ARUNDEL AG

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED
31 DECEMBER 2022

ARUNDEL®

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ARUNDEL®

CHAIRMAN'S STATEMENT

The Company is pleased to report its results for the year ended 31 December 2022 ("Dec22").

During 2022, the activities of the Arundel Group (the "Group") comprised:

(i) maintenance and strategic evaluation of the Group's principal investments in selective assets; and
(ii) the provision of unregulated advice to various groups which generate fees.

Global factors

During 2022, global inflationary pressures caused by supply shortages as the world emerged in the post-Covid 19 era and the significant effect of the war in Ukraine, particularly on energy and food prices, resulted in a hugely negative impact on the global economy. Interest rates rose rapidly during the year, particularly in the United States, causing material strengthening of the US dollar against most major currencies. That strengthening, in turn, had a significant impact on your Company's results.

Financial review

Overall, your Company is reporting a consolidated net loss of $3.3 million for Dec22 compared to a net loss of $12.2 million for the year ended 31 December 2021 ("Dec21"). Total equity decreased from $22.8 million on 31 December 2021 to $13.2 million on 31 December 2022.

Against the US dollar, the Euro weakened by 5.7%, Sterling by 10.5% and the Indian Rupee by 11.0%. The Group holds assets in each of these currencies and a significant proportion of debt denominated in US dollars. As a result, adverse movements in foreign exchange rates had a dramatic effect and accounted for 76.9% of the decrease in net assets during the year ended 31 December 2022.

The US dollar began to weaken in the fourth quarter of 2022 and has continued to weaken during 2023. If current exchange rates were used the company's net asset values would be approximately $2.2 million higher than reported at the end of 2022.

During 2022, 76.6% of the Company's revenue was derived from rent and 23.4% was derived from advisory fees which is comparable to the split of revenue for 2021.

On 31 December 2022, the independent valuation of the Group's investment properties in Germany which are leased to the Government of Saxony (the "Leipzig Properties") increased to €143.9 million from €142.8 million compared to the end of 2021. This increase primarily resulted from an increase in the estimated rent used in calculating the residual value of the majority of the properties at the end of the 10-year discounted cash flow period, offset by an increase in the 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). However, due to the strength of the US dollar against the Euro between reporting dates, the Leipzig Properties were reported as $154.3 million on 31 December 2022 compared to $162.5 million at the end of 2021, reflecting an adverse foreign exchange movement of $9.3 million.

The valuation of the development land in India was virtually unchanged at INR 787.9 million (2021 – INR 787.6 million), but the strength of the US dollar resulted in an adverse foreign exchange movement of $1.1 million with the land reported at $9.5 million on 31 December 2022 ($10.6 million – 2021).

The Group's freehold property in London is accounted for at its amortised acquisition cost with $0.4 million of amortisation charged in the consolidated income statement for 2022. However, the strength of the US dollar resulted in an adverse foreign exchange movement of $2.6 million in the balance sheet value of the asset which was reported at $22.0 million on 31 December 2022 ($25.1 million – 2021).

As detailed below, management is pursuing strategies to repay the Group's most expensive debt and to reduce other expenses over the short to medium term in order to combat continued uncertainties in the current environment.

Operational review

Key developments during 2022 and developments and plans during early 2023 include the following:

- On 7 January 2022, the Company announced that the Government of Saxony exercised an option to extend the lease on approximately 85% of the Leipzig Properties by three years to 30 June 2028. The balance of the Properties is leased until 31 December 2047.

- In late March 2022, the Group signed a mandate with a German group to explore the sale of a majority stake in the Leipzig Properties and / or to refinance the senior debt secured on the Properties. Due to rapidly rising interest rates during 2022 and the strengthening of the US dollar, little progress could be achieved towards these goals. That mandate is presently being modified to provide for sourcing a minority equity partner for the Leipzig Properties during the course of 2023 / early 2024. On 31 December 2022 the Group's net equity in the Leipzig Properties was approximately $89 million. The exact proportion of equity to be sold will be dependent on developments during the course of 2023. In addition, the Group expects to increase senior debt financing secured against the Leipzig Properties with the current loan to value ratio being 42%. Proceeds of any sale or refinancing would primarily be used to repay debt, finance any capital expenditure requirements and to provide working capital.

- The Directors also intend to sign a mandate before the end of April with an affiliate of the same German group referred to above, to develop a strategy for redevelopment of the Leipzig Properties to improve the Environmental Social Governance ("ESG") aspects of the buildings. The Group has commissioned an initial study to determine the range and scope of improvements to be undertaken. If this project is successful, the Group would seek a new long-term lease with the tenant at an improved rent. The Group would seek ESG financing in Germany for a significant portion of the expected capital expenditure with the balance funded by equity release through a sale of a stake as described above.

- In early May 2022, the Group negotiated the extension by two years to 30 June 2024 of the maturity of loans totalling £1.2 million due to be repaid on 30 June 2022. In December 2022, the Group negotiated the extension of the maturity of loans of approximately $2.8 million due to be repaid on 31 January 2023 by three years to 31 January 2026.

- The Directors have decided to sell the Group's development land in India and have appointed an agent to review optimisation of the Group's freehold office building in London. Such review may also result in a decision to sell. Proceeds of any sales will primarily be used to repay debt and to provide working capital.

- Personnel costs continue to be reduced across the Group. As a result of the UK subsidiary's relinquishment of its UK regulatory licence in July 2022 personnel costs will be approximately $0.5 million lower in 2023 and other legal and professional costs will be reduced significantly. In addition, the Group negotiated an agreement in October 2022 to transfer its US regulatory activities to a new joint venture. The Group's former US employee left the Group at the end of 2022 to run the joint venture. The Group will be a 50% equity partner in the joint venture but will not be involved in the daily operations of the joint venture corporation. In March 2023, the Group agreed to sell its US regulated subsidiary to the joint venture with the sale to be completed upon approval of the relevant US regulatory agency.

- Further reductions in operating costs are expected as assets are sold. The Directors also will explore in the months ahead other opportunities to reduce costs in respect of the Group structure including costs associated with being a listed Company.

Management matters

On 31 December 2022 management owned 2,180,166 of the Company's issued share capital which represents 14.4% of the total number of shares in issue. These holdings remain unchanged from shares held on 31 December 2021.

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

Arundel AG

David P. Quint (Chairman)
Approved by the board: 18 April 2023

Financial results

Total revenue for the year ended 31 December 2022 ("Dec22") was $8.6 million compared to $9.7 million for the year ended 31 December 2021 ("Dec21"). Rental income from the Leipzig Properties for Dec22 was $6.6 million (Dec21 - $7.4 million) with the decrease as a result of a weaker Euro in 2022 compared to 2021. Advisory income for Dec22 was $2.0 million (Dec21 - $2.3 million) with the reduction as a result of relinquishing the UK subsidiaries regulatory licence. Other income included an exceptional release of trade payables in the amount of $0.9 million.

The results for Dec22 included a fair value gain on investment properties and development land of $1.1 million (Dec21 – loss of $5.8 million) which primarily reflected the inflationary impact of an expected rental income at the end of the current lease term of the Leipzig Properties offset by 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.

Administrative and marketing expenses for Dec22 were $5.6 million (Dec21 - $7.5 million) with the decrease attributable to a $0.5 million reversal of personnel cost accruals and a $1.1 million (29%) decrease in professional fees.

Finance costs for Dec22 are stated at $7.3 million (Dec21 - $8.4 million). The total for 2022 included a foreign exchange rate charge of $1.7 million (Dec21 - $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 Dec22 were $5.2 million (Dec21 - $5.2 million).

The Company is reporting a consolidated net loss for Dec22 of $3.3 million (Dec21 – loss $12.2 million) and a loss from adverse movements in foreign exchange rates of $5.9 million (Dec21 – loss $3.3 million) resulting in a total comprehensive expense for Dec22 of $9.1 million (Dec21 - total comprehensive expense of $15.5 million).

Balance sheet

Total assets on 31 December 2022 were $195.4 million compared to $211.0 million on 31 December 2021, reflecting the weakness of the Euro, Sterling and Indian Rupee compared to the US dollar on 31 December 2022 to the exchange rates at the end of 2021.

The Leipzig Properties were independently valued at $154.3 million (€143.9 million) on 31 December 2022 compared to $162.5 million (€142.8 million) on 31 December 2021. The decrease primarily reflects the fair value gain 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 8.2 years.

The group's London office, used by the majority of the group's employees, together with plant and equipment was reflected at $22.0 million on 31 December 2022 ($25.1 million – 31 December 2021).

Development land in India on 31 December 2022 is stated at $9.5 million (31 December 2021 – $10.6 million). This carrying value reflects the independent valuation performed on 31 December 2022 with the decrease 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 2022 were $5.4 million compared to $8.2 million on 31 December 2021. Current liabilities on 31 December 2022 were $10.6 million compared to $11.9 million on 31 December 2021. Long term borrowings on 31 December 2022 were $163.3 million compared to $168.4 million on 31 December 2021 with the decrease primarily attributable to the movement of the US dollar on conversion of Euro and Swiss Franc debt. Deferred tax of $8.3 million has been provided at 31 December 2022 ($7.8 million – 31 December 2021).

