USI

USI GROUP HOLDINGS AG

INTERIM REPORT 2009

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COMPANY INFORMATION

DIRECTORS

Dr. iur. Victor Lanfranconi (Executive Chairman)
Dr. Robert Bider (Non-Executive)
Mr. Armin Hilti (Non-Executive)
Dr. Volkert Klaucke (Non-Executive)
Mr. William Vanderfelt (Non-Executive)
Mr. David Quint (Executive)
Dr. Doraiswamy Srinivas (Executive)

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Dr. Doraiswamy Srinivas

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USI

CHAIRMAN'S STATEMENT

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

USI GROUP HOLDINGS AG
CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2009

	Note	Period to 30 June 2009 CHF	Period to 30 June 2008 CHF
Revenue		6,655,926	7,223,666
Fair value gain on investment properties	7	2,197,636	-
Administrative expenses	4	(1,903,157)	(2,156,429)
Other Expenses		7,101	(28,717)
Net Finance Income	5	520,477	335,041
Operating profit		7,477,983	5,373,561
Net Finance Costs	6	(8,957,710)	(7,868,952)
Share of profit of Associates	8	1,868,829	2,740,933
Profit before income tax		389,102	245,542
Income tax expense		(351,622)	-
Profit for the period		37,480	245,542
Attributable to:			
Equity holders of the Company		37,480	245,542
Basic earnings per share (CHF per share)	3		
Continued operations earnings per share		0.05	0.31
		0.05	**0.31**
Diluted earnings per share (CHF per share)	3		
Continued operations earnings per share		0.05	0.29
		0.05	**0.29**

The notes on pages 9 to 17 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED BALANCE SHEET (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE 2009

	Note	30 Jun 2009 CHF	31 Dec 2008 CHF
ASSETS			
Non current assets			
Investment Property	7	280,317,122	271,428,571
Investments in Associates	8	46,145,216	39,855,735
		326,462,338	311,284,306
Current assets			
Receivables and prepayments		41,674,116	40,620,131
Cash		26,054,295	12,797,029
		67,728,411	53,417,160
Total assets		394,190,749	364,701,466
EQUITY			
Capital and reserves			
Share Capital	10	64,619,736	64,619,736
Share Premium	10	5,691,010	5,691,010
Treasury Shares		(1,228,020)	(664,533)
Translation reserve		(19,976,124)	(27,613,268)
Retained Earnings		81,090,144	81,052,664
Cashflow Hedging Reserve		(6,590,031)	(5,523,664)
Total Equity		123,606,715	117,561,945
LIABILITIES			
Non current liabilites			
Borrowings	9	29,926,919	15,369,549
Derivative financial instruments - swaps and options		8,922,661	6,304,872
Deferred Taxation		3,107,765	2,817,594
Other financial liability		3,802,759	3,699,447
		45,760,104	28,191,462
Current liabilities			
Trade and other payables		59,118	59,152
Borrowings	9	219,542,308	213,493,865
Accruals		5,077,610	5,297,721
Derivative financial instruments - warrants		144,894	97,321
		224,823,930	218,948,059
Total liabilities		270,584,034	247,139,521
Total equity and liabilities		394,190,749	364,701,466

The notes on pages 9 to 17 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED CASH FLOW (UNAUDITED)
FOR THE PERIOD ENDED 30 JUNE 2009

	Period to 30 June 2009 CHF	**Period to 30 June 2008 CHF**
Cash flow from operating activities		
Cash generated / (used) by operations	3,886,679	4,770,721
Interest paid	(6,116,349)	(5,398,832)
Net cash used by operating activities	(2,229,670)	(628,111)
Cash flow from investing activities		
Purchase of investment property	-	(263,488,020)
Investment in short term deposits greater than three months	-	(40,640,000)
Dividends Received	1,167,273	1,386,287
Interest received	275,629	1,200,927
Net cash generated / (used in) investing activities	1,442,902	(301,540,806)
Cash flow from financing activities		
Purchase of treasury shares	(563,487)	(352,309)
Proceeds from borrowings	14,307,885	234,920,601
Net cash (used) / generated by financing activities	13,744,398	234,568,292
Increase/(Decrease) in cash and cash equivalents	12,957,630	(67,600,625)
Movement in cash and cash equivalents		
At start of period	12,797,029	87,515,075
Increase/(Decrease)	12,957,630	(67,600,625)
Foreign currency translation adjustments	299,636	(2,874,187)
At end of period	26,054,295	17,040,263

The notes on pages 9 to 17 form part of these financial statements.

