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PRESS RELEASE

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USI GROUP HOLDINGS AG
Annual Report 2010

The Company is pleased to report its financial results for the year ended 31 December 2010.

The Company's two principal assets at 31 December 2010 were a 94.9% interest in a partnership which owns four buildings in Leipzig, Germany leased to the Free State of Saxony (the "Leipzig Properties") and a 20.07% equity holding in Public Service Properties Investments Limited ("PSPI") a property investment company listed on the Alternative Investment Market ("AIM") of the London Stock Exchange which primarily invests in property leased to specialist operators in the care home sector in the UK and Germany.

The Leipzig 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 is subject to periodic escalations. The purchase price for this acquisition was €166 million, which was principally financed by a €121 million senior debt facility lead by the Royal Bank of Scotland plc – Niederlassung, Frankfurt ("RBS") which was concluded on 4 January 2008.

Shareholders will recall that in December 2008, the RBS syndicate commissioned a valuation of the Leipzig Properties which concluded that their gross market value was €158 million even though all of the rental income had been received without interruption in accordance with the terms of the lease and all debt service covenants contained in the RBS facility had continued to be met in all respects. As a result, the Company found it necessary to raise additional equity and secure some second mortgage funding during 2009 in order to repay €14.6 million of the RBS facility and to restore the 70% loan to value ("LTV") ratio contained in the RBS facility agreement based on the lower valuation.

In December of 2009, the RBS syndicate commissioned another valuation which concluded that the gross market value of the Leipzig Properties had fallen to €149.3 million. Consequently, in March, 2010 the RBS syndicate notified the Company that the LTV ratio in the RBS loan facility had again risen above 70%, the maximum permitted. As a result of the notification the Company agreed to waive its right to extend the RBS facility agreement beyond October of 2010. Despite numerous attempts by the Company's advisors and management during 2010, the Company was not able to obtain alternative financing. As a consequence, it negotiated two extensions with the RBS syndicate which now expire at the end of June, 2011. Recently, the Company has obtained offers to provide debt financing for the Leipzig Properties which involve both a longer term senior facility and a shorter term subordinated facility. The shorter term facility is expensive and contains numerous penalties including potential forced re-sale if the shorter term facility is not be repaid within 2 years. As management of the Company believes these facilities to be the only reasonable alternative available to the Company in the short term and that options exist to repay the subordinated debt given time, we are working to conclude the new facilities as soon as possible.

The Company would stress that all rental income has been received from the Leipzig Properties without interruption in accordance with the terms of the lease and that all debt service covenants contained in the RBS facility have continued to be met in all respects. However, due to an increase in interest rates in the Eurozone brought about by financial problems with certain Eurozone members such as Greece, Ireland, and Portugal, the Company's valuers have valued the properties at €167.1

million as of 31 December, 2010 representing an increase in the capitalisation rate of 4.70% used at 31 December, 2009 to 5.17% used at 31 December 2010. This capitalisation rate reflects a premium of 1.90% over the current yield on the ten-year German Government Bond. In spite of the decline in value brought about by financial uncertainties the Company remains satisfied that the Leipzig Properties offer excellent long-term value for the Company's shareholders.

The Company's investment in PSPI has been held since that Company listed on AIM through an initial public offering ("IPO") in March 2007. In April 2010, PSPI raised an additional CHF 41 million (£25 million) through an Open Offer to existing shareholders by issuing new shares at a discount to the net asset value. The proceeds of the Open Offer will primarily be used for capital expenditure to expand the UK care home portfolio. The Company subscribed for a further 3.75 million shares in PSPI as part of the Open Offer and it now holds 20.07% of PSPI's enlarged capital base. As a result of exercising less than the Company's full entitlement under the Open Offer, the Company is required to recognise a notional disposal which creates a non cash charge of CHF 4.3 million during the year ended 31 December 2010. In March 2011, PSPI announced a 7.7% increase in the total dividends payable in respect of 2010.

PSPI reported a 25% increase in earnings for 2010, adjusted to exclude non cash and one off items. Net assets at 31 December 2010 were CHF 178 million (2009 – CHF 171 million) and it maintains a conservative loan to value ratio of only 52% (2009 – 53%).

The Swiss Franc appreciated by 12% against sterling and 19% against the Euro between the end of 2009 and the end of 2010 resulting in a negative foreign exchange movement of approximately CHF 16.6 million which has been adjusted through the translation reserve in the Company's balance sheet.

Overall, the Company is reporting a loss of CHF 31.6 million for the year ended 31 December 2010 compared to a loss of CHF 3.0 million for the year ended 31 December 2009. However, these numbers reflect several non cash items and one off items relating to alleged non-compliance with the LTV covenant breach on the Leipzig Properties which, if excluded, would have resulted in an adjusted loss for 2010 of CHF 2.6 million compared to a loss of CHF1.2 million for 2009.

As stated above, the Directors of your Company have written down the value of the Leipzig Properties to €167.1 million, in line with the view of its own independent external valuer. As a result of that write down and adjusting for foreign exchange losses, gross assets at 31 December 2010 were CHF 284 million compared to CHF 369 million at the end of 2009 and investment properties at the end of 2010 totalled CHF 208 million compared to CHF 273 million at the end of 2009.

Investment in associates (i.e. PSPI) was carried at CHF 36 million at the end of 2010 compared to CHF 43 million at the end of 2009 with the net reduction due to a notional disposal of CHF 4.8 million as a result of the Company reducing its holding in the enlarged capital base of PSPI from 25.16% to 20.07%, foreign exchange losses of CHF 4.8 million and dividends received of CHF2.1 million, offset by a purchase of CHF 4.3 million of new shares as reported above.

Shareholders' funds at 31 December 2010 were CHF 82 million compared to CHF 126 million at 31 December 2009.

Our Company's objective has been to focus on investment opportunities which offer predictability and sustainability of cash flow, preservation of capital and potential for further capital appreciation. We have continued to pursue those objectives as we have considered various strategic options for our Company. During the past several months, management of your Company has been exploring various options which would provide the Company with the size and scalability that present market conditions favour. One such option has now progressed to a stage where agreements are being negotiated leading to a formal combination. Assuming that the discussions are concluded successfully, we expect to finalize documentation and announce plans for the Company within the next several weeks. Your Directors are excited by the prospects presented and look forward to providing details as soon as possible.

Full information concerning the Company's board members and other matters are available from the Company's website at www.usigroupholdings.ch.

USI Group Holdings AG
Dr. iur. V. Lanfranconi (Chairman)
Approved by the board: 28 April 2011

Further information:

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2010 Annual Report

The document is available at the Company's registered office and at

www.usigroupholdings.ch/?task=usi01

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