On 31 December 2022, the Group's weighted average loan maturity is 3.7 years and the current weighted average interest rate payable on borrowings is 2.95% per annum. 94.5% of the Group's debt has fixed interest rates.

Cash flow

During Dec22 the group used $0.9 million in operating activities compared to $1.9 million during Dec21. Net cash used by financing activities in Dec22 totalled $2.2 million compared to $5.8 million generated by financing activities in Dec21.

Overall, the Group decreased its net cash and cash equivalents in Dec22 by $3.1 million compared to a net increase of $3.8 million in Dec21.

Approved by the board – 18 April 2023

DIRECTORS

Mr. David Quint (Chairman)

Mr. Markus Müller

Mr. Ralph Beney

COMPANY SECRETARY

Mr. Markus Müller

EXECUTIVE MANAGEMENT

Mr David Quint (Executive Chairman)

Mr. Ralph Beney (Deputy Chairman and Chief Financial 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

The Directors present their report and the audited consolidated financial statements to the shareholders for the year ended 31 December 2022.

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 2022, 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	Deputy Chairman	2020
Non-executive members			
Mr. Markus Müller	Swiss	Member	2016

SECRETARY

The secretary of the Company at 31 December 2022 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 2022	31 December 2021
Mr. David Quint	1,638,075	1,638,075
Mr. Markus Müller	Nil	Nil
Mr. Ralph Beney	542,091	542,091

By order of the Board

Mr David Quint
Chairman - Date: 18 April 2023

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, the statement of comprehensive income for the year ending 31 December 2022, consolidated balance sheet as at 31 December 2022, consolidated statement of changes in shareholders' equity, the 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 2022 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 Standards on Auditing (SA-CH). 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 30 April 2024. If the Group is unable to refinance the borrowings or to extend their repayment date, this would significantly affect the Group's liquidity. In response to this uncertainty, the Group has taken the measures disclosed in note 2.1 to the consolidated financial statements. 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.

Our audit approach

Overview	Overall Group materiality: USD 950'000 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

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zurich, Switzerland
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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 950’000
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. This 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 15 companies, of which five operate from the British Virgin Islands, two each in Germany, the United States and Singapore, one each in 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 12: Investment Property and Development Land) of the consolidated financial statements. 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 a key audit matter due to the significance of these assets on the consolidated balance sheet (USD 163.8 million) as well as Management's considerable judgement 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 affecting 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 12 of the financial statements. For investment property, this included assessing the rental value, discount rate and capitalization 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 neighbourhood 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 agreement. 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

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

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' responsibilities 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 SA-CH 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 more detailed description of our responsibilities for the audit of the consolidated financial statements can be found on the EXPERTsuisse website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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

Audit expert
Auditor in charge

Corinne Lüthy

Audit expert

Zurich, 18 April 2023

Enclosure:

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

ARUNDEL AG
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	Year ended 31 December 2022	Year ended 31 December 2021
		$	$
Revenue	5	8,593,429	9,700,780
Administrative and marketing expenses	6	(5,562,893)	(7,499,256)
Fair value (loss)/gain on investment properties and development land	12	1,108,941	(5,814,753)
Other income	7	1,059,114	114,864
Operating profit/(loss)		5,198,591	(3,498,365)
Finance income	8	535	66
Finance costs	9	(7,274,942)	(8,402,299)
(Loss) before income tax expense		(2,075,816)	(11,900,598)
Tax charge	20	(1,178,226)	(255,784)
(Loss) for the year		(3,254,042)	(12,156,382)
Attributable to:			
Equity owners of the parent		(3,521,207)	(12,069,547)
Non-controlling interests		267,165	(86,835)
(Loss) per share attributable to owners of the parent during the year		**$ per share**	**$ per share**
Basic and diluted (loss) per share:	10	(0.239)	(0.810)

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

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
(Loss) for the year	(3,254,042)	(12,156,382)
Other comprehensive (expense)		
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	(5,855,426)	(3,317,714)
Other comprehensive (expense) for the year	(5,855,426)	(3,317,714)
Total comprehensive (expense) for the year	(9,109,468)	(15,474,096)
Attributable to:		
Equity owners of the parent	(9,182,645)	(15,125,397)
Non-controlling interests	73,177	(348,699)

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

ARUNDEL AG
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2022

	NOTE	As at 31 December 2022 $	As at 31 December 2021 $
ASSETS			
Non-current assets			
Property plant and equipment	11	22,035,947	25,077,450
Investment property and development land	12	163,836,182	173,041,842
Investments	25	1,000	-
Other receivables and prepayments	13	4,165,336	4,679,263
		190,038,465	202,798,555
Current assets			
Other receivables and prepayments	13	3,524,699	3,205,066
Cash and cash equivalents		1,868,133	5,015,184
		5,392,832	8,220,250
TOTAL ASSETS		195,431,297	211,018,805
EQUITY			
Capital and reserves			
Share capital	18	16,362,693	16,362,693
Equity component of convertible bond		778,972	778,972
Translation reserve		(8,142,392)	(2,480,954)
Other reserve		493,190	493,190
Accumulated profit		1,225,024	4,774,889
Treasury shares	18	(1,072,797)	(601,572)
Attributable to equity owners of the parent		9,644,690	19,327,218
Non-controlling interests	19	3,551,547	3,478,370
TOTAL EQUITY		13,196,237	22,805,588
LIABILITIES			
Non-current liabilities			
Non-current borrowings	14	163,358,643	168,503,639
Deferred taxation	21	8,314,275	7,827,138
		171,672,918	176,330,777
Current liabilities			
Accruals	15	6,002,212	4,725,754
Trade and other payables	16	2,671,648	3,922,848
Current borrowings	14	1,888,282	3,233,838
		10,562,142	11,882,440
TOTAL LIABILITIES		182,235,060	188,213,217
TOTAL EQUITY AND LIABILITIES		195,431,297	211,018,805

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 2022

		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 2020 and 1 January 2021		**16,362,693**	**(576,295)**	**778,972**	**574,896**	**-**	**17,339,544**	**34,479,810**	**3,827,069**	**38,306,879**
Profit for the period		-	-	-	-	-	(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	18	-	(25,277)	-	-	-	(1,918)	(27,195)	-	(27,195)
Reserve transfer		-	-	-	-	493,190	(493,190)	-	-	-
Equity component of convertible bond	14	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2021 and 1 January 2022		**16,362,693**	**(601,572)**	**778,972**	**(2,480,954)**	**493,190**	**4,774,889**	**19,327,218**	**3,478,370**	**22,805,588**
(Loss)/Profit for the period		-	-	-	-	-	(3,521,207)	(3,521,207)	267,165	(3,254,042)
Other comprehensive income/(expense)										
Foreign currency translation		-	-	-	(5,661,438)	-	-	(5,661,438)	(193,988)	(5,855,426)
Total comprehensive income/(expense)		**-**	**-**	**-**	**(5,661,438)**	**-**	**(3,521,207)**	**(9,182,645)**	**73,177**	**(9,109,468)**
Treasury share transactions	18	-	(471,225)	-	-	-	(28,658)	(499,883)	-	(499,883)
Reserve transfer		-	-	-	-	-	-	-	-	-
Equity component of convertible bond	14	-	-	-	-	-	-	-	-	-
Balance as of 31 December 2022		**16,362,693**	**(1,072,797)**	**778,972**	**(8,142,392)**	**493,190**	**1,225,024**	**9,644,690**	**3,551,547**	**13,196,237**

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 2022

	NOTE	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Cash flow from operating activities			
(Loss) for the year		(3,254,042)	(12,156,382)
Adjustments for:			
-Net foreign exchange losses	9	1,728,004	2,826,599
- Interest income	8	(535)	(66)
- Interest expenses and other finance expenses	9	5,194,985	5,233,800
- Amortisation of debt issue costs	9	326,867	341,900
- Fair value loss/(gain) on investment property and development land	12	(1,108,941)	5,814,753
- Profit on settlement agreement	5	(113,685)	-
- Forgiveness of borrowings	14	-	(27,451)
- Depreciation	11	424,370	468,030
- Treasury shares issued in lieu of fees	18	129,014	107,296
- Income tax expense	20	1,178,226	255,784
Changes in working capital			
- Trade creditors and other payables		(1,045,076)	26,803
- Other receivables and prepayments		(809,645)	(1,404,083)
- Accruals		(849,966)	(332,123)
Interest paid		(2,709,868)	(2,899,601)
Income tax paid		-	(193,849)
Net cash used by operating activities		(910,292)	(1,938,590)
Cash flow from investing activities			
Capital expenditure - additions	11,12	(30,967)	(54,358)
Capital expenditure - disposals	11,12	20,447	6,796
Investments	25	(1,000)	-
Interest received	8	535	66
Net cash used by investing activities		(10,985)	(47,496)
Cash flow from financing activities			
Proceeds from borrowings	14	-	7,750,000
Costs associated with new borrowings	14	-	(150,000)
Repayment of borrowings	14	(2,164,658)	(1,841,896)
Net cash (used)/generated by financing activities		(2,164,658)	5,758,104
Net (decrease)/increase in cash and cash equivalents		(3,085,935)	3,772,008
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period		5,015,184	1,263,386
Net (decrease)/increase in cash and cash equivalents		(3,085,935)	3,772,008
Foreign currency translation adjustments		(61,116)	(20,210)
Cash and cash equivalents at end of period		**1,868,133**	**5,015,184**

For disclosure of changes in liabilities arising from financing activities see Note 14. Furthermore, in the year ended 31 December 2022, the Company received shares in settlement of obligations of $0.6 million (refer Note 18). In the year ended 31 December 2021, the Company received shares in settlement of obligations of $0.1 million (refer Note 18).

