USI

USI GROUP HOLDINGS AG

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
30 JUNE 2013

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COMPANY INFORMATION

DIRECTORS

Dr. Volkert Klaucke (Executive Chairman)
Dr. Doraiswamy Srinivas (Deputy Chairman)
Mr. William Vanderfelt (Non-Executive)
Mr. David Quint (Executive)

COMPANY SECRETARY

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 30th June 2013.

At 30th June, the Company's two principal assets 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 20.28% equity holding in Public Service Properties Investments Limited ("PSPI") a property investment company listed on the Alternative Investment Market of the London Stock Exchange which primarily invests in property leased to specialist operators in the care home sector in the UK and Germany. Subsequent to 30th June, the Company's asset base and business were significantly expanded through the acquisition of Goldlink United Limited ("Goldlink") as discussed more fully below.

The Leipzig Properties

The Leipzig Properties were constructed in 1995 and leased until 31st 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 €9.4 million and is subject to periodic escalations. The purchase price for this acquisition was €166 million, which was principally financed by €121 million of senior debt facilities ("Facilities") provided by a syndicate of banks (the "Syndicate") which was concluded on 4th January 2008.

The Facilities were due for repayment on 30th October 2010 and despite numerous attempts by the Company's advisors and management during 2010, 2011 and 2012, the Company and its appointed refinancing agents were not able to obtain alternative financing. Various extensions were negotiated and on 17th May 2013, the Company entered into a Standstill Agreement (the "Standstill"), which provides USI the opportunity until 31st December 2014 to complete a satisfactory refinancing. Pursuant to the terms of the Standstill and provided certain conditions continue to be met, the Syndicate has agreed not to demand repayment of the Facilities as a result of non-payment of principal or a breach of the loan to value ("LTV") covenant contained in the Facilities before 31st December 2014 (the "Standstill Period"). However, USI must reduce the amount owed under the Facilities by a minimum of €3 million by 31st December 2013 and a further €1 million by 31st December 2014. Interest payable during the Standstill Period is charged at a margin rate of between 5% and 6% p.a. over Euribor. As of this date, the principal outstanding on the Facilities is approximately €98.2 million.

Although rental income continues to be received from the Leipzig Properties without interruption in accordance with the terms of the lease, the Company's independent valuer slightly reduced the value of the Leipzig Properties to €150.78 million at 30th June 2013 from €151.54m at 31st December 2012.

PSPI

The Company's investment in PSPI has been held since that company listed on AIM through an initial public offering in March 2007. It held 20.28% of the issued share capital of PSPI as at 30th June, unchanged from 31st December 2012.

PSPI reported a net profit of £3.0 million for the first six months of 2013 compared to a loss of £36.9 million for the equivalent period in 2012. The interim results for the six months ended 30th June 2013 include £1.6 million from continuing operations and £1.4 million from discontinued operations. Revenue from continuing operations was £3.4 million for the first half of 2013 compared to £7.7 million in 2012. Revaluation losses on investment properties at 30th June 2013 were £0.7 million compared to £38.6 million at 30th June 2012.

Following completion of disposals reported during the last twelve months, PSPI owns portfolios of properties in the UK and Germany which will generate gross rental income of £7.1 million and finance lease income of £0.9 million for the current financial year. The retained investment properties have been independently valued at 30th June 2013 at an aggregate gross value of £85.0 million (excluding the finance lease asset), with debt totalling £34.4 million. The financial position at PSPI appears to have stabilised as it continues to test the market for its assets. It also continues to refinance its debt facilities as they fall due obtaining longer maturities and/or reduced amortisation profiles.

Overall, your Company is reporting a loss of CHF 1 million for the six months ended 30 June 2013 compared to a loss of CHF 26 million for the same period in 2012. These numbers reflect CHF 1 million of non-cash fair value losses in respect of the Leipzig Properties compared to a loss of CHF 9.5 million for the same period in 2012. They also include a profit CHF 0.9 million for the Company's share of non-cash profits reported by PSPI, compared to a loss of CHF 14.8 million for the same period in 2012.

During the first half of 2013 the Company repaid a CHF 30 million (€25 million) credit facility with amounts held on short term deposit. As a result of the write down of its Leipzig Properties and adjusting for foreign exchange gains and the loan repayment, gross assets at 30th June 2013 were CHF 205 million compared to CHF233 million at the end of 2012. Investment properties at 30th June 2013 totalled CHF 185 million compared to CHF 183 million at the end of 2012. Investment in Associates was carried at CHF 16 million at 30th June 2013 compared to CHF 15.4 million at the end of last year.

