



# ARUNDEL

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## PRESS RELEASE

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

29 April 2024

### **ARUNDEL AG** **AUDITED RESULTS ANNOUNCED** **FOR THE YEAR ENDED 31 DECEMBER 2023**

#### **CHAIRMAN'S STATEMENT**

The Company is reporting its results for the year ended 31 December 2023 ("Dec23").

During 2023, the activities of the Arundel Group (the "Group") comprised:

- (i) The maintenance (and partial disposal) of the Group's investment properties; and
- (ii) the provision of unregulated advice to various groups to generate fees.

#### **Global factors**

During 2023, global inflationary pressures started to ease but this is yet to be reflected in government bond yields or bank interest rates. While the direction of travel is more encouraging than a year ago, the effect of higher global interest rates has had a significant impact on your Company's results.

#### **Financial review**

Overall, your Company is reporting a consolidated net loss of \$16.5 million for Dec23 compared to a net loss of \$3.3 million for the year ended 31 December 2022 ("Dec22"). The results for Dec23 include:

- A loss on the disposal of the London freehold property in October 2023 of \$4.75 million. As previously announced, the value of central London offices has remained under pressure as a result of higher interest rates, the impact of BREXIT and post pandemic working practices. After a strategic review, it was considered more cost effective to sell the London property than to invest significant capital to provide for energy efficiency and other enhancements necessary for letting the property long-term to third parties. Net sale proceeds were used to repay \$11.2 million of the Group's most expensive loans, which were due for repayment between March and June 2024. As a result of the sale, the Group will save approximately \$1.5 million per annum in finance and administrative expenses.
- A non-cash provision of \$12.8 million against the carrying value of the Group's investment in the Leipzig Properties as of 31 December 2023. Whilst the methodology applied by the Leipzig Properties' independent valuer was consistent with past practice and had resulted in a fair value loss on 31 December 2023, the directors decided to increase the fair value loss to give greater weight to volatility in the market and the lack of comparable transactional evidence. The directors expect this volatility will reduce in the months ahead as inflationary pressures continue to ease and interest rates begin to decline; however, there can be no guarantee when or if improvements will occur.
- A non-cash provision of \$2.0 million against the carrying value of the Group's investment properties in India reflecting a further decrease in the value of the rupee and the amount of time a sale is requiring. As previously announced, sale proceeds will be used to repay debt and to provide additional working capital.

As a result of the foregoing, total equity decreased from \$13.2 million on 31 December 2022 to a net deficit of \$1.4 million on 31 December 2023. The non-cash impact of fair value adjustments, provisions for the sale of assets and net adverse movements relating to changes in foreign exchange rates accounted for \$15.4 million of the reduction in net assets.

For many years the Group has held net assets in Euros, Sterling and Indian rupees and net liabilities in US dollars and Swiss Francs. Accordingly, the Group's results have been susceptible to changes in the foreign exchange markets and will remain so until its operations can become more streamlined.

As detailed below, management continues to reduce expenses, streamline operations, pursue strategies to repay the Group's most expensive debt and to focus on the enhancement of the Group's Leipzig Properties where values are greatest and most impactful.

### **Operational review**

Key developments during 2023 and early 2024 included the following:

- In 2023, the Group appointed an agent to review optimisation of its freehold property in London. On 5 October 2023 the Group completed its sale for a gross selling price of \$20.8 million (including VAT). Proceeds were used to repay debt and to provide working capital. As a result of the sale, the Group further reduced personnel numbers and, following the sale, moved into a small, serviced office in London.
- In April 2023, the directors decided to sell the Group's development land in India. Efforts have not yet proved fruitful but the sale process is expected to be completed before the end of 2024.
- In November 2023, the Company announced that it would consult with its largest shareholders and holders of the Group's Swiss Franc convertible bonds (the "Notes") about the prospect of de-listing the Company's registered shares from the SIX Swiss Exchange as part of the strategy to further reduce operational expenses. Following a positive response from the largest shareholders, the directors will propose resolutions to de-list the Company's shares at the Annual General Meeting which is scheduled to be held in late May.
- In December 2023, the Company announced that it had reached agreement with a significant creditor and shareholder of the Company, to convert a portion of the Group's debt into 3 million shares of the Company at a price of CHF 1 per share, by way of a share capital increase against a set-off of approximately \$3.4 million of debt.
- In February 2024, the Company announced that it had procured the consent of the required majority of third-party noteholders to amend the terms and conditions of the Notes with effect from 1 March 2024, to eliminate the convertibility of the Notes into shares of the Company. All other principal terms and conditions of the Notes remain the same.
- Early this year, the directors decided to liquidate the Group's US regulated subsidiary which will further reduce costs and de-risk the Group's activities. The liquidation is expected to be completed during the course of 2024.
- The directors are presently reviewing options to improve the environmental impact of the Leipzig Properties by working with the tenant to improve the Properties in exchange for revised lease terms for the benefit of both parties.
- The Group has commenced discussions with the lender currently secured by the Leipzig Properties in respect of refinancing the current five-year facility which matures on 30 September 2024. The Group will have repaid approximately 10.4% of the original borrowing (€65 million) by 30 September 2024 and the directors are confident that a refinancing will be completed prior to this date. It should be noted that rising global interest rates will mean that the prospective interest rate is likely to be significantly higher than the interest rate on the current facility.

### **Management matters**

On 31 December 2023 management owned 2,180,166 of the Company's issued share capital representing 12.0% of the total number of shares in issue. These holdings remain unchanged from shares held on 31 December 2022.

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 2023 are available at:

[https://www.arundel-ag.com/get.php/2024/Arundel AG report and accounts 2023 final.pdf](https://www.arundel-ag.com/get.php/2024/Arundel%20AG%20report%20and%20accounts%202023%20final.pdf)

### **Arundel AG**

David Quint (Chairman)

### **Further information:**

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Arundel AG      Registered in Switzerland No: CH-020.3.922.903-6      Registered Office as above

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

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