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 2022, 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 3.1 2 c). The liabilities of the Group include borrowings of approximately $2.0 million in respect of amortisation on the debt secured on the Leipzig properties, repayable each month up to the end of April 2024. The amortisation is paid from the monthly rent received from the tenant. Group borrowing also include approximately $9.1 million that are scheduled for repayment in March and April 2024. 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) The Directors have decided to sell the development land in India. The sale process is expected to take between six to nine months to complete. The proceeds will be used to repay debt and/or for working capital purposes. The development land was valued at approximately $9.5 million on 31 December 2022.

2) The Group's Swiss Franc convertible bonds are scheduled to be repaid on 31 March 2027. Whilst the Group would prefer not to place any additional bonds, it has capacity to issue up to CHF 16 million of bonds if it was necessary to do so.

3) The Group intends to sign a new mandate before the end of April 2023 with a German group to explore the sale of a stake in the Leipzig Properties and to refinance the senior debt secured on the Leipzig Properties. On 31 December 2022 the Group's net equity in the Leipzig Properties was approximately $89 million. The exact proportion of equity to be sold will be dependent on developments during the course of 2023. In addition, the Group expects to increase senior debt financing secured against the Leipzig Properties with the current loan to value ratio being 42%. Proceeds of any sale or refinancing would primarily be used to repay debt, finance any capital expenditure requirements and to provide working capital.

4) The Directors also intend to sign a mandate before the end of April with an affiliate of the same German group referred to above, to develop a strategy for redevelopment of the Leipzig Properties to improve the Environmental Social Governance ("ESG") aspects of the buildings. The Group has commissioned an initial study to determine the range and scope of improvements to be undertaken. If this project is successful, the Group would seek a new long-term lease with the tenant at an improved rent. The Group would seek ESG financing in Germany for a significant portion of the expected capital expenditure with the balance funded by equity release through a sale of a stake as described above.

5) The Group could secure additional borrowings secured by the London office building. Alternatively, the Group could raise additional capital through a sale, in whole or part, of the Group's investment in the building.

6) In July 2022, the Group gave up its UK regulatory licence and is in the process of transferring its US regulatory licence to a third party. As a result, the Group has reduced its personnel numbers and will save circa $500,000 per annum in operational costs going forward.

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.

Adoption of new standards and interpretations

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

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

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

New standards not yet adopted

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

- Amendment to IAS 1 – Non current liabilities with covenants
- Narrow scope amendments to IAS 1, practice statement 2 and IAS 8

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 23.

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 2022	**Profit Impact of exchange rate movement**		**Equity Impact of exchange rate movement**	
		+ 0.05	**-0.05**	**+0.05**	**-0.05**
		$	$	$	$
Euro	0.8823 – 0.9823	(1,675,515)	1,865,429	(2,536,502)	2,824,006
CHF	0.8745 – 0.9745	(549,956)	605,032	2,076,858	(2,314,340)
GBP	0.7764 – 0.8764	20,806	(23,486)	(952,300)	1,074,954
INR	77.750 – 87.750	-	-	(532,811)	601,340

	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

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 €143.86 million (See Note 12) as at 31 December 2022:

	$:€	**$ 31 December 2022 Carrying Value**	**$ Sensitivity**
Rate increase to 1.00	1.000	143,860,000	(10,454,882)
Rate increase to 0.95	0.950	151,431,579	(2,883,303)
Rate as at balance sheet date	**0.932**	**154,314,882**	**-**
Rate reduction to 0.90	0.900	159,844,444	5,529,562
Rate reduction to 0.85	0.850	169,247,059	14,932,177

3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

	$:€	$ 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

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

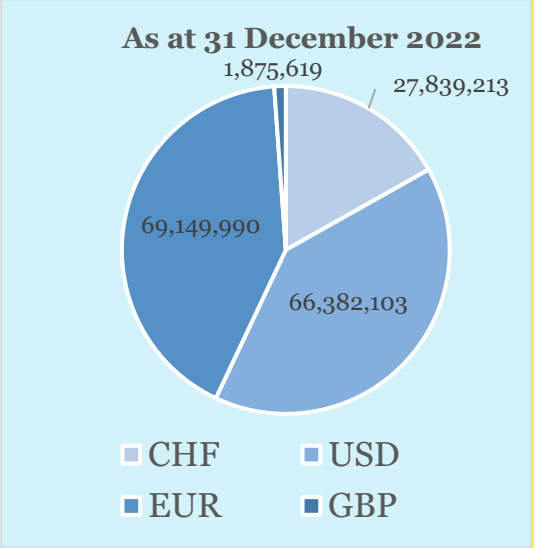
A key parameter affecting the carrying value of the Group's development land is the INR to US Dollar exchange rate, the following table demonstrates the sensitivity to exchange rate movements of the valuation of INR 787.9 million (See Note 12) as at 31 December 2022:

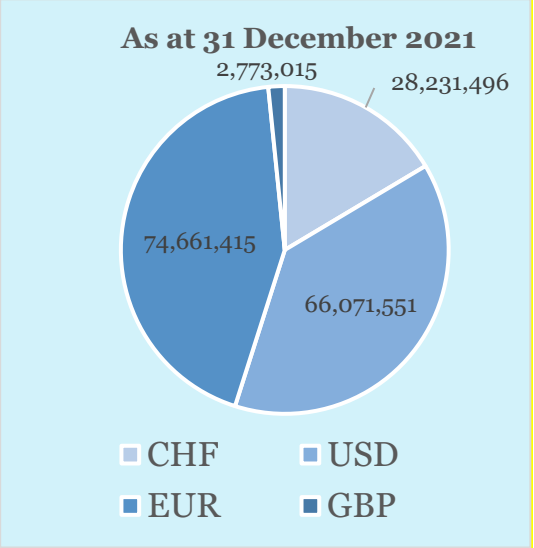
	$:INR	$ 31 December 2022 Carrying Value	$ Sensitivity
Rate increase to 90.00	90.00	8,754,317	(766,983)
Rate increase to 85.00	85.00	9,269,277	(252,023)
Rate as at balance sheet date	**82.75**	**9,521,300**	**-**
Rate reduction to 80.00	80.00	9,848,607	327,307
Rate reduction to 75.00	75.00	10,505,181	983,881

	$: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

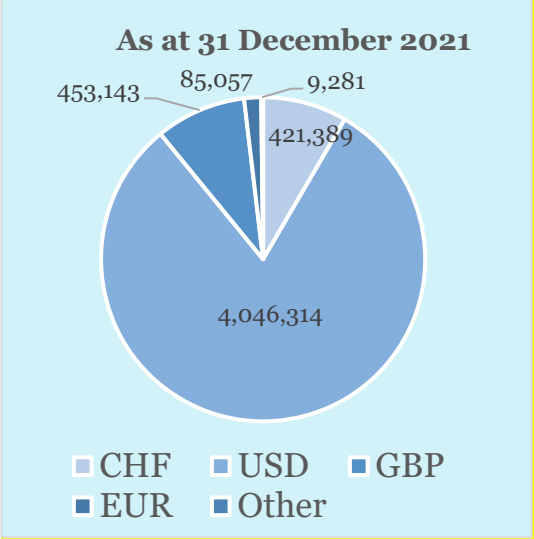
3. FINANCIAL AND OTHER RISK MANAGEMENT (CONTINUED)

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.

Approximately 94.5% of the Group's total borrowings attract fixed rates of interest (with maturity dates ranging from 10 March 2024 to 31 December 2028). Therefore exposure to movements in market rates is limited. However, the table below shows the sensitivity of profit and other comprehensive income to movements in current interest rates:

	$ 31 December 2022	$ 31 December 2021
Shift in basis points	50	50
Profit impact of increase	(831,826)	(866,452)
Profit impact of decrease	831,826	866,452

(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 2022	31 December 2021	31 December 2022	31 December 2021
Counterparty	**Rating**	**Rating**	**Balance**	**Balance**
National Westminster Bank	A	A	867,177	507,065
Citibank	A+	A+	565,786	3,802,860
Credit Suisse	A-	A-	156,081	137,871

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.

(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 2022	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 Years**	**Total**	**Carrying value**
	$	$	$	$	$	$
Borrowings	7,039,358	77,476,431	40,588,507	63,763,107	188,867,403	165,246,925
Trade and other creditors	1,554,871	-	-	-	1,554,871	1,554,871
Total	8,594,229	77,476,431	40,588,507	63,763,107	190,422,454	166,801,796

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

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 2022 and 31 December 2021 were as follows:

	December 2022	December 2021
	$	$
Total borrowings (Note 14 and 24)	165,246,925	171,737,477
Less: cash and cash equivalents	(1,868,133)	(5,015,184)
Net debt	163,378,792	166,722,293
Total equity	13,196,237	22,805,588
Total capital	176,575,029	189,527,881
Gearing ratio	**92.5%**	**88.0%**

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 2022, Investment property and development land of $163,836,182 is included in level 3 (2021 - $173,041,842). There were no instruments included in level 1 or 2 at 31 December 2022 or 31 December 2021.

