required a full scope audit due to their size and characteristics. Specified procedures were also carried out at a further three companies to give appropriate coverage of material balances. All work was performed by the Group audit team.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material uncertainty related to going concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Valuation of investment properties and development land

Key audit matter	How our audit addressed the key audit matter
Refer to page 35 (Note 11: Investment Property and Development Land) The Group owns investment properties in Leipzig, Germany and development land in Chennai, India. The properties are held at fair value. The valuation of investment property and development land is considered as a key audit matter due to the significance of these assets on the consolidated balance sheet (USD 173.0 million) as well as the considerable judgement required by Management in determining the fair value of investment property and development land. The valuation of investment property is performed by a third-party appraiser using a discounted cash flow model to calculate the market value assuming a 10-year calculation period and a long-term growth rate (terminal value). The valuation of development land is performed by a third-party appraiser using a comparison method under a market approach. The most significant judgements affecting the investment property valuation are the assumptions surrounding the rents relating to the period after the current lease expires, void periods as well as the discount rates and capitalization rate for terminal values. The most significant judgements effecting the development land valuation are the discounts and premiums applied to the subject property relative to comparable land properties.	To evaluate the appropriateness of Management's valuation we performed the following audit procedures: • We tested the valuation of the investment properties and development land by involving PwC real-estate specialists in Germany and India. This included an assessment of the competency, capability and objectivity of Management's independent property appraisers and the appropriateness of the valuation methodologies applied to appraise the properties. • We assessed Management's assumptions and valuation models as described in Note 11 of the financial statements. For investment property, this included assessing the rental value, discount rate and capitalisation rate by comparing them to independent market values. In addition, we assessed the void periods and assumptions of the renewal rents by comparing them with economic and industry forecasts. For development land, we evaluated adjustments applied to comparable properties under the market approach, such as adjustments to reflect the size, the infrastructure and access, the location within the neighborhood and the shape and topography of the property. • We compared the rents, which were used in the valuation of investment property, with the current lease agreements. Based on the work carried out we consider Management's approach to value the investment property and development land as a reasonable basis to form a conclusion on the fair value of the investment property and development land.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Arundel AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Lucas Farrell
Audit expert Auditor in charge	

Zurich, 28 April 2022

Enclosure:

- Consolidated financial statements (consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and notes)

ARUNDEL AG
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	Year ended 31 December 2021	Year ended 31 December 2020
		$	$
Revenue	5	9,700,780	9,383,120
Administrative and marketing expenses	6	(7,499,256)	(6,738,470)
Fair value (loss)/gain on investment properties and development land	11	(5,814,753)	13,140,424
Reversal of impairment on financial assets - net	5, 12	-	80,385
Other income		114,864	101,741
Operating (loss)/profit		(3,498,365)	15,967,200
Finance income	7	66	3,675,132
Finance costs	8	(8,402,299)	(4,770,961)
(Loss)/profit before income tax expense		(11,900,598)	14,871,371
Tax charge	19	(255,784)	(3,462,794)
(Loss)/profit for the year		(12,156,382)	11,408,577
Attributable to:			
Equity owners of the parent		(12,069,547)	10,663,457
Non-controlling interests		(86,835)	745,120
(Loss)/profit per share attributable to owners of the parent during the year		**$ per share**	**$ per share**
Basic and diluted (loss)/profit per share:	9	(0.810)	0.713

The notes on pages 16 to 52 form part of these consolidated financial statements.

	Year ended 31 December 2021 $	**Year ended 31 December 2020 $**
(Loss)/profit for the year	(12,156,382)	11,408,577
Other comprehensive (expense)/income		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(3,317,714)	1,867,107
Other comprehensive (expense)/income for the year	(3,317,714)	1,867,107
Total comprehensive (expense)/income for the year	(15,474,096)	13,275,684
Attributable to:		
Equity owners of the parent	(15,125,397)	12,231,469
Non-controlling interests	(348,699)	1,044,215

The notes on pages 16 to 52 form part of these consolidated financial statements.

ARUNDEL AG
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2021

	NOTE	As at 31 December 2021 $	As at 31 December 2020 $
ASSETS			
Non-current assets			
Property plant and equipment	10	25,077,450	25,749,057
Investment property and development land	11	173,041,842	191,384,749
Other receivables and prepayments	12	4,679,263	5,353,544
		202,798,555	222,487,350
Current assets			
Other receivables and prepayments	12	3,205,066	1,809,907
Cash and cash equivalents		5,015,184	1,263,386
		8,220,250	3,073,293
TOTAL ASSETS		211,018,805	225,560,643
EQUITY			
Capital and reserves			
Share capital	17	16,362,693	16,362,693
Equity component of convertible bond		778,972	778,972
Translation reserve		(2,480,954)	574,896
Other reserve		493,190	-
Accumulated profit		4,774,889	17,339,544
Treasury shares	17	(601,572)	(576,295)
Attributable to equity owners of the parent		19,327,218	34,479,810
Non-controlling interests	18	3,478,370	3,827,069
TOTAL EQUITY		22,805,588	38,306,879
LIABILITIES			
Non-current liabilities			
Non-current borrowings	13	168,503,639	170,388,539
Deferred taxation	20	7,827,138	7,735,191
		176,330,777	178,123,730
Current liabilities			
Accruals	14	4,725,754	2,890,409
Trade and other payables	15	3,922,848	4,221,273
Current borrowings	13	3,233,838	2,018,352
		11,882,440	9,130,034
TOTAL LIABILITIES		188,213,217	187,253,764
TOTAL EQUITY AND LIABILITIES		211,018,805	225,560,643

The notes on pages 16 to 52 form part of these consolidated financial statements.

ARUNDEL AG
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

		Attributable to equity owners of the parent								
		Share capital $	**Treasury shares $**	**Equity component of convertible bond $**	**Translation reserve $**	**Other reserve $**	**Accumulated profit $**	**Attributable to equity owners of the parent $**	**Non-controlling interest $**	**Total equity $**
Balance as of 31 December 2019 and 1 January 2020	18	**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		-	-	-	-	-	10,663,457	10,663,457	745,120	11,408,577
Other comprehensive income /(expense)										
Foreign currency translation		-	-	-	1,568,012	-	-	1,568,012	299,095	1,867,107
Total comprehensive income/(expense)		**-**	**-**	**-**	**1,568,012**	**-**	**10,663,457**	**12,231,469**	**1,044,215**	**13,275,684**
Treasury share transactions	17	-	(227,460)	-	-	-	-	(227,460)	-	(227,460)
Reserve transfer		-	-	-	-	-	-	-	-	-
Equity component of convertible bond	13	-	-	-	-	-	-	-	-	-
Balance as of 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**
Loss for the period		-	-	-	-	-	(12,069,547)	(12,069,547)	(86,835)	(12,156,382)
Other comprehensive income/(expense)										
Foreign currency translation		-	-	-	(3,055,850)	-	-	(3,055,850)	(261,864)	(3,317,714)
Total comprehensive income/(expense)		**-**	**-**	**-**	**(3,055,850)**	**-**	**(12,069,547)**	**(15,125,397)**	**(348,699)**	**(15,474,096)**
Treasury share transactions	17	-	(25,277)	-	-	-	(1,918)	(27,195)	-	(27,195)
Reserve transfer		-	-	-	-	493,190	(493,190)	-	-	-
Equity component of convertible bond	13	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2021		**16,362,693**	**(601,572)**	**778,972**	**(2,480,954)**	**493,190**	**4,774,889**	**19,327,218**	**3,478,370**	**22,805,588**

The notes on pages 16 to 52 form part of these consolidated financial statements.

ARUNDEL AG
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	Year ended 31 December 2021 $	Year ended 31 December 2020 $
Cash flow from operating activities			
(Loss)/profit for the year		(12,156,382)	11,408,577
Adjustments for:			
-Net foreign exchange (gains)/losses	7,8	2,826,599	(3,671,049)
- Interest income	7	(66)	(4,083)
- Interest expenses and other finance expenses	8	5,233,800	4,438,372
- Amortisation of debt issue costs	8	341,900	292,870
- Fair value loss/(gain) on investment property and development land	11	5,814,753	(13,140,424)
- Reversal of impairment on financial assets - net	5,12	-	(80,385)
- Forgiveness of borrowings	13	(27,451)	-
- Depreciation	10	468,030	441,074
- Treasury shares issued in lieu of fees	17	107,296	-
- Income tax expense	19	255,784	3,462,794
Changes in working capital			
- Trade creditors and other payables		26,803	(542,293)
- Other receivables and prepayments		(1,404,083)	(434,365)
- Accruals		(332,123)	(286,522)
Interest paid		(2,899,601)	(2,813,058)
Income tax paid		(193,849)	(68,919)
Net cash used by operating activities		(1,938,600)	(997,411)
Cash flow from investing activities			
Capital expenditure - additions	10,11	(54,358)	(16,780)
Capital expenditure - disposals	10,11	6,796	-
Interest received	7	66	4,083
Net cash used by investing activities		(47,496)	(12,697)
Cash flow from financing activities			
Proceeds from borrowings	13	7,750,000	27,289
Costs associated with new borrowings	13	(150,000)	-
Repayment of borrowings	13	(1,841,896)	(1,218,226)
Net cash (used)/generated by financing activities		5,758,104	(1,190,937)
Net (decrease)/increase in cash and cash equivalents		3,772,008	(2,201,045)
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		1,263,386	3,405,850
Net (decrease)/increase in cash and cash equivalents		3,772,008	(2,201,045)
Foreign currency translation adjustments		(20,210)	58,581
Cash and cash equivalents at end of period		**5,015,184**	**1,263,386**

For disclosure of changes in liabilities arising from financing activities see Note 13. Furthermore, in the year ended 31 December 2021, the Company received shares in settlement of obligations of $0.1 million (refer Note 17. In the year ended 31 December 2020, the Company received shares in settlement of obligations of $0.2 million (refer Note 17).

The notes on pages 16 to 52 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 United States (“US”) 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 consolidated financial statements have been consistently applied to all the periods presented.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (“IFRS”), published by the International Accounting Standards Board. The consolidated financial statements are reported in US Dollars unless otherwise stated and are based on the accounts of the individual subsidiaries for the year ended 31 December 2021, which were drawn up according to uniform Group accounting principles.

Going Concern

The Group describes the liquidity risk and maturity of borrowings in the Note 3.2 c). The liabilities of the Group include certain borrowings that mature until 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.

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 balance of $5 million at 31 December 2021.

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. On 31 December 2021 the Group’s net equity in the Leipzig Properties was approximately $86 million. The exact proportion of equity to be sold will be dependent on developments over the next few months. 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%. A transaction is 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) The Group expects to extend the maturity on funds borrowed from Kathy Quint, the wife of the Chairman, which are due for repayment at the end of April 2022. The maturity date of the loans is to be extended to 30 June 2024.

5) At 31 December 2021, 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 will be repaid. If a sale transaction does not complete prior to 31 January 2023, management is confident that the lenders would extend the maturity date for these loans, if required.

6) The Group could secure some additional borrowing secured by the London office building. Alternatively, the Group could raise additional capital through a sale, in whole or part, of the Group’s investments in the London office building and / or a sale of the development land and/or loans in India.

7) Once the Group is able to retire its UK regulatory licence, it is expected that there would be costs savings achieved through a restructuring of the operations in London.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2021 the prospect of earning new transaction income from the Group's advisory business remains reduced for the immediate future. 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.

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.

2.2 Principles of consolidation

2.2.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated.

Consolidated financial statements are prepared using uniform accounting policies for like transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2.2 Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant shares acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

2.2.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segmental reporting

Segmental reporting has been prepared in accordance with IFRS 8 (Segment Reporting).

The chief operating decision maker has been identified as the Board of Directors, who review the Group's internal reporting and management information in order to assess performance and allocate resources. As such, the Group has been organised into the following segments:

- Investment Advisory
- Investments in Development Land
- Investments in Government Tenanted Property

The Board of Directors assess the performance of the business using a number of measures; however particular emphasis is placed on total assets and total equity. Total segment assets and liabilities excludes certain assets and liabilities which are managed on a central basis including those associated with the Head Office of the Group, these form the reconciliation to the balance sheet.

2.4 Foreign currency transactions and translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in US Dollars, which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented net in the consolidated income statement within finance costs and finance income respectively.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of the balance sheet.
(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised in "other comprehensive income" as a separate component of equity.

On consolidation, exchange differences arising from the translation of net investment in foreign entities and designated intercompany borrowings are taken to other comprehensive income. When a foreign entity is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

The translation rates used are disclosed in Note 25.

2.5 Property, Plant and Equipment

All property, plant and equipment (PPE) is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and (where applicable) borrowing costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they occur.

Depreciation is calculated using the straight line method to allocate the cost over the asset's useful economic life as follows:

- Freehold land – nil
- Freehold buildings – 50 years
- Fixtures and fittings – 3 – 10 years
- Vehicles – 4 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate each financial year end.

2.5 Property, Plant and Equipment (Continued)

An asset's carrying amount is written down immediately to its recoverable amount if its carrying value is greater than the estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the consolidated income statement under administration and marketing expenses.

2.6 Investment property and development land

Property or land held for long-term rental yields or for capital appreciation or both and not occupied by the Group is classified as investment property and development land. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property and development land comprises freehold land and buildings and land acquired for future development. Investment property and development land are initially recognised at cost including related transaction costs and borrowing costs. After initial recognition investment property and development land is held at fair value.

Fair value of investment property is based on a discounted cash flow model, using observable market data, adjusted for difference in the nature, location or condition of the specific asset. Valuations are performed at least annually (or more frequently if required for reporting purposes) in accordance with guidance issued by the Royal Institute of Chartered Surveyors by independent external valuers. Fair value of development land is based on a market approach using comparable transactions adjusted for size, infrastructure, access, shape and topography. Valuations are performed by external valuers.

The fair value of investment property and development land reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. In addition assumptions are also made regarding discount rates, vacancy rates, lease renewal and capital expenditure. The fair value also reflects on a similar basis, any cash outflows that could be expected in respect of the property or land.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. In accordance with IAS 40, these items are capitalised at cost and subsequently measured at fair value on a single property level. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values and gains and losses on disposal are recorded in the income statement. Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

2.7 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Loans receivable

Loans are classified as non-current assets unless management has the express intention of holding the loans for less than 12 months from the balance sheet date, in which case they are included in current assets. Purchases and sales of loans are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset. Loans are initially recognised at fair value plus transaction costs and are subsequently carried at amortised cost using the effective interest method, less the 12-month expected credit loss (provision). Expected credit losses are reviewed at each reporting date and updated to reflect changes in the assets credit risk.

Loans are derecognised when the rights to receive cash flows from the loans have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. When loans and receivables are sold the resulting gains and losses are included in the consolidated income statement as gains and losses from loans.

2.9 Revenue, Trade receivables and contract assets

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a service to a customer. Revenue is presented net of value added tax (where applicable), rebates and discounts and after eliminating intragroup sales. The Groups' revenue is earned from the following revenue streams:

2.9 Revenue, Trade receivables and contract assets (continued)

- Rental income from Government tenanted property
- Investment management and advisory services

The majority of revenue recognised by the Arundel Group is derived from specific contracts with customers for fixed amounts to be received over time. As such the recognition of income is aligned with the principles of IFRS 15 and IFRS 16.

A receivable is the right to consideration that is unconditional. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. A contract asset is the right to consideration in exchange for goods or services that the Company has transferred to a customer. The contract asset is measures at the amounts of goods and service are transferred less the lifetime expected credit loss.

Trade debtors are recognised initially at fair value less the lifetime expected credit loss if the Group has the unconditional right for payment; and is subsequently measured at amortised cost using the effective interest method and considering changes to the lifetime expected credit loss.

Changes to the lifetime expected credit loss for receivables and contract assets are recognised in the income statement.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The loss allowances are based on assumptions about risk of default and expected loss rate, the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

2.10 Impairment of financial assets

The Group has two types of assets that are subject to the expected credit loss model:

- Receivables and contract assets arising from revenue within the investment and management advisory segment
- Debt instruments carried at amortised cost

Whilst cash and cash equivalents and other debtors such as taxation receivable are subject to the impairment requirements of IFRS 9, the identified impairment loss was considered immaterial.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand; deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings under current liabilities.

2.12 Share capital

Ordinary shares are classified as equity. Any transaction costs of an equity transaction are accounted for as a deduction from share premium to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

2.13 Treasury Shares

Any shares in the Company held in treasury are shown at historic cost, adjusted for any reduction in par value, and presented as a deduction from total equity on the consolidated balance sheet of the Group. Share disposals are treated on a "first in first out" basis and any gain or loss is recognised in retained earnings.

2.14 Distributions to shareholders (Dividends or Par value capital reduction)

Dividends are recorded as a financial liability in the consolidated financial statements in the period in which they are approved by the Company's shareholders. Reductions in the par value of the shares of the Company are recorded as a financial liability upon the date at which the reduction is registered at the Commercial Registry Office.