USI GROUP HOLDINGS AG
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2009

	Period Ended 30 June 2009 CHF (unaudited)	Period Ended 30 June 2008 CHF (unaudited)
Profit for the period	37,480	245,542
Other comprehensive income		
Cash flow hedges - net	(1,066,367)	679,052
Currency translation differences	7,637,144	(8,395,447)
Other comprehensive income for the period - net	**6,570,777**	**(7,716,395)**
Total comprehensive income for the period	6,608,257	(7,470,853)
Attributable to:		
Equity holders of the Company	**6,608,257**	**(7,470,853)**

The notes on pages 9 to 17 form part of these financial statements.

USI GROUP HOLDINGS AG
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDING 30 JUNE 2009

	Share capital CHF	Share premium CHF	Retained earnings CHF	Cashflow hedging reserve CHF	Treasury shares CHF	Translation reserve CHF	Total Equity CHF
Balance as of 1 January 2008	69,385,681	3,309,033	86,408,147	859,958	-	(1,862,201)	158,100,618
Cash flow hedges - net	-	-	-	2,679,052	-	-	2,679,052
Foreign currency translation	-	-	-	-	-	(8,395,447)	(8,395,447)
Net income/(expense) recognised directly in equity	-	-	-	2,679,052	-	(8,395,447)	(5,716,395)
Profit for the half-year	-	-	245,542	-	-	-	245,542
Total recognised income for the half-year 30 June 2008	-	-	245,542	-	-	-	245,542
Purchase of own shares	-	-	-	-	(352,309)	-	(352,309)
Balance as of 30 June 2008	69,385,681	3,309,033	86,653,689	3,539,010	(352,309)	(10,257,648)	152,277,456
Cash flow hedges – net	-	-	-	(9,062,674)	-	-	(9,062,674)
Foreign currency translation	-	-	-	-	-	(17,355,620)	(17,355,620)
Net income/(expense) recognised directly in equity	-	-	-	(9,062,674)	-	(17,355,620)	(26,418,294)
(Loss)/profit for the half-year	-	-	(5,601,025)	-	-	-	(5,601,025)
Total recognised income for the half-year 31 Dec 2008	-	-	(5,601,025)	(9,062,674)	-	(17,355,620)	(32,019,319)
Purchase of own shares	-	-	-	-	(312,224)	-	(312,224)
Par value capital reduction	(7,126,746)	-	-	-	-	-	(7,126,746)
Issue of new shares	2,360,801	2,467,075	-	-	-	-	4,827,876
New issue costs	-	(85,098)	-	-	-	-	(85,098)
Balance as of 31 December 2008	64,619,736	5,691,010	81,052,664	(5,523,664)	(664,533)	(27,613,268)	117,561,945
Cash flow hedges - net	-	-	-	(1,066,367)	-	-	(1,066,367)
Foreign currency translation	-	-	-	-	-	7,637,144	7,637,144
Net income/(expense) recognised directly in equity	-	-	-	(1,066,367)	-	7,637,144	6,570,777
Profit for the half-year	-	-	37,480	-	-	-	37,480
Total recognised income for the half-year 30 June 2009	-	-	37,480	(1,066,367)	-	7,637,144	6,608,257
Purchase of own shares	-	-	-	-	(563,487)	-	(563,487)
Balance as of 30 June 2009	64,619,736	5,691,010	81,090,144	(6,590,031)	(1,228,020)	(19,976,124)	123,606,715

Notes:
The Cashflow hedging reserve at 30 June 2009 includes USIGH AG's share of the Cashflow hedging reserves of its associated companies**.**

The notes on pages 9 to 17 form part of these financial statements.

1. GENERAL INFORMATION

USI Group Holdings AG, domiciled in Switzerland (registered office at Bahnhofstrasse 106, CH-8023, Zürich, Switzerland), is the ultimate parent company of the USI Group. USI Group Holdings AG and its international subsidiaries (together the Group), is an investment property Group with a portfolio in Germany. It is principally involved in leasing out real estate where the rental income is primarily generated directly or indirectly from governmental sources. In addition, the Group has an investment in an associate with a portfolio of properties in the UK, USA and Germany.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these interim financial statements have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The unaudited consolidated financial statements of the Group have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), published by the International Accounting Standards Board (IASB) and comply with the requirements of the SIX Swiss Exchange's (formerly SWX Swiss Exchange) Listing Rules and the Additional Rules for the Listing of Real Estate Companies. The consolidated financial statements are reported in Swiss Francs unless otherwise stated and are based on the interim accounts of the individual subsidiaries at 30 June 2009 which have been drawn up according to uniform Group accounting principles.

