



# ARUNDEL®

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## PRESS RELEASE

14 November 2016

The Board of Arundel AG (the “Company”) is pleased to announce that the Arundel Group has today executed an agreement (“Lease Extension”) to extend the lease of its four office buildings in Leipzig Germany (“the Leipzig Properties”). The lease with the Government of Saxony (covenant strength AAA) was due to expire on 31st March 2020. Pursuant to the Lease Extension, the Saxony Government has committed to a 30 year lease of the Records Bureau (constituting approximately 15% of the Leipzig Properties) expiring on 1 July 2047 and a lease of the balance (the “Main Area”) from 1 September 2017 to 30 June 2025 (with two 3 year renewal options). The weighted average lease term for the entirety of the Leipzig Properties is approximately 12 years.

The present rent of €9.4 million p.a. will continue until 1 September, 2017 at which time a new annual rent of €6.25 million will be payable reflecting current market levels. Certain improvements funded by the developer of the Leipzig Properties in 1995 have been amortized by the higher rent paid since that date. In addition, rent increases since commencement of the lease, linked to increases in the German Consumer Price Index (CPI), had pushed the base rent above prevailing market rents in Leipzig.

Under the terms of the Lease Extension, the Government has the option to vacate up to 10,000 m<sup>2</sup> as of 1<sup>st</sup> April 2020 by giving 6 months’ notice. However, this applies only to contiguous areas which can be re-let to third parties. The Company believes that replacement tenants for such space could be readily obtained.

Further details on the terms of the Lease Extension may be obtained from the Company’s general counsel by email at [rborg@arundel-ag.com](mailto:rborg@arundel-ag.com).

Dr Volkert Klaucke, the Chairman of Arundel stated;

“We are pleased to announce our entry into a formal Lease Extension with the Government of Saxony today. Taking into account the size of the Leipzig Properties, the lack of suitable alternative accommodation in the Leipzig area and the time and expense to build alternative facilities, the Company has always believed that the probability of lease extension with the Government was high. Nevertheless, we are pleased to remove any uncertainty. Given the terms of the extension, we expect that the valuation of the Leipzig Properties at 31 March 2017 will be at least the level of their carrying value in the Company’s books as of 31 March 2016.”

Full information concerning the Company’s Board members and other matters are available from the Company’s website at [www.arundel-ag.com](http://www.arundel-ag.com).

### Arundel AG

Dr Volkert Klaucke (Chairman)

### Further information:

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