For further details of the valuation technique used to value the Investment Properties and development land held by the group see Note 12.

There were no transfers between levels in the period ended 31 December 2022 and 31 December 2021.

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 12).

The weighted average lease term for the entirety of the Leipzig Properties is approximately 8 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 2022		$ 31 December 2021	
Increase by 0.5%	4.84%	(13,405,912)	4.88%	(14,022,213)
Capitalisation Rate	**4.34%**	**-**	**4.38%**	**-**
Decrease by 0.5%	3.84%	16,892,947	3.88%	17,639,501

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 2022		$ 31 December 2021	
Increase by 5%	4.0%/3.0%	384,562	4.0%/9.0%	416,602
Weighted average premium/(discount)	**(1.0)%/(2.0)%**	**-**	**(1.0)%/4.0%**	**-**
Decrease by 5%	(6.0)%/(7.0)%	(384,562)	(6.0)%/(1.0)%	(416,602)

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 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.

5. REVENUE

	Year ended 31 December 2022 Total segment revenue $	Year ended 31 December 2021 Total segment revenue $
Rental Income	6,586,144	7,394,875
Advisory fees	2,007,285	2,305,905
Total	8,593,429	9,700,780

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 2022 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.

Advisory fees:

The Group provides advisory services to customers with a focus on investment in 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. Included within advisory fees is $400,000 received in the year from Seafire Capital LLC (See Note 25).

All revenue is recognised over time.

5. REVENUE (Continued)

Contract assets

As at 31 December 2021 the Group had a contract asset of $214,082 (after allowance for lifetime expected loss of $500,000) with a customer which entitled it to a share of fee income due to a third-party fund manager.

In May 2022, the Group entered into a settlement agreement with the customer which settled this receivable along with a number of other receivables and payables from the same customer. The Group received 290,534 shares of the Company as full and final settlement for the net receivable (See Note 13 and 18). This resulted in an over recovery of fees of $113,685 which is included within advisory fees. An analysis is as follows:

	Note	$
Contract asset settled	13	(714,082)
Impairment provision released	13	500,000
Receivables settled	13	(476,667)
Payables settled		204,167
Net receivable settled		**(486,582)**
Company shares received in settlement (290,534 shares)	18	600,267
Over recovery of fees		**113,685**

6. ADMINISTRATIVE AND MARKETING EXPENSES

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Staff costs	1,552,324	2,278,880
Professional fees and other sundry costs	2,680,329	3,765,365
Maintenance and rent	905,870	986,981
Depreciation (Note 11)	424,370	468,030
	5,562,893	7,499,256

As at 31 December 2022, the Group employed 11 staff members based in the UK and US, however the employment of 2 of these ceased effective as of this date. Included within these staff are Mr. Quint and Mr. Beney who are directors of the Company. Group senior and executive management are disclosed in Note 26. Staff costs for the year ended 31 December 2022 include the reversal of $490,780 of accruals provided in earlier years which are no longer required.

Included within professional fees in the year ended 31 December 2022 is $409,165 (2021 - $1,303,814) in relation to to UK regulatory matters and an historic litigation.

7. OTHER INCOME

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Release of trade payables	900,000	-
Rental income	119,910	73,789
Sundry income	39,204	41,075
	1,059,114	114,864

8. FINANCE INCOME

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Bank interest and other finance income	535	66
	535	66

9. FINANCE COSTS

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Interest on bonds	2,630,922	2,307,985
Interest on facilities	631,407	730,475
Interest on other loans	1,932,656	1,990,997
Amortisation of debt issue costs	326,867	341,900
Other borrowing expenses	25,086	204,343
Foreign exchange movements, net	1,728,004	2,826,599
	7,274,942	8,402,299

10. 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 2022 $	Year ended 31 December 2021 $
Net (loss) attributable to equity owners of the parent:	(3,521,207)	(12,069,547)
Weighted average number of ordinary shares outstanding	14,742,057	14,905,650
Basic and diluted (loss) per share	**(0.239)**	**(0.810)**

A subsidiary of the Group issued convertible debt as described in Note 14. Management has calculated that the maximum number of additional ordinary shares that could be issued at 31 December 2022 is 2,644,875 (December 2021 – 2,644,875). Since the share price at 31 December 2022 and 2021 was significantly below the conversion price, there is no dilutive impact.

11. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2022	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
Opening net book amount	9,721,299	15,271,119	45,841	39,191	25,077,450
Additions	-	29,760	-	-	29,760
Disposals	-	-	-	(20,447)	(20,447)
Depreciation charge	-	(378,402)	(27,224)	(18,744)	(424,370)
Foreign exchange movement	(1,025,031)	(1,601,415)	-	-	(2,626,446)
Closing net book amount	8,696,268	13,321,062	18,617	-	22,035,947
At 31 December 2022					
Cost	8,696,268	15,777,860	194,291	-	24,668,419
Accumulated depreciation	-	(2,456,798)	(175,674)	-	(2,632,472)
Net book amount	8,696,268	13,321,062	18,617	-	22,035,947

Year ended 31 December 2021	Freehold Land $	Freehold Buildings $	Fixtures and Fittings $	Vehicles $	Total $
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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group owns a freehold property in London and other fixed assets (office equipment). 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 2022, 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 2022	Year ended 31 December 2021
	$	$
Cost	54,146	135,938
Accumulated depreciation	(54,146)	(85,917)
Net book value	-	50,021

During the year ended 31 December 2022 the leases on all leased assets expired.

12. INVESTMENT PROPERTY AND DEVELOPMENT LAND

	Year ended 31 December 2022 $ Investment Property	Year ended 31 December 2022 $ Development Land	Year ended 31 December 2022 $ Total
Beginning of year	162,473,366	10,568,476	173,041,842
Fair value gains	1,106,472	2,469	1,108,941
Additions	-	1,208	1,208
Net change in fair value due to exchange differences	(9,264,956)	(1,050,853)	(10,315,809)
End of year	154,314,882	9,521,300	163,836,182

	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 (losses)/gains	(6,767,790)	953,037	(5,814,753)
Additions	-	23	23
Net change in fair value due to exchange differences	(12,321,470)	(206,707)	(12,528,177)
End of year	162,473,366	10,568,476	173,041,842

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 2022 and 31 December 2021. 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).

12. 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	143,860,000/ 154,314,882 (31 Dec 2021 - 142,810,000/ 162,473,366)	Discounted cash flow	6,250,000/ 6,586,114 (31 Dec 2021 – 6,250,000/ 7,394,875)	4.4% (31 Dec 2021 – 3.2 to 3.6%)	4.9% (31 Dec 2021 – 4.2 to 4.6%)

The fair value of the investment properties increased by €1,050,000 ($1,106,472) primarily as a result of an increase in the estimated future rent used in determining the terminal value component of the valuation offset by increases in the discount and capitalisation rates used in the report prepared by the independent valuer. The latter reflected the increase in yields on 10 and 30-year German government bonds between the reporting dates.

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 2022 the development land is carried at a fair value of $9,521,300 (INR 787.9m). The fair value is based on an independent valuation performed by Vestian Global Workplace Services Pvt Ltd. The valuation was based on a market approach using comparable transactions, adjusted to reflect the size, the infrastructure and access, the location within the neighbourhood and the shape and topography. The valuation uses a weighted average premium/discount.

Country	Segment	Valuation (INR/USD)	Valuation technique	Average Rate (INR million/acre)	Weighted average premium/ (discount)
India	Investments in Development Land	787,888,540/ 9,521,300 (31 Dec 2021 – 787,594,500/ 10,568,476)	Market Approach – comparison method	12.79 (Dec 2021 – 12.79)	(1.0)/(2.0)% (Dec 2021 – (1.0)/4.0%)

13. RECEIVABLES AND PREPAYMENTS

	As at 31 December 2022 $	As at 31 December 2021 $
Non-current		
Other receivables and prepayments – third party	954,682	1,060,075
Contract assets	-	714,082
Other receivables and prepayments – related party	3,210,654	3,405,106
Allowance made for impairment on financial assets	-	(500,000)
	4,165,336	4,679,263
Current		
Trade receivables – third party	2,695,550	2,673,337
Trade receivables – related party	100,000	-
Taxation receivable	113,212	126,557
Other receivables and prepayments	615,937	405,172
	3,524,699	3,205,066
Total	7,690,035	7,884,329

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 2022 these total $954,682 (2021: $1,060,075).

Non-current related party receivables and prepayments:

Non-current related party receivables as at 31 December 2022 and 31 December 2021 relate to a loan of $2,145,345 (€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.

Current related party trade receivables

Current related party trade receivables as at 31 December 2022 relate to an amount due from Seafire Capital LLC (See Note 25).

