ARUNDEL

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PRESS RELEASE

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

19 September 2023

ARUNDEL AG
UNAUDITED RESULTS ANNOUNCED
FOR THE PERIOD ENDED 30 JUNE 2023

CHAIRMAN'S STATEMENT

Arundel AG ("Company") is pleased to report its results for the six months ended 30 June 2023 ("Jun23"). Like other companies, our results continue to be impacted by external events including inflation brought on by the war in Ukraine and rising interest rates. Currency volatility also continues to have an impact on the Arundel Group's results as it primarily holds non-US Dollar assets and reports its results in that currency.

Whilst many market commentators believe that inflation has peaked, the recent rise in oil prices may lead to rising inflation or, at least, a slower fall than previously estimated. As a result, the expectation of lower interest rates has pushed out further with the rate of reductions expected to be modest for the foreseeable future.

The activities of the Arundel Group (the "Group") comprise:

(i) principal investments in selective real estate assets held in Euros, Sterling and Indian Rupees; and
(ii) the provision of un-regulated advice to various groups which generate fees.

While continuing to pursue these areas, your Directors are focusing on those factors over which they have more control such as a reduction in operating costs and the quantum and cost of debt. As previously announced, the Directors decided earlier this year that it was in the interest of shareholders to sell the Group's freehold property in London and to seek a buyer for the Group's development land in India. The sale of the London property already has been announced while the sale of the development land in India could take 6-9 months to complete.

On 22 August 2023 the Company announced that its wholly owned subsidiary Arundel Group Limited ("AGL") had entered into an agreement to sell AGL's office building located at 31A St James's Square, London (the "Property") to a sovereign buyer ("Sovereign) for the purpose of establishing its permanent embassy in London. The purchase price for the Property, net of value added tax, is £14.2 million, representing a selling price of approximately £18,300 (US$23,000) per m². The Sovereign paid a deposit of £710,000 to secure the Property with completion expected before the end of October 2023. Proceeds of the Property's sale, after provision for Capital Gains Tax, will be used to repay approximately $11.2 million of the Group's most expensive debt (and accrued interest) with the balance available for working capital purposes. As a consequence of the sale, the Group expects to save approximately $1.5 million per annum in finance and administrative costs.

Importantly, the sale of the Property and planned sale of the development land in India will eliminate the foreign exchange rate volatility in respect of these assets when translated into the Company's reporting currency.

Financial review

Overall, your Company is reporting a consolidated net loss of $5.3 million for Jun23 compared to a net loss of $5.4 million for the six months ended 30 June 2022 ("Jun22"). The consolidated results reflect fair value losses of $4.9 million on remeasurement of assets to be sold and a net loss on discontinued operations of $1.0 million. As a result, total equity decreased from $13.2 million on 31 December 2022 to $9.5 million on 30 June 2023.

During the first half of 2023, 81% of the Company's revenue was derived from rental income and 19% was derived from advisory activities, compared to 76% and 24%, respectively during the first six months of 2022. Administrative and marketing expenses for the six months ended 30 June 2023 were $2.3 million compared to $3.4 million for the equivalent period in 2022 representing a reduction of 34%, which reflects changes made to the business during 2022. Within administrative expenses, staff costs were 29% lower and professional fees were 52% lower than the comparable period in 2022.

On 30 June 2023, the independent valuation of the Group's investment properties in Germany, which are leased to the Government of Saxony (the "Leipzig Properties"), was €143.5 million compared to €143.9 million on 31 December 2022. However, the Euro strengthened by 1.7% against the US dollar since 31 December 2022 resulting in a positive foreign exchange movement of $2.7 million between reporting dates. This foreign exchange gain was partially offset by an increase in dollar terms of the senior Euro denominated debt secured against the Leipzig Properties.

While increases in global interest rates have impacted asset valuations, the Directors have worked hard over the last few years to restructure the Group's debt, primarily focusing on fixing interest rates and extending maturity dates when required. As a result, approximately 95% of the Group's debt is in fixed-rate instruments, thereby helping to minimize the effect of higher interest rates in the short to medium term. The Group's variable rate debt will be repaid on completion of the sale of the London property. The Group's senior debt secured against the Leipzig Properties matures on 30 September 2024; however, due to the increase in global interest rates, any refinancing will inevitably be at a higher interest rate than currently being charged. Senior debt secured on the Leipzig Properties represents approximately 42% of their most recent appraised value.

Management will continue to reduce other expenses wherever feasible.

Operational matters

Other developments during the first half of 2023 included the following:

- Effective 1 May 2023, the Group appointed a new manager for the Leipzig Properties. The Directors are working closely with the new manager and have commissioned a study to examine the Environmental, Social and Governance ("ESG") measures that could be implemented to improve the properties in consultation with the tenant.
- Effective 1 May 2023, the Group signed a new mandate with a German advisory group to explore the sale of a stake in the Leipzig Properties with any sale proceeds primarily to be used to repay debt. Unfortunately, increases in inflation and interest rates have affected prospective investors' ability and/or appetite to invest at this time. The exact proportion of equity to be sold and the timing of any sale will be dependent on developments over the next few months.
- The Group is working on a plan to transfer its US regulated subsidiary to a third-party joint venture in which the Group owns a 50% interest. This transfer already has led to a reduction in costs but means that the Group will no longer have direct involvement in the joint venture's operational activities.

As indicated above, the Company continues to evaluate its assets in view of prevailing market conditions. The Directors believe that the current strategy of asset sales, reduction of debt and other cost savings is the best way to rationalize the Company's activities for the immediate future.

Management shareholdings

On 30 June 2023 management owned 2,180,166 of the Company's issued share capital which represents 14.4% of the total number of shares in issue. These holdings remain unchanged from shares held by them on 31 December 2022.

We look forward to reporting on future developments.

Arundel AG

David P. Quint (Chairman)

Approved by the board: 19 September 2023

Full details of the audited consolidated financial statements for the period ended 30 June 2023 are available at:

http://www.arundel-ag.com/get.php/2023/Arundel_Group_Consolidated_Interim_Accounts_June_2023.pdf

Arundel AG

David Quint (Chairman)

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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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