ARUNDEL

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PRESS RELEASE

(*Ad Hoc Announcement Pursuant to Article 53 of the SIX Exchange Regulation Listing Rules*)

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ARUNDEL AG
AUDITED RESULTS ANNOUNCED
FOR THE YEAR ENDED 31 DECEMBER 2021

The Company is pleased to report its results for the year ended 31 December 2021 ("Dec21").

The activities of the Arundel Group (the "Group") have historically 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 advice to various groups which generate fees and investment opportunities.

Financial review

Overall, your Company is reporting a consolidated net loss of $12.1 million for Dec21 compared to a net profit of $11.4 million for the year ended 31 December 2020 ("Dec20"). Approximately $9.4 million of the net loss for Dec21 relates to non-cash items including fair value losses on investment properties, as described below, as well as foreign exchange re-valuations charged in the consolidated income statement and depreciation. Total equity decreased to $22.8 million on 31 December 2021 from $38.3 million on 31 December 2020.

During 2021, 76% of the Company's income was derived from rent and 24% was derived from investment advisory activities which is comparable to the split of income for 2020.

On 31 December 2021, the independent valuation of the Group's investment properties in Germany which are leased to the Government of Saxony (the "Leipzig Properties") decreased to €142.8 million from €148.5 million compared to the end of 2020. This decrease primarily resulted from an increase in 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). In addition, the Euro weakened against the US dollar resulting in further unrealised losses on the net capital invested in the Leipzig Properties.

As detailed below, management is pursuing opportunities to refinance the Group's more expensive debt and to reduce other expenses over the short to medium term to combat uncertainties in the current environment.

Operational review

Key developments during 2021 and early 2022 included the following:

- On 15 December 2021, the Company announced that the maturity date of the Swiss Franc convertible bonds had been extended by five years to 31 March 2027. The group retained the right to repay the bonds earlier and it is the Company's intention to repay the bonds as quickly as possible.

- On 7 January 2022, the Company announced that the Government of Saxony exercised an option to extend the lease on the majority 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 stake in the Leipzig Properties and / or to refinance the senior debt secured on the Properties. On 31 December 2021 the Group's net equity in the Leipzig Properties was approximately $86 million. The exact proportion of equity to be sold will be dependent on developments over the next few months. Alternatively, or in addition, the Group expects to increase senior debt financing secured against the Properties with the current loan to value ratio being 44%. A transaction is expected to be completed prior to the end of 2022. Proceeds of any sale or refinancing would primarily be used to repay debt and to provide working capital.

- The Directors also plan to appoint agents to review optimisation of the Group's other long-term investments in London and India.

- Personnel costs have been reduced across the Group. Most senior executives agreed to reduce their salaries by 20% with effect from 1 January 2021 resulting in savings of more than $200,000 per annum. Overall personnel costs were 14% lower in 2021 compared to 2020. Further reductions are expected in the months ahead.

- Like many companies, the Directors offered more flexible working arrangements for employees in the post pandemic period. The impact of this policy change has allowed the Group to free up space in the London office building for which the UK subsidiary has sought / will seek tenants. One tenant was secured in July 2021 with space leased for an initial one-year term. As mentioned last year, this process is likely to take time as many companies are reviewing how they wish to proceed with their own office space requirements going forward.

- On 27 October 2021, the Company announced that the trial regarding a fundraising conducted by its UK subsidiary in 2011 had concluded and that the Court had determined that the claim was statute barred. On 14 December 2021, the Company announced that the trial Court had denied the Claimant permission to appeal the judgement although the Claimant applied directly to the Court of Appeal. On 12 April 2022 the Claimant's application for permission to appeal was refused by the Court of Appeal which finally resolved the matter. Although the case was dismissed, no costs were awarded which contributed to a significant increase in legal and professional costs during 2021.

- The impact of the Covid-19 pandemic hampered the Group's ability to generate and transact new corporate finance transactions in 2021 due to the disruption of businesses across the world. In addition, limitations created by Brexit and the significant costs associated with maintaining regulated status in the UK resulted in the Company deciding to relinquish its authorisation as a regulated entity in that market. Effective 31 March 2022, the UK subsidiary ceased all regulated activity in the UK.

- During 2021 the Company paused discussions on seeking a strategic partner pending resolution of the litigation and conclusion of the process to relinquish the UK subsidiary's authorisation as a regulated entity.

Management matters

On 31 December 2021 management owned 4,008,743 of the Company's issued share capital which represents 26.5% of the total number of shares in issue, including shares owned by Dr Srinivas who resigned at a director effective 31 December 2021. These holdings remain unchanged from shares held on 31 December 2020.

Dr Srinivas resigned as a Director and Company Secretary of the Company on 31 December 2021. Dr Srinivas also ceased to be a member of the executive management on the same date. Dr Srinivas served as a Director from 2005 and an executive director since 2016. I take this opportunity to thank him for his long service to the Group.

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

Full details of the audited consolidated financial statements for the year ended 31 December 2021 are available at:
https://www.arundel-ag.com/get.php/2022/Arundel_AG_Consolidated_Accounts_Dec_2021.pdf

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Further information concerning the Company is also available from the Company's website at www.arundel-ag.com.

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