ARUNDEL

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PRESS RELEASE

24 July 2017

ARUNDEL AG
FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2017

CHAIRMAN'S STATEMENT

The Company is pleased to report its audited consolidated financial results for the year ended 31 March 2017 ("FY17"), a period of significant transition and development. Our most noteworthy accomplishments included:

- the acquisition of the RP&C International ("RP&C") group in October 2016;
- the completion in November 2016 of a lease extension in respect of the group's German investment properties (the "Leipzig Properties");
- the commencement of a share placement for cash between November 2016 and March 2017;
- entering into an agreement in March 2017 with Vega Energy Partners Ltd ("Vega") regarding joint development of various energy infrastructure opportunities;
- the restructuring of $21.6 million of subordinated debt linked to the Leipzig Properties and $24.0 million of other working capital loans in March 2017; and
- the payment of CHF 0.50 per share to shareholders through a par value capital reduction in January 2017.

The acquisition of RP&C

On 4 October 2016, the Company completed the acquisition of RP&C in exchange for approximately 2.0 million shares of the Company and a promissory note for $1.4 million. Gross and net assets totalling $41.6 million and $19.4 million, respectively, were acquired as detailed in note 26 to the Consolidated Financial Statements. Contemporaneously with this acquisition the Company changed its name to Arundel AG ("Arundel") which signalled the Company's transition from an investment holding company to a more broadly based investment and financing group that intends to expand its investment and advisory capabilities in all markets where RP&C historically has operated.

The acquisition of RP&C marked an important milestone for the Company as it involved the addition of a valuable freehold property in a prime area of London as well as a financial services capability built on a 24 year period of operations. The acquisition also internalised expertise, which is expected to increase income generation over the medium term. David Quint and Dr Srinivas already served as directors of the Company; however, following completion of the acquisition, Ralph Beney became the Group's Chief Financial Officer and Richard Borg became the Group's General Counsel and Compliance Officer. Following completion of the acquisition, management owns approximately 25.4% of the Company's issued share capital.

The Arundel group's activities now comprise:

(i) principal investments in selective assets in conjunction with highly regarded partners;
(ii) the financing of investment opportunities from which the Company can generate fees and carried interests; and
(iii) the provision of investment advice to various groups which will generate fees and investment opportunities.

Lease Extension of the Leipzig Properties

On 14 November the Company entered into an agreement ("Lease Extension") to extend the lease of the Leipzig Properties with the Government of Saxony (Covenant Strength = AAA) which was due to expire on 31 March 2020. Pursuant to the Lease Extension, the tenant has committed to a 30 year lease of the Records Bureau (constituting approximately 15% of the total area) and a lease of the balance of the space until 30 June 2025 (with two 3 year renewal options). The weighted average lease term for the Leipzig Properties is now approximately 12 years. The present rent of €9.4 million p.a. will continue until 1 September, 2017 at which time a new annual rent of €6.25 million p.a. will be payable, reflecting current market levels.

The Leipzig Properties continue to produce strong operational cash flow which has been used to reduce associated debt by approximately $6 million per year. In June 2016, the Company completed a $21.6 million re-financing of subordinated debt secured against the Leipzig Properties on more favourable terms thereby reducing future financing costs.

Placement of shares

In December 2016 the Company announced an agreement with one of its shareholders whereby shares conditionally placed with that shareholder in January 2016 can be sold for cash to new investors in substitution for a second land parcel in India that was to be delivered by the shareholder. Between late 2016 and March 2017 the Company placed approximately 713,000 of those shares in exchange for approximately $5.7 million of cash. The Company is seeking to place a total of approximately 3.8 million shares with new investors in the months ahead. The proceeds of those placements will be used for new investment opportunities in the energy infrastructure sector in the US and to augment general working capital.

Agreement with Vega

On 31 March 2017 the Company announced that it had entered into an agreement with Vega pursuant to which the Company will have the right to invest in certain energy infrastructure assets and natural gas trading activities in the USA and internationally. Vega is a privately held company based in Houston, Texas which through its principals and predecessor companies has been engaged in the management, optimisation and development of natural gas assets for more than 25 years.