Impairment of financial assets

The Group has assessed the loan to Ridgemont mentioned above as at 31 December 2022. This loan is secured against the 5.1% minority holding of Ridgemont in USI Verwaltungszentrum Leipzig Limited & Co.KG. As at 31 December 2022 the value of this holding is higher than the valuation of the loan made and accrued interest. As such, no allowance has been made for the lifetime expected loss.

As outlined in Note 5, in May 2022 the Group entered into a settlement agreement in which it received shares of the Company in full and final settlement for the contract asset of $714,082 as at 31 December 2021. As such the impairment provision in relation to this asset was released as at this date.

As at 31 December 2022, 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.

14. BORROWINGS

	As at 31 December 2022 $	As at 31 December 2021 $
Non-current		
Bonds	35,528,565	35,870,847
Facilities	63,506,063	69,067,010
Other loans	64,324,015	63,565,782
Total non-current borrowings	163,358,643	168,503,639
Current		
Bonds	-	-
Facilities	1,888,282	1,610,609
Other loans	-	1,623,229
Total current borrowings	1,888,282	3,233,838
Total borrowings	165,246,925	171,737,477

Bonds

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

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 2022 the ratio was 2.62:1 (2021 – 3.02:1).

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 10% as at 31 December 2022) and have a maturity date of 31 March 2024. As at 31 December 2022 the total in issue is $7.75 million.

Facilities

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

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.

14. BORROWINGS (continued)

Other Loans – non current

At 31 December 2022 Other Loans included various loans from minority shareholders totaling $60.1 million (December 2021 - $60.0 million). The maturity date of these loans is 31 December 2028. The weighted average interest rate on these loans is 2.63% per annum.

Also included are other loans totaling approximately $4.2 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 June 2021 to January 2026. $1.5 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 2022 $	As at 31 December 2021 $
Between 1 and 2 years	72,647,513	3,519,996
Between 2 and 5 years	30,600,358	104,937,857
Over 5 years	60,110,772	60,045,786
Non-current borrowings	163,358,643	168,503,639

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

	Carrying amounts		Fair values	
	31 December 2022 $	31 December 2021 $	31 December 2022 $	31 December 2021 $
Non-current borrowings	163,358,643	168,503,639	150,047,790	161,813,503

The fair values are based on cash flows discounted using a rate based upon a borrowings rate of between 4.25% and 10.49% (December 2021 – 1.40% to 8.00%). These are level 3 in the fair value hierarchy.

The fair value of current borrowings approximates their carrying value.

14. BORROWINGS (CONTINUED)

Changes in liabilities arising from financing activities in the year ended 31 December 2022 and 31 December 2021 are as follows:

		Cash flows		Non cash changes					
	As at 1 January 2022	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 2022
	$	$	$	$	$	$	$	$	$
Non-current borrowings	168,503,639	-	(676,184)	319,461	(4,776,354)	260,550	(272,469)	-	163,358,643
Current borrowings	3,233,838	-	(1,488,474)	7,406	(136,957)	-	272,469	-	1,888,282
Total	171,737,477	-	(2,164,658)	326,867	(4,913,311)	260,550	-	-	165,246,925

		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

15. ACCRUALS

	As at 31 December 2022 $	As at 31 December 2021 $
Current		
Loan interest and related fees	5,633,175	3,518,310
Payable to related parties	-	514,061
Audit fees	239,141	299,284
Other accrued expenses	77,539	121,847
Professional fees	52,357	272,252
Total accruals	6,002,212	4,725,754

16. TRADE AND OTHER PAYABLES

	As at 31 December 2022 $	As at 31 December 2021 $
Current – Non related parties		
Trade Creditors	1,197,159	2,506,585
Liability for par value capital reduction	1,116,777	491,985
Taxation payable	13,815	9,870
Payable re; Indian development land	169,184	187,861
Lease liability creditor	-	45,252
Other payables	174,713	40,746
	2,671,648	3,282,299
Current – related parties		
Liability for par value capital reduction	-	640,549
Total other payables	2,671,648	3,922,848

17. FINANCIAL INSTRUMENTS BY CATEGORY

Assets/liabilities as per balance sheet 31 December 2022	Note	Financial assets at amortised cost	Financial liabilities at amortised cost
		$	$
Other receivables and prepayments	13	7,690,035	-
Cash and cash equivalents		1,868,133	-
Borrowings	14	-	(165,246,925)
Trade and other payables	16	-	(2,671,648)
Total		9,558,168	(167,918,573)

Assets/liabilities as per balance sheet 31 December 2021	Note	Financial assets at amortised cost	Financial liabilities at amortised cost
		$	$
Other receivables and prepayments	13	7,884,329	-
Cash and cash equivalents		5,015,184	-
Borrowings	14	-	(171,737,477)
Trade and other payables	16	-	(3,922,848)
Total		12,899,513	(175,660,325)

See Note 14 for consideration of the fair value of borrowings. Other receivables and prepayments and cash and cash equivalents approximate fair value.

18. SHARE CAPITAL

	As at 31 December 2022 $	As at 31 December 2021 $
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 31 May 2024 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.

18. SHARE CAPITAL (continued)

An analysis of the movement in treasury shares in the year ended 31st December 2022 and year ended 31 December 2021 is as follows:

	No of Treasury Shares	$	Average price per share $
As at 1 January 2021	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
Receipt of shares in settlement of obligations from shareholders	290,534	600,267	2.07
Shares issued in lieu of fees	(60,000)	(129,042)	2.15
As at 31 December 2022	454,266	1,072,797	2.36

19. NON CONTROLLING INTEREST

	As at 31 December 2022	As at 31 December 2021
	$	$
Non-controlling interest	3,551,547	3,478,370

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 2022 $**	**As at 31 December 2021 $**
Non-Current		
Assets	154,314,882	162,473,366
Liabilities	(82,796,313)	(92,650,820)
Total non-current net assets	71,518,569	69,822,546
Current		
Assets	71,917	67,012
Liabilities	(1,952,290)	(1,686,223)
Total current net liabilities	(1,880,373)	(1,619,211)
Net assets	69,638,196	68,203,335

Summarised income statement	**Year ended 31 December 2022 $**	**Year ended 31 December 2021 $**
Revenue	6,586,144	7,394,875
Fair value gain/(loss) on investment property	1,106,472	(6,767,790)
Administrative expenses	(1,292,590)	(1,270,879)
Finance income/(costs)	(955,047)	(1,194,919)
Deferred taxation	(206,442)	136,066
Gains/(Loss) attributable to:	5,238,537	(1,702,647)
Equity owners of the parent	4,971,372	(1,615,812)
Non-controlling interests	267,165	(86,835)
	5,238,537	(1,702,647)

19. NON CONTROLLING INTEREST (CONTINUED)

Summarised cash flows	Year ended 31 December 2022	Year ended 31 December 2021
	$	$
Cash flows from operating activities		
Cash generated from operations	5,360,087	6,181,333
Interest paid	(629,988)	(722,563)
Net cash generated from operating activities	4,730,099	5,458,770
Net cash generated from investing activities	-	-
Net cash used in financing activities	(4,685,976)	(5,534,478)
Net increase/(decrease) in cash and cash equivalents	**44,123**	**(75,708)**
Cash and cash equivalents at beginning of period	**44,738**	**126,331**
Net (decrease)/increase in cash and cash equivalents	44,123	(75,708)
Foreign exchange movement on cash	(1,665)	(5,885)
Cash and cash equivalents at end of period	**87,196**	**44,738**

20. INCOME TAXES

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Income tax as per consolidated income statement	(1,178,226)	(255,784)

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 2022: 45.67% December 2021: 3.95%) as follows:

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
(Loss) before income tax	(2,075,816)	(11,900,598)
Income tax calculated at domestic rates applicable to profits in respective countries	(948,063)	(469,798)
Income/(loss) not subject to taxation	4,401,130	788,838
Previously unrecognised temporary difference of a prior period used to reduce tax expense	206,442	(136,066)
Previously unrecognised tax losses used to reduce tax expense	(1,981,476)	(194,584)
Other	(499,807)	267,394
Tax charge	1,178,226	255,784

21. 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 2022 or 31 December 2021.

As at 31 December 2022, the Group had estimated unused tax losses of $273million (December 2021 - $274 million), which arose between 2015 and 2022 and will expire between the end of 2023 and 2030. These losses were not capitalised as it is unlikely that they will be utilised by the Group.

As at 31 December 2022 the fair value of the investment property is above the acquisition price (refer to Note 12) and a deferred tax liability of $3,090,273 is recorded. The fair value of the freehold property is above the acquisition price and a deferred tax liability of $4,237,965 is recorded. The fair value of the development land is above the acquisition price and a deferred tax liability of $955,948 is recorded. The remaining deferred tax liability of $30,089 results from temporary differences on plant and equipment.