2.15 Trade creditors and other payables

Trade creditors and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.17 Current and deferred income tax expense

The tax expense for the period comprises current and deferred tax expense. Income tax expense is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.18 Compound financial instruments

Compound financial instruments issued by the group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

2.19 Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Possible liabilities whose occurrence as of the balance-sheet date cannot be assessed, or liabilities, the level of which cannot be reliability estimated, are disclosed as contingent liabilities.

2.20 Finance income and expense

Interest income and expense are recognised within finance income and finance costs in profit or loss using the effective interest rate method.

2.21 Leases

As a lessee - The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

As a lessor – the Group leases Investment Properties to tenants under operating leases with rentals payable monthly. There are no variable lease payments that depend on an index or rate. Expectations about future residual values are reflected in the fair value of the properties.

2.22 Employee benefits

(a) Pensions
The Group operates a defined contribution plan for its staff in the United Kingdom (“UK”). The Group pays contributions to privately administered pension plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the period in which the related service is provided.

(b) Short term employment benefits
Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits (such as health insurance) are recognised as employee benefits expense and accrued when the associated services are rendered by the employees of the Group.

3. FINANCIAL AND OTHER RISK MANAGEMENT

3.1 Financial risk factors and assessment

Financial risk assessment and management is an integral part of the Group-wide enterprise risk management and is governed by policies reviewed by the Board of Directors. The policies provide guidance on operational risk limits, types of authorized financial instruments and monitoring procedures. Such monitoring procedures contain regular review of accounting policy assessment including changes in accounting policy, significant accounting matters, and items requiring significant management judgment and estimates. The implementation of the accounting policy, the adherence to the regulation and the monitoring on a day-to-day risk basis are carried out by the relevant accounting and treasury functions. Regular reporting on the review of the financial risk management is performed by the relevant accounting and controlling functions.

The Group has established a yearly process driven by management evaluating in detail financial risk assessment in the areas of accounting complexity, control environment, market dynamics, cultural and individual parameters.

The major financial risks in the area of control environment consist of information systems complexity, timely review of results, and the robustness of the documentation of processes. The major financial risks identified in the area of market dynamics consist of the local customs and practices, country specific risks and overall market dynamics.

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity rate risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

Risk management is carried out by the executive management under policies approved by the Board of Directors. The Board identifies, evaluates and manages financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

(a) Market risk

1. Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Swiss Franc, Pound Sterling and Indian Rupee. Additional exposure to the Singapore Dollar exists however this is considered immaterial. Limited foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Operating entities have limited exposure to exchange risk outside their functional currencies.

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations in Continental Europe are managed primarily through borrowings denominated in the relevant foreign currencies, although the directors monitor and permit currency exposure in this regard as an element of its financing strategy.

The table below shows the impact on Group profit and equity of a strengthening or weakening by 0.05 of the exchange rate against the key currency exposures of the Group if all other variables were constant (5 rupees for INR).

	Sensitivity range 31 December 2021	**Profit Impact of exchange rate movement**		**Equity Impact of exchange rate movement**	
		+ 0.05	**-0.05**	**+0.05**	**-0.05**
		$	$	$	$
Euro	0.9289 – 0.8289	(1,774,839)	1,988,939	(2,881,434)	3,229,024
CHF	0.9617 – 0.8617	(558,193)	612,278	2,128,358	(2,375,362)
GBP	0.7893 – 0.6893	28,706	(32,871)	(1,238,053)	1,417,672
INR	79.520 – 69.520	-	-	(649,038)	742,394

	Sensitivity range 31 December 2020	**Profit Impact of exchange rate movement**		**Equity Impact of exchange rate movement**	
		+ 0.05	**-0.05**	**+0.05**	**-0.05**
		$	$	$	$
Euro	0.8681 – 0.7681	(1,899,342)	2,146,631	(3,856,129)	4,358,187
CHF	0.9346 – 0.8346	(574,088)	635,432	2,255,578	(2,525,828)
GBP	0.7819 – 0.6819	17,824	(20,438)	(1,417,604)	1,625,507
INR	78.002 – 68.002	-	-	(614,696)	705,090

A key parameter affecting the carrying value of the Group's investment properties is the Euro to US Dollar exchange rate, the following table demonstrates the sensitivity to exchange rate movements of the valuation of €142.81 million (See Note 11) as at 31 December 2021:

	$:€	**$ 31 December 2021 Carrying Value**	**$ Sensitivity**
Rate increase to 1.00	1.000	142,810,000	(19,633,366)
Rate increase to 0.90	0.900	158,677,778	(3,795,588)
Rate as at balance sheet date	**0.879**	**162,473,366**	**-**
Rate reduction to 0.80	0.800	178,512,500	16,039,134
Rate reduction to 0.70	0.700	201,014,286	41,540,920

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

	$:€	$ 31 December 2020 Carrying Value	$ Sensitivity
Rate increase to 1.00	1.000	148,530,000	(33,032,626)
Rate increase to 0.90	0.900	165,033,333	(16,529,293)
Rate as at balance sheet date	**0.818**	**181,562,626**	-
Rate reduction to 0.80	0.800	185,662,500	4,099,874
Rate reduction to 0.70	0.700	212,185,714	30,623,088

The sensitivity to exchange rate detailed above is partially offset by associated borrowings and other liabilities also denominated in Euro.

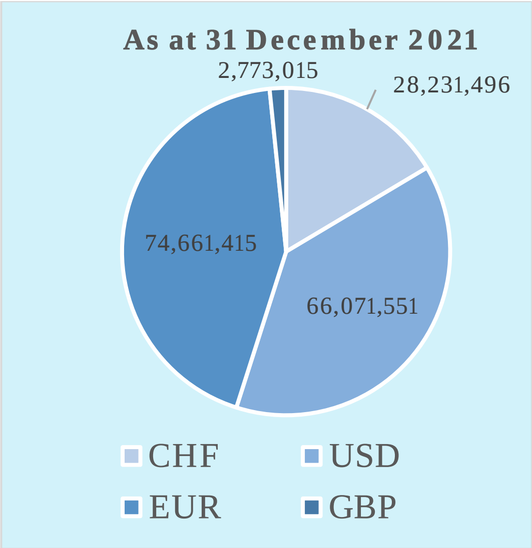
A key parameter affecting the carrying value of the Group's development land is the INR to US Dollar exchange rate, the following table demonstrates the sensitivity to exchange rate movements of the valuation of INR 787.6 million (See Note 11) as at 31 December 2021:

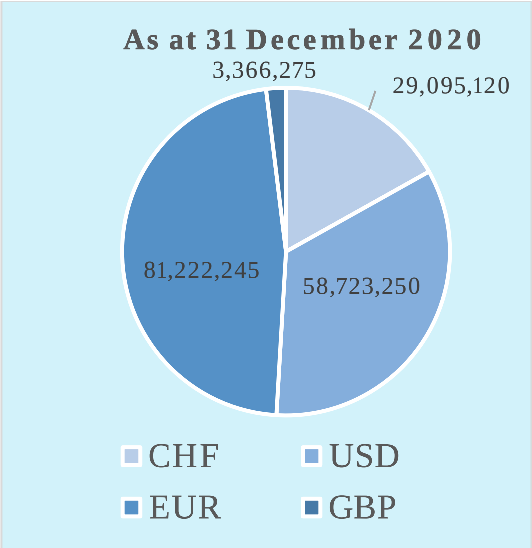
	$:INR	$ 31 December 2021 Carrying Value	$ Sensitivity
Rate increase to 80.00	85.00	9,265,818	(1,302,658)
Rate increase to 75.00	80.00	9,844,931	(723,544)
Rate as at balance sheet date	**74.52**	**10,568,476**	-
Rate reduction to 70.00	70.00	11,251,350	682,874
Rate reduction to 65.00	65.00	12,116,838	1,548,363

	$:INR	$ 31 December 2020 Carrying Value	$ Sensitivity
Rate increase to 80.00	80.00	8,964,111	(858,012)
Rate increase to 75.00	75.00	9,561,719	(260,404)
Rate as at balance sheet date	**73.01**	**9,822,123**	-
Rate reduction to 70.00	70.00	10,244,699	422,576
Rate reduction to 65.00	65.00	11,032,752	1,210,629

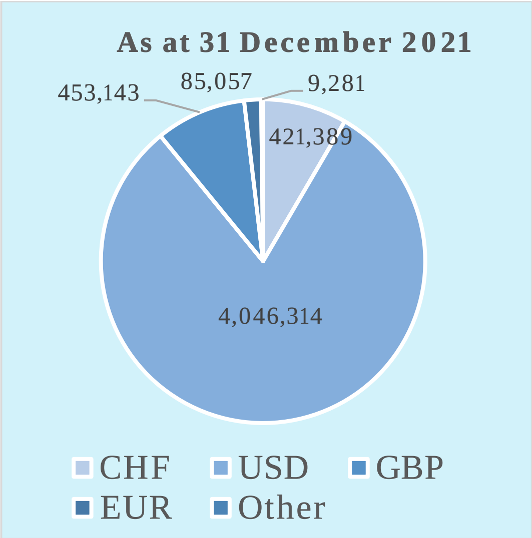
3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

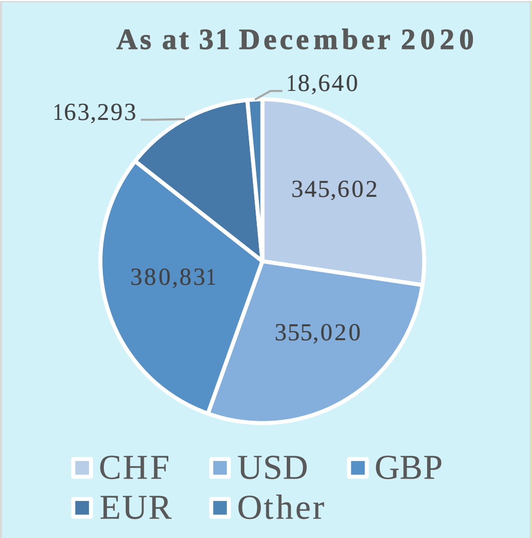
The carrying amounts of the Group's total borrowings are denominated in the following currencies:





Cash and cash equivalents is denominated in the following currencies:





3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

2. Cash flow and fair value interest rate risk

(a) Interest rate risk

The Group's interest-rate risk mainly arises from long-term borrowings and to a limited extent, from cash and cash equivalents. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. Group policy is to maintain a significant percentage of its borrowings in fixed rate instruments. The Board regularly meet to review levels of fixed and variable borrowings and takes appropriate action as required.

As 99.1% of the Group's total borrowings attract fixed rates of interest (with maturity dates ranging from 20 March 2022 to 31 December 2028), exposure to movements in market rates is limited and immaterial. However, the table below shows the sensitivity of profit and other comprehensive income to movements in current interest rates:

	$ **31 December 2021**	$ **31 December 2020**
Shift in basis points	50	50
Profit impact of increase	(866,452)	(870,342)
Profit impact of decrease	866,452	870,342

(b) Credit risk

Credit risk arises from cash, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to rental customers, including outstanding receivables. The table below shows the credit rating and balance of the three major bank counterparties at the balance sheet date.

			$	$
	31 December 2021	**31 December 2020**	**31 December 2021**	**31 December 2020**
Counterparty	**Rating**	**Rating**	**Balance**	**Balance**
Citibank	A+	A+	3,802,860	146,121
National Westminster Bank	A	A	507,065	415,829
Bank Zimmerberg	*	*	347,629	298,413

* Credit rating not published

The Group's concentration of credit risk with non-financial institutions is primarily with its rental customer. For this, the Group has assessed that the credit risk is low as the rental contract is granted to, directly or indirectly, a governmental customer with excellent credit history and due to the good record of recovery of receivables. As a result, the Group has not incurred any losses.

The Group has recorded a contract asset from its investment advisory activities. The Group has assessed the contract asset to represent a non-performing asset under IFRS 9 and, as such, allowance has been made for the lifetime expected credit loss of $500,000 (see Note 12).

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow. Lenders are approached in advance of maturity dates and, where appropriate, management may negotiate a new facility or seek alternative lenders as required.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Borrowings includes the undiscounted payment of principal and interest.

At 31 December 2021	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**	**Total**	**Carrying value**
	$	$	$	$	$	$
Borrowings	8,239,894	10,290,393	86,676,837	95,169,487	200,376,611	171,737,477
Trade and other creditors	2,790,315	-	-	-	2,790,315	2,790.315
Total	11,030,209	10,290,393	86,676,837	95,169,487	203,166,926	174,527,792

At 31 December 2020	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**	**Total**	**Carrying value**
	$	$	$	$	$	$
Borrowings	6,206,162	37,153,041	84,930,586	67,730,353	196,020,142	172,406,891
Trade and other creditors	3,054,115	-	-	-	3,054,115	3,054,115
Total	9,260,277	37,153,041	84,930,586	67,730,353	199,074,257	175,461,006

d) Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders (if free cash is available for dividend declaration), return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

The gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

	December 2021	December 2020
	$	$
Total borrowings (Note 13 and 24)	171,737,477	172,406,891
Less: cash and cash equivalents	(5,015,184)	(1,263,386)
Net debt	166,722,293	171,143,505
Total equity	22,805,588	38,306,810
Total capital	189,527,881	209,450,315
Gearing ratio	**88.0%**	**81.7%**

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 is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

As at 31 December 2021, Investment property and development land of $173,041,842 is included in level 3 (2020 - $191,384,749). There were no instruments included in level 1 or 2 at 31 December 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 11.

There were no transfers between levels in the period ended 31 December 2021 and 31 December 2020.

3.3 Other risk factors

The Group is exposed to property price and market rental risks. Wherever possible the Group builds into the terms of its leases indexation linked to consumer price indices, in order to manage its market rental risk.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable. The Group makes estimates and assumptions concerning the future. By definition, the resulting accounting estimates may not equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are described below. In addition, this note also explains where there have been actual adjustments made this year as a result of changes in previous estimates.

a) Estimate of fair value of investment properties

The Group owns significant investment properties in Leipzig, Germany, held at fair value (Please refer to note 11).

The weighted average lease term for the entirety of the Leipzig Properties is approximately 9 years, with two three-year renewal options.

The principal inputs underlying management's estimation of fair value are the current rental income and in particular the rent per square metre after renewal, void periods, the receipt of contractual rentals and maintenance requirements. Management made these estimations based on commissioning an independent appraisal of the properties and discussions with the local property consultant.

In addition, inflation rates and appropriate discount rates, with due regard to yields on Germany government bonds, are also assessed. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market.

The expected future market rental income levels are determined based on the specific terms of the existing rental contract and the use of a capitalisation rate to determine the terminal value based on the estimated rent after the current lease terms. This is considered a significant subjective input in support of the valuation of investment property. The table below shows the net effect on the carrying amount of the investment property after deferred taxation should the weighted average premium/discount implicit in the valuation change by 0.5%:

	$ 31 December 2021		$ 31 December 2020	
Increase by 0.5%	4.88%	(14,022,213)	4.71%	(16,230,672)
Capitalisation Rate	**4.38%**	**-**	**4.21%**	**-**
Decrease by 0.5%	3.88%	17,639,501	3.71%	20,607,989

b) Estimate of fair value of development land

The principal inputs underlying management's estimation of fair value of development land is data in respect of transactions of a land of a similar type in the same or similar location. Management made these estimations based on commissioning an independent appraisal of the development land by a national property consultant.

The table below shows the net effect on the carrying amount of the development land after deferred taxation should the weighted average premium/discount implicit in the valuation change by 5%:

	$ 31 December 2021		$ 31 December 2020	
Increase by 5%	4.0%/9.0%	416,602	(11.0)%/(8.0)%	436,616
Weighted average premium/(discount)	**(1.0)%/4.0%**	**-**	**(16.0)%/(13.0%)**	**-**
Decrease by 5%	(6.0)%/(1.0)%	(416,602)	(21.0)%/(18.0%)	(436,616)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

c) Impairment of financial assets

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract balances.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Significant financial difficulties of a customer, such as probability of bankruptcy, financial reorganization, default or delinquency in payments are considered indicators that recovery of the trade receivable is doubtful.

Impairment losses on financial assets are presented as net impairment on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

d) Revenue recognition

The majority of revenue recognised by the Arundel Group is derived from specific contracts with customers for fixed amounts to be received over time. As such the recognition of income is aligned with the principles of IFRS 15 and IFRS 16. For example with asset management and advisory service agreements specifying a fixed amounts per annum/month or quarter, this revenue is recognised over the course of the year equally as the performance obligations are met.

An exception to this is revenue recognised in relation a fee sharing arrangement with a third party fund manager. This contract does have variable consideration as it is based on the Group's share of fees received by a third party fund manager which, in turn, are dependent upon fund performance.

5. REVENUE

	Year ended 31 December 2021 **Total segment revenue** **$**	**Year ended 31 December 2020** **Total segment revenue** **$**
Rental Income	7,394,875	7,138,769
Investment management and advisory fees	2,305,905	2,244,351
Total	9,700,780	9,383,120

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. As at 31 December 2021 the lease on approximately 85% of the properties expired in June 2025. In January 2022 this was extended to June 2028. The tenant has the right to terminate 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 fees:

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 the fulfilment of the performance obligations over time.