The agreement with Vega is expected to be a significant driver of income for the group over the medium term both through principal investments and from fees generated as the Company sources third party capital for Vega.

Members of management have a high level of experience in the energy sector in the USA and believe that this asset class is attractive and very scalable over the medium to longer term.

Debt restructuring

On 31 March 2017 the Company restructured approximately $46 million of working capital facilities which were due to be repaid between 31 March 2017 and 31 December 2017. The interest rate on the various facilities was reduced by a fifth to 5% per annum and the maturities were extended to periods between 31 December 2018 and 30 June 2019.

Management believes that the Company has a stable lender base which will ensure that it can manage its working capital requirements as it enters into new investment opportunities.

Other activities

During the year, your Company made further progress with its acquisition of the land parcel outside of Chennai, India which should provide development opportunities and capital appreciation in the years ahead.

Financial Results

The Company is reporting a net loss of $6.9 million for FY17 compared to a net loss of $10.5 million for FY16. It is important to note, however, that there are a number of non-cash and one off charges included in our results. If these items were excluded, the net loss for FY17 would be approximately $2.5 million (FY16 - $2.9 million).

Our financial results are explained in more detail in the management report presented after this statement.

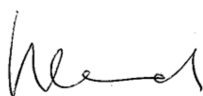
Business development

Management intends to grow the Company both organically and through acquisitions over the medium term. Its main focus will be to increase the size and scale of the Company's activities across its core areas which involve real estate and energy. Management is currently reviewing an opportunity to acquire a third party, primarily for shares, which has a complimentary business to the Company's activities. If the acquisition is completed, the combined company would significantly increase operational cash flow and management and provide an attractive platform for further growth. Management will also consider acquiring additional assets, primarily in exchange for shares, to further increase the operational income of the group.

Overall, your Company is pleased with its progress during the current financial year and further progress is expected during FY2018. As a consequence, management is proposing a further par value capital reduction ("PVCR") of CHF 0.50 per share at the Company's Annual General Meeting ("AGM") which is scheduled for 19 September in Zurich. The Company will also offer an opportunity for shareholders to reinvest the proceeds of the PVCR to purchase treasury shares from the Company.

We look forward to seeing you at the AGM.

Arundel AG



Dr. Volkert Klaucke (Chairman)

Approved by the board: 24 July 2017

MANAGEMENT REPORT ON THE FINANCIAL RESULTS

Financial results

The Company is reporting a net loss of $6.9 million for FY17 compared to a net loss of $10.5 million for the year ended 31 March 2016 ("FY16"). Our results are stated after a number of non-cash items, which include adverse movements in foreign exchange rates ($2.4 million), adverse fair value adjustments to investment properties ($0.9 million), amortisation and depreciation charges ($1.2 million) and one off charges ($0.8 million). If these amounts were excluded your Company's reported loss would be $2.5 million (FY16 - $2.9 million).

Total revenue from continuing operations for FY17 was $11.5 million compared to $10.4 million for FY16. This revenue comprised rental income from the Leipzig Properties of $10.3 million (FY16 - $10.4 million) and investment advisory income of $1.1 million which arose from RP&C's activities in the second half of FY17 (FY16 – nil).

The net loss for FY17 is stated after a non-cash reduction in the fair value of the Leipzig Properties of $0.9 million (FY16 – $4.6 million). Administrative expenses for FY17 were $7.3 million (FY16 - $6.6 million) with the increase attributable to the consolidation of costs associated with RP&C for the second half of FY17 (nil in FY16) and additional professional fees linked to the acquisition of RP&C. Finance costs for FY17 were $11.6 million (FY16 - $10.5 million), including a negative movement in foreign exchange rates of $2.4 million (FY16 – nil).

The Company recognised a gain of $1.5 million on the fair value of the net assets acquired from RP&C compared to the market value of the shares and promissory note issued to RP&C's shareholders on the date the acquisition completed.