During the preparation of the unaudited consolidated financial statements, the company recognised that a deferred tax asset in respect of interest rate swap contracts had not been recognised in the cash flow hedging reserve in the equity table at 31 December 2008. This error resulted in an understatement of the cash flow hedging reserve by CHF 888,240 and an overstated non-current deferred tax liability by the same amount. These amounts have been adjusted in the balance sheet to 30 June 2009. There is no impact on income statement or cash flow statement.

The following new standards, amendments to standards and interpretations are mandatory for the period ended 30 June 2009.

- IAS 1 (revised) Presentation of Financial Statements (compulsory from 1 January 2009). This revised standard prohibits the presentation of items of income and expenses (that is, non-owner changes in equity) in the statement of shareholders' equity, requiring non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement. USI has made the corresponding adjustments in the statement of shareholders' equity. In addition to the income statement, a statement of comprehensive income is now shown according to IAS 1.

- IFRS 8 Operating Segments (compulsory from 1 January 2009). This standard, which replaces IAS 14 Segment Reporting, requires a company to adopt the so-called management approach to reporting on the financial situation of its segments. In general, management must provide information on its approach with regard to the evaluation of the segment results and the allocation of resources to the segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors which makes strategic decisions. The impact of the application of IFRS 8 is a change from geographical segments to business segments.

- IAS 40 Investment Property (prospective, compulsory from 1 January 2009). This revised standard stipulates that development properties which are earmarked for later use as investment properties are now part of IAS 40. Consequently development properties which are earmarked for later use as investment properties are shown in the balance sheet at their fair value as early as their development stage, if the fair value can be reliably determined. Any change in valuation is recorded in the income statement and an impairment test is carried out for such objects, if there are signs for a possible impairment.

The 2009 interim report has been prepared in accordance with IAS 34 (Interim Financial Reporting).

2. ACCOUNTING POLICIES (continued)

The results of subsidiary undertakings, which are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, are consolidated. Subsidiaries are consolidated from the date on which control is transferred to the Group and they cease to be consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

The same accounting and valuation principles have been applied to these financial statements as to those that are described on pages 16 to 30 of the 2008 annual report of USI Group Holdings AG.

2.1.1 Foreign Exchange Rates

	Balance Sheet		Income Statement and Cash Flow Statement	
	2009 CHF	2008 CHF	average 2009 CHF	average 2008 CHF
GBP	0.55780	0.49240	0.59479	0.48277
USD	0.92130	0.98230	0.88676	0.95353
EUR	0.65590	0.62190	0.66435	0.62296

2.2 Amendments to accounting and valuation principles

In connection with the application of IFRS 8 and IAS 40, the following accounting and valuation principles were amended:

Segmental Reporting

Segmental reporting has been prepared in accordance with IFRS 8 (Segment Reporting).

The chief operating decision maker has been identified as the board of directors, who review the Group's internal reporting and management information in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

It has been determined that the board of directors reviews management information, considers the business and makes decisions based on the nature of the underlying business. As such, the Group has been organised into the following segments:

- Investments in Government tenanted property
- Investments in Associated Undertakings
- Central corporate costs

The board of directors assess the performance of the business using a number of measures; however particular emphasis is placed on net profit.

Investment Property Development

The implementation of IAS 40 has had no impact on the financial statements for the period to 30 June 2009.

3. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period.

	As at 30 June 2009 CHF	As at 30 June 2008 CHF
Net profit attributable to shareholders	37,480	245,542
Weighted average number of ordinary shares outstanding	821,338	798,648
Basic (loss)/earnings per share (CHF per share)	0.05	0.31

Warrants entitling the holders to 42,505 shares were issued at an exercise price of CHF 152.20 per share. These warrants may be cash settled by the Company up to the expiry date of 31 October 2008. The expiry date of these warrants has been extended from 31 October 2008 to 31 October 2010 on 18 July 2008. All the other conditions remain the same.

In July 2005 the Company approved a stock option plan for management. The plan allows for options of up to 6% of the issued number of shares to be awarded to management at an exercise price of CHF 161.91 per share. At 30 June 2009 no options had been awarded nor had conditional capital been created for this purpose.