All revenue is recognised over time.

5. REVENUE (Continued)

Contract asset

As at 31 December 2021 the Group has a contract asset of $214,082 (2020 - $750,000) with a customer which entitles it to a share of fee income due to a third-party fund manager. The performance obligation in relation to this contract was fulfilled at inception of the contract. The Company estimated the variable consideration it expects to receive based on the expected value. The Group assessed the contract asset at 31 December 2021 to represent a non-performing asset under IFRS 9, as such the balances mentioned above are after allowance has been made for a lifetime expected loss of $500,000 (see Note 12).

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.

6. ADMINISTRATIVE AND MARKETING EXPENSES

	Year ended 31 December 2021 $	Year ended 31 December 2020 $
Staff costs	2,278,880	2,635,271
Professional fees and other sundry costs	3,765,365	2,717,254
Maintenance and rent	986,981	944,871
Depreciation (Note 10)	468,030	441,074
	7,499,256	6,738,470

Included within professional fees in the year ended 31 December 2021 is $1,303,814 (2020 - $290,668) in relation to the litigation mentioned in Note 21.

As at 31 December 2021, the Group employed 12 staff members, of which 11 members of staff are based in the UK. Included within these staff are Mr. Quint and Mr. Beney who are directors of the Company as well as Mr. Borg who is a member of executive management. Group senior and executive management are disclosed in Note 26.

7. FINANCE INCOME

	Year ended 31 December 2021 $	Year ended 31 December 2020 $
Foreign exchange movements, net	-	3,671,049
Bank interest and other finance income	66	4,083
	66	3,675,132

8. FINANCE COSTS

	Year ended 31 December 2021 $	**Year ended 31 December 2020 $**
Interest on bonds	2,307,985	1,761,105
Interest on facilities	730,475	724,948
Interest on other loans	1,990,997	1,952,319
Amortisation of debt issue costs	341,900	292,870
Other borrowing expenses	204,343	39,719
Foreign exchange movements, net	2,826,599	-
	8,402,299	4,770,961

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to equity owners of the parent by the weighted average number of ordinary shares outstanding during the period.

	Year ended 31 December 2021 $	**Year ended 31 December 2020 $**
Net (loss)/profit attributable to equity owners of the parent:	(12,069,547)	10,663,457
Weighted average number of ordinary shares outstanding	14,905,650	14,956,820
Basic and diluted (loss)/profit per share	**(0.810)**	**0.713**

A subsidiary of the Group issued convertible debt as described in Note 13. Management has calculated that the maximum number of additional ordinary shares that could be issued at 31 December 2021 is 2,644,875 (December 2020 – 2,644,875). Since the share price at 31 December 2021 and 2020 was significantly below the conversion price, there is no dilutive impact.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
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

	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	81,792	27,550,474
Accumulated depreciation	-	(1,659,855)	(119,409)	(22,153)	(1,801,417)
Net book amount	9,819,684	15,794,583	75,151	59,639	25,749,057

10. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group owns a freehold property in London and other fixed assets (office equipment and a motor vehicle). The property is located in a central London area referred to as "super-prime" and is used as the main office building for the majority of staff employed by the Group.

At 31 December 2021, the Group does not believe that an impairment of the asset has occurred and holds the asset at value on acquisition less amortisation and depreciation in accordance with the appropriate accounting policies.

Leased assets

Vehicles and fixtures and fittings include the following amounts where the group is a lessee:

	Year ended 31 December 2021 $	Year ended 31 December 2020 $
Cost	135,938	135,938
Accumulated depreciation	(85,917)	(23,362)
Net book value	50,021	112,576

The lease liability in respect of these right of use assets as at 31 December 2021 totals $45,252 (2020 - $86,627) and is shown within Other Payables (see Note 15).

11. INVESTMENT PROPERTY AND DEVELOPMENT LAND

	Year ended 31 December 2021 $ Investment Property	Year ended 31 December 2021 $ Development Land	Year ended 31 December 2021 $ Total
Beginning of year	181,562,626	9,822,123	191,384,749
Fair value gain/(losses)	(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

	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

The investment property is carried at fair value. An independent valuation of the investment property was performed by Botta Management AG as at 31 December 2021 and 31 December 2020. A discounted cash flow method was used to calculate the market value assuming a 10-year calculation period plus a terminal value (with the exception of that part of the properties leased until 2047, for which a 30 year calculation period and terminal value were used).

11. 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	142,810,000/ 162,473,366 (31 Dec 2020 - 148,530,000/ 181,562,626)	Discounted cash flow	6,250,000/ 7,394,875 (31 Dec 2020 – 6,250,000/ 7,138,769)	3.2 to 3.6% (31 Dec 2020 – 2.9 to 3.3%)	4.2 to 4.6% (31 Dec 2020 – 3.9 to 4.3%)

The fair value of the investment properties reduced by €5,720,000 ($6,767,790) primarily as a result of an increase in the discount and capitalisation rates used in the report prepared by the independent valuer. These reductions reflected the increase in yields on 5, 10 and 30-year German government bonds between the reporting dates. The property is denominated in EUR and the net change in fair value in the year due to exchange difference was ($12,321,471).

Development Land

In 2019, the Group acquired 61.6 acres of land in near Chennai, India. The land is approved for residential development.

At 31 December 2021 the development land is carried at a fair value of $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/ 10,568,476 (31 Dec 2020 – 717,128,899/ 9,822,123)	Market Approach – comparison method	12.79 (Dec 2020 – 11.02)	(1.0)/4.0% (Dec 2020 – (16.0)/(13.0) %)

12. RECEIVABLES AND PREPAYMENTS

	As at 31 December 2021 $	As at 31 December 2020 $
Non-current		
Other receivables and prepayments – third party	1,060,075	945,057
Contract assets	714,082	1,250,000
Other receivables and prepayments – related party	3,405,106	3,658,487
Allowance made for impairment on financial assets	(500,000)	(500,000)
	4,679,263	5,353,544
Current		
Trade receivables	2,673,337	1,421,543
Taxation receivable	126,557	-
Other receivables and prepayments	405,172	388,364
	3,205,066	1,809,907
Total	7,884,329	7,163,451

Non-current third party receivables and prepayments:

Third party receivables consists of payments made to third parties for potential additional development land in Chennai, India. As at 31 December 2021 these total $1,060,075 (2020: $945,057).

Non-current related party receivables and prepayments:

Non-current related party receivables as at 31 December 2021 and 31 December 2020 relate to a loan of $2,275,375 (€2,000,000) and accrued interest to June 2016 due from Ridgemont Holdings Limited ("Ridgemont") (see note 25). 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 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 31 December 2021. This loan is secured against the 5.1% minority holding of Ridgemont in USI Verwaltungszentrum Leipzig Limited & Co.KG. As at 31 December 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 also assessed the contract asset at 31 December 2021 to represent a non-performing asset under IFRS 9, as such allowance has been made for the lifetime expected loss of $500,000.

	Contract Asset $	Related Parties $	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 31 December 2021	500,000	-	500,000

As at 31 December 2021, the Group considers the credit risk on trade receivables to be low. 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 low as the Group holds collateral in excess of the value of the loans made.

13. BORROWINGS

	As at 31 December 2021 $	As at 31 December 2020 $
Non-current		
Bonds	35,870,847	29,095,120
Facilities	69,067,010	75,496,316
Other loans	63,565,782	65,797,103
Total non-current borrowings	168,503,639	170,388,539
Current		
Bonds	-	-
Facilities	1,610,609	2,012,288
Other loans	1,623,229	6,064
Total current borrowings	3,233,838	2,018,352
Total borrowings	171,737,477	172,406,891

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 year ended 31 December 2021, no new convertible bonds were issued to third parties, meaning the total in issue as at 31 December 2021 remained at CHF 26.44 million (2020 – CHF 26.44 million). The Group can issue up to a total of CHF 42.04 million of the bonds.

Included in the terms of the Bonds is a covenant that the Group must maintain the ratio of the net value of all assets held by the Arundel Group to the aggregate principal amount of the bonds of equal to or greater than 2:1. This is reviewed and tested on each interest payment date, as at 31 December 2021 the ratio was 2.60:1 (2020 – 2.75:1).

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 at 31 December 2021) and have a maturity date of 31 March 2024. As at 31 December 2021 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.

On 25 November 2021 the group fully repaid loans from a bank which was secured by a first legal mortgage over the freehold property in the UK and a fixed and floating charge. At the point of repayment, these loans totalled $285,212.

13. BORROWINGS (continued)

Other Loans – non current

At 31 December 2021 Other Loans included various loans from minority shareholders totaling $60.0 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.

Also included are other loans totaling approximately $5.1 million on which interest is charged at interest rates between 6.0% per annum and 6.84% per annum. The maturity of these loans ranges from April 2022 to January 2023. $1.6 million of these loans is secured by a charge against the freehold property in London.

The maturity of non-current borrowings is as follows:

	As at 31 December 2021 $	As at 31 December 2020 $
Between 1 and 2 years	3,519,996	31,822,247
Between 2 and 5 years	104,937,857	78,529,415
Over 5 years	60,045,786	60,036,877
Non-current borrowings	168,503,639	170,388,539

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amounts		Fair values	
	31 December 2021 $	31 December 2020 $	31 December 2021 $	31 December 2020 $
Non-current borrowings	168,503,639	170,388,539	161,813,503	170,556,999

The fair values are based on cash flows discounted using a rate based upon a borrowings rate of between 1.40% and 8.00% (December 2020 – 0.95% to 6.84%). These are level 3 in the fair value hierarchy.

The fair value of current borrowings approximates their carrying value.

13. BORROWINGS (CONTINUED)

Changes in liabilities arising from financing activities in the year ended 31 December 2021 and 31 December 2020 are as follows:

		Cash flows		Non cash changes					
	As at 1 January 2021	**Proceeds from borrowings**	**Repayment of borrowings**	**Amortisation of Debt Issue Costs**	**Foreign Exchange**	**Other drawdowns**	**Change in maturity**	**Loan forgiven/off set**	**As at 31 December 2021**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-current borrowings	170,388,539	7,600,000	(286,743)	341,728	(6,021,063)	272,157	(3,233,838)	(557,141)	168,503,639
Current borrowings	2,018,352	-	(1,555,153)	-	(457,134)	-	3,233,838	(6,065)	3,233,838
Total	172,406,891	7,600,000	(1,841,896)	341,728	(6,478,197)	272,157	-	(563,206)	171,737,477

		Cash flows		Non cash changes					
	As at 1 January 2020	**Proceeds from borrowings**	**Repayment of borrowings**	**Amortisation of Debt Issue Costs**	**Foreign Exchange**	**Other drawdowns**	**Change in maturity**	**Loan forgiven/off set**	**As at 31 December 2020**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-current borrowings	162,602,260	27,289	-	292,870	9,209,786	274,686	(2,018,352)	-	170,388,539
Current borrowings	1,211,051	-	(1,218,226)	-	7,175	-	2,018,352	-	2,018,352
Total	163,813,311	27,289	(1,218,226)	292,870	9,216,961	274,686	-	-	172,406,891

14. ACCRUALS

	As at 31 December 2021 $	As at 31 December 2020 $
Current		
Loan interest and related fees	3,518,310	1,804,941
Payable to related parties	514,061	528,083
Audit fees	299,284	309,814
Other accrued expenses	121,847	141,025
Professional fees	272,252	106,546
Total accruals	4,725,754	2,890,409

15. TRADE AND OTHER PAYABLES

	As at 31 December 2021 $	As at 31 December 2020 $
Current – Non related parties		
Trade Creditors	2,506,585	2,552,417
Liability for par value capital reduction	491,985	507,037
Taxation payable	9,870	200,753
Payable re; Indian development land	187,861	191,750
Lease liability creditor	45,252	86,627
Other payables	40,746	22,569
	3,282,299	3,561,153
Current – related parties		
Liability for par value capital reduction	640,549	660,120
Total other payables	3,922,848	4,221,273

16. FINANCIAL INSTRUMENTS BY CATEGORY

Assets/liabilities as per balance sheet 31 December 2021	**Notes**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
		$	**$**
Other receivables and prepayments	12	7,884,329	-
Cash and cash equivalents		5,015,184	-
Borrowings	13	-	(171,737,477)
Trade and other payables	15	-	(3,922,848)
Total		12,899,513	(175,660,325)

Assets/liabilities as per balance sheet 31 December 2020	**Notes**	**Financial assets at amortised cost**	**Financial liabilities at amortised cost**
		$	**$**
Other receivables and prepayments	12	7,163,451	-
Cash and cash equivalents		1,263,386	-
Borrowings	13	-	(172,406,891)
Trade and other payables	15	-	(4,221,273)
Total		8,426,837	(176,628,164)

See Note 13 for consideration of the fair value of borrowings. Other receivables and prepayments and cash and cash equivalents approximate fair value.

17. SHARE CAPITAL

	As at 31 December 2021 $	**As at 31 December 2020 $**
Authorised, allotted, called up and fully paid: Equity interests:		
15,115,164 Ordinary shares of CHF 1.00	16,362,693	16,362,693

Authorised share capital

Pursuant to an authorization in Article 3c of the Company's articles of incorporation (the "Articles"), the board of directors may increase the share capital in the amount of up to CHF 7,557,582 until 26 May 2022 through the issuance of up to 7,557,582 additional registered shares with a nominal value of CHF 1.00 each. An increase in partial amounts is permitted.

Conditional share capital

According to Article 3a of the Articles the share capital may be increased by a maximum amount of CHF 1,511,516 through the issuance of up to 1,511,516 fully paid registered shares with a nominal value of CHF 1.00 each to enable the Company, at its discretion, to settle discretionary fees or remuneration to the board of directors or the management and to advisors of the company or its subsidiaries. Furthermore, pursuant to Article 3b of the Articles the share capital may be increased by a maximum amount of CHF 6,046,066 through the issuance of up to 6,046,066 fully paid registered shares with a nominal value of CHF 1.00 each through the exercise of conversion rights, warrant rights or option rights which have been or will be granted to bondholders or other creditors of the Company or its subsidiaries.

17. SHARE CAPITAL (continued)

An analysis of the movement in treasury shares in the year ended 31st December 2021 and year ended 31 December 2020 is as follows:

	No of Treasury Shares	$	Average price per share $
As at 1 January 2020	106,928	348,835	3.26
Receipt of shares in settlement of obligations from shareholders	104,604	227,460	2.17
As at 31 December 2020	211,532	576,295	2.72
Receipt of shares in settlement of obligations from shareholders	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

18. NON CONTROLLING INTEREST

	As at 31 December 2021 $	As at 31 December 2020 $
Non-controlling interest	3,478,370	3,827,069

The non-controlling interest relates to a 5.1% interest in USI Verwaltungszentrum Leipzig Limited & Co. KG in Leipzig, Germany. The holder of the minority interest is Ridgemont Holdings Limited (refer to Note 25).

Set out below are the summarised financial information of the subsidiary that has non-controlling interests that are significant to the Group, the presented figures represent 100% of the subsidiary.

Summarised balance sheet	**As at 31 December 2021 $**	**As at 31 December 2020 $**
Non-Current		
Assets	162,473,366	181,562,627
Liabilities	(92,650,820)	(105,272,764)
Total non-current net assets	69,822,546	76,289,863
Current		
Assets	67,012	154,488
Liabilities	(1,686,223)	(1,403,772)
Total current net liabilities	(1,619,211)	(1,249,284)
Net assets	68,203,335	75,040,579

Summarised income statement	**Year ended 31 December 2021 $**	**Year ended 31 December 2020 $**
Revenue	7,394,875	7,138,769
Fair value (loss)/gain on investment property	(6,767,790)	13,043,958
Administrative expenses	(1,270,879)	(1,099,073)
Finance income/(costs)	(1,194,919)	(1,275,297)
Deferred taxation	136,066	(3,198,168)
(Loss)/gains attributable to:	(1,702,647)	14,610,189
Equity owners of the parent	(1,615,812)	13,865,069
Non-controlling interests	(86,835)	745,120
	(1,702,647)	14,610,189

18. NON CONTROLLING INTEREST (CONTINUED)

Summarised cash flows	**Year ended 31 December 2021**	**Year ended 31 December 2020**
	$	**$**
Cash flows from operating activities		
Cash generated from operations	6,181,333	5,982,830
Interest paid	(722,563)	(709,089)
Net cash generated from operating activities	5,458,770	5,273,741
Net cash generated from investing activities	-	-
Net cash used in financing activities	(5,534,478)	(5,292,974)
Net increase/(decrease) in cash and cash equivalents	**(75,708)**	**(19,233)**
Cash and cash equivalents at beginning of period	**126,331**	**134,976**
Net (decrease)/increase in cash and cash equivalents	(75,708)	(19,233)
Foreign exchange movement on cash	(5,885)	10,588
Cash and cash equivalents at end of period	**44,738**	**126,331**

19. INCOME TAXES

	Year ended 31 December 2021	**Year ended 31 December 2020**
	$	**$**
Income tax as per consolidated income statement	(255,784)	(3,462,794)

The tax on the Group's profit/loss before tax differs from the theoretical amount that would arise using the weighted average tax applicable to profits of the consolidated companies (December 2021: 3.95% December 2020: 18.41%) as follows:

	Year ended 31 December 2021	**Year ended 31 December 2020**
	$	**$**
(Loss)/profit before income tax–	(11,900,598)	14,871,371
Income tax calculated at domestic rates applicable to profits in respective countries	(469,798)	2,737,819
Income/(loss) not subject to taxation	788,838	(1,924,614)
Previously unrecognised temporary difference of a prior period used to reduce tax expense	(136,066)	3,198,168
Previously unrecognised tax losses used to reduce tax expense	(194,584)	(852,823)
Other	267,394	304,244
Tax charge	255,784	3,462,794

20. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

A deferred tax asset is recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which these tax losses can be utilised. No provision for deferred tax assets was made at 31 December 2021 or 31 December 2020.

