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

PRESS RELEASE

27 September 2018

ARUNDEL AG
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2018

CHAIRMAN'S STATEMENT

The Company is pleased to report its unaudited results for the six month period ended 30 June 2018 ("PE Jun18"). The comparative figures used for the consolidated income statement are the unaudited results for the six months ended 30 September 2017 ("PE Sep17"), being the first six months of the previous accounting period. The comparative figures shown in the consolidated balance sheet are as stated in the last audited balance sheet at 31 December 2017.

Since the acquisition of the RP&C International Group ("RP&C") in late 2016, the Arundel group's activities have been transformed and now comprise:

(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 furtherance of its plans to expand its financial services business the Company announced, earlier this year, the proposed acquisition of two German groups which, when completed, will result in a significant increase in business from financial services and advisory activities. As part of its transformation from a property investment company to a financial services platform, the Company also announced, on 5 April 2018 its intention to sell its interest in the investment properties in Leipzig (the "Leipzig Properties") with net proceeds to be used to repay a high proportion of the Company's outstanding debt. As a result of that decision the interim results present the Leipzig Properties and associated assets and liabilities as a single line item labelled "Assets (or Liabilities) of disposal group classified as held for sale" in the consolidated balance sheet. Similarly, the net rental income, associated finance costs, fair value movements, associated changes in foreign exchange rates which impact those assets and liabilities together with an estimate of selling costs are shown under a single line in the interim consolidated income statement entitled "Loss for the year from discontinued operations." The Company has made significant progress with the sale of the Leipzig Properties and expects to conclude their disposal during the fourth quarter of 2018.

A significant amount of management time has been expended on the proposed acquisition of the German businesses, the sale of the Leipzig Properties and raising capital for the Company's activities. As a result, the Company has not developed new sources of income and investment as rapidly as desired although it is negotiating several new mandates at present which, if successful, will increase recurrent and transaction fee income during future financial periods. In September 2018 the Company announced that a US institutional investor doubled its shareholding in the Company for which further information is disclosed in note 17 to the attached interim report.

As a consequence of its transformational efforts:

- The Company is reporting a consolidated loss from continuing operations of $5.3 million for PE Jun18 (net loss of $1.1 million – PE Sep17) which reflects non-cash foreign exchange losses in finance charges of $1.1 million (foreign exchange profit of $2.2 million in PE Sep17).
- The Company is also reporting a loss of $8.0 million from discontinued operations (profit of $2.4 million for PE Sep17) reflecting a non cash fair value write-down on the presumed disposal of the Leipzig Properties at carrying value less assumed costs of sale of $7.7 million (PE Sep17 – gain of $0.5 million) and a non cash fair value loss on borrowings of $1.3 million (PE Sep17 – nil).

As a result of these reported losses, total balance sheet equity has decreased by $10.2 million after giving effect to the reduction of $4.2 million in treasury shares following shareholder reinvestment of the par value capital reduction which was paid in January 2018.

The Company's balance sheet as reported does not tell the full story, however. We continue to make progress, albeit slowly, with our 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. As reported earlier, contiguous parcels of undeveloped land outside of major cities in India are extremely difficult to obtain and we are confident that our efforts ultimately will generate significate value for our shareholders. Net assets will increase further once the Company places for cash approximately 2 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. On completion of these transactions, total equity is expected to increase by approximately $24 million at the prevailing market price of the Company's shares. It is also important to remember that the long term development value of the land already today in India is expected to be considerably higher that the initial recognition in the balance sheet.

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

<u>Update Regarding Acquisition of German Businesses</u>

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

IMMAC and HKA are property investment and fund management groups based in Hamburg, Germany owned by Profunda Vermögen GmbH ("Profunda") 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. HKA and IMMAC are active in the development of funds owning healthcare and other properties in Germany, Austria and Ireland with plans to expand investment funds into energy and real estate in the United States.

Since that announcement, Profunda and Arundel have been negotiating the terms of a definitive agreement with respect to the Acquisition which is 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. It was anticipated that an Extraordinary General Meeting of the Company would be held later this year, at which time shareholders would be asked to approve a capital increase of the Company which would empower completion of the Acquisition.

Profunda and Arundel have now agreed that completion of the Acquisition is not feasible prior to the end of 2018 and that both groups need more time to complete all necessary preparatory and regulatory work. Consequently, it is now contemplated that the Acquisition will be completed sometime during 2019. In the meantime, Arundel, IMMAC and HKA will continue to develop joint marketing activities pursuant to the Joint Venture Agreement between the parties which was concluded and announced earlier this year.

