



## **PRESS RELEASE**

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## **USI GROUP HOLDINGS AG Annual Report 2007**

The Company is pleased to report its financial results for the year ended 31 December 2007.

Our results reflect two significant transactions during the year. On 26 March 2007, the Company reduced the holding in its subsidiary, Public Service Properties Investments Limited (“PSPI”) from 100% to 25% of the enlarged share capital through the placement of £75 million of equity, principally to institutional investors at an equivalent of CHF 200 per share (nominal value CHF 95.55 per share). At the same time, the shares of PSPI were admitted to the Alternative Investment Market (“AIM”) of the London Stock Exchange. Our results for the 2007 therefore reflect a net profit from discontinued operations of CHF 4.6 million covering the period from 1 January 2007 to 26 March 2007 and a share of profit from associates of CHF 2.4 million covering the period from 27 March 2007 to 31 December 2007.

On 21 December 2007, the Company agreed to acquire 94.9% of a partnership which owns four buildings in Leipzig, Germany leased to the Free State of Saxony (the “Properties”). The Properties were constructed in 1995 and leased until 31 March 2020 to the Free State of Saxony (Covenant strength AAA), which has the right to extend the lease for an additional period of 5 years. Annual rent payable under the lease is currently €8.9 million. The purchase price for this acquisition was €166 million, which was principally financed by a €21 million senior debt facility from Royal Bank of Scotland plc – Niederlassung, Frankfurt which was concluded on 4 January 2008. The Properties were valued by independent valuers at 31 December 2007 at €182.43 million and the Company recognised fair value gains of CHF 24.4 million with a corresponding deferred taxation charge of CHF 3.9 million. The deferred tax provision is a non cash item and would only crystallise on disposal of the Properties. Net profit for the year before the provision of deferred tax was CHF24.9 million, which represents a 16.4% return on shareholders’ equity.

Gross assets at 31 December 2007 were CHF 449 million. Investment property at the end of 2007 totalled CHF 302 million, investment in associates was CHF 59 million and cash

on hand was CHF 88 million, the majority of which was used in financing of the acquisition of the Properties.

Shareholders' funds at 31 December 2007 were CHF 158 million compared to CHF 152 million at 31 December 2006, after a capital distribution to shareholders was paid in August 2007 in the amount of CHF 8.90 per share. At the same time, the Company offered shareholders the right to subscribe for new shares up to the amount of the capital distribution. As a result, the Company issued 22,754 new shares at CHF 189 per share (nominal value CHF 86.65 per share), which equates to 61% of the capital distribution being reinvested into the shares of the Company. The Company will propose a further distribution to shareholders at the rate of CHF 8.90 per share at the Annual General Meeting to be held on 27 May 2008.

The disposal of a majority interest in PSPI and the acquisition of the Properties were both concluded at a time of difficult market conditions, particularly for companies operating in the real estate sector. We are pleased to have concluded both transactions and believe that they are value enhancing for our shareholders. The Company continues to evaluate further investment opportunities in real estate which is leased, on a long term basis, to tenants whose cash flow is primarily generated, directly or indirectly, from governmental sources. Our objective is to focus on those opportunities that offer predictability and sustainability of cash flow, preservation of capital and potential for further capital appreciation.

Full details of the Company's board members and other relevant information are available from the Company's website at [www.usigroupholdings.ch](http://www.usigroupholdings.ch).

### **USI Group Holdings AG**

Dr. iur. V. Lanfranconi (Chairman)

Approved by the board: 25 April 2008

### **Further information:**

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### **2007 Annual Report**

The document is available at the Company's registered office and at [www.usigroupholdings.ch](http://www.usigroupholdings.ch)

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