As at 31 December 2021, the Group had estimated unused tax losses of $274million (December 2020 - $308 million), which arose between 2014 and 2021 and will expire between the end of 2022 and 2029. These losses were not capitalised as it is unlikely that they will be utilised by the Group.

As at 31 December 2021 the fair value of the investment property is above the acquisition price (refer to Note 11) and a deferred tax liability of $3,054,696is recorded. The fair value of the freehold property is above the acquisition price and a deferred tax liability of $3,602,862is recorded. The fair value of the development land is above the acquisition price and a deferred tax liability of $1,117,996 is recorded. The remaining deferred tax liability of $51,585 results from temporary differences on plant and equipment.

	As at 31 December 2021 $	As at 31 December 2020 $
Deferred taxation liability	7,827,138	7,735,191

The gross movement on the deferred income taxation liability account in the year is as follows:

	Year ended 31 December 2021 $	Year ended 31 December 2010 $
Beginning of year	7,735,191	4,147,900
Charged to the income statement	384,435	3,286,106
Net changes due to exchange differences	(292,488)	301,185
End of year	7,827,138	7,735,191

21. CONTINGENT LIABILITY

On 27 October 2021, the Company announced that the trial regarding a fundraising conducted by its UK subsidiary in 2011 had concluded and that the Court had determined that the claim was statute barred. On 14 December 2021, the Company announced that the trial Court had denied the Claimant permission to appeal the judgement although the Claimant applied directly to the Court of Appeal. On 12 April 2022 the Claimant's application for permission to appeal was refused by the Court of Appeal which finally resolved the matter.

The Group had no other contingent liabilities as at 31 December 2021.

22. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the Group as of 31 December are as follows:	Country of Incorporation	Ownership Percentage Dec 2021	Ownership Percentage Dec 2020
Arundel (Schweiz) AG [1]	Switzerland	100%	100%
USIGH Limited	BVI	100%	100%
USIGH III Investments Holdings Limited[1]	BVI	100%	100%
USI Germany Limited	BVI	100%	100%
USI Leipzig Limited	BVI	100%	100%
USI Verwaltungszentrum Leipzig Limited & Co KG	Germany	94.9%	94.9%
USI Leipzig GmbH	Germany	100%	100%
Goldlink United Limited[1]	BVI	100%	100%
Arundel Real Estate Pte. Ltd.	Singapore	100%	100%
Omkar Property Development Private Limited	India	100%	100%
Arundel Investments Pte Ltd.	Singapore	100%	100%
USI Resources Limited[2]	BVI	Nil	100%
Arundel Inc	USA	100%	100%
Arundel Group Services Limited [2]	UK	Nil	100%
Arundel Group Limited	UK	100%	100%
Arundel (Securities) Inc.	USA	100%	100%
Arundel (Guernsey) Limited[2]	Guernsey	Nil	100%
Arundel (Mauritius) Limited [1]	Mauritius	100%	100%

1 - Dormant company and/or in process of liquidation
2- Company liquidated in 2021

23. FOREIGN EXCHANGE RATES

	Balance Sheet		Income Statement and Cash Flow Statement	
	31 December 2021 $	31 December 2020 $	average Year ended 31 December 2021 $	average Year ended 31 December 2020 $
EUR	0.879	0.818	0.846	0.877
CHF	0.912	0.885	0.914	0.939
GBP	0.739	0.732	0.727	0.779
SGD	1.349	1.322	1.344	1.379
INR	74.523	73.012	73.936	74.102

24. SEGMENT INFORMATION **Year ended 31 December 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	5	7,394,875	2,305,905	-	-	9,700,780
Gain/(loss) on fair value movement on investment property and development land	11	(6,767,790)	-	953,037	-	(5,814,753)
Reversal of impairment on financial assets - net		-	-	-	-	-
Profit/(loss) for the year		**(1,533,725)**	**(2,264,282)**	**462,649**	**(8,821,024)**	**(12,156,382)**
As at 31 December 2021						
Assets						
Investment property and development land	11	162,473,366	-	10,568,476	-	173,041,842
Property, plant and equipment	10	-	-	-	25,077,450	25,077,450
Other receivables and prepayments – third party	12	-	-	1,060,075	-	1,060,075
Contract asset	12	-	714,082	-	-	714,082
Allowance made for impairment of financial assets	12	-	(500,000)	-	-	(500,000)
Receivables and prepayments	12	-	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	13	70,677,627	-	9,954,122	91,105,728	171,737,477
Deferred taxation	20	3,054,695	-	1,117,996	3,654,447	7,827,138
Trade and other payables	15	-	2,506,585	187,861	1,228,402	3,922,848
Accruals	14	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.

24. SEGMENT INFORMATION (Continued) **Year ended 31 December 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	5	7,138,769	2,244,351	-	-	9,383,120
Gain on fair value movement on investment property and development land	11	13,043,958	-	96,466	-	13,140,424
Reversal of impairment on financial assets - net	24	-	(500,000)	-	580,385	80,385
Profit/(loss) for the year		**14,881,954**	**(1,722,619)**	**(338,372)**	**(1,412,386)**	**11,408,577**
As at 31 December 2020						
Assets						
Investment property and development land	11	181,562,626	-	9,822,123	-	191,384,749
Property, plant and equipment	10	-	-	-	25,749,057	25,749,057
Other receivables and prepayments – third party	12	-	-	945,057	-	945,057
Contract asset	12	-	1,250,000	-	-	1,250,000
Allowance made for impairment of financial assets	12	-	(500,000)	-	-	(500,000)
Receivables and prepayments	12	-	-	-	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	13	76,941,879	-	9,691,087	85,773,925	172,406,891
Deferred taxation	20	3,422,712	-	987,295	3,325,185	7,735,191
Trade and other payables	15	-	2,398,250	191,750	1,631,273	4,221,273
Accruals	14	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.

24. 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.

As at 31 December 2021 and 31 December 2020, there were no non-current fixed assets held in Switzerland.

25. RELATED PARTY TRANSACTIONS

(a) Parent entity

The group has no controlling party, At the year end, the following significant shareholders were listed in the share register with shareholdings in excess of 5% of issued share capital.

	Year Ended 31 December 2021 (Voting Rights)	Year Ended 31 December 2020 (Voting Rights)
NCR Developments Limited	11.69%	12.04%
David and Kathleen Quint	10.84%	10.84%
Doraiswamy Srinivas	9.99%	9.99%
Ewok Capital Management Limited	9.99%	9.99%
Mrs Beatrix Lanfranconi	9.97%	9.97%
Green Street Global Investments Limited	8.15%	8.15%
YRC Worldwide Inc, Master Pension Plan Trust	7.18%	7.18%

(b) Directors and Management Compensation

The following fees for director's fees, salaries and other compensation including employer's payroll taxes and other benefits were recognised in December 2021 and December 2020.

	Year Ended 31 December 2021 $	Year Ended 31 December 2020 $
Mr. Markus Müller	32,907	31,961
Mr. David Quint	393,007	441,833
Dr. Doraiswamy Srinivas (resigned 31 December 2021)	130,756	238,758
Mr. Ralph Beney	326,795	396,340
Mr. Richard Borg	388,885	385,953

As at 31 December 2021 $514,061 remained payable at the discretion of the Company to Dr Srinivas. Additionally, an amount of $640,549 was payable to Dr Srinivas in relation to shares due upon the completion of a previous par value capital reduction.

In addition, $15,359 (2020 – $19,036) was paid to a company beneficially owned by Mr Müller in respect of other services provided to the Group.

All key management personnel compensation are short term employee benefits.

Effective 1 January 2021, Mr Quint and Mr Beney accepted a 20% reduction in their basic pay.

25. RELATED PARTY TRANSACTIONS (continued)

(c) Loans to related parties

Loan to Ridgemont Holdings Limited	Year Ended 31 December 2021 $	Year Ended 31 December 2020 $
At beginning of period	3,658,487	3,360,468
Foreign exchange movement	(253,381)	298,019
At end of period	3,405,106	3,658,487
Allowance made for impairment	-	-
	3,405,106	3,658,487

Ridgemont is owned by David Quint Jnr who is an employee of the Group and the son of David Quint Snr who is a Director of the Company. The loan, referred to in Note 12, is secured by Ridgemont's 5.1% interest in the Partnership referred to in Note 19. No interest has been charged on this loan since 2016 as collection is not ensured. As at 31 December 2021 the value of the 5.1% interest exceeds the value of the loan and interest, as such no impairment is recognised. (See Note 12).

(d) Loans from related parties

Loans from Mrs Kathleen Quint of £750,000 and £450,000	Year Ended 31 December 2021 $	Period Ended 31 December 2020 $
At beginning of period	1,639,656	1,591,128
Additions	-	-
Interest charged	111,359	113,746
Interest paid	(111,359)	(113,746)
Foreign exchange movement	(16,428)	48,528
At end of period	1,623,228	1,639,656

The loans are payable to Mrs Kathleen Quint, wife of David Quint Snr. Interest is payable to Mrs Quint at 5% over the rate charged to Mrs Quint from her lender. The aggregate interest rate charged to the Group on the £750,000 and £450,000 is 6.84% respectively. These loans are due for repayment at the end of April 2022. As described in Note 2.1 the Group expects to extend the maturity on these loans to June 2024.

(e) Lease agreement with related parties

Effective 19 July 2021, the Group entered into a lease agreement to let one floor of the Group's freehold property in London with Ascension Healthcare Plc. Mr David Quint Snr. serves as a non-executive Director of this company. During the year ended 31 December 2021, the Group received $68,186 income in respect of this agreement.

(f) Investment management and advisory fees from related parties

The following fee income was recognised from companies of which Dr. Doraiswamy Srinivas is a Director:

	Year Ended 31 December 2021 $	Year Ended 31 December 2020 $
Venus India Structured Finance (Offshore) Fund Ltd.	24,000	24,000
Venus India Asset-Finance Private Ltd.	45,000	75,000

26. DISCLOSURE OF PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT

As at 31 December, the following participations were held by the Board of Directors and the Group Management (including persons closely related to these members):

	Shares December 2021	Shares December 2020
Board of Directors		
Mr. David Quint	1,638,075	1,638,075
Dr. Doraiswamy Srinivas (resigned 31 December 2021)	1,510,000	1,510,000
Mr. Markus Müller	Nil	Nil
Mr. Ralph Beney (appointed 26 May 2020)	542,091	542,091
Total	**3,690,166**	**3,690,166**
Group Management		
Mr. Richard Borg	318,577	318,577
Total	**318,577**	**318,577**

27. SUBSEQUENT EVENTS

In early January 2022, the tenant of the Group's German investment properties exercised an option to extend the lease for approximately 85% of the rented space for an additional three years to 30 June 2028 at the same level of rent. The remaining part of the properties are leased until 31 December 2047.

In late March the Group appointed an agent to find an investor for a portion of the Group's interest in the German investment properties and to explore the refinancing opportunities for the debt secured against the properties.

In mid-April 2022, the UK Court of Appeal refused the claimant permission to appeal against the judgement brought against the Group's UK subsidiary as discussed further in Note 21.

28. BOARD APPROVAL

The consolidated financial statements on pages 11 to 52 are subject to approval by the annual general meeting and have been authorised by the board of directors on 28 April 2022 and were signed on its behalf by:

Mr. David Quint
Chairman
Date: 28 April 2022

Mr. Markus Müller
Director
Date: 28 April 2022

Report of the statutory auditor

to the General Meeting of Arundel AG

Zurich

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Arundel AG (the Company), which comprise the balance sheet as at 31 December 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to note 1.3 to these financial statements, which states that the Company's subsidiaries have certain borrowings that mature until 31 January 2023. If the Company's subsidiaries are unable to repay or refinance the borrowings or to extend their repayment date, this would significantly affect the Company's liquidity. In response, one of the subsidiaries of the Company signed a mandate with a German group to explore the sale of a stake in the subsidiary's ownership of its Leipzig Properties and / or to refinance the senior debt secured on the properties. A subsidiary of the Company that has a related party loan maturing in April 2022 expects to extend the maturity of the loan. Another subsidiary of the Company also plans to extend the maturity of other loans, if required. As the outcome of these measures is uncertain, this indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. Our opinion is not qualified in respect of this matter.

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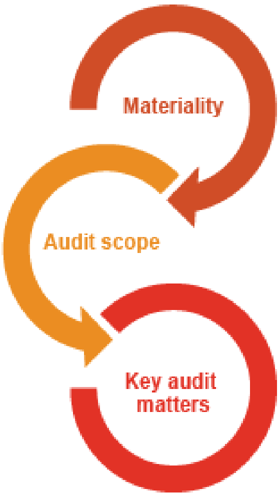
Our audit approach

Overview 	Overall materiality: CHF 158'000 We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates. As key audit matter the following area of focus has been identified: Valuation of investments in subsidiaries

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 158'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as a relevant benchmark for a company that mainly holds investments in subsidiaries, which is a generally accepted benchmark.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “Material uncertainty related to going concern” section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Valuation of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
Refer to page 62 (Note 2.1: Investments). At 31 December 2021, the carrying value of the Company's investments in subsidiaries amounts to CHF 29.8 million. We focused our audit on this because of the significance of this line item to the total assets, the impact on the income statement and the judgment involved in valuing the investments. With the exception of the investment in Goldlink United Limited ("Goldlink"), the Company assesses the value of its investments based on the investments' net asset value. Goldlink transferred Company shares to third parties for the future transfer of development land in India. The Company has retained possession of the shares issued until the completion of the receipt of assets in a form acceptable to the Company. Therefore, management considers the value of Goldlink based on the third parties' obligation to transfer the title on the development land being at least the net asset value of the investment plus the value of the transferred shares as of 31 December 2021. As a result of these assessments Management recognized the impairment on investments in subsidiaries of CHF 11.6 million in 2021 as described in Note 2.10.	We have assessed Management's assessment of the investments' values by performing the procedures listed below: • We compared the book values of the investments with the Company's pro-rata share of the respective investment's equity. For investments holding significant investment properties we recalculated the net assets value of the subsidiary considering the valuation of the investment property. This included an assessment of the valuation performed by an independent property appraiser. • For the investment in Goldlink, we reviewed the legal documentation relating to the right to claw back the shares. • We recalculated the recognized impairment charge. Based on the work carried out we consider Management's approach to value the investments in subsidiaries as a reasonable basis to form a conclusion on the valuation of the investments in subsidiaries.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

P. Balkanyi

Patrick Balkanyi

Audit expert Auditor
in charge

Lucas Farrell

Zurich, 28 April 2022

Enclosures:

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of retained earnings

Balance Sheet – Assets

CHF	Note	As at 31 December 2021	As at 31 December 2020
Assets			
Cash and cash equivalents		13,607	25,235
Other current receivables			
third parties		63,547	42,789
companies in which the entity holds an investment		1,769,392	1,941,939
Current assets		**1,846,546**	**2,009,963**
Investments	2.1	29,837,628	41,400,287
Non-current assets		**29,837,628**	**41,400,287**
Total Assets		**31,684,174**	**43,410,250**

Balance Sheet – Liabilities and Equity

CHF	Note	As at 31 December 2021	As at 31 December 2020
Liabilities and Shareholders' equity			
Due to shareholders		1,032,497	1,032,497
Due to companies in which the entity holds an investment		124,858	706,410
Accrued expenses and deferred income	2.2	138,339	135,219
Short-term liabilities		**1,295,694**	**1,874,126**
Share capital	2.3	15,115,165	15,115,165
Voluntary retained earnings			
Accumulated profits/(losses)	2.4	26,833,200	18,420,631
Profit/(Loss) for the year		(11,123,114)	8,856,610
Other legal reserves	2.4	442,283	-
Treasury shares			
from reserves from capital contributions	2.5	(879,054)	(856,282)
Shareholders' equity		**30,388,480**	**41,536,124**
Total Liabilities and Shareholders' equity		**31,684,174**	**43,410,250**

Income statement

CHF	Note	Year Ended 31 December 2021	Year Ended 31 December 2020
Other income	2.6	1,000,000	1,038,571
Personnel expenses		(20,000)	(20,000)
Other operating expenses	2.7	(540,484)	(701,985)
Operating result		**439,516**	**316,586**
Financial income	2.8	693	10,467
Financial expenses	2.9	(664)	(805)
Extraordinary, non-recurring or prior year period (expenses)/income	2.10	(11,562,659)	8,530,362
Profit/(Loss) for the year before taxes		**(11,123,114)**	**8,856,610**
Direct taxes		-	-
Profit/(Loss) for the year		**(11,123,114)**	**8,856,610**

Notes

1. Principles

1.1 General Aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

1.2 Company 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.

The financial statements of the Company have been prepared in accordance with and comply with Swiss law. The financial statements are reported in Swiss Francs and are based on the accounts for the year ended 31 December, which have been drawn up according to uniform accounting principles.

