USI ®

PRESS RELEASE

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USI Group Holdings AG
Interim Report 2009

The Company is pleased to report its financial results for the six months ended 30 June 2009. While market conditions remain challenging and volatile, the Company's high quality assets and modest leverage have helped it to avoid the adverse impact on asset valuations which has affected other sectors of the property market.

Our results encompass the Company's 94.9% investment in four buildings in Leipzig, Germany leased to the Free State of Saxony (the "Properties") and a 25.16% investment in Public Service Properties Investments Limited ("PSPI"), a company listed on the AIM segment of the London Stock Exchange which invests in real estate in the UK, Germany, Switzerland and the US with an emphasis on the healthcare sector.

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 and it is adjusted periodically to take account of inflation. The purchase price for this acquisition was €166 million, which was principally financed by a €121 million senior debt facility from Royal Bank of Scotland plc – Niederlassung, Frankfurt ("RBS") which was concluded on 4 January 2008 based on a valuation for RBS of €182.4 million. At 30 June 2009, the Properties were valued for the Company by independent valuers within a range of €183.9 million to €186.3 million. The Company has valued the Properties at the lower end of this range which is CHF 2.2 million higher than the valuation used at 31 December 2008.

The Company reported in its 2008 Annual Report that RBS commissioned a second valuation of the Properties in December 2008, shortly after their purchase and, as a result, claimed that the Company was no longer in compliance with the loan to value covenant contained in the senior debt facility. The Company believe that the second valuation conducted for RBS was overly conservative; however, the Company agreed to repay a portion of the facility to cure the non-compliance. In June 2009, the Company raised €9.5 million of second mortgage financing secured on the Properties which allowed the Company to repay €10.6 million of the senior debt to the RBS syndicate in July 2009. The Company intends to pay down a further €4 million in October 2009 which will cure the non-compliance issue.

The Company believes that the replacement cost of the Properties on expiration of the lease would be in excess of €180 million. As a result, the Company is very pleased with the investment and believes that the Properties would offer excellent value to the Company's shareholders.

The Company's other investment, PSPI, owns 39 care homes in the UK, 14 care homes in Germany, a clinic in Switzerland and a portfolio of properties leased to the US Postal Service in the US. PSPI's gross and net assets at 31st December 2008 were reported at CHF 462 million and CHF 158 million, respectively. For 2008, PSPI continued to pay cash dividends, fully covered by cash earnings, at the rate of 6 pence per share which yielded approximately CHF 1.75 million to the Company.

Sterling and the Euro appreciated against the Swiss Franc by 15.2% and 2.4%, respectively, between the end of 2008 and 30th June 2009. The positive foreign exchange effect is primarily reflected through a CHF 7.6 million improvement in the translation reserve in the Company's equity statement.

The Company's operating profit for the period ended 30 June 2009 was CHF 7.5 million (30 June 2008 – CHF 5.4 million). Its share of profit of associates was stated at 1.9 million (2008 – CHF 2.7 million). Total expenses for the period were CHF 10.9 million (2008 - CHF 10.0 million) which included administrative expenses of CHF 1.9 million (2008 - CHF 2.2 million) and finance expenses of CHF 9.0 million (2008 – CHF 7.9 million). Administrative expenses included management fees of CHF 1.1 million (2008 – CHF 1.4 million) and other professional and property related expenses of CHF 0.8 million (2008 – CHF 0.8 million). Finance expenses included mortgage interest of CHF 6.1 million (2008 – CHF 6.4 million), amortised borrowing expenses of CHF 1.0 million (2008 - CHF 1.0 million) and mark to market effects on the interest rate swap associated with RBS facility of CHF 1.0 million (2008 – nil).

Excluding adjustments for non cash and one off items, the Company's net profit for the period would have been CHF 1.2 million (2008 – CHF 1.0 million).

Gross assets at 30 June 2009 were CHF 394.2 million (CHF 364.7 million at 31 December 2008). Investment property at 30 June 2009 totalled CHF 280.3 million (2008 – CHF 271.4 million) and Investment in associates was CHF 46.1 million (2008 – CHF 39.9 million) as a result of improvements in valuation and the positive effect of foreign exchange movements. Net leverage, which represents long and short term borrowings less cash, as a percentage of non-current assets was 68.4% (69.4% at 31 December 2008) and, in the Board's opinion, remains reasonable given the quality of the underlying assets owned by the Company.

Total Equity at 30 June 2009 equalled CHF 123.6 million compared to CHF 117.6 million at 31 December 2008. The increase is largely due to foreign currency translation gains which has resulted in the deficit on the translation reserves improving from CHF 27.6 million at 31 December 2008 to CHF 19.9 million at 30 June 2009. This improvement is partially offset by an increase in the deficit on the cash flow hedging reserve from CHF 5.5 million to CHF 6.6 million for the comparable periods. Reserve movements are non cash items and the Company's main assets are supported by and hedged by cash flows and borrowings in the same currency. The Company continually monitors its foreign currency exchange exposure and will consider hedging as appropriate.

The Company made a further capital distribution to shareholders of CHF 8.90 per share in August 2009. In conjunction with the capital distribution, the Company offered shareholders the right to subscribe for new shares at CHF 110 per share which resulted in the issuance of 45,001 new shares, equal to 70% reinvestment and continued support for the Company's investment policy. The Company has also announced that it will offer up to 149,175 new shares at a price of CHF 110 per share in a rights issue due to be completed by mid October 2009.

Full details of the Company's board members and other relevant information are available from the Company's website at www.usigroupholdings.ch.

USI Group Holdings AG

Dr. iur. V. Lanfranconi (Chairman)
Approved by the board: 9 September 2009

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2009 Interim Report
The document is available at the Company's registered office and at www.usigroupholdings.ch

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