Management has estimated that the maximum number of additional ordinary shares that could be issued at 30 June 2009 as 42,505 (2008 – 42,505).

4. ADMINISTRATIVE EXPENSES

	Period to 30 June 2009 CHF	Period to 30 June 2008 CHF
Professional fees and other costs	473,390	381,855
Audit fees	66,526	48,906
Property rent, maintenance and sundry expenses	218,711	348,638
Management Fees	1,144,530	1,377,030
Period to 30 June	1,903,157	2,156,429

5. NET FINANCE INCOME

	Period to 30 June 2009 CHF	Period to 30 June 2008 CHF
Interest Income	350,051	1,128,256
Net Foreign Exchange Gains/(Losses)	231,499	(1,799,854)
Net (losses)/gains from fair value adjustment of options and warrants	(61,073)	1,006,639
Period to 30 June	520,477	335,041

6. NET FINANCE COSTS

	Period to 30 June 2009 CHF	Period to 30 June 2008 CHF
Interest on Notes	533,490	465,450
Interest on Mortgages	6,057,025	6,381,526
Other interest and borrowing expenses (including amortisation of debt costs, waiver fee and swap breakage costs)	2,367,195	1,021,976
Period to 30 June	8,957,710	7,868,952

7. INVESTMENT PROPERTY

	30 June 2009 CHF	31 December 2008 CHF
Beginning of Period	271,428,571	302,546,880
Additions	-	-
Net gains on fair value adjustment	2,197,636	-
Net changes in fair value adjustments due to exchange differences	6,690,915	(31,118,309)
End of Period	280,317,122	271,428,571

On 21 December 2007 the Group acquired a 94.9% interest in a partnership which owns 4 investment properties in Leipzig, Germany. These were acquired for a purchase price of €166 million which, in part, is to be funded by senior debt of €121 million (See Note 9).

Valuations of the investment properties were made as at 30 June 2009 by independent Property Consultants.

The valuation as at 30 June 2009 was conducted by Botta Management AG using the discounted cash flow method to calculate the market value using discount rates of 4.6% and 4.8%, which resulted in a gross capital valuations of €183.86 million and €186.27 million. The Company has used the lower valuation in preparation of this interim report.

8. INVESTMENTS IN ASSOCIATES

	30 June 2009 CHF	31 December 2008 CHF
As at 1 January	39,855,735	59,105,155
Share of profits/(losses)	1,868,829	(188,590)
Exchange differences	5,420,702	(16,081,511)
Dividends received	(1,167,273)	(2,044,550)
Cash flow Hedging Reserve	167,223	(934,769)
As at 30 June	46,145,216	39,855,735

The Group's share of results of its associates and its share of the assets and liabilities are as follows:

Name	Country of Incorporation	Assets CHF	Liabilities CHF	Revenues CHF	Profit CHF	% Interest Held CHF
Public Service Properties Investments Limited	British Virgin Islands	130,075,015	(83,929,798)	3,968,689	1,868,829	25.16%

9. BORROWINGS

The maturity of borrowings is as follows:

	30 June 2009 CHF	31 December 2008 CHF
Current borrowings	219,542,308	213,493,865
Between 1 and 2 years	-	-
Between 2 and 5 years	29,926,919	15,369,549
Over 5 years	-	-
Non-current borrowings	29,926,919	15,369,549

On 13 January 2009 the Company received a letter from its banker Royal Bank of Scotland plc - Niederlassung, Frankfurt ("RBS") stating that the total value of its €121m loan was 78.9% of the collateral provided. This exceeded the 70% covenant referred to in the facility agreement with the bank, based on a valuation report prepared independently on its behalf.

As a result of the matter referred to in the letter, RBS informed the Company that a cash lock up event had occurred as a result of the loan to value covenant breach. The effect of this notification was that the bank blocked surplus cash accruing for the benefit of the Company pending resolution of the covenant breach. The Company and its banker have since been in constant discussion to resolve the issue and the Company informed the bank that it intends to repay €14.6 million of the senior debt which will bring the loan to value back to within the 70% prescribed in the facility agreement.

Non-current borrowings include CHF 15 million convertible bonds due 2011. The bonds have a principal amount of CHF 1,000, a cash coupon of 3.5%, a yield to maturity (including redemption premium) of 6.25% and a conversion price of CHF 175.26. The option has been treated as a derivative financial instrument and recognised at fair value.