1.3 Going Concern

The liabilities of the subsidiaries of the Company include certain borrowings that mature until 31 January 2023. If the subsidiaries are unable to repay or refinance these borrowings or to extend their repayment date, this would significantly affect the Company's liquidity. As the subsidiaries' 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 Company to continue as a going concern.

In response to this uncertainty, the Company 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.

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 balance of $5 million at 31 December 2021.

3) In late March 2022, the Group signed a mandate with a German company with a view to selling a stake in the Group's ownership of its German investment properties and / or to refinance the senior debt secured on the properties. At 31 December 2021 the Group's interest in the net equity in the investment properties was approximately $86 million. The exact proportion of equity to be sold will be dependent on marketing over the next few months. Alternatively, the Group could increase senior debt financing secured against the property with the current loan to value ratio being 44%. The Group expects to complete a transaction prior to the end of 2022. Proceeds of any sale or refinancing would primarily be used to repay the Group's debt and to service working capital.

4) The Group expects to extend the maturity on funds borrowed from Kathy Quint, the wife of the Chairman, which are due for repayment at the end of April 2022. The maturity date of the loans is to be extended to 30 June 2024.

1.3 Going Concern (continued)

5) At 31 December 2021, 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 will be repaid. If a sale transaction does not complete prior to 31 January 2023, management is confident that the lenders would extend the maturity date for these loans, if required.

6) The Group could secure some additional borrowing secured by the London office building. Alternatively, the Group could raise additional capital through a sale, in whole or part, of the Group's investments in the London office building and / or a sale of the development land and/or loans in India.

7) Once the Group is able to retire its UK regulatory licence, it is expected that there would be costs savings achieved through a restructuring of the operations in London.

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

1.4 Treasury Shares

Treasury shares are recognised at acquisition cost and deducted from shareholders' equity at the time of acquisition, adjusted for any changed in par value. In the event of a sale the gain or loss is recognised through reserves.

1.5 Foregoing a cashflow statement and additional disclosures in the notes.

As Arundel AG has prepared its consolidated financial statements in accordance with a recognised accounting standard (IFRS) it has decided to forego presenting a cashflow statement as well as additional information on interest bearing liabilities and audit fees in accordance with the law.

2. Information on balance sheet and income statement items

2.1 Investments

As at 31 December 2021

Company and Domicile	Number of Shares Owned	Type of Shares and Nominal Value	Share Capital in issue	Direct/ Indirect Ownership % 31 December 2021 (Capital and voting rights)	Direct/ Indirect Ownership % 31 December 2020 (Capital and voting rights)
DIRECT SHAREHOLDINGS					
USIGH Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1039705	10,000	Ordinary US$ 0.01	US$ 100	100	100
Arundel (Schweiz) AG Gotthardstrasse 21, CH-8002 Zurich, Switzerland, Registered number: CH-020.3.927.468-9	11,000	Ordinary CHF 100	CHF 1,100,000	100	100
Goldlink United Limited Vanterpool Plaza, 2nd Floor, Wickhams Cay 1, Road Town, Tortola, BVI, Registered number: 1774044	40,000	Ordinary US$ 1.00	US$ 40,000	100	100
USIEC Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1660465	2	Ordinary No par value	-	100	100
USIGH III Investments Holdings Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1531975	2	Ordinary US$ 1.00	US $2.00	100	100
Arundel Inc 45 Rockefeller Plaza, Suite 2000,New York, NY 10111, USA Registered number 819194	1,115	Ordinary No par value	US$ 11,150	100	100
USI Leipzig GmbH Brühl 10, 04109 Leipzig Registered number: HRB206969	25,000	Ordinary €1.00	€25,000	100	Nil
INDIRECT SHAREHOLDINGS					
USI Germany Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1440436	1	Ordinary US$ 1.00	US$ 1.00	100	100

USI Leipzig Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1417877	1,000	Ordinary No par value	-	100	100
USI Real Estate Investment Pte Limited 67 McNair Road, Townerville, Singapore, Registered number: 201503006R	1,000	Ordinary US $1.00	US$ 1,000	100	100
USI (Indonesia) Pte Ltd 67 McNair Road, Townerville, Singapore, Registered number: 201503405D	1,000	Ordinary US $1.00	US$ 1,000	100	100
Omkar Property Development Private Limited 37 Krishnaswamy Avenue, Mylapore, Chennai 600004, Tamil Nadu, India, Registered number U70100TN2015PTC099260	600,000	Indian rupees (“INR”) 10	INR 6 million	100	100
Arundel Group Services Limited 31A St James’s Square London SW1Y 4JR Registered number 10190006	100	Ordinary GBP 1.00	GBP 100	100	100
Arundel Group Limited 31A St James’s Square London SW1Y 4JR Registered number 02722984	20,000	Ordinary GBP 1.00	GBP 20,000	100	100
Arundel (Securities) Inc 45 Rockefeller Plaza, Suite 2000,New York, NY 10111, USA Registered number 01446223	1	Ordinary US$ 1.00	US$ 1.00	100	100
Arundel (Guernsey) Limited PO Box 179, Upland Business Centre, Upland Road, St Peter Port, Guernsey GY1 4HH Registered number: 31345	2	Ordinary GBP 1.00	GBP 2.00	100	100
Arundel (Mauritius) Limited 33 Edith Cavell Street, Port Louis Mauritius Registered number C20170 C1/GBL	10,000	Ordinary US $1.00	US$ 10,000	Nil	100
PCG Capital (BVI) Limited Nerine Chambers, Road Town, Tortola, BVI, Registered number 1506015	1,000	Ordinary US$ 1.00	US$ 1,000	100	100

The Arundel Group also owns a 94.9% interest in a German partnership named USI Verwaltungszentrum Leipzig Limited & Co KG.

Impairments of Investments

	Gross Value	Cumulative Impairments	Impairments to 31 December 2021	Net Value
Investments	**CHF**	**CHF**	**CHF**	**CHF**
- Goldlink United Limited	224,829,260	(217,220,985)	1,010,860	8,619,135
- USIGHL	99,062,720	(80,412,654)	(10,601,667)	8,048,399
- Arundel (Schweiz) AG	4,326,980	(3,306,291)	(10,961)	1,009,728
-Arundel Inc	17,384,810	(3,289,265)	(1,963,290)	12,132,255
-USI Leipzig GmbH	28,317	(2,605)	2,399	28,111
Total Investments	**345,632,087**	**(304,231,800)**	**(11,562,659)**	**29,837,628**

2.2 Accrued Expenses and Deferred Income

	At 31 December 2021 CHF	At 31 December 2020 CHF
Professional fees	138,339	135,219
Total	**138,339**	**135,219**

2.3 Share Capital

Authorised share capital

Pursuant to an authorization in Article 3c of the Company's articles of incorporation (the "Articles"), the board of directors may increase the share capital in the amount of up to CHF 7,557,582 until 26 May 2022 through the issuance of up to 7,557,582 additional registered shares with a nominal value of CHF 1.00 each. An increase in partial amounts is permitted.

Conditional share capital

According to Article 3a of the Articles the share capital may be increased by a maximum amount of CHF 1,511,516 through the issuance of up to 1,511,516 fully paid registered shares with a nominal value of CHF 1.00 each to enable the Company, at its discretion, to settle discretionary fees or remuneration to the board of directors or the management and to advisors of the company or its subsidiaries. Furthermore, pursuant to Article 3b of the Articles the share capital may be increased by a maximum amount of CHF 6,046,066 through the issuance of up to 6,046,066 fully paid registered shares with a nominal value of CHF 1.00 each through the exercise of conversion rights, warrant rights or option rights which have been or will be granted to bondholders or other creditors of the Company or its subsidiaries.

2.4 Equity table

CHF	Share capital	Reserves from capital contribution	Reserves for treasury shares from capital contribution	Other legal reserves	Accumulated profits/(losses)	Profit/(loss) of the year	Treasury shares	Total
As at 1 January 2021	**15,115,165**	**-**	**-**	**-**	**18,420,631**	**8,856,610**	**(856,282)**	**41,536,124**
Reallocation of prior year loss[1]	-	-	-	-	8,856,610	(8,856,610)	-	-
Allocation to legal reserves[1]	-	-	-	442,283	(442,283)	-	-	-
Dividends received, shares sales, share issues and share receipts								
Change in treasury shares	-	-	-	-	(1,758)	-	(22,772)	(24,530)
Profit/(loss) for the year	-	-	-	-	-	(11,123,114)	-	(11,123,114)
As at 31 December 2021	**15,115,165**	**-**	**-**	**442,283**	**26,833,200**	**(11,123,114)**	**(879,054)**	**30,388,480**

[1] According to AGM resolution.

2.5 Treasury Shares

As at 31 December 2021 the Group held 223,733 shares of the Company (31 December 2020 – 211,533 shares). The number of shares held directly by the Company changed as follows:

	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Treasury shares	**Shares**	**Shares**	**CHF**	**CHF**
Opening balance	211,533	106,929	856,282	642,501
Shares transferred from subsidiary	52,200	104,604	120,729	213,781
Shares issued in exchange for services rendered	(40,000)	-	(97,957)	-
Closing balance	**223,733**	**211,533**	**879,054**	**856,282**

2.6 Other Income

Other Income	**Year Ended 31 December 2021 CHF**	**Period Ended 31 December 2020 CHF**
Management charge income from subsidiary	1,000,000	1,038,571
Total	**1,000,000**	**1,038,571**

2.7 Expenses

Other Operating Expenses	Year Ended 31 December 2021 CHF	Period Ended 31 December 2020 CHF
Professional fees	344,102	257,865
Maintenance and general administration	196,382	444,120
Total	**540,484**	**701,985**

2.8 Financial Income

	Year Ended 31 December 2021 CHF	Period Ended 31 December 2020 CHF
Foreign exchange gains	693	10,467
Total	**693**	**10,467**

2.9 Financial Expenses

	Year Ended 31 December 2021 CHF	Period Ended 31 December 2020 CHF
Finance expenses	664	805
Foreign exchange losses	-	-
Total	**664**	**805**

2.10 Extraordinary, non-recurring or prior year period (income)/expense

	Year Ended 31 December 2021 CHF	Period Ended 31 December 2020 CHF
(Impairment)/release provision on investments in subsidiaries	(11,562,659)	8,530,362
Total	**(11,562,659)**	**8,530,362**

3. Other information

3.1 Full-time equivalents

The annual average number of full-time equivalents for the reporting year as well as the previous year did not exceed 10.

3.2 Significant shareholders

At the year end, the following significant shareholders were listed in the share register with shareholdings in excess of 5% of issued share capital.

	Year Ended 31 December 2021 (Voting Rights)	**Year Ended 31 December 2020 (Voting Rights)**
NCR Developments Limited	11.69%	12.04%
David and Kathleen Quint	10.84%	10.84%
Doraiswamy Srinivas	9.99%	9.99%
Ewok Capital Management Limited	9.99%	9.99%
Mrs Beatrix Lanfranconi	9.97%	9.97%
Green Street Global Investments Limited	8.15%	8.15%
YRC Worldwide Inc, Master Pension Plan Trust	7.18%	7.18%

3.3 Guarantees

The Company has granted guarantees for subsidiary company borrowings in the amount of CHF 58.9 million.

3.4 DISCLOSURE OF PARTICIPATIONS OF BOARD OF DIRECTORS AND GROUP MANAGEMENT (As required by Art. 663b and Art. 663c. Swiss Code of Obligations)

Refer to Note 28 of the consolidated financial statements.

Proposal of the Board of Directors for appropriation of 2021 reserves in CHF

Retained earnings at the beginning of the year	26,833,200
Appropriation of retained earnings resolved by general meeting:	
Allocated to legal reserves	-
Loss for the year	(11,123,114)
Retained earnings available to the general meeting	**15,710,086**

No capital distribution is proposed for the year ended 31 December 2021. However, it is the Board's intention that distributions should continue in the future.

Report of the statutory auditor

to the General Meeting of Arundel AG

Zurich

We have audited the accompanying remuneration report of Arundel AG for the year ended 31 December 2021.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Arundel AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

P. Balkanyi

Patrick Balkanyi

Audit expert
Auditor in charge

Lucas Farrell

Zurich, 28 April 2022

Enclosure:

- Remuneration report

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1. Introduction

In accordance with the Ordinance Against Excessive Pay in Stock Exchange Listed Companies, the Standards related to Information on Corporate Governance issued by the SIX Swiss Exchange and the Principles of the Swiss Code of Best Practice for Corporate Governance, the Board of Directors ("Board") sets out the remuneration report below.

The compensation received by each member of the Board, the Chairman of the Board and each member of Executive Management is disclosed on an individual basis below.

2. Organisation and competencies

The shareholders' meeting annually elects the nomination and compensation committee of the Board (hereinafter the "Committee"), which at 31 December 2021 consisted of the Executive Chairman (Mr. David Quint) and a non-executive member of the Board (Mr. Markus Müller), and was chaired by Mr. Quint.

Article 27 of the Company's Articles of Association (as adopted on 16 September 2014) provides that, subject to the powers of the shareholders' meeting, the Committee has the following responsibilities:

- monitoring compliance with the compensation principles pursuant to the law, the Articles, any regulations and with the resolutions of the shareholders' meeting on compensation;
- submitting proposals to the Board on the definition of principles, assessment criteria and qualitative and quantitative targets in connection with compensation within the parameters of the law and the Articles;
- submitting calculations and proposals to the Board on the qualitative and quantitative targets for determining variable compensation;
- submitting proposals to the Board regarding the amounts of fixed compensation to be paid to members of the Board, and fixed and variable compensation to be paid to members of Executive Management;
- preparing and submitting to the Board a draft of the compensation report; and
- all other actions required of it by the law, the Articles or regulations.

A special Committee Charter further specifies that the Committee's primary duties are, *inter alia*, to:

- assist the Board in discharging its responsibilities relating to compensation of the Board and members of Executive Management;
- approve or establish proposals for all compensation plans, policies and programs relating to compensation and benefits for the Board, Executive Management and direct employees (if any);
- propose to the Board the compensation of directors, members of Executive Management and direct employees (if any); and
- prepare any disclosure statement on compensation and corporate governance required by applicable law, regulations or the rules of any stock exchange on which the Company's shares are listed or traded.

The Board has not delegated any decision-making powers to the Committee.

As set out in Article 18 of the Articles of Association, the shareholders' meeting has the inalienable power to approve the compensation of the members of the Board and Executive Management.

3. Compensation components

Compensation components for members of the Board and Executive Management consist mainly of fixed annual fees as set out in each individual's agreement, and (in the case of Executive Management) of annual bonuses and additional fees relating to the achievement of business linked objectives. These components are generally paid in cash and/or, if the Board so determines, in shares of the Company. No external consultants or formal benchmarks were used in deriving compensation for the Board and Executive Management.

Generally, agreements with the members of Executive Management shall continue until terminated by either party by giving 3 months prior written notice. All directors are appointed for a period of one year (defined as the period from one annual general meeting until the next), with any re-appointments approved at the annual general meeting of the Company's shareholders.

The Board as a whole is responsible for establishing compensation policy guidelines within the Group.

4. Audited compensation for financial year under review

a. Audited compensation of the members of the Board of Directors

[CO 663b bis/ERCO 17]

The following gross directors' fees for acting as members of the Board were recognised for the years ended 31 December 2021 and ended 31 December 2020:

	Year Ended 31 December 2021		Year Ended 31 December 2020	
	Compensation CHF	Social security CHF	Compensation CHF	Social security CHF
Dr. Volkert Klaucke	N/A	N/A	3,911	587
Mr. David Quint +	0	0	0	0
Dr. Doraiswamy Srinivas +	0	0	0	0
Mr. Markus Müller	10,000	1,500	10,000	1,500
Mr. Ralph Beney	0	0	0	0

All amounts are fixed payments. Social security costs reflect the employer's contribution on amounts payable by the Company. Directors' fees are payable in Swiss Francs.

Dr. Klaucke was Executive Chairman and Chief Executive Officer from 26 January 2016 until his retirement on 26 May 2020.

David Quint was appointed as an Executive Director on 4 October 2016 and became Executive Chairman upon Dr Klaucke's retirement on 26 May 2020.

Dr. Doraiswamy Srinivas was Deputy Chairman and Executive Director from 4 October 2016 until his retirement on 31 December 2021.

