ARUNDEL

Arundel AG
Bleicherweg 66,
CH-8002 Zürich,
Switzerland
www.arundel-ag.com

PRESS RELEASE

23 April 2018

ARUNDEL AG
FINANCIAL RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2017

CHAIRMAN'S STATEMENT

The Company is pleased to report its results for the nine month period ended 31 December 2017 ("PE Dec17"), which marks the end of its most recent fiscal reporting period. Beginning 1 January 2018, the Company's fiscal year is the calendar year.

Since its acquisition of the RP&C International Group in 2016, the Arundel group's activities have comprised:

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

In late March of this year the Company announced the proposed acquisition of two German groups which, when completed, will result in a significant increase in business from financial services and advisory activities. In that connection, on 5 April 2018 the Company announced its intention to sell its interest in the investment properties in Leipzig with the net proceeds to be used to repay debt.

During the period under review:

- Consolidated net assets increased by $0.9m at 31 December 2017 after provision of $7.3 million for a repayment of capital to shareholders (On 10 January 2018 72.9% of shareholders reinvested their capital repayment with a resultant increase in net assets of $5.6 million, adjusting for treasury shares);
- Approximately $48.9 million of debt was restructured by extending the maturity until December 2028 and reducing the interest rate payable from 5% per annum to 3% per annum; and
- An existing shareholder converted $3.5 million of loans to the group into equity at the prevailing market price.

Overall, your Company is reporting a consolidated net loss of $2.2 million for PE Dec17 (net loss of $6.9 million – Year ended 31 March 2017 ("FY Mar17")). During PE Dec17, 71% of the Company's income from continuing operations was derived from lease income (90% for FY Mar17) and 29% was derived from investment advisory activities (10% for FY Mar17).

Total equity increased from $28.6 million at 31 March 2017 to $29.5 million at 31 December 2017. As stated above, total equity increased by a further $5.6m in January 2018 following reinvestment of proceeds from the capital repayment by a significant majority of shareholders.

Your Company continues to make progress, albeit slowly, with its acquisition of the land parcel outside of Chennai, India which will further increase equity once the Company is able to reflect the value of its investment under IFRS. Net assets will increase further once the Company places for cash a further 2.7 million shares that were conditionally issued to a shareholder in exchange for a second parcel of land in India. As previously advised, the Company decided not to proceed with acquiring that second parcel of land and the shareholder agreed that the Company could place those shares for cash to relieve it of its obligations.

The Company's financial results are provided in detail in the management report below.

Proposed acquisition of German businesses

On 29 March 2018 the Company announced that it had concluded a Heads of Agreement pursuant to which the Company expects to acquire all of the issued and outstanding shares of two German companies: IMMAC Holding AG ("IMMAC") and HKA Hanseatische Kapitalverwaltung AG ("HKA").

IMMAC and HKA are property investment and fund management groups based in Hamburg, Germany which develop and market real estate investment funds for German investors in the fields of healthcare (inpatient care facilities, hospitals and senior residency), other commercial property (primarily hotels) and energy. Since their formation in 1997, these groups have sponsored more than 90 investment funds which have invested over €1.6 billion, primarily in healthcare properties in Europe making them one of Europe's leading investors in and developers of healthcare real estate.

IMMAC and HKA have traditionally been involved with the formation and management of retail and institutional investment funds which invest in healthcare and other properties in Germany, Austria and Ireland. They now wish to expand operations into the United States and are aware of Arundel's extensive contacts in that market. IMMAC and HKA have more than 7,500 German clients and contacts with specialised German distributors focused on US opportunities.

HKA and IMMAC are owned by Profunda Vermögen GmbH, a personal holding vehicle of Marcus H. Schiermann, a German individual who is their founder. Following the merger, Mr Schiermann will be proposed for election to the Board of Directors of the Company and other IMMAC and HKA executives will be considered for executive and administrative roles within Arundel.