Shareholders' funds at 30th June 2013 were CHF 35.1 million compared to CHF 35.8 million at 31st December 2012. Shareholders' funds are stated net of the deficit on translation reserves which totalled CHF 42 million at 30th June 2013, a similar level to the balance at 31st December. The deficit on translation reserves primarily reflects the strength of the Swiss Franc against the net equity invested in the Euro denominated Leipzig Properties and the Sterling denominated PSPI.

Acquisition of Goldlink

On 16th September, your Board announced that the Company had entered into and consummated an agreement pursuant to which it acquired 40,000 ordinary shares of Goldlink, a British Virgin Islands corporation, in exchange for 11,241,463 registered shares of USI with a nominal value of CHF 10.00 each ("Shares"), valued at CHF 20.00 each for purposes of the acquisition. The exchange ratio reflected a valuation of total net assets acquired through Goldlink of $244.45 million (CHF 224.83 million) based upon the opinions of independent, professional valuers.

Goldlink owns two Singapore subsidiaries, Royal Venture Pte Limited ("Royal") and Tokyo Ventures Pte Limited ("Tokyo"). Royal and its subsidiaries are engaged in the wholesale trading of gold bullion and jewellery and intend to expand that business significantly through collaboration with Surana Corporation Limited ("SCL"), one of India's largest gold manufacturers and importers. Royal's subsidiaries own 1.84% of SCL. Consolidated revenues of Royal and subsidiaries for 2012 were approximately $133 million.

The Indian subsidiaries of Royal also hold development rights over, and have exercised options to acquire real estate based in Tamilnadu, India which they intend to develop for various commercial and residential purposes.

Tokyo is an investment holding company which, jointly with Royal and its subsidiaries, owns 4.57% of Surana Industries Limited, a listed Indian infrastructure/industrial company engaged in steel manufacturing, power generation and mining.

Also on 16th September, the Company consummated a capital reduction by decrease of the nominal value of each of its existing shares from CHF 68.85 to CHF 10.00, as resolved by the Annual General Meeting held on 20th June. It also issued another 2,888,403 fully paid new shares against set-off of claims of the holders of mandatorily convertible notes issued by its subsidiary USIGH Limited. These notes included CHF 10 million of new cash subscriptions, part of which will be used prior to 31st December for the €3 million reduction of the Facilities secured on the Leipzig Properties as discussed above.

Post-acquisition of Goldlink, USI has 15,115,164 Shares in issue and its balance sheet has been significantly strengthened. The newly issued shares have been listed and admitted to trading on the SIX as from 18th September 2013. Simultaneously, the regulatory standard pursuant to which the Company's shares are listed on the SIX has been changed from the Standard for Real Estate Companies to the Main Standard.

Your Board is very pleased with the Company's acquisition of Goldlink which has transformed USI from a real estate company focused on Europe to an industrial holding and gold company with substantial operations focused on India. Post-acquisition, the Company's activities will primarily involve the importation of gold bullion and export of jewellery as well as the development of real estate and infrastructure in India. The Company intends to utilise its Leipzig Properties as an asset on which future fund raisings can be based. We intend to re-finance the Leipzig Properties on more favourable terms at the earliest available opportunity.

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. Volkert Klaucke (Chairman)
Approved by the board: 30 September 2013

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2013

	Note	Period to 30 June 2013 CHF (unaudited)	Period to 30 June 2012 CHF (unaudited)	Year Ended 31 Dec 2012 CHF (audited)
Revenue		5,786,733	5,383,803	10,816,685
Fair value (loss)/gain on investment properties	8	(934,143)	(9,546,468)	(9,839,365)
Administrative expenses	5	(1,398,472)	(1,311,724)	(2,461,520)
Finance income	6	291,266	110,242	190,405
Operating loss		3,745,384	(5,364,147)	(1,293,795)
Finance costs	7	(5,371,167)	(5,902,146)	(11,410,950)
Share of profit/(loss) of associates	9	882,886	(10,968,284)	(16,345,652)
Loss provision of associate	9	-	(3,867,979)	-
Impairment of associate	9	-	-	(1,889,002)
Loss before income tax expense		(742,897)	(26,102,556)	(30,939,399)
Income tax expense	11	(264,960)	-	-
Loss for the period/year		(1,007,857)	(26,102,556)	(30,939,399)
Attributable to:				
Equity holders of the Company		(1,007,857)	(26,102,556)	(30,939,399)
		CHF per share	CHF per share	CHF per share
Basic and diluted loss per share (CHF per share)	4	(1.04)	(26.92)	(31.91)

The notes on pages 9 to 19 form part of these financial statements.