	As at 31 December 2022 $	As at 31 December 2021 $
Deferred taxation liability	8,314,275	7,827,138

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

	Year ended 31 December 2022 $	Year ended 31 December 2021 $
Beginning of year	7,827,138	7,735,191
Charged to the income statement	1,174,192	384,435
Net changes due to exchange differences	(687,055)	(292,488)
End of year	8,314,275	7,827,138

22. INVESTMENTS IN SUBSIDIARIES

The subsidiaries of the Group as of 31 December are as follows:	Country of Incorporation	Ownership Percentage	
		Dec 2022	Dec 2021
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[2]	BVI	Nil	100%
Arundel Real Estate Pte. Ltd.	Singapore	100%	100%
Omkar Property Development Private Limited	India	100%	100%
Arundel Investments Pte Ltd.	Singapore	100%	100%
Arundel Inc	USA	100%	100%
Arundel Group Limited	UK	100%	100%
Arundel (Securities) Inc.	USA	100%	100%
Arundel (Mauritius) Limited [1]	Mauritius	100%	100%
Seafire Capital LLC	USA	50%	Nil

1 - Dormant company and/or in process of liquidation
2- Company liquidated in 2022

23. FOREIGN EXCHANGE RATES

	Balance Sheet		Income Statement and Cash Flow Statement	
	31 December 2022 $	31 December 2021 $	average Year ended 31 December 2022 $	average Year ended 31 December 2021 $
EUR	0.932	0.879	0.951	0.846
CHF	0.925	0.912	0.955	0.914
GBP	0.826	0.739	0.811	0.727
SGD	1.341	1.349	1.379	1.344
INR	82.750	74.523	78.598	73.936

24. SEGMENT INFORMATION Year ended 31 December 2022	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	6,586,144	2,007,285	-	-	8,593,429
Gain/(loss) on fair value movement on investment property and development land	12	1,106,472	-	2,469	-	1,108,941
Other income		-	930,000	-	129,114	1,059,114
Profit/(loss) for the year		**5,284,874**	**(64,520)**	**(277,266)**	**(8,197,130)**	**(3,254,042)**
As at 31 December 2022						
Assets						
Investment property and development land	12	154,314,882	-	9,521,300	-	163,836,182
Property, plant and equipment	11	-	-	-	22,035,947	22,035,947
Other receivables and prepayments – third party	13	-	-	954,682	-	954,682
Contract asset	13	-	-	-	-	-
Investments		-	1,000	-	-	1,000
Receivables and prepayments	13	-	2,695,500	-	4,039,853	6,735,353
Cash and cash equivalents		87,197	1,093,156	25,212	662,568	1,868,133
Segment assets for reportable segments		**154,402,079**	**3,789,656**	**10,501,194**	**26,738,368**	**195,431,297**
Of which are non-current assets:		154,314,882	1,000	10,475,982	22,035,947	186,827,811
Liabilities						
Total borrowings	14	65,394,367	-	10,214,672	89,637,886	165,246,925
Deferred taxation	21	3,090,273	-	955,948	4,268,054	8,314,275
Trade and other payables	16	-	1,197,159	169,184	1,305,305	2,671,648
Accruals	15	64,006	-	-	5,938,206	6,002,212
Segment liabilities for reportable segments		**68,548,646**	**1,197,159**	**11,339,804**	**101,149,451**	**182,235,060**

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 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	12	(6,767,790)	-	953,037	-	(5,814,753)
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	12	162,473,366	-	10,568,476	-	173,041,842
Property, plant and equipment	11	-	-	-	25,077,450	25,077,450
Other receivables and prepayments – third party	13	-	-	1,060,075	-	1,060,075
Contract asset	13	-	714,082	-	-	714,082
Allowance made for impairment of financial assets	13	-	(500,000)	-	-	(500,000)
Receivables and prepayments	13	-	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	14	70,677,627	-	9,954,122	91,105,728	171,737,477
Deferred taxation	21	3,054,695	-	1,117,996	3,654,447	7,827,138
Trade and other payables	16	-	2,506,585	187,861	1,228,402	3,922,848
Accruals	15	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)

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 2022 and 31 December 2021, 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 2022 (Voting Rights)	Year Ended 31 December 2021 (Voting Rights)
NCR Developments Limited	11.69%	11.69%
David and Kathleen Quint	10.84%	10.84%
Doraiswamy Srinivas	9.99%	9.99%
Ewok Capital Management Limited	7.94%	9.99%
Mrs Beatrix Lanfranconi	9.97%	9.97%
Green Street Global Investments Limited	8.15%	8.15%
Yellow Corporation Master Pension Plans Trust	5.66%	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 2022 and December 2021.

	Year Ended 31 December 2022 $	Year Ended 31 December 2021 $
Mr. Markus Müller*	31,416	32,907
Mr. David Quint	350,854	393,007
Mr. Ralph Beney	316,533	326,795
Mr. Richard Borg**	408,150	388,885

* In addition, $32,774 (2021 – $15,359) was paid to a company beneficially owned by Mr Müller in respect of other services provided to the Group.
** Effective 26 July 2022, Mr. Richard Borg ceased to be a member of Executive Management. His position was made redundant on 31 December 2022. His total remuneration for 2022 includes a provision of $19,354 for statutory redundancy pay in the United Kingdom.

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 2022 $	Year Ended 31 December 2021 $
At beginning of period	3,405,106	3,658,487
Foreign exchange movement	(194,452)	(253,381)
At end of period	3,210,654	3,405,106

Ridgemont is owned by David Quint Jnr who was an employee of the Group until 31 December 2022 and the son of David Quint Snr who is a Director of the Company. The loan, referred to in Note 13, 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 2022 the value of the 5.1% interest exceeds the value of the loan and interest, as such no impairment is required. (See Note 12).

(d) Loans from related parties

Loans from Mrs Kathleen Quint of £750,000 and £450,000	Year Ended 31 December 2022 $	Period Ended 31 December 2021 $
At beginning of period	1,623,228	1,639,656
Additions	-	-
Interest charged	124,693	111,359
Interest paid	(124,693)	(111,359)
Foreign exchange movement	(171,156)	(16,428)
At end of period	1,452,072	1,623,228

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 weighted average interest rate charged to the Group on the £750,000 and £450,000 on 31 December 2022 is 10.42% respectively. These loans are due for repayment at the end of 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 2022, the Group received $105,161 income in respect of this agreement.

(f) Investment in Seafire Capital LLC

In October 2022, the Group entered into an operating agreement whereby the Group stated an intention to transfer all US regulated activities to Seafire Capital LLC ("Seafire") as soon as approval was granted by FINRA, the regulator in the US. The Group owns 50% of the issued share capital of Seafire, which is carried at a cost of $1,000, with the remaining 50% beneficially owned by David Quint Jnr who is responsible for all operational matters undertaken by Seafire. The Group will continue to own Arundel (Securities) Inc until approval is given by FINRA to transfer the ownership to Seafire. This approval is expected to be completed during the course of 2023. Effective 31 December 2022, David Quint Jnr's employment transferred from the Group to Seafire.

During the year ended 31 December 2022, the Group received fees totalling $400,000 from Seafire.

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 2022	Shares December 2021
Board of Directors		
Mr. David Quint	1,638,075	1,638,075
Mr. Markus Müller	Nil	Nil
Mr. Ralph Beney	542,091	542,091
Total	**2,180,166**	**2,180,166**
Group Management		
Mr. Richard Borg*	N/A	318,577
Total	**N/A**	**318,577**

*Richard Borg ceased to be a member of executive management on 26 July 2022, his position was made redundant, and he left the UK subsidiary's employment on 31 December 2022.

27. SUBSEQUENT EVENTS

On 9 March 2023, the Group executed an agreement to sell Arundel (Securities), Inc., to Seafire Capital LLC (see note 25. (f)). The sale of the Group's US regulated subsidiary will conclude once formal approval for a change of ownership has been obtained from the relevant regulatory authority in the United States.

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 18 April 2022 and were signed on its behalf by:

Mr. David Quint
Chairman
Date: 18 April 2023

Mr. Markus Müller
Director
Date: 18 April 2023

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 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with Swiss law and the Swiss Standards on Auditing (SA-CH). Our responsibilities under these regulations 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 Company 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 30 April 2024. If the Company's subsidiaries are unable to refinance the borrowings or to extend their repayment date, this would significantly affect the Company's liquidity. In response to this uncertainty the Company and its subsidiaries have taken the measures disclosed in note 1.3 of these financial statements. 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.

Our audit approach

Overview	Overall materiality: CHF 80'000 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 Company, the accounting processes and controls, and the industry in which the Company operates.

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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 80’000
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. This 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.