Following the merger, the enlarged Arundel group, with more than 80 employees, will comprise corporate finance and financial advisory teams engaged in raising retail and institutional capital for investment in and the development of real estate and energy assets in the United States, the continued investment in and development of healthcare and hotel properties in Europe and the financing of transactions in those markets and in India where Arundel has traditionally operated.

The merger is subject to the conclusion of a definitive agreement which will be conditional, among other things, on (a) receipt of a satisfactory fairness opinion, (b) shareholder approvals, (c) approvals of appropriate regulatory and listing authorities, (d) completion of satisfactory due diligence, and (e) procurement of necessary financing.

At an Extraordinary General Meeting later this year, shareholders will be asked to approve a capital increase of the Company which will empower completion of the merger which is not expected before the fourth quarter.

In order to position the group in line with the proposed business profile of the combined activities of Arundel, IMMAC and HKA, the Company has decided to seek a purchaser for the group's German investment properties in Leipzig, subject to satisfactory terms and conditions. Depending on the structure of the sale, the net proceeds will be used to substantially repay all of the group's working capital loans and provide working capital pending completion of the transaction.

Distributions

In 2015, 2016 and 2017, the Company declared distributions of CHF 0.50 per share. In view of the significance of the merger with IMMAC and HKA and planned sale of the Leipzig Properties, no capital distribution is proposed for the shortened (9 month) reporting period ended 31 December 2017. However, it is the Board's intention that distributions should continue in the future. It is thought that a majority of the Company's shareholders will continue to exercise the option to acquire additional shares in lieu of a cash distribution over the next few years.

Since 2016, your Company has worked continuously to reposition itself as a corporate finance advisory and fund management business. The proposed acquisition of IMMAC and HKA are important milestones in the realisation of that business plan. We look forward to reporting future developments in the months ahead.

Arundel AG

Dr. Volkert Klaucke (Chairman)

Approved by the board: 23 April 2018

MANAGEMENT REPORT ON THE FINANCIAL RESULTS

Financial results

Total revenue from continuing operations for the nine months (PE Dec17) was $9.9 million compared to $11.5 million for twelve months (FY Mar17). This revenue comprised rental income from the Leipzig Properties of $6.9 million (FY Mar17 - $10.3 million) and investment advisory income of $2.9 million (FY Mar17 – $1.1 million).

Administrative and marketing expenses for PE Dec17 were $7.2 million (FY Mar17 - $7.3 million) with the decrease primarily attributable to a reduction of professional and advisory fees of $1.5 million relating to the consolidation of costs associated with the acquisition of RP&C from 4 October 2016. This reduction was partially offset by an increase in impairment of receivables of $1.42 million for PE Dec17 compared to $0.6 million for FY Mar17. Staff costs for period also increased to $1.7 million for PE Dec17 from $1.3 million, reflecting a full period for the former RP&C International group.

Finance income for PE Dec17 was $2.5 million (FY Mar17 - $0.04 million) consisting entirely of foreign exchange gains. Finance costs for PE Dec17 were $7.1 million (FY Mar17 - $11.6 million which included adverse movement in foreign exchange rates of $2.4 million).

The Company is reporting a net loss of $2.2 million for PE Dec17 compared to a net loss of $6.9 million for FY Mar17. The PE Dec17 results include a fair value loss of $0.4 million on the valuation of the Company's investment properties at 31 December 2017 ($0.9 million fair value loss – FY Mar17).

The balance sheet

Total assets were $212.5 million at 31 December 2017 compared to $193.5 million at 31 March 2017. The Leipzig properties were independently valued at $160.8 million (€134.1 million) at 31 December 2017 compared to $143.7 million (€134.4 million) at 31 March 2017. The increase in value reflects a 12.2% positive movement in the US Dollar/Euro exchange rate between reporting dates. There was also a 7.8% positive movement in the USD Dollar/GBP exchange rates increasing the value of our London property, plant and equipment by $1.9 million to $26.6 million at 31 December 2017 compared to $25.0 million at 31 March 2017. These positive movements were partially offset by corresponding negative foreign exchange movements on the recognition of Euro, sterling and Swiss Franc denominated debt. The net positive movement on the foreign exchange translation reserve at 31 December 2017 was $8.0 million.