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2013

	Period Ended 30 June 2013 CHF (unaudited)	Period Ended 30 June 2012 CHF (unaudited)	Year Ended 31 Dec 2012 CHF (audited)
Loss for the period/year	(1,007,857)	(26,102,556)	(30,939,399)
Other comprehensive income			
Items that may be subsequently reclassified to income statement			
Share of associates cash flow hedges	140,250	183,123	(433,575)
Share of associates tax relating to cash flow hedges	(22,440)	(29,300)	69,372
Share of associates currency translation differences	10,181	(90,021)	(235,438)
Currency translation differences	193,995	280,503	541,884
Other comprehensive income for the period/year	**321,986**	**344,305**	**(57,757)**
Total comprehensive income for the period/year	(685,871)	(25,758,251)	(30,997,156)
Attributable to:			
Equity holders of the Company	**(685,871)**	**(25,758,251)**	**(30,997,156)**

The notes on pages 9 to 19 form part of these financial statements.

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
FOR THE PERIOD ENDED 30 JUNE 2013

	Note	30 June 2013 CHF (unaudited)	30 June 2012 CHF (unaudited)	31 December 2012 CHF (audited)
ASSETS				
Non current assets				
Investment property	8	185,210,662	182,355,972	182,953,036
Investments in associates	9	16,027,433	19,465,571	15,426,339
Receivables and prepayments		-	3,162,894	-
		201,238,095	204,984,437	198,379,375
Current assets				
Receivables and prepayments		3,513,152	30,103,900	33,469,558
Cash and cash equivalents		626,953	1,516,091	1,567,409
		4,140,105	31,619,991	35,036,967
Total assets		205,378,200	236,604,428	233,416,342
EQUITY				
Capital and reserves				
Share capital	12	67,837,767	67,837,767	67,837,767
Share premium	12	11,617,985	11,617,985	11,617,985
Treasury shares		(1,811,769)	(1,811,769)	(1,811,769)
Cashflow hedging reserve		(24,947)	375,269	(142,757)
Translation reserve		(41,939,502)	(42,259,642)	(42,143,678)
Retained earnings		(565,663)	5,279,037	442,194
Total equity		35,113,871	41,038,647	35,799,742
LIABILITIES				
Non current liabilites				
Borrowings	10	31,996,213	31,145,850	31,478,055
		31,996,213	31,145,850	31,478,055
Current liabilities				
Trade and other payables		421,533	435,247	431,119
Current income tax payable	11	264,960	-	-
Accruals		8,556,891	7,308,565	8,727,513
Borrowings	10	126,372,461	154,028,995	154,327,642
Other financial liability		2,652,271	2,647,124	2,652,271
		138,268,116	164,419,931	166,138,545
Total liabilities		170,264,329	195,565,781	197,616,600
Total equity and liabilities		205,378,200	236,604,428	233,416,342

The notes on pages 9 to 19 form part of these financial statements.

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2013

	Note	Period to 30 June 2013 CHF (unaudited)	Period to 30 June 2012 CHF (unaudited)	Period to 31 Dec 2012 CHF (audited)
Cashflow from operating activities				
Loss for the year/period attributable to equity holders		(1,007,857)	(26,102,556)	(30,939,399)
Adjustments for:				
- Changes in fair value of investment property/loans	8	934,143	9,546,468	9,839,365
- (Profit)/loss from associate	9	(882,886)	10,968,284	16,345,652
- Loss provision of associate	9	-	3,867,979	-
- Impairment of associate	9	-	-	1,889,002
- Interest expenses and other finance expenses	7	5,156,406	5,902,146	11,410,950
- Interest income	6	(76,505)	(110,242)	(190,405)
- Income tax expense	11	264,960	-	-
Changes in working capital:				
- Changes in other liabilities		(380)	-	156,504
- Changes in receivables and prepayments		(297,324)	280,881	221,185
- Changes in accruals		(487,107)	722,547	447,616
Net cash generated by operations		3,603,450	5,075,507	9,180,470
Interest paid		(4,377,292)	(5,197,875)	(8,545,492)
Net cash (used)/generated by operating activities		(773,842)	(122,368)	634,978
Cash flow from investing activities				
Interest received		2,808	37,848	45,733
Net cash generated by investing activities		2,808	37,848	45,733
Cash flow from financing activities				
Repayment of borrowings		(1,290,592)	(1,114,256)	(2,289,626)
Proceeds from borrowings		1,101,376	274,761	732,467
Net cash used by financing activities		(189,216)	(839,495)	(1,557,159)
Net decrease in cash and cash equivalents		(960,250)	(924,015)	(876,448)
Movement in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year/period		1,567,409	2,450,028	2,450,028
Net decrease		(960,250)	(924,015)	(876,448)
Foreign currency translation adjustments		19,794	(9,922)	(6,171)
Cash and cash equivalents at the end of the year/period		626,953	1,516,091	1,567,409

The notes on pages 9 to 19 form part of these financial statements.