Key audit matters

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 65 (Note 2.1: Investments). At 31 December 2022, the carrying value of the Company's investments in subsidiaries amounts to CHF 13.3 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 2022. As a result of these assessments Management recognized the impairment on investments in subsidiaries of CHF 16.5 million in 2022 as described in Note 2.10.	We have assessed Management's assessment of the investments' values by performing the following procedures: • We compared the book values of the participiations with the Company's pro-rata share of the respective investment's equity. For investments holding significant in-vestment properties we recalculated the net assets value of the subsidiary considering the valuation of the invest-ment property. This included an assessment of the valua-tion 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

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' responsibilities 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 Company'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 Company 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 SA-CH 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 more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: https://www.expertsuisse.ch/en/audit-report-for-ordinary-audits. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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 recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Corinne Lüthy
Audit expert Auditor in charge	Audit expert

Zurich, 18 April 2023

Enclosure:

- Financial statements (balance sheet, income statement and notes)

Balance Sheet – Assets

CHF	Note	As at 31 December 2022	As at 31 December 2021
Assets			
Cash and cash equivalents		7,773	13,607
Other current receivables			
third parties		49,321	63,547
companies in which the entity holds an investment		2,663,927	1,769,392
Current assets		**2,721,021**	**1,846,546**
Investments	2.1	13,187,633	29,837,628
Non-current assets		**13,187,633**	**29,837,628**
Total Assets		**15,908,654**	**31,684,174**

Balance Sheet – Liabilities and Equity

CHF	Note	As at 31 December 2022	As at 31 December 2021
Liabilities and Shareholders' equity			
Due to shareholders		1,032,497	1,032,497
Due to companies in which the entity holds an investment		766,782	124,858
Accrued expenses and deferred income	2.2	49,391	138,339
Short-term liabilities		**1,848,670**	**1,295,694**
Share capital	2.4	15,115,165	15,115,165
Voluntary retained earnings			
Accumulated profits/(losses)	2.4	15,681,762	26,833,200
Profit/(Loss) for the year		(15,829,881)	(11,123,114)
Other legal reserves	2.4	442,283	442,283
Treasury shares			
from reserves from capital contributions	2.5	(1,349,345)	(879,054)
Shareholders' equity		**14,059,984**	**30,388,480**
Total Liabilities and Shareholders' equity		**15,908,654**	**31,684,174**

Income statement

CHF	Note	Year Ended 31 December 2022	Year Ended 31 December 2021
Other income	2.6	1,386,829	1,000,000
Personnel expenses		(10,000)	(20,000)
Other operating expenses	2.7	(554,507)	(540,484)
Operating result		**822,322**	**439,516**
Financial income	2.8	182	693
Financial expenses	2.9	(567)	(664)
Extraordinary, non-recurring or prior year period (expenses)/income	2.10	(16,651,818)	(11,562,659)
Profit/(Loss) for the year before taxes		**(15,829,881)**	**(11,123,114)**
Direct taxes		-	-
Profit/(Loss) for the year		**(15,829,881)**	**(11,123,114)**

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 borrowings of approximately $2.0 million in respect of amortisation on the debt secured on the Leipzig properties, repayable each month up to the end of April 2024. The amortisation is paid from the monthly rent received from the tenant. Borrowings of subsidiaries of the Company also include approximately $9.1 million that are scheduled for repayment in March and April 2024. If the subsidiaries are 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 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) The Directors have decided to sell the development land in India. The sale process is expected to take between six to nine months to complete. The proceeds will be used to repay debt and/or for working capital purposes. The development land was valued at approximately $9.5 million on 31 December 2022.

2) The Group's Swiss Franc convertible bonds are scheduled to be repaid on 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.

3) The Group intends to sign a new mandate before the end of April 2023 with a German group to explore the sale of a stake in the Leipzig Properties and to refinance the senior debt secured on the Leipzig Properties. On 31 December 2022 the Group's net equity in the Leipzig Properties was approximately $89 million. The exact proportion of equity to be sold will be dependent on developments during the course of 2023. In addition, the Group expects to increase senior debt financing secured against the Leipzig Properties with the current loan to value ratio being 42%. Proceeds of any sale or refinancing would primarily be used to repay debt, finance any capital expenditure requirements and to provide working capital.

1.3 Going Concern (continued)

4) The Directors also intend to sign a mandate before the end of April 2023 with an affiliate of the same German group referred to above, to develop a strategy for redevelopment of the Leipzig Properties to improve the Environmental Social Governance ("ESG") aspects of the buildings. The Group has commissioned an initial study to determine the range and scope of improvements to be undertaken. If this project is successful, the Group would seek a new long-term lease with the tenant at an improved rent. The Group would seek ESG financing in Germany for a significant portion of the expected capital expenditure with the balance funded by equity release through a sale of a stake as described above.

5) The Group could secure additional borrowings 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 building.

6) In July 2022, the Group gave up its UK regulatory licence and is in the process of transferring its US regulatory licence to a third party. As a result, the Group has reduced its personnel numbers and will save circa $500,000 per annum in operational costs going forward.

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 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.

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 2022

Company and Domicile	Number of Shares Owned	Type of Shares and Nominal Value	Share Capital in issue	Direct/ Indirect Ownership % 31 December 2022 (Capital and voting rights)	Direct/ Indirect Ownership % 31 December 2021 (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
Arundel Real Estate Pte Limited 67 McNair Road, Townerville, Singapore, Registered number: 201503006R	1,000	Ordinary US $1.00	US$ 1,000	100	100
Arundel Investments Pte Ltd 67 McNair Road, Townerville, Singapore, Registered number: 201503405D	1,000	Ordinary US $1.00	US$ 1,000	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	Nil	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
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 Limited 31A St James's Square London SW1Y 4JR Registered number 02722984	20,001	Ordinary GBP 1.00	GBP 20,001	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 (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

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 2022	Net Value
Investments	**CHF**	**CHF**	**CHF**	**CHF**
- USIGHL	99,062,720	(91,014,321)	(5,048,282)	3,000,117
- Arundel Real Estate Pte Limited	63,215,721	(54,594,763)	(8,581,882)	39,076
- Arundel (Schweiz) AG	4,326,980	(3,317,252)	(2,087)	1,007,641
-Arundel Inc	17,384,810	(5,252,555)	(3,010,915)	9,121,340
-USI Leipzig GmbH	28,317	(206)	(8,652)	19,459
Total Investments	**184,018,548**	**(154,179,097)**	**(16,651,818)**	**13,187,633**

2.2 Accrued Expenses and Deferred Income

	At 31 December 2022 CHF	At 31 December 2021 CHF
Professional fees	49,391	138,339
Total	**49,391**	**138,339**

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 31 May 2024 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 2022	**15,115,165**	**-**	**-**	**442,283**	**26,833,200**	**(11,123,114)**	**(879,054)**	**30,388,480**
Reallocation of prior year loss[1]	-	-	-	-	(11,123,114)	11,123,114	-	-
Allocation to legal reserves[1]	-	-	-	-	-	-	-	-
Dividends received, shares sales, share issues and share receipts	-	-	-	-	-	-	-	-
Change in treasury shares	-	-	-	-	(28,324)	-	(470,291)	(498,615)
Profit/(loss) for the year	-	-	-	-	-	(15,829,881)	-	(15,829,881)
As at 31 December 2022	**15,115,165**	**-**	**-**	**442,283**	**15,681,762**	**(15,829,881)**	**(1,349,345)**	**14,059,984**

[1] According to AGM resolution.

2.5 Treasury Shares

As at 31 December 2022 the Group held 464,267 shares of the Company (31 December 2021 – 223,733 shares). The number of shares held directly by the Company changed as follows:

	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Treasury shares	**Shares**	**Shares**	**CHF**	**CHF**
Opening balance	223,733	211,533	879,054	856,282
Shares transferred from subsidiary	290,534	52,200	592,689	120,729
Shares issued in exchange for services rendered	(60,000)	(40,000)	(122,398)	(97,957)
Closing balance	**464,267**	**223,733**	**1,349,345**	**879,054**

2.6 Other Income

Other Income	**Year Ended 31 December 2022 CHF**	**Period Ended 31 December 2021 CHF**
Management charge income from subsidiary	1,386,829	1,000,000
Total	**1,386,829**	**1,000,000**

2.7 Expenses

Other Operating Expenses	Year Ended 31 December 2022 CHF	Period Ended 31 December 2021 CHF
Professional fees	341,059	344,102
Maintenance and general administration	213,448	196,382
Total	**554,507**	**540,484**

2.8 Financial Income

	Year Ended 31 December 2022 CHF	Period Ended 31 December 2021 CHF
Foreign exchange gains	182	693
Total	**182**	**693**

2.9 Financial Expenses

	Year Ended 31 December 2022 CHF	Period Ended 31 December 2021 CHF
Finance expenses	567	664
Foreign exchange losses	-	-
Total	**567**	**664**

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

	Year Ended 31 December 2022 CHF	Period Ended 31 December 2021 CHF
(Impairment)/release provision on investments in subsidiaries	(16,651,818)	(11,562,659)
Total	**(16,651,818)**	**(11,562,659)**

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 2022 (Voting Rights)	Year Ended 31 December 2021 (Voting Rights)
NCR Developments Limited	11.69%	11.69%
David and Kathleen Quint	10.84%	10.84%
Doraiswamy Srinivas	9.99%	9.99%
Mrs Beatrix Lanfranconi	9.97%	9.97%
Green Street Global Investments Limited	8.15%	8.15%
Ewok Capital Management Limited	7.94%	9.99%
Yellow Corporation Master Pension Plans Trust	5.66%	7.18%

3.3 Guarantees

The Company has granted guarantees for subsidiary company borrowings in the amount of CHF 56.4 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 26 of the consolidated financial statements.

Proposal of the Board of Directors for appropriation of 2022 reserves in CHF

Retained earnings	15,681,762
Appropriation of retained earnings resolved by general meeting:	
Allocated to legal reserves	-
Loss for the year	(15,829,881)
Retained earnings available to the general meeting	**(148,119)**

No capital distribution is proposed for the year ended 31 December 2022. 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

Report on the audit of the remuneration report

Opinion

We have audited the remuneration report of Arundel AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on pages 72 to 75 of the remuneration report.