Current assets at 31 December 2017 were $14.5 million compared to $20.9 million at 31 March 2017. Restricted cash declined from $7.0 million at 31 March 2017 to $0.4 million as at 31 December 2017 following a $6.3 million reduction in short term borrowings secured against the Leipzig properties. Cash and cash equivalents increased from $0.9m at 31 March 2017 to $12.9 million at 31 December 2017 primarily reflecting proceeds from additional working capital borrowings received in the last quarter of PE Dec17.

Current liabilities at 31 December 2017 were stated at $24.9 million compared to $23.9 million at 31 March 2017. Trade and other payables increased from $3.8 million to $11.7 million, primarily reflecting the provision for the par value capital reduction of $7.3 million. However, only $1.7 million of this provision was settled in cash in January 2018 with $5.6 million settled by the sale of treasury shares to shareholders electing to reinvest their proceeds. Current borrowings decreased from $15.2 million at 31 March 2017 to $9.0 million at 31 December 2017 primarily reflecting the partial repayment from restricted cash referred to above.

Long term liabilities at 31 December 2017 were $158.1 million compared to $141.0 million at 31 March 2017 with the increase primarily reflecting net new debt of $9.6 million and negative foreign exchange rate movements of $8.4 million in respect of Euro, sterling and Swiss Franc denominated debt.

In December 2017 the Company and one of its lenders negotiated the extension of the maturity date on loans totalling $48.9 million from maturity dates between June 2018 and September 2019 to 31 December 2028. The interest rate on these loans was reduced from 5.0% to 3.0% per annum with effect from 1 January 2018. On 21 December 2017 the same lender converted $3.5m of loans to the group into 496,420 shares of the Company.

As result of debt repayments and the progress made with the debt restructuring the Company extended its weighted average loan maturity from 2.3 years at 31 March 2017 to 5.4 years at 31 December 2017, and reduced its weighted average loan interest rate from 5.2% per annum at 31 March 2017 to 4.2% per annum effective 1 January 2018.

Since the balance sheet date, the repayment date on a $4 million loan was extended from 15 June 2018 to 15 June 2019.

Management remains confident that short-term borrowings can be refinanced with existing lenders when they fall due.

Cash flow

During PE Dec17 the group used $4.6 million in operating activities compared to $3.2 million for FY Mar17. Net cash generated from investing activities totalled $7.2 million for PE Dec17 ($9.9 million used in FY Mar17) and net cash generated from financing activities totalled $9.4 million for PE Dec17 ($11.5 million – FY Mar17).

Overall the group increased its net cash and cash equivalents in PE Dec17 by $11.9 million compared to a net decrease of $1.6 million in FYMar17.

Treasury shares

The Company held 834,386 of its shares in treasury at 31 December 2017 with a carrying value of $5.4 million (31 March 2017 – 247,772 shares at $1.8 million). These shares were sold to existing shareholders who elected to reinvest their proceeds from the repayment of capital in January 2018.

Arundel AG

Approved by the board: 23 April 2018

Full information concerning the Company's Board members and other matters are available from the Company's website at www.arundel-ag.com.

Further information:

Dr. Volkert Klaucke
Investor Relations

Phone: +44 207 766 7000

Ralph Beney
Ad hoc publicity
RBeney@arundel-ag.com

Phone: +44 207 766 7000

Financial results for the period ended 31 December 2017

This document is available at the Company's registered office and by direct link at [http://www.arundel-ag.com/get.php/2018/Arundel_AG_Annual_Report_and_Accounts_Dec_17_-_Full_(23_April).pdf]

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