As stated earlier, the Company's focus since the time of acquiring RP&C in 2016 has been on the expansion of its investment banking and fund management business. As part of that process, we must transition from our old business and assets, reduce debt and expand sources of revenue. We regard the Acquisition as an important milestone in that process and we look forward to strengthening our co-operation with Profunda and continuing our discussions in furtherance of that goal.

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

Arundel AG

Dr. Volkert Klaucke (Chairman)

Approved by the board: 27 September 2018

MANAGEMENT REPORT ON THE FINANCIAL RESULTS

Financial results

Total revenue from continuing operations for PE Jun18 was $1.2 million compared to $2.0 million for PE Sep17. As mentioned above, the Company is working on several mandates to increase revenue in future financial periods.

Administrative and marketing expenses for PE Jun18 were $3.2 million (PE Sp17 - $3.0 million) with the increase primarily attributable to one-off expenses, including professional costs incurred in respect of the proposed acquisition of IMMAC and HKA.

Finance costs for PE Jun18 were $2.9 million (PE Sep17 - $2.0 million) which included adverse movement in foreign exchange rates of $1.1 million. Cash finance costs reduced by 8.2% primarily reflecting the impact of negotiating a lower rate of interest on a significant portion of the Group's debt in December 2017.

The Company is reporting a net loss from continuing operations of $5.3 million for PE Jun18 compared to a net loss of $1.1 million for PE Sep17.

The balance sheet

At 30 June 2018 the US dollar was 2.5% stronger against the Euro and 2.3% stronger against sterling compared to 31 December 2017, which had a negative impact on the net carrying values of Euro and sterling denominated assets. This was partially offset by a 1.6% strengthening of the US dollar against the Swiss Franc and the resultant positive impact on the carrying value of Swiss Franc denominated liabilities. The adverse movement on the foreign exchange translation reserve at 30 June 2018 was $1.3 million with an additional charge of $1.1 million recognised through the income statement.

Total assets were $189.8 million at 30 June 2018 compared to $215.5 million at 31 December 2017 with $11.5 million of the reduction attributable to the reduced carrying value of the Leipzig Properties which were stated net of estimated costs to sell. The carrying value of the Leipzig Properties and associated assets are reflected at $149.7 million under the heading "Assets of a disposal group classified as held for sale".

Current assets at 30 June 2018 were $4.6 million compared to $14.5 million at 31 December 2017. Current liabilities at 30 June 2018 were $37.8 million compared to $24.9 million at 31 December 2017. Short term borrowings, included in current liabilities, increased to $30.7 million at 30 June 2018 from $9.0 million at 31 December 2017 primarily because the Group's convertible bonds, reflected at $25.0 million at 30 June 2018, are due to be repaid in March 2019. As a result, the bonds have been transferred from long term to short term borrowings at 30 June 2018. These bonds are expected to be repaid from the net proceeds received on the sale of the Leipzig Properties.

Long term liabilities at 30 June 2018 were $46.2 million compared to $158.1 million at 31 December 2017. The primary reasons for the reduction in long term liabilities are the transfer of $86.4 million of liabilities associated with the Leipzig Properties transferred to "Liabilities of a disposal group classified as held for sale" and the transfer of the convertible bonds to current liabilities as mentioned above.

Cash flow

During PE Jun18 the group used $4.1 million in operating activities compared to $2.8 million for PE Sep17. Net cash generated from investing activities totalled $0.2 million for PE Jun18 ($6.9 million – PE Sep17) and net cash generated used by financing activities totalled $5.2 million for PE Jun18 ($3.1 million – PE Sep17), including $1.7 million used to repay capital to shareholders.

Overall the group decreased its net cash and cash equivalents in PE Jun18 by $9.1 million compared to a net increase of $0.9 million in FY Sep17.

Treasury shares

The Company held 178,648 of treasury at 30 June 2018 with a carrying value of $1.2 million (31 December 2017 – 834,386 shares at $5.4 million). In January 2018 the Company released 857,307 shares from treasury to 75% of shareholders that elected to reinvestment proceeds from the par value capital reduction.

Arundel AG

Approved by the board: 27 September 2018

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

Arundel AG
Dr Volkert Klaucke (Chairman)

Further information:
Ralph Beney
Investor Relations Officer
rbeney@arundel-ag.com
Phone: +44 207 766 7000

Interim condensed consolidated financial statements for the period ended 30 June 2018

This document is available at the Company's registered office and by direct link at
https://www.arundel-ag.com/get.php/2018/arundel_group_consolidated_interim_accounts_june_18.pdf
SIX Swiss Exchange – symbol ARON, security number 2217.101, ISIN CH0002271010
Not to be distributed in the United States of America