The balance sheet

Total assets equalled $193.5 million at 31 March 2017 compared to $189.1 million at 31 March 2016. The Leipzig Properties were independently valued at €134.4 million ($143.7 million) at 31 March 2017 compared to €135.2 million ($153.5 million) at 31 March 2016. The decrease in value reflected adverse movements in the US Dollar/Euro exchange rate between reporting dates. While there was a corresponding positive foreign exchange movement on the recognition of Euro denominated debt of $4.6 million, the net negative movement on the foreign exchange translation reserve during FY17 was $1.8 million. It should be noted that the Euro strengthened against the US Dollar since the end of FY17 and the majority of these adverse movements relating to changes in foreign exchange rates would be reversed if the Euro assets and liabilities were revalued today. At 31 March 2017

non-current assets were reduced by $18.7 million compared to the balance at 31 March 2016 in respect of the removal of a provision for development rights offset by a corresponding reduction in long term liabilities in the same amount.

Current assets at 31 March 2017 were $21.2 million compared to $13.3 million at 31 March 2016 with the increase largely attributable to increases in restricted cash of $6.7 million and payments to third parties in relation to the acquisition of development rights of $3.0 million. The restricted cash will be used to reduce the junior debt facility secured by the Leipzig properties in September 2017.

Current liabilities at 31 March 2017 were stated at $23.9 million compared to $41.5 million at 31 March 2016 with the decrease primarily reflecting the restructuring of working capital facilities during the year and recognition of trade payables acquired from RP&C.

Long term liabilities at 31 March 2017 were $141.0 million compared to $120.3 million at 31 March 2016 with the increase reflecting the restructuring of working facilities offset by the removal of the provision for costs associated with development rights as noted above.

In June 2016 the Company extended by one year the maturity of $7.0 million of short term borrowings. Management remains confident that the remaining short-term borrowings can be refinanced with existing lenders when they fall due.

Cash flow

During FY17 the group used $3.2 million from operating activities (FY2016 – generated $1.7 million). The group generated net cash of $11.5 million from financing activities (FY16 - $0.7 million) whilst using net cash of $9.9 million in investing activities (FY16 - $2.2 million), including borrowing $6.25 million which will be used to repay the junior debt secured against the Leipzig properties in September 2017.

Treasury shares

The Company held 247,772 of its shares in treasury at 31 March 2017 at a carrying value of $1.6 million (31 March 2016 - 1,341,458 shares at $13.4 million). These shares are available for issuance in exchange for cash.

Following delays with regulatory approvals in connection with development land in India and the emergence of other attractive opportunities subsequent to the acquisition of RP&C, a shareholder has agreed that shares, which had been conditionally issued to it in exchange for a second parcel of development land in India, can be sold for cash with proceeds substituted on a pro rata basis for the land it was committed to deliver to the Company. The Company is pursuing placement of these shares in order to providing additional working capital for the group.

Return of capital

At the annual general meeting of shareholders held on 27th September 2016, shareholders approved the Board's recommendation of a capital distribution, in cash, by way of a par value capital reduction ("PVCR") of CHF 0.50 per Share which occurred on 11 January 2017. Approximately 75% of shareholders elected to reinvest the proceeds into shares of the Company.

As a result of the matters referred to above, total equity increased from $27.3 million at 31 March 2016 to $28.6 million at 31 March 2017. The increase primarily reflects the acquisition of RP&C less the reported loss of $6.9 million, the negative net movement in foreign exchange rates of approximately $1.8 million and $7.5 million attributable to the PVCR. Total equity will increase once the Company is able to reflect the value of its investment in Indian land under IFRS and the placement of the Company's shares for cash as discussed above.

Arundel AG

Approved by the Board 24 July 2017

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

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Financial results for the year ended 31 March 2017

This document is available at the Company's registered office and by direct link at [http://www.arundel-ag.com/get.php/uploads/2017/Arundel-AG-2017-Annual-Report.pdf]

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