In June 2009 the Company raised €9.5million of second mortgage financing at a rate of 7.0% p.a. plus fees of 2% p.a., repayable in 2014, which allowed the Company to repay €10.6 million of the Senior debt to RBS in July 2009. The Company intends to pay down a further €4 million in October 2009 which will cure the non-compliance issue.

9. BORROWINGS (Continued)

On repayment of €10.6 million of the first mortgage debt, the Group was required to terminate a proportionate amount of the interest rate swap contract associated with the borrowings. This resulted in a cash loss to the Company of €0.49 million on the mark to market price at the time of the transaction. The Company has also incurred an additional margin on the borrowings since 13 January 2009 of 0.6% and a one-off waiver fee from RBS of €0.2 million.

The Company has continued to meet all of its debt service covenants in respect of the borrowings and has met all other obligations from working capital resources. The bank has not declared an event of default, which would require the Company to repay all of the outstanding Senior Debt.

The Group also has a €25,000,000 short-term credit facility in place at a current interest rate of 0.96%.

10. SHARE CAPITAL

	June 2009 CHF	June 2008 CHF
Authorised:		
Equity interests:		
800,758 Ordinary shares of Chf 86.65 each	69,385,681	69,385,681
Allotted, called up and fully paid:		
Equity interests:		
800,758 Ordinary shares of Chf 86.65 each	69,385,681	69,385,681

	Number of shares	Ordinary shares CHF	Share premium CHF	Total CHF
At 31 December 2007 and 30 June 2008	**800,758**	**69,385,681**	**3,309,033**	**72,694,714**
Par value capital reduction	-	(7,126,746)	-	(7,126,746)
Issue of new shares	30,364	2,360,801	2,467,075	4,827,876
New issue costs	-	-	(85,098)	(85,098)
At 31 December 2008 and 30 June 2009	**831,122**	**64,619,736**	**5,691,010**	**70,310,746**

In September 2008 the Company made a capital distribution of CHF 8.90 per share reducing the share capital of the Company from CHF 69,385,681 (800,758 shares with a nominal value of CHF 86.65 each) to CHF 62,258,935 (800,758 shares with a nominal value of CHF 77.75 each). On the same date the Company approved a reinvestment of CHF 2,360,801 (30,364 shares at par value of CHF 77.75) took place with a subscription price of CHF 159.00 per share.

There have been no movements in share capital in the period to 30 June 2009; however a par value capital reduction occurred in August 2009 (see Note 11).

During the period to June 2009, the company purchased 5,500 of its own shares for CHF 620,350 and sold 443 for CHF 56,863, which are shown as treasury shares in the balance sheet.

11. SUBSEQUENT EVENTS

Par Value Capital Reduction

At the Annual General Meeting of 7 August 2009, the Company resolved to reduce its share capital from CHF 64,619,736 to CHF 57,222,750 by means of capital reduction of the nominal value of each of its registered shares by CHF 8.90 per share from CHF 77.75 to CHF 68.85. This capital reduction was completed in August 2009.

In order to enable shareholders to re-invest in further registered shares of USI at the time of the capital reduction, the company issued 45,001 new registered shares with a nominal value of CHF 68.85 each at a subscription price of CHF 110.00 per share.

Furthermore, after completion of the above described reinvestment offer, the Company intends to increase its share capital by issuing up to 149,175 new registered shares with a nominal value of CHF 68.85 each out of the authorised share capital, thereby increasing USI's share capital to a maximum of CHF 71,895,167.

Subscription rights to these shares will be offered to existing shareholders in the second half of September 2009, who may subscribe to one share for every six existing registered shares held at a subscription price of CHF 110.00.

12. SEGMENT INFORMATION

	Investments in Government Tenanted Property	Investments in Associated Undertakings	Central Corporate	Total
Six months ended 30 June 2009	**CHF**	**CHF**	**CHF**	**CHF**
Revenue	6,655,926	-	-	6,655,926
Profit after tax	1,550,791	1,868,829	(3,382,140)	37,480
Six months ended 30 June 2008				
Revenue	7,223,666	-	-	7,223,666
Profit after tax	563,088	2,740,933	(3,058,479)	245,542
Total Assets				
30 June 2009	287,213,526	46,145,216	60,832,007	394,190,749
31 December 2008	276,855,735	39,855,735	48,434,824	364,701,466
30 June 2008	296,991,806	55,159,846	59,654,577	411,806,229

13. OTHER INFORMATION

Property Details

Name, address	*Owner* [1]	*Ownership status* [2]	*Approximate Year of construction*	*Year of renovation*	*% of leased usable space*	*As % of Investment Properties Portfolio*	*Gross lettable area M*[3]
Germany **Office Building - Behördenzentrum,** Free State of Saxony, Schongauerstrasse 1-17, 04328, Leipzig, Germany.	USI Gbr	FH	1995	-	100	100	50,707

1 USI Gbr = USI Verwaltungszentrum Leipzig GbR
2 FH = Freehold (100%)
3 Gross lettable area comprises 49,879 sqm of three office buildings plus 828 sqm single-storey facilities.