Markus Müller was appointed as a non-executive member of the board on 27 September 2016. In addition to amounts paid by the Company, CHF34,115 (2020 – CHF37,868) was paid either directly or to a company beneficially owned by Mr Müller in respect of other services provided to the Group.

Ralph Beney was appointed as an Executive Director on 26 May 2020.

Details of other compensation paid to executive members of the Board in respect of their roles in Executive Management are disclosed in the table in 4.b., below.

On 31 December 2021, 31 December 2020 and as of the date of this report, there were and are no loans or credit provided by the Group to individual members of the Board or to persons connected to the Board other than a loan to Ridgemont Holdings Limited ("Ridgemont"), a company beneficially owned by David Quint Jnr who is an employee of the Group and the son of David Quint Snr, the Chairman and director of the Company. The balance of the loan on 31 December 2021 was CHF 3,105,457 (2020 – CHF 3,237,761) and is fully secured by Ridgemont's 5.1% in a partnership owning investment properties in Germany. The Group owns the remaining 94.9% interest in the partnership.

During the years ended 31 December 2021 and 31 December 2020 no compensation was paid to former directors other than amounts paid to Dr Klaucke disclosed in this report.

b. *Audited gross compensation of the members of Executive Management*
[CO 663b bis/ERCO 17]

Dr Klaucke was Executive Chairman and Chief Executive Officer from 26 January 2016 until his retirement on 26 May 2020. David Quint was appointed as Executive Chairman on 26 May 2020. David Quint, Dr Doraiswamy Srinivas, Ralph Beney and Richard Borg all became members of Executive Management on 5 October 2016. Dr Srinivas retired with effect from 31 December 2021. Gross compensation to members of Executive Management was fixed with no variable element and is reported as:

	Year Ended 31 December 2021		Year Ended 31 December 2020	
	Compensation CHF	Social security CHF	Compensation CHF	Social security CHF
Dr. Volkert Klaucke	N/A	N/A	54,754	0
Mr. David Quint	359,252	0	414,723	0
Dr. Doraiswamy Srinivas	191,893	0	224,108	0
Mr. Ralph Beney	298,727	0	372,021	0
Mr. Richard Borg	355,448	0	362,271	0

The gross compensation to members of the Executive Management, as above, includes social security costs paid in jurisdictions outside of Switzerland and excludes gross directors' fees as set out in 4a above.

On 31 December 2021, 31 December 2020 and the date of this report, there were and are no loans or credit provided by the Group to individual members of Executive Management or to persons connected to Executive Management other than a loan to Ridgemont, a company beneficially owned by David Quint Jnr who is an employee of the Group and the son of David Quint Snr, a member of the Executive Management. The balance of the loan on 31 December 2021 was CHF 3,105,457 (2020 – CHF 3,237,761) and is fully secured by Ridgemont's 5.1% in a partnership owning investment properties in Germany. The Group owns the remaining 94.9% interest in the partnership.
.

Effective 1 January 2021, Mr Quint and Mr Beney agreed that their basic remuneration would be reduced by 20%.

Compensation for the year ended 31 December 2021 was made up as follows:

	Year Ended 31 December 2021			
	Fees CHF	Employer Payroll taxes CHF	Other benefits CHF	Total CHF
Dr. Volkert Klaucke	N/A	N/A	0	0
Mr. David Quint	258,470	37,899	62,883	359,252
Dr. Doraiswamy Srinivas	156,369	12,413	23,111	191,893
Mr. Ralph Beney	237,697	40,947	20,083	298,727
Mr. Richard Borg	297,085	41,177	17,186	355,448

Compensation for the year ended 31 December 2020 was made up as follows:

	Year Ended 31 December 2020			
	Fees CHF	Employer Payroll taxes CHF	Other benefits CHF	Total CHF
Dr. Volkert Klaucke	54,754	0	0	54,754
Mr. David Quint	319,644	42,916	52,163	414,723

Dr. Doraiswamy Srinivas	190,737	14,203	19,168	224,108
Mr. Ralph Beney	305,359	47,898	18,764	372,021
Mr. Richard Borg	310,041	42,018	10,212	362,271

All fees are fixed payments. Other benefits include pension contributions, health and disability insurance, and other cash expenses.

At 31 December 2021, accrued fees of CHF nil (2020 – CHF61,552) were payable to Mr. Beney. In addition, accrued fees of CHF468,653 (2020 – CHF358,978) were payable at the discretion of the Company to Dr Srinivas.

5. Pay for Performance appraisal for the financial year under review

There were no additional bonuses or fees awarded in respect of the year ended 31 December 2021 (2020 – nil).

Payment of fixed and discretionary fees and bonuses to members of the Board and of Executive Management is subject to the approval of the shareholders of Arundel AG, as required by Swiss law and regulation.

6. Share ownership information

The following participations were held by members of the Board and of Executive Management (including persons closely related to these members):

	Shares 31 December 2021	**Shares 31 December 2020**
Board of Directors		
Dr. Volkert Klaucke (retired 26 May 2020)	N/A	N/A
Mr. David Quint +	1,638,075	1,638,075
Dr. Doraiswamy Srinivas (retired 31 Dec 2021) ++	1,510,000	1,510,000
Mr. Markus Müller	Nil	Nil
Mr. Ralph Beney (appointed 26 May 2020)	542,091	542,091
Total	**3,690,166**	**3,690,166**
Executive Management		
Mr. Richard Borg	318,577	318,577
Total	**318,577**	**318,577**

+ includes 979,216 shares (2020 – 979,216 shares) held by David Quint and 658,859 shares (2020 – 658,859 shares) held by his wife Kathleen Quint.

++ Dr Srinivas is entitled to an additional 90,818 shares (2020 – 90,818 shares) pending approval by the Financial Conduct Authority in the UK.

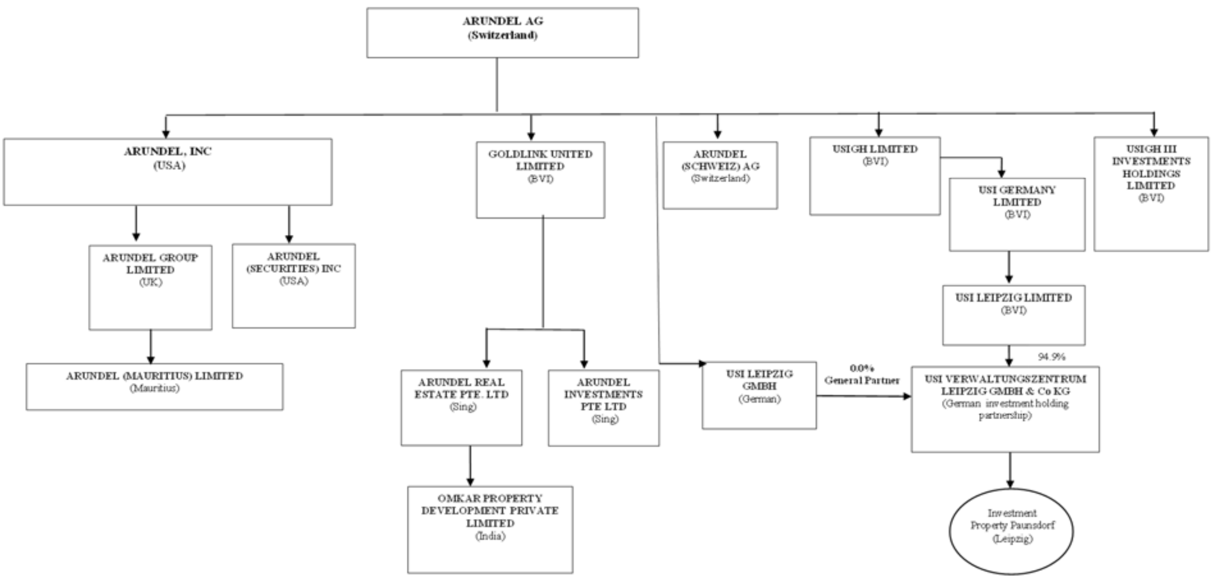
I Corporate Governance

This report describes certain key information relating to corporate governance at Arundel AG (the "**Company**"). The report's content is structured along the disclosure items of the Directive on Information Relating to Corporate Governance of the SIX Swiss Exchange currently in force.

1 Group Structure and Shareholders

1.1 Group Structure

At 31 December 2021, the corporate structure of the group of companies controlled by the Company (the "**Arundel Group**") was as follows (for the internal organizational structure, refer to section 3.4 and for segment reporting, to Note 24 to the Consolidated Financial Statements)



All holdings are 100% unless otherwise stated.

The Company has its address at Gotthardstrasse 21, CH-8002 Zurich, Switzerland and its registered shares are listed on the SIX Swiss Exchange under the International Reporting Standard. For its ISIN, Security Number and SIX Swiss Exchange Symbol see section 9. The Company's market capitalization at 31 December 2021 was CHF 36,276,384.

At 31 December 2021, the shareholdings of the Arundel Group were in the following non-listed companies:

Company and Domicile	Number of Shares Owned	Type of Shares and Nominal Value	Share Capital in issue	Direct/ Indirect Ownership %	Voting Rights %
USIGH Limited[1] Registered number: 1039705	10,000	Ordinary US$ 0.01	US$ 100	100	100
Arundel (Schweiz) AG Gotthardstrasse 21, CH-8002 Zurich, Switzerland, Registered number: CH-020.3.927.468-9	11,000	Ordinary CHF 100	CHF 1,100,000	100	100
USI Germany Limited[1] Registered number: 1440436	1	Ordinary US$ 1.00	US$ 1.00	100	100
USI Leipzig Limited[1] Registered number: 1417877	1,000	Ordinary No nominal value	-	100	100
USIGH III Investments Holdings Limited[1] Registered number: 1531975	2	Ordinary US$ 1.00	US$ 2.00	100	100
Goldlink United Limited[1] Registered number: 1774044	40,000	Ordinary US$ 1.00	US$ 40,000	100	100
Arundel Real Estate Pte Ltd[2] Registered number: 201503006R	1,000	Ordinary US $1.00	US$ 1,000	100	100
Arundel Investments Pte Ltd[2] Registered number: 201503405D	1,000	Ordinary US $1.00	US$ 1,000	100	100
Omkar Property Development Private Limited 37 Krishnaswamy Avenue, Mylapore, Chennai 600004, Tamil Nadu, India, Registered number: U70100TN2015PTC099260	600,000	Indian rupees ("INR") 10	INR 6 million	100	100
Arundel Inc[3] Registered number: 819194	1,115	Ordinary No nominal value	-	100	100
Arundel Group Limited 31a St James's Square, London, SW1Y 4JR, United Kingdom. Registered number: 02722984	20,000	Ordinary GBP 1.00	GBP 20,000	100	100
Arundel (Securities) Inc[3] Registered number: 01446223	1	Ordinary US$ 1.00	US$ 1.00	100	100
Arundel (Mauritius) Limited 33 Edith Cavell Street, Port Louis, Mauritius, Registered number: C20170 C1/GBL	10,000	Ordinary US$ 1.00	US$ 10,000	100	100
USI Leipzig GmbH Brühl 10, 04109 Leipzig, Germany Registered number: HRB206969	25,000	Ordinary €1.00	€25,000	100	100

[1] Registered office at Nerine Chambers, Road Town, Tortola, BVI.
[2] Registered office at 100D Pasir Panjang Road, #03-04 Meissa, Singapore 118520
[3]Registered office at 1607 Sleepy Hollow Court, Westlake, Texas 76262, USA.

The Arundel Group also owns a 94.9% interest in a German partnership named USI Verwaltungszentrum Leipzig Limited & Co KG, Leipzig, Brühl 010, 04109 Leipzig, Germany.

1.2 Significant shareholders

The Company had the following major shareholders (3% or more of voting rights) as at 31 December 2021 (information based on latest disclosure notices made to the Company and the SIX Swiss Exchange's Disclosure

Office pursuant to art. 120 of the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading ("**FMIA**") and, in certain cases, on more recent information available to the Company from other sources (such as entries in the Company's share register, transactions in which the Company was involved, etc.)):

Name of Holder (Beneficial Owner)	No of Shares	Percentage ownership of total equity capital and voting rights
Nallan Chakravarthy Rangesh [1] 03-20, 3 Colman Street Peninsula Shopping Centre, 179804, Singapore	1,767,647	11.69%
David and Kathleen Quint Avallon, East Road, St. Georges Hill, Weybridge, Surrey, KT13 0LF, United Kingdom	1,638,075	10.84%
Doraiswamy Srinivas and Usha Kumar 63 Ashley Gardens, Ambrosden Avenue, London SW1P 1QG, United Kingdom	1,510,000	9.99%
Fides Trust Limited as trustee of the Linga Trust, PO Box 308,15/21 Commercial Arcade, St Peter Port, Guernsey GY1 1JX[2]	1,510,000	9.99%
Mrs Beatrix Lanfranconi 6045 Meggen, Switzerland	1,506,704	9.97%
Mr Thirupathur Lakshmanan Chandran [3] 11 Tg Rhu Rd 14-02 436896, Singapore	1,231,687	8.15%
Yellow Corporation Master Pension Plans Trust 10990 Roe Avenue, Overland Park, Kansas 66211, USA	1,085,229	7.18%
Venus Global Macro Fund Limited c/o Catamaran Corp Ltd, A-1C Sector 16, Noida, U.P. 201301, India	650,604	4.30%
Ralph Beney August Pitts Farmhouse, Churn Lane, Horsmonden Kent TN12 8HW, United Kingdom	542,091	3.59%
Other shareholders	3,673,127	24.30%
Total	15,115,164	100%

1 The shares are held by NCR Developments Limited ("**NCR**") (a BVI corporation with registered address at Nerine Chambers, Road Town, Tortola, BVI). NCR is beneficially owned 100% by Mr Rangesh.

2 The shares are held by Ewok Capital Management Limited ("**Ewok**") (a BVI corporation with registered address at Nerine Chambers, Road Town, Tortola, BVI). Ewok is beneficially owned 100% by Fides Trust Limited as trustee for the Linga Trust.

3 The shares are held by Green Street Global Investments Limited ("**GS**") (a BVI corporation with registered address at Nerine Chambers, Road Town, Tortola, BVI). GS is beneficially owned 100% by Mr Chandran.

Disclosure notices of significant shareholdings made to the Company and the SIX Swiss Exchange's Disclosure Office during the financial year under review pursuant to art. 120 FMIA may be viewed on the Disclosure Office's electronic publication platform at the following address:

https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#

1.3 Cross-shareholdings

There are no cross-shareholdings between the Company and any other entity that would exceed 5% of capital or voting rights on both sides.

2 Capital structure

2.1 Capital

As at 31 December 2021:

2.1.1 The Company's issued share capital amounted to CHF 15,115,164, divided into 15,115,164 registered shares with a par value of CHF 1.00 each, fully paid in.

2.1.2 The Company's authorized capital amounted to CHF 7,557,582 and expires on 26 May 2022.

2.1.3 The Company's conditional capital for board members, management and advisers amounted to CHF 1,511,516 and the conditional capital for bondholders and other creditors amounted to CHF 6,046,066 and expires on 26 May 2022.

2.2 Authorized and conditional capital

2.2.1 Authorized capital

Pursuant to an authorization in Article 3c of the Company's articles of incorporation (the "**Articles**") the Company's board of directors (the "**Board**") may increase the share capital in the amount of up to CHF 7,557,582 until 26 May 2022 through the issuance of up to 7,557,582 fully paid-in additional registered shares with a nominal value of CHF 1.00 each (corresponding to 50.00% of the current issued share capital). An increase in partial amounts is permitted. The date of issuance, the issue price, the payments with regard to the issue price, the dividend entitlement as well as the allocation of not-exercised subscription rights shall be determined by the Board. The Board may restrict or withdraw subscription rights in connection with mergers, acquisitions of interests, financing and/or re-financing of mergers or acquisitions of interests, or other investment projects, national or international placements of shares, conversion of loans or other equity securities into shares and for the broadening of the shareholder basis. The new registered shares are subject to the restrictions specified in Article 4 of the Articles (see section 2.6.1).

2.2.2 Conditional capital

According to Article 3a of the Articles the share capital may be increased by a maximum amount of CHF 1,511,516 through the issuance of up to 1,511,516 fully paid registered shares with a nominal value of CHF 1.00 each (corresponding to 10.00% of the current issued share capital) through the exercise of option rights granted to the members of the Board or of the management and to advisers of the Company or its subsidiaries. The subscription rights of the shareholders are excluded. The conditions of the option rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the Board. The acquisition of registered shares through the exercise of option rights as well as every subsequent transfer of shares are subject to the restrictions set forth in Article 4 of the Articles (see section 2.6.1).

