



ARUNDEL®

Arundel AG
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PRESS RELEASE

5 April 2018

Proposed sale of German investment properties

On 29 March 2018, the Board of Arundel AG (“Arundel” or the “Company”) announced that it had concluded a Heads of Agreement with Profunda Vermögen GmbH (“Profunda”) pursuant to which the Company expects to acquire all of the issued and outstanding shares of two German corporations: IMMAC Holding AG (“IMMAC”) and HKA Hanseatische Kapitalverwaltung AG (“HKA”). Profunda and Arundel are negotiating the terms of a definitive agreement with respect to the merger of the businesses 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 (“EGM”) later this year, shareholders will be asked to approve a capital increase of the Company which will empower completion of the transaction, which is not expected before the fourth quarter of 2018.

In order to position the Arundel 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 (the “Leipzig Properties”), 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. The Company currently expects that the only debt outstanding following a sale of the Leipzig Properties will be approximately \$2.4 million of debt secured against the group’s London property and approximately CHF 25 million of convertible bonds which mature in March 2019. The Company expects to have sufficient cash following the sale of the Leipzig Properties to repay the convertible debt in 2019 if a satisfactory refinancing cannot be negotiated.

A sale of the Leipzig Properties will represent the sale of the group’s entire segment of Investments in Government Tenanted Property (Germany) as detailed in the Company’s last annual report for the year ended 31 March 2017. In that annual report, the Company stated that this segment generated a profit after tax of \$3.3 million with segment assets totalling \$150.7 million and segment liabilities of \$90.3 million.

Dr. Volkert Klauke, the Chairman of Arundel stated:

“The sale of the Leipzig Properties is a logical step in preparing the Arundel group for the merger with IMMAC and HKA. The combined group’s policy will be to deleverage its consolidated balance sheet in order to secure attractive short term bridge financing for the proposed expansion of real estate and energy investment funds described in our earlier press release.”

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)

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