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## **PRESS RELEASE – Sale of London Office Building**

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

22 August 2023

Arundel AG (the “Company”) is pleased to announce that its wholly owned subsidiary Arundel Group Limited (“AGL”) has today 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 VAT, is £14.2 million, representing a selling price of approximately £18,300 (US\$23,300) per m<sup>2</sup>. AGL expects to receive additional proceeds for various furnishings and works of art, which will be sold at auction. The Sovereign has paid a deposit of £710,000 to secure the Property with completion expected within 60 days.

At the time of publishing its Annual Report for 2022, the Company stated that AGL had appointed an agent to review optimisation of the Property. Options included a sale or retention of the Property for letting to third parties. After careful consideration, it was viewed as more cost effective to sell the Property now as its retention for additional rental income would require significant capital expenditure to provide for energy efficiency and other enhancements.

Importantly, interest rates have continued to rise as inflation has remained stubbornly high in the UK. Accordingly, many fund managers are continuing to cut their allocations to commercial property in the UK. Several commentators believe that the Central London office market will remain under pressure for the foreseeable future as a result of higher interest rates, the impact of BREXIT on the UK economy, post-pandemic remote working practices and an anticipated spike in new office space coming to market in developments started several years ago. In addition, the foreign exchange volatility between sterling and the US Dollar could have a significant adverse impact on future proceeds expressed in the Company’s reporting currency.

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 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 year in administrative and finance costs.

Since the onset of the pandemic in 2020, AGL has relinquished its regulated status in the UK and reduced staff costs. As a result of these efficiencies and the ability of its remaining staff to largely work remotely, the Company foresees no diminution in its operational effectiveness. AGL plans to lease some modest serviced office space in London for the immediate future.

Further details regarding completion will be provided in due course.

Further information concerning the Company is available from the Company's website at [www.arundel-ag.com](http://www.arundel-ag.com).

**Arundel AG**

David Quint (Chairman)

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Ad hoc publicity

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