Furthermore, according to Article 3b of the Articles the share capital may be increased by a maximum amount of CHF 6,046,066 through the issuance of up to 6,046,066 fully paid registered shares with a nominal value of CHF 1.00 each (corresponding to 40.00% of the current issued share capital) through the exercise of conversion rights, warrant rights or option rights which have been or will be granted to bondholders or other creditors of the Company or its subsidiaries. The subscription rights of the shareholders are excluded. The conditions of the option rights and of the conversion rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the Board. The Board may restrict or withdraw the right for advance subscription (*Vorwegzeichnungsrecht*) of the shareholders in connection with (i) the financing (refinancing inclusively) of acquisitions of enterprises or parts thereof, participations or other investment projects of the Company and/or its subsidiaries or (ii) the issuance of bonds with option or conversion rights on national or international capital markets. If the right of advance subscription (*Vorwegzeichnungsrecht*) is excluded, (i) the bonds or bonds with warrants (*Anleihen oder Optionsanleihen*) have to be offered at market conditions, with (ii) the period of time for exercising the conversion and the options rights being not more than 10 years from the issue date (or from the time of any reset of their terms), and (iii) the exercise price of the new registered shares corresponding to the market conditions at the time of issue (or reset of terms). The acquisition of registered shares through the exercise of conversion and/or option rights as well as every subsequent transfer of these shares is subject to the restrictions set forth in Article 4 of the Articles (see section 2.6.1).

Part of this conditional capital (namely, a maximum number of 4,204,000 shares) has been reserved for issues of shares pursuant to the securities referred to in section 2.7.

2.3 Changes in capital in the past three years

At the Annual General Meeting of the Company on 11 June 2019, the shareholders resolved to reduce the issued share capital by CHF 120,921,312 (from CHF 136,036,476 to CHF 15,115,164), by reducing the nominal value of each of the Company's registered shares from CHF 9.00 to CHF 1.00. Of the reduction amount of CHF 120,921,312, a partial amount of CHF 117,935,864 was used to eliminate losses carried forward, and the balance of CHF 2,985,448 was allocated to legal capital reserves. The capital reduction was registered in the Commercial Register on 28 August 2019.

Other than as identified above, there were no changes to the Company's issued share capital in the past three years.

2.4 Shares and participation certificates

At 31 December 2021, the Company had 15,115,164 registered shares with a par value of CHF 1.00 fully paid in. The shares rank equally among each other in all respects (including in respect of entitlements to dividends and liquidation proceeds). Each share confers one vote in the shareholders' meeting (subject to limitations on approval as a shareholder with the right to vote, see below section 2.6.1).

The Company has not issued any participation certificates.

2.5 Profit sharing certificates

The Company has not issued any profit sharing certificates.

2.6 Limitation on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category; indication of statutory group clauses and rules for granting exceptions

Article 4 of the Articles provides that:

2.6.1.1 Acquirers of registered shares shall be registered in the share register as shareholders with the right to vote upon request if they expressly declare to have acquired the registered shares in their own name and for their own account. If an acquirer of shares is not prepared to provide this declaration, the Board may refuse to register him as a shareholder with the right to vote.

2.6.1.2 If registered shares are acquired by inheritance, division of an estate, or marital property law, the acquirer may not be refused as a shareholder with the right to vote.

2.6.1.3 After hearing the shareholder concerned, the Board may cancel, with retroactive effect as of the date of registration, entries in the share register as a shareholder with the right to vote, if these were made because of wrong information provided by the acquirer. A shareholder shall be immediately informed of such cancellation.

2.6.2 Reasons for granting exceptions in the year under review

Not applicable.

2.6.3 Nominee registration

Pursuant to Article 4 of the Articles, the Board can register nominees as shareholders with the right to vote, based on separate regulations or individual agreements. No separate regulations have been adopted and the Board makes discretionary decisions on whether to register nominees as shareholders with the right to vote on a case by case basis, depending on the underlying beneficial owner and proposed nominee. Depending on the circumstances of each case, the Board may require the beneficial owners and/or nominees to enter into a separate agreement with the Company. There are no such agreements currently in place.

2.6.4 Procedure and conditions for cancelling statutory privileges and limitations on transferability

The Articles do not provide for any privileges. The limitations on the transferability of shares (see section 2.6.1) may be abolished by a vote of the absolute majority of the shares represented at a shareholders' meeting.

2.7 Convertible bonds and warrants/options

The Company has issued the following convertible bonds, warrants or options.

2.7.1 CHF 42,040,000 of 6.25% Guaranteed Secured Convertible Notes Due 2027 (the "Bonds")

At 31 December 2021, USIGH Limited had CHF 42,040,000 of the Bonds in issue. The Bonds had a coupon of 6.25% per annum, a conversion price of CHF 10.00 and a maturity of 31 March 2027. In order to convert the Bonds, conversion notices must be received by the conversion agent by the fifth business day prior to the date of maturity. At 31 December 2021, Bonds in the aggregate principal amount of CHF 26,448,749 were held by third parties and the remainder by USIGH Limited. Assuming all of the Bonds were converted, 4,204,000 registered shares with a nominal value of CHF 1.00 each of the Company would have to be issued (corresponding to 27.81% of the current issued share capital).

By 31 December 2021, no shares had been issued under the Bonds.

3 Board of Directors

The members of the Board are responsible for the strategic direction and oversight of the Company. At 31 December 2021, the Board consisted of three individuals.

	Nationality	**Function**	**Member (Executive Member) since**
Executive members			
David Quint	U.S./UK	Executive Chairman and Group Chief Executive Officer	2005 (2016; Chairman and Group CEO since 2020)
Ralph Beney	UK	Executive Member	2020 (2020)
Non-executive members			
Markus Müller	Swiss	Member	2016

Dr. Doraiswamy Srinivas resigned his position as Executive Deputy Chairman and a member of the Board with an effective date of 31 December 2021.

3.1 Members of the Board

Mr David Quint (1950), U.S./UK citizen, is a co-founder and Chief Executive Officer of Arundel Inc. Prior to founding Arundel Inc in 1992, Mr Quint served as Managing Director of Belden & Blake Corporation's UK subsidiary and as an attorney with Arter & Hadden. Mr Quint is a graduate of the University of Notre Dame where he received a degree in Modern Languages and a Juris Doctorate. He is also a non-executive director of Ascension Healthcare Plc (a privately-held British healthcare technology company).

Mr Ralph Beney (1961), UK citizen, the Chief Financial Officer of the Arundel Group, is a Chartered Accountant and has served as CFO of the Arundel Inc group since 1998. He previously worked in the capital markets division at Guinness Mahon in London, after spending seven years as CFO of various Bank Leu subsidiaries. He is a director of a number of Arundel Group companies.

Mr Markus Müller (1958), Swiss citizen, was a director of MPM Swiss AG, a Swiss investment management company, from 2019 to 2020. Between 2009 and 2019 Mr Müller served on the board of directors and in the executive management of Compass Portfolio Management AG, a Swiss asset management company. From

2000 to 2018 Mr. Müller served in the management of Scherrer & Partner Investment Management AG (Zurich) and of First Equity Securities AG (Zurich), companies involved in asset management for private clients and the management of investment funds. From 1995 to 2000, Mr. Müller served in the management of Jefferies (Switzerland) Ltd. and as the general manager of Jefferies Asset Management AG (Zug). Mr. Müller finished his bank apprenticeship at SKA (now Credit Suisse) in Zurich and attended the HWV (now HWZ) University of Applied Sciences in Business Administration in Zürich.

Markus Müller, the sole non-executive director, has not had any executive responsibilities for the Company or any of its subsidiaries, either during the period under review or in the three financial years preceding it. Save that Mr Müller is a director of USIGH Limited, he does not have any significant business connections with the Company or any of its subsidiaries.

3.2 Permissible outside mandates

Pursuant to Article 31 of the Articles, a member of the Board or of Executive Management may simultaneously hold no more than ten mandates outside the Company's group, in the supreme managing or supervising bodies of other legal entities that are obliged to be entered in the Swiss Commercial Register or a comparable foreign register. Of those, not more than four mandates may be in other listed companies. There are no limits on activities in not-for-profit entities, such as associations, societies and foundations. Several mandates within the same group of companies, and mandates performed at the behest of a company or group (including mandates in pension funds, joint ventures, and legal entities in which a significant interest is held) are counted as one mandate.

3.3 Elections and terms of office

Pursuant to the Articles, the members of the Board hold office for one year. A year is defined as the period from one annual shareholders' meeting to the next.

Members of the Board may stand for re-election to office on an annual basis. A separate vote is taken, at the Company's shareholders' meeting, in respect of each director who stands for election or re-election.

The Articles do not contain any rules that would deviate from statutory law with regard to the appointment of the chairman of the Board (the "**Chairman**") or of the members of the Nomination and Compensation Committee.

3.4 Internal organizational structure

3.4.1 Board

The Board may take decisions on all matters which by law or the Articles are not allocated to the general meeting of shareholders.

According to the internal organizational regulations of the Company of 27 July 2005, as amended (hereinafter the "**Regulations**"), the Board acts, in principle, as a collective body. Its members may not act alone on behalf of the Company and may not give instructions on their own, except where the Articles, the Regulations or a decision of the Board otherwise permit.

Each year at the annual general meeting of shareholders, the shareholders elect the Chairman. The Board chooses the secretary, who may or may not be a member of the Board.

The Chairman has the following duties:

- chairing meetings of the Board and general meetings of shareholders;
- determining the agenda for meetings of the Board except in cases where proposals are made by other members of the Board;
- representation of the Board to the public, to public authorities and to the shareholders;
- supervision of the execution of measures which have the approval of the Board;

- preparation of amendments to the Articles, conduct of the voting procedures and other matters to be addressed at any general meeting of shareholders;

- in association with the Company's executive management team ("**Executive Management**"), preparation of materials concerning strategic planning, short-term corporate goals, financial planning and budgets to be approved by the Board;

- decisions concerning non-budgeted investments and expenditures up to CHF 2.25 million and up to CHF 100,000 respectively; and

- decisions requiring urgent action or in exceptional circumstances which would otherwise be addressed by the Board, the Nomination and Compensation Committee or the Audit Committee. Such decisions shall be submitted for approval to the responsible bodies as soon as possible.

3.4.2 Committees

There are two committees of the Board, the audit committee (hereinafter the "**Audit Committee**") and the nomination and compensation committee (hereinafter the "**Nomination and Compensation Committee**"). The Audit Committee presently consists of all members of the Board and is chaired by David Quint. The Nomination and Compensation Committee presently also consists of all members of the Board and is also chaired by David Quint.

3.4.2.1 Audit Committee

The responsibilities of the Audit Committee are determined in a special Audit Committee Charter. The Committee's primary duties are to:

- review the semi-annual and annual financial statements and consider whether they are complete and reflect appropriate principles;

- monitor the integrity and effectiveness of the Company's financial reporting process and systems of internal controls regarding finance and accounting, operational processes as well as manual and automatic finance and accounting data processing;

- oversee the qualifications of the public accounting firm engaged as the Company's independent auditor to prepare and issue an audit report on the financial statements of the Company;

- monitor the independence and performance of the Company's external and internal auditors (if any);

- provide for appropriate communication among the independent external auditors, advisers, Executive Management and the Board;

- review and monitor the Company's financial strategies and procedures; and

- report to the Board on the Audit Committee's activities and findings.

The Board has not delegated any decision-making powers to the Audit Committee.

The Audit Committee has the authority to conduct or authorize investigations into any matter within the scope of its duties and responsibilities pursuant to the Audit Committee Charter. It is empowered to:

- retain outside counsel, accountants or other experts to advise the Committee or assist it in the conduct of an investigation;

- seek any information it requires from the Company's executives and employees – all of whom are directed to cooperate with the Audit Committee's requests – or external parties;

- meet with the Company's executives, officers, external auditors, outside counsel and other advisers, as deemed necessary or appropriate.

3.4.2.2 Nomination and Compensation Committee

The responsibilities of the Nomination and Compensation Committee are determined in the Articles and in a special Nomination and Compensation Committee Charter.

Article 27 of the Articles provides that, subject to the powers of the shareholders' meeting, the Company's compensation committee has the following responsibilities:

- monitoring compliance with the compensation principles pursuant to law, the Articles, and regulations, and with the resolutions of the shareholders' meeting on compensation;
- submitting proposals to the Board on the definition of principles, assessment criteria and qualitative and quantitative targets in connection with compensation within the parameters of the law and the Articles;
- submitting calculations and proposals to the Board on the qualitative and quantitative targets for determining variable compensation;
- submitting proposals to the Board regarding the amounts of fixed compensation to be paid to members of the Board, and fixed and variable compensation to be paid to members of Executive Management;
- preparing and submitting to the Board a draft of the remuneration report; and
- all other actions required of it by law, the Articles or regulations.

The Charter for the Nomination and Compensation Committee further specifies that its primary duties are to:

- assist the Board in discharging its responsibilities relating to compensation of directors of the Company and of members of Executive Management;
- approve or establish proposals for all compensation plans, policies and programmes relating to compensation and benefits for directors, Executive Management and direct employees (if any);
- propose to the Board compensation of directors, members of Executive Management and direct employees (if any);
- ensure that newly elected directors receive the appropriate introductions and orientation and the elected directors receive the adequate continuing education and training to fully discharge their obligations;
- assist the Board in identifying individuals who are qualified to become Board or Executive Management members, when vacancies arise;
- recommend to the Board the director nominees for the next annual shareholders’ meeting;
- recommend to the Board a set of corporate governance principles to be published in a directive on corporate governance;
- prepare any disclosure statement on compensation and corporate governance required by applicable law, regulations or the rules of a stock exchange on which the Company's shares are listed or traded;
- lead the Board in its annual review of the Board's performance; and
- recommend to the Board director nominees for each committee.

The Board has not delegated any decision-making powers to the Nomination and Compensation Committee.

The Committee has the authority to conduct or authorize investigations into any matter within the scope of its duties and responsibilities pursuant to the Nomination and Compensation Committee Charter. It is empowered to:

- retain outside counsel, accountants or other experts to advise the Committee or assist it in the conduct of an investigation;

- seek any information it requires from the Company's executives and employees – all of whom are directed to cooperate with the Committee's requests – or external parties;

- meet with the Company's executives, officers, external auditors, outside counsel and other advisers, as deemed necessary or appropriate.

3.4.3 Work methods of the Board and its committees

3.4.3.1 Board

The Chairman, or the secretary, convenes the meetings of the Board as often as business affairs of the Company require, usually not less than four times each year. Meetings are also held by telephone conference and actions may be taken pursuant to circular resolutions, if no member of the Board requests in writing that the item to be resolved or discussed be considered at a physical meeting. The usual length of the meetings is 1-2 hours. In the twelve-month period under review, five meetings were held. At these meetings, no members of Executive Management (other than those who are also members of the Board) were present. External legal consultants may attend meetings at the invitation of the Chairman, however none attended the meetings during the period under review.

The Nomination and Compensation Committee reports its actions at meetings of the Board where relevant. The Audit Committee reports to the Board as required at each Board meeting about its activities, decisions, findings and recommendations. It is required to report at least semi-annually on the interim and final accounts at the board meeting which approves such accounts. The two Committees' primary duties and responsibilities are set out above (see section 3.4.2).

3.4.3.2 Audit Committee

In the period under review no separate meeting of the Audit Committee was held as all Audit Committee duties were assumed by the Board as a whole.

3.4.3.3 Nomination and Compensation Committee

In the period under review no separate meeting of the Nomination and Compensation Committee was held as all Nomination and Compensation Committee duties were assumed by the Board as a whole.

3.5 Definition of areas of responsibility

The Board has the responsibilities and duties set forth in the Swiss Code of Obligations (hereinafter "**CO**"), in particular in Article 716a CO.

Furthermore, the Regulations state that the following matters shall be reserved to the Board:

- passage of resolutions regarding any authorised capital increases as well as any resulting amendments to the Articles;

- determination of the beginning and the end of each financial year of the Company pursuant to the Articles;

- the adoption of any stock option plan and the issuance of shares to option holders on exercise of such options;

- the formation, acquisition, merger, sale and/or liquidation of subsidiaries with a value in excess of CHF 2.25 million;

- the acquisition, sale and hypothecation of assets with a value in excess of CHF 2.25 million;

- the initiation and/or settlement of judicial and administrative proceedings or disputes of any nature with a value in excess of CHF 100,000;

- business decisions of a long-term nature or which involve unusual or extraordinary risks;

- the approval of expenditures or obligations in excess of CHF 100,000 for individual transactions or CHF 1,000,000 in the aggregate in any one financial year, unless such expenditures do not exceed the budget or other Board approved guidelines;

- the entry into any transaction which is not in the ordinary course of business of the Company, including any sale or lease of the Company's assets in excess of CHF 2.25 million;

- the entry into new projects with expenditures or obligations in excess of CHF 2.25 million, unless such projects have been approved in the Company's budget or other Board approved documents;

- the conclusion of any merger arrangements between the Company and any other entity or the decision to wind up or liquidate the Company, including any proposals to be made to shareholders at a general meeting of shareholders regarding the merger, liquidation or winding-up of the Company;

- the formation or acquisition of interests in other companies, irrespective of their legal form, or the purchase of other businesses in whole or in part if the value of any such purchase exceeds CHF 2.25 million;

- regarding subsidiaries of the Company:

  the execution, alteration or termination of articles of association;

  the voluntary liquidation, merger or continuation of a subsidiary after the occurrence of any matter requiring its liquidation;

  the approval of the annual accounts and the distribution of dividends or other distributions to shareholders, or the exercise of any other shareholders' rights;

  the appointment and/or termination of managers and board members as well as the execution, alteration or termination of employment or pension arrangements with managers or board members;

  the resolution of matters which, pursuant to law or the articles of association, require the approval of the shareholders;

- any participation in revenues or profits of the Company in any form except commissions which can be viewed as usual in the trade, or the provision of benefits or remuneration to individual employees in excess of CHF 50,000 p.a.;

- the grant of pension entitlements to any employees;

- any decisions concerning the appointment of permanent advisers or administrators to the Company;

- borrowing in excess of CHF 500,000;

- the grant of a loan or the creation of a contingent liability to, or in respect of, third parties in excess of CHF 500,000;

- the approval of any transaction between the Company and members of the Board;

- the adoption and/or alteration of the Regulations.