In our opinion, the information on remuneration, loans and advances in the accompanying remuneration report complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the remuneration report' section of our report. We are independent of the Company 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the remuneration report, the consolidated financial statements, the financial statements and our auditor's reports thereon.

Our opinion on the remuneration report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the remuneration report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the remuneration report 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.

Board of Directors' responsibilities for the remuneration report

The Board of Directors is responsible for the preparation of a remuneration report 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 a remuneration report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibilities for the audit of the remuneration report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to

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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 SA-CH 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 this remuneration report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the remuneration report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

Patrick Balkanyi	Corinne Luethy
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 18 April 2023

Enclosure:

- Remuneration report

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 2022 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

[ERCO 17]

The following gross directors' fees for acting as members of the Board were recognised for the years ended 31 December 2022 and ended 31 December 2021:

	Year Ended 31 December 2022		Year Ended 31 December 2021	
	Compensation CHF	Social security CHF	Compensation CHF	Social security CHF
Mr. David Quint +	0	0	0	0
Mr. Markus Müller	10,000	1,500	10,000	1,500
Mr. Ralph Beney	0	0	0	0
Dr. Doraiswamy Srinivas ++	N/A	N/A	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.

+ David Quint was appointed as an Executive Director on 4 October 2016 and became Executive Chairman on 26 May 2020.

++ Dr. Doraiswamy Srinivas was Deputy Chairman and Executive Director from 4 October 2016 until he resigned 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, CHF 51,296 (2021 – CHF34,115) 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 2022, 31 December 2021 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 was an employee of the Group until 31 December 2022, and the son of the Chairman and director of the Company. The balance of the loan on 31 December 2022 was CHF 2,969,855 (2021 – CHF 3,105,457) 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.

Dr. Srinivas was paid consultancy fees and other benefits totalling CHF 107,866 during the year ended 31 December 2022. There was no other compensation paid to former directors for the years ended 31 December 2022 and 2021.

b. Audited gross compensation of the members of Executive Management
[ERCO 17]

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 resigned as a director of the Company and as a member of Executive Management on 31 December 2021. Richard Borg relinquished all executive positions on 26 July 2022 and left employment with the Group on 31 December 2022. Gross compensation to members of Executive Management was fixed with no variable element and is reported as:

	Year Ended 31 December 2022		Year Ended 31 December 2021	
	Compensation CHF	Social security CHF	Compensation CHF	Social security CHF
Mr. David Quint	335,036	0	359,252	0
Dr. Doraiswamy Srinivas	N/A	N/A	191,893	0
Mr. Ralph Beney	302,262	0	298,727	0
Mr. Richard Borg	389,749	0	355,448	0

The gross compensation to members of the Executive Management, as above, includes social security costs paid in jurisdictions outside of Switzerland and excludes any directors' fees as set out in 4a above. The compensation stated for Richard Borg is for the full year ending 31 December 2022, including an accrual for statutory redundancy pay of CHF18,481. Mr. Borg ceased to be a member of Executive Management on 26 July 2022.

On 31 December 2022, 31 December 2021 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 as disclosed in note 4 *a.,* above.

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

Compensation for the year ended 31 December 2022 was made up as follows:

	Year Ended 31 December 2022			
	Fees CHF	Employer Payroll taxes CHF	Other benefits CHF	Total CHF
Mr. David Quint	260,051	39,549	35,436	335,036
Mr. Ralph Beney	247,112	36,815	18,335	302,262
Mr. Richard Borg	327,371	46,400	15,978	389,749

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
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

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

At 31 December 2022, accrued fees of CHF nil (2021 – CHF468,653) 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 2022 (2021 – 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 2022	Shares 31 December 2021
Board of Directors		
Mr. David Quint +	1,638,075	1,638,075
Mr. Markus Müller	Nil	Nil
Mr. Ralph Beney	542,091	542,091
Dr. Doraiswamy Srinivas ++	N/A	1,510,000
Total	**2,180,166**	**3,690,166**
Executive Management		
Mr. Richard Borg +++	N/A	318,577
Total	**0**	**318,577**

+ includes 979,216 shares (2021 – 979,216 shares) held by David Quint and 658,859 shares (2021– 658,859 shares) held by his wife Kathleen Quint.

++ Dr. Srinivas resigned as a Director of the Company and ceased to be a member of Executive Management on 31 December 2021.

+++ Mr. Richard Borg ceased to be a member of Executive Management on 26 July 2022.

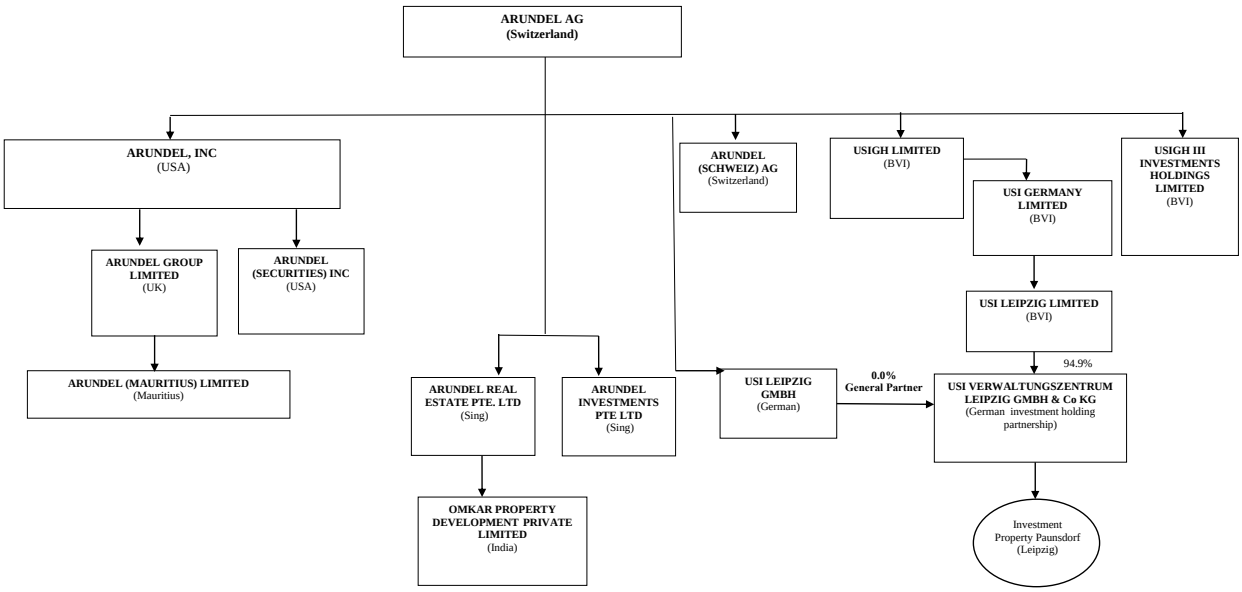
I Corporate Governance

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 in force for the reporting period.

1 Group Structure and Shareholders

1.1 Group Structure

At 31 December 2022, 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 2022 was CHF 5,320,890.

At 31 December 2022, 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
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	Ordinary Indian rupees ("INR") 10	INR 6 million	100	100
Arundel Inc[3] Registered number: 819194	1,115	Ordinary No nominal value	11,150	100	100
Arundel Group Limited 31a St James's Square, London, SW1Y 4JR, United Kingdom Registered number: 02722984	20,001	Ordinary GBP 1.00	GBP 20,001	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 2022 (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]	1,199,646	7.94%
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	855,747	5.66%
Venus Global Macro Fund Limited c/o Catamaran Corp Ltd, A-1C Sector 16, Noida, U.P. 201301, India	650,601	4.30%
Ralph Beney August Pitts Farmhouse, Churn Lane, Horsmonden Kent TN12 8HW, United Kingdom	542,091	3.59%
Arundel AG Gotthardstrasse 21, 8002 Zurich, Switzerland	454,266	3.01%
Other shareholders	3,758,700	24.86%
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 2022:

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. It expires on 31 May 2024.

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.

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 31 May 2024 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-in 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-in 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

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 2022, 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 2022, 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 2022, 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 2022, 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 2022, 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 member			
Markus Müller	Swiss	Member	2016

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) and 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 until 26 July 2022. Mr Borg’s employment with Arundel Group Limited terminated on 31 December 2022.

Section 3.2. sets out the restrictions on permissible outside mandates for members of Executive Management.

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 2022, 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

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

Mr Richard Borg (1966), UK citizen, was a member of Executive Management, acting as General Counsel of the Arundel Group, until 26 July 2022. He had 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 (now replaced by the revised rules of company law in the CO in force since 1 January 2023).

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 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 2022 (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 not physically participate, and could 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 no later than 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 clause

There is no change of control clause in place which would trigger any obligation 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 2022 by the Annual General Meeting held on 31 May 2022.

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 30 May 2023 to re-elect PricewaterhouseCoopers AG as auditors for the 2023 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 2022 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 2022
in USD	
Audit and audit related services	246,596
Tax compliance and consulting	131,959
	378,555

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 2023 – Publication of annual report including audited financial statements for the twelve months ended 31 December 2022

- September 2023 – Publication of unaudited financial statements for the six months ending 30 June 2023

Meetings of Shareholders

30 May 2023 – 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).