Significant Lessees of USI Group Owned Properties

Name of Lessee	Location	Details of leased properties	Lease period expiry date	Aggregate annual lease payments	Percentage of total lease payments to the USI Group:
Free State of Saxony	Leipzig, Germany	3 four-storey office buildings and 1 single-storey building.	March 2020	€ 8,938,728 (CHF 13,454,847*)	100.00%

Equity Ownership of the Company and/or the USI Group in Real Estate Companies

Other than the subsidiaries disclosed above, the Company and/or the USI Group do not own equity interests in any other real estate companies.

* Exchange rate based on EUR: CHF = 0.6640.

Independent Appraisal Firms and Valuation Methods

The USI Group has commissioned Botta Management AG for the purpose of estimating the fair value of the real estate holdings owned by the USI Group.

Valuation method of Botta Management AG ("Botta")

The valuation method of Botta is the discounted cash flow analysis. This method stems from the calculation of the capitalised income value of an undertaking. Thereby all future profits are converted into present cash value.

Capitalised Value of Property: With respect to the calculation of a property, all future estimated earnings and expenses (without interest on capital accounts and amortisation) are - as is the case when evaluating an undertaking - being collected. The difference between the respective earnings and expenses results in the cash flow. The cash flow can be positive or negative. This future cash flow is recalculated to the present value by using a cash equivalent factor. The later - expressed in years - this cash flow accrues, the worse the present value of such a cash flow is. Since properties represent very durable values, most properties still show after the examination period (normally 10 years) has expired a significant residual value. Thus, the residual value of the property has to be calculated at the end of the examination period. The residual value will then also be recalculated expressing the present cash value. The sum of all present cash values from the annual earnings and the cash value of the residual value results in the present capitalised income value of the property (DCF-value).

The sum of all cash values over a certain period of time and a possible residual value result in the capitalised income value of the undertaking.

13. OTHER INFORMATION (continued)

The following basic data needs to be defined when applying this method:

i) Object: name of the property.

ii) Initial year: determination of the point in time, on which the calculation will be conducted. Normally this will be the present year.

iii) Examination period: same examination period as the duration of the lease – which means until 2020 . Over this period exact information relating to the future earnings and expenses can normally be given. After the expiration of the lease, a residual value will be calculated and will be discounted from the current value.

iv) Discount factor: The discount factor is the interest rate by which future earnings are being discounted to the present value. Starting point for the determination of the interest rate is normally the actual sustainable interest rate for 10 year German Government Bonds. A risk premium is charged additionally. Thereby market risks relating to the property are accounted for. The risk premium varies for a normal customary property between 0.5% and 1.5%. Main factors are the location of the property with respect to the use and the risk of renting out. For purposes of valuing the Leipzig Property, a risk premium of 1.5% / 1.7% is applied. That is a very conservative assumption in view of the quality of the property. A discount factor of 4.8% was used for the valuation at 30 June 2009.

v) Capitalisation factor, Calculation of Residual Value: With this interest rate the residual value of the property can be calculated. The capitalisation factor is - depending on the examination period and the condition of the property – 0.2% higher than the discount factor at 5.0%.

vi) For the calculation of the annual amounts, the effective rental income is reduced by costs of the lessor such as insurance, real estate tax and maintenance. These were assumed to be at 3.4% of rental income.

vii) General increase in renting costs: Thereby future general increase in prices with respect to earnings in connection with a property can be accounted for.

viii) General increase in costs: Thereby future general increases in prices with respect to expenses in connection with a property can be accounted for.

ix) Adjustment Amount: Here extraordinary expenses can be accommodated.

Market Value

With regard to the above, Botta are of the opinion that the Market Value of the subject property as at 30 June 2009 is **EUR 183,860,000** (in words: One Hundred Eighty Three Million, Eight Hundred and Sixty Thousand Euro).

Neither the Company nor any member of the USI Group has any relationship with this appraisal firm.