In accordance with Article 716b CO, and subject to inalienable and reserved matters as described above, the Board has delegated all executive management functions of the Company to its Executive Management, whose responsibilities are set out below (see section 4.1).

3.6 Information and control instruments vis-à-vis senior management

The Executive Management provides the Board with a copy of management accounts on a quarterly basis. In addition, each member of the Board is provided, within 60 days after the end of each interim reporting period, with a provisional half-yearly report and, within 90 days after the end of each financial year, with a provisional annual report.

Furthermore, members of Executive Management who are present inform the Board at each Board meeting (i.e. usually not less than four times a year) of all current matters, important events and deviations from the budget. Extraordinary transactions and issues must be reported by Executive Management to the Board immediately. Each member of the Board is entitled to request and receive information on all matters of the Company and has access to the Company's and the Company's subsidiaries' property, records and personnel. Board members may make use of this right by requesting documents, in particular in the area of financial planning and reporting.

The Audit Committee's primary duties and its authority are set out above (see section 3.4.2.1). The Company has not appointed an internal audit function. Its risk management is described in the notes to the financial statements (see Note 3 to the Consolidated Financial Statements). The Board does not use any IT-based Management Information System (MIS) for its information.

4 Executive Management

For the period under review David Quint performed executive functions as Executive Chairman and Group Chief Executive Officer of the Company (acting as Chief Executive Officer of Arundel Inc), Dr. Srinivas performed the function of Executive Deputy Chairman of the Board (acting as Chief Operating Officer of Arundel Inc) and Executive Director until his resignation as of 31 December 2021. Ralph Beney performed the function of Chief Financial Officer of the Arundel Group. In addition to these Executive Directors, Richard Borg was a member of the Company's Executive Management, acting as General Counsel of the Arundel Group.

As concerns permissible outside mandates of members of Executive Management, see section 3.2.

4.1 Responsibilities

Executive Management is responsible for the day-to-day management of the Company's business, under the direction of the Group Chief Executive Officer and the overall supervision of the Board. The Board has delegated all executive management functions of the Company that are not reserved to the Board or to the Chairman (please refer to sections 3.4.1 and 3.5 above) to Executive Management.

4.2 Composition

At 31 December 2021, Executive Management consisted of the following:

	Nationality	Function	In office since
David Quint	U.S./UK	Executive Chairman and Group Chief Executive Officer (Chief Executive Officer of Arundel Inc)	2016 (in this role since 2020)
Ralph Beney	UK	Chief Financial Officer	2016
Richard Borg	UK	General Counsel	2016

Dr. Doraiswamy Srinivas resigned from his role of Executive Deputy Chairman as of 31 December 2021.

For biographical information on David Quint and Ralph Beney, please refer to section 3.1 above.

Mr Richard Borg (1966), UK citizen, is the General Counsel of the Arundel Group and has been General Counsel of the Arundel Inc group since 1998. He was previously a solicitor in Norton Rose's corporate finance team specialising in investment funds. He read law at Oxford University.

5 Compensation, shareholdings and loans

Details on compensation and participation of members of the Board and of Executive Management are disclosed within the Remuneration Report**.**

5.1 Method of determining compensation and share ownership programmes

The Nomination and Compensation Committee is competent to present proposals, for decision by the Board, regarding the Company's general compensation policy for directors, Executive Management and direct employees (if any). The Board determines the amount of any remuneration payable to its members and to members of Executive Management. Persons whose remuneration is decided upon do not have a right to participate in the relevant meeting, or otherwise to participate in the process. The Company does not employ external advisers or use external benchmarks for fixing compensation.

5.2 Rules on compensation in the Company's Articles

In Articles 33-37 of the Articles, the Company has adopted rules on compensation of members of the Board and of Executive Management, and related matters, in accordance with the Swiss Federal Council's Ordinance against Excessive Compensation in Listed Stock Companies of 20 November 2013.

5.2.1 Principles applicable to performance-related pay; allocation of equity securities, convertible rights and options; and additional amounts for new members of Executive Management

Board of Directors

Article 33 of the Articles provides that members of the Board receive a fixed compensation for their work.

The Board may decide that part of the compensation is paid, instead of a cash payment, in Shares (which may or may not be restricted), or in reversionary subscription rights or options for Shares. The Board shall, in that case, specify the time of the grant, the term of the restriction (if any) or vesting period, and any discounts applying in consideration of the term of the restriction (if any) or vesting period. The Board may provide that upon the occurrence of certain events designated in advance, such as the termination of a mandate or a change of control, restrictions or vesting periods shall remain in effect or be shortened or cancelled. The value attributed to compensation paid in the form of Shares or of reversionary subscription rights or options shall be their fair value at the time of the grant, determined in accordance with such valuation methods as the Board considers most appropriate to establish that value.

Executive Management

Article 35 of the Articles provides that members of Executive Management receive a fixed compensation and a variable compensation for their work.

Pursuant to Article 36 of the Articles:

- variable compensation for members of Executive Management shall be subject to the achievement of qualitative and quantitative targets. The Board shall annually set common and individual targets, which shall be determined so as to promote the long-term interests of the Company and its shareholders, and shall judge the degree to which they have been achieved. In deciding on the award of variable compensation, the Board may also take account of extraordinary achievements unrelated to pre-determined targets;

- the amount of variable compensation may not be higher than 200% of the fixed compensation of the member concerned for the same period;

- At the option of the Board, variable compensation may be paid in cash, in Shares (which may or may not be restricted), or in reversionary subscription rights or options for Shares. The Board shall specify the time of the grant, the term of the restriction (if any) or vesting period, and any discounts applying in consideration of the term of the restriction (if any) or vesting period. The Board may provide that upon the occurrence of certain events designated in advance, such as the termination of an employment or mandate or a change of control, restrictions or vesting periods shall remain in effect or be shortened or cancelled, that compensation shall be paid on the assumption that targets have been met, or that compensation is no longer due. The value attributed to compensation paid in the form of Shares or of reversionary subscription rights or options shall be their fair value at the time of the grant, determined in accordance with such valuation methods as the Board considers most appropriate to establish that value;

- the Board shall issue regulations governing the details.

Pursuant to Article 37 of the Articles, if new members of Executive Management are appointed after approval has been given by the shareholders' meeting of the aggregate maximum amount of the fixed compensation for the members of Executive Management, the additional amount of fixed compensation available for each new member is 120% *pro rata temporis* of the highest fixed compensation paid to a member of Executive Management in the financial year preceding the last ordinary shareholders' meeting. The shareholders' meeting is not required to approve this additional compensation.

5.2.2 Loans, credit facilities and post-employment benefits for members of the Board and of Executive Management

Article 30 of the Articles provides that loans and credit facilities extended to members of the Board or of Executive Management may not exceed a principal amount of CHF 1.5 million (or equivalent amount in another currency) in the case of any member.

The Articles do not provide for the grant of post-employment benefits to members of the Board or Executive Management.

5.2.3 Vote on pay at the shareholders' meeting

Board

Article 34 of the Articles provides that at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate maximum amount of the fixed compensation for the members of the Board for the one-year term ending at the next ordinary shareholders' meeting.

Executive Management

Article 37 of the Articles provides that:

- at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate maximum amount of the fixed compensation for the members of Executive Management for the then current financial year;

- at each ordinary shareholders' meeting, the meeting shall resolve with binding effect on the approval of the aggregate amount of the variable compensation for the members of Executive Management for the immediately preceding financial year.

5.3 Compensation in the year under review

During the period under review, David Quint, Dr. Doraiswamy Srinivas, and Ralph Beney did not receive any separate fee for their services as members of the Board. Markus Müller was entitled to a fee of CHF 10,000 per annum for his services as non-executive member of the Board.

Details of compensation paid to members of Executive Management (including executive members of the Board) in that capacity are set out within the Remuneration Report. It consisted of fixed compensation.

The annual compensation provided by the Group to the directors for their position as members of the Board was decided by the Board in a discretionary decision in which all members of the Board participated, and applies (to the extent relevant) until modified by the Board (i.e., there is no pre-defined review period).

The compensation noted above is expressed in terms of annual fees and may differ from the actual charge in the financial statements for the period ended 31 December 2021 (disclosed in Note 25 to the Consolidated Financial Statements and the Remuneration Report) due to the effects of foreign exchange and timing differences.

5.4 Share Ownership Programmes

The Company currently does not have any share ownership programmes for members of the Board or of Executive Management.

6 Shareholders' participation

6.1 Restrictions of voting rights and representation

Apart from the limitations on the transferability of shares (see section 2.6.1), there are no restrictions on the exercise of voting rights.

A shareholder may be represented at the shareholders’ meeting by his legal representative, by the independent proxy, or by another duly authorized representative who does not need to be a shareholder. (At the 2020, 2021 and 2022 Annual General Meetings, shareholders could/cannot physically participate, and could/can exercise voting rights only through the independent proxy, in accordance with the rules enacted by the Swiss authorities in connection with the COVID-19 pandemic.)

Article 15 of the Articles provides that each ordinary shareholders' meeting shall elect an independent proxy for a term of office of one year, running until the end of the next ordinary shareholders' meeting. Re-election is permitted. A shareholders' meeting may remove the independent proxy with effect from the end of the meeting. If the independent proxy is unable to perform his duties, the Board must appoint an independent proxy for the term up to the end of the next shareholders' meeting. Voting proxies and instructions that have already been issued remain valid, provided that the shareholder does not expressly give other instructions. The Board shall make arrangements to permit shareholders to issue proxies and instructions to the independent proxy also by electronic means, and determine the respective details. The independent proxy can be represented by another person at the shareholders' meeting. He remains fully responsible for the performance of his duties. The independent proxy is obliged to exercise the voting rights represented by him in line with the instructions given. If he receives no instructions, he shall abstain from voting.

6.2 Statutory quora

Resolutions of the general meeting of shareholders are passed by the majorities set forth in the applicable legal provisions. The Articles do not change the applicable majorities.

6.3 Convocation of the general meeting of shareholders

The general meeting of shareholders must be called, at the latest, twenty days prior to the day of the meeting.

6.4 Agenda

One or more shareholders representing together at least ten percent of the share capital or shareholders representing shares with an aggregate par value of one million Swiss Francs may request items to be included in the agenda for a general meeting of shareholders. Items for inclusion in the agenda shall be requested at least 60 days prior to the meeting in written form listing the items and the proposed motions of such shareholder(s).

6.5 Record date for entry into the share register

The record date for the inscription of registered shareholders into the share register in view of their participation in the general meeting of shareholders, as set by the Board, is a date falling in between 10 and 20 days prior to the meeting. There are no rules on the granting of exceptions.

7 Changes of control and defence measures

7.1 Duty to make an offer

According to Article 7 of the Articles, persons acquiring shares of the Company directly, indirectly or acting in concert with third parties shall be exempt from the obligation to make a public purchase offer pursuant to Article 135 FMIA, irrespective of the number of voting rights conferred by the shares acquired ("**opting out**").

7.2 Change of control clauses

There are no change of control clauses in place which would trigger any obligations to members of the Board or of Executive Management, or to other officers of the Company, in the event of a change of control.

8 Auditors

PricewaterhouseCoopers AG, Zurich ("**PwC**"), are the Company's auditors.

8.1 Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Zurich, and its predecessor companies have held the auditing mandate for Arundel AG since 1992. PricewaterhouseCoopers AG was re-elected as auditors for the financial period ending 31 December 2021 by the Annual General Meeting held on 25 May 2021.

The lead engagement partner, Patrick Balkanyi, responsible for the existing auditing mandate took up office in respect of the financial period ending 31 December 2017.

The Board proposes to the annual general meeting due to be held on 31 May 2022 to re-elect PricewaterhouseCoopers AG as auditors for the 2021 financial year. The rotation interval applicable to the lead engagement partner is seven years (art. 730a para. 2 CO).

8.2 Auditor remuneration

The total auditor remuneration for the 2021 financial period in respect of all group companies is specified in the table below. In addition, PwC also performs certain tax work for the group companies. This tax work is not performed by the audit team. The estimated fee amount for this tax work is also set out in the table below:

Auditor's remuneration	For the year ended 31 December 2021
in USD	
Audit and audit related services	292,686
Tax compliance and consulting	67,303
	359,989

8.3 Informational instruments pertaining to the external audit

The external auditor is accountable to the Audit Committee, the Board and ultimately to the shareholders. The Board reviews the external auditor's professional credentials, assisted in its oversight by the Audit Committee.

Cooperation and flow of information between the auditor and the Board/Audit Committee

Most communication between the auditor and the Company is facilitated by Executive Management, including the CFO of the Arundel Group. There is an ongoing dialogue and periodic meetings are arranged between the auditors and the CFO, and the auditor is provided with copies of agreements, bank statements and other materials relating to the Arundel Group for the relevant financial period to assist them in their audit work.

The CFO and other officers keep the Board and Executive Management updated on a regular basis about the content of such dialogue and meetings and the progress on the external audit. The CFO, who is a member of the Board, is present at each Board meeting of the Company to answer any relevant questions the Board and Executive Management may have.

The Board and/or the Audit Committee also liaise directly with the auditor regarding the annual audit work to be carried out and discuss the results of such audits. On request, representatives of the auditor attend meetings of the Board and/or of the Audit Committee in which such matters are discussed. At the relevant Board or Audit Committee meetings, the auditor presents a detailed planning report and a detailed report on the conduct of the audit of the financial statements. This details findings on material financial accounting and reporting issues in addition to findings on the Group's internal control system (ICS).

The Audit Committee (or the full Board) reviews and approves in advance all planned audit services and any non-audit services provided by the external auditor. It discusses the results of annual audits with the external auditor, including reports on the financial statements, necessary changes to the audit plans and critical accounting issues.

The external auditor shares with the Audit Committee (or full Board) its findings on the adequacy of the financial reporting process and the efficacy of the internal controls.

The auditor informs the Audit Committee (or full Board) about any differences of opinion between the external auditor and management encountered during the audits or in connection with the preparation of the financial statements.

For additional information, please see also section 3.4.

Evaluation of the external auditor, its independence, performance and fees

The Board annually reviews the selection of the auditor in order to propose its appointment to the shareholders' meeting. The Board or its Audit Committee assess the effectiveness and the quality of the auditor as well as its independence based on the reports received and discussions held.

This assessment measures the external auditor's performance against a number of criteria, including: understanding of Company's business; technical knowledge and expertise; comprehensiveness of the audit plans; quality of the working relationship with management; and clarity of communication. It is compiled based on the input of key people involved in the financial reporting process and the observations of the Audit Committee members.

PricewaterhouseCoopers AG monitors its independence throughout the year and confirms this to the Audit Committee annually.

The Audit Committee (or the full Board) reviews annually the audit fees as well as any fees paid to the external auditor for non-audit services. Please see section 3.4 for further information.

9 Information policy

The Company's financial reporting consists of semi-annual and annual reports. Financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and in compliance with Swiss law. Notifications to shareholders (including invitations to general meetings of shareholders) are published in the Swiss Official Gazette of Commerce (SOGC).

The Company shall publish information according to the following schedule:

Reporting

- April 2022 – Publication of annual report including audited financial statements for the twelve months ended 31 December 2021

- Sept 2022 – Publication of unaudited financial statements for the six months ending 30 June 2022

Meetings of Shareholders

31 May 2022 – Annual General Meeting of shareholders

The news releases of the Company (including releases issued pursuant to ad-hoc publicity rules) are available under www.arundel-ag.com/News/, where stakeholders may also subscribe to the Company's e-mail alert service to receive its news releases.

Additional information and all publications (including this annual report) are available under www.arundel-ag.com.

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SIX Swiss Exchange Symbol: ARON

Security Number: 227101

ISIN: CH0002271010

10 Close periods

The Company observes regular close periods starting at the end of the last day of any reporting period (currently 30 June and 31 December of each year), and ending one full trading day after publication of the financial reports.

During close periods, persons who, as a result of their position or work at or for the Company or its subsidiaries have access to insider information (including all members of the Board and of Executive Management) may not effect transactions in shares of the Company or other relevant securities (i.e. other equity securities, convertible bonds or stock options issued by the Company or having its shares as underlying, and any other financial instruments whose intrinsic value or price is materially dependent on the price of the Company’s shares or other securities issued by it).