USI GROUP HOLDINGS AG
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 JUNE 2013

	Attributable to equity holders of the Company						
	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 2012 (audited)	**67,837,767**	**11,617,985**	**31,381,593**	**221,446**	**(1,811,769)**	**(42,450,124)**	**66,796,898**
(Loss) for the period	-	-	(26,102,556)	-	-	-	(26,102,556)
Other comprehensive income							
Foreign currency translation	-	-	-	-	-	190,482	190,482
Cash flow hedges – net of tax	-	-	-	153,823	-	-	153,823
Total comprehensive income	-	-	(26,102,556)	153,823	-	190,482	(25,758,251)
Balance as of 30 June 2012 and 1 July 2012 (unaudited)	**67,837,767**	**11,617,985**	**5,279,037**	**375,269**	**(1,811,769)**	**(42,259,642)**	**41,038,647**
(Loss) for the period	-	-	(4,836,843)	-	-	-	(4,836,843)
Other comprehensive income							
Foreign currency translation	-	-	-	-	-	115,964	115,964
Cash flow hedges – net of tax	-	-	-	(518,026)	-	-	(518,026)
Total comprehensive income	-	-	(4,836,843)	(518,026)	-	115,964	(5,238,905)
Balance as of 31 December 2012 and 1 January 2013 (audited)	**67,837,767**	**11,617,985**	**442,194**	**(142,757)**	**(1,811,769)**	**(42,143,678)**	**35,799,742**
(Loss) for the period	-	-	(1,007,857)	-	-	-	(1,007,857)
Other comprehensive income							
Foreign currency translation	-	-	-	-	-	204,176	204,176
Cash flow hedges – net of tax	-	-	-	117,810	-	-	117,810
Total comprehensive income	-	-	(1,007,857)	117,810	-		(685,871)
Balance as of 30 June 2013 (unaudited)	**67,837,767**	**11,617,985**	**(565,663)**	**(24,947)**	**(1,811,769)**	**(41,939,502)**	**35,113,871**

The notes on pages 9 to 19 form part of these financial statements.

1. GENERAL INFORMATION

USI Group Holdings AG ("USI" or the "Company"), domiciled in Switzerland with its registered office at Bahnhofstrasse 106, CH-8001, Zürich, Switzerland, is the ultimate parent company of the USI Group. The Company and its subsidiaries (together the "Group"), has been an investment property Group with a direct and indirect interest in portfolios in Continental Europe and the UK. Effective with the passage of resolutions at the Company's Annual General Meeting held on 20th June 2013, the purpose of the Company was changed to permit it to participate directly or indirectly in domestic or foreign enterprises in particular in the sectors of real estate, metals trading and manufacturing as well as energy and mining.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The interim condensed 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 Listing Rules and the Additional Rules for the Listing of Real Estate Companies. The interim condensed 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 2013 and 2012 which have been drawn up according to uniform Group accounting principles.

These interim condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34 (Interim Financial Reporting). The same accounting and valuation principles have been applied to these financial statements as to those that are described on pages 13 to 25 of the 2011 annual report of USI Group Holdings AG. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's most recent Annual Financial Statements pages 8 to 43, in respect of the year ended 31 December 2012 which have been prepared in accordance with IFRS. These condensed interim financial statements for the six months ended 30 June 2013 and the comparative figures for the six months ended 30 June 2012 are unaudited.

The interim condensed consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of investment properties, other financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results can differ from those estimates.

The Group has adopted the following new standards, amendments to standards and interpretations for the financial period ended 30 June 2013, and year ended 31 December 2012.

Amendments to IAS 1 'Presentation of items of other comprehensive income', (effective for annual periods beginning on or after 1 July 2012, retrospective application, earlier application permitted). The amendment did not have a material impact on the financial statements, and the indication was made on the statement of OCI.

IFRS 10, 'Consolidated financial statements', (effective for annual periods beginning on or after 1 January 2013, retrospective application, earlier application permitted if together with IFRS 11, IFRS 12, IAS 27R and IAS 28R). IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC-12. IAS 27 is renamed and continues to be a standard dealing solely with separate financial statements. The amendment did not have a material impact on the financial statements.

IFRS 11, 'Joint arrangements', (effective for annual periods beginning on or after 1 January 2013, earlier application permitted if together with IFRS 10, IFRS 12, IAS 27R and IAS 28R). The amendment did not have a material impact on the financial statements.

IFRS 12, 'Disclosure of interests in other entities', (effective for annual periods beginning on or after 1 January 2013, earlier application permitted). The amendment did not have a material impact on the financial statements.

2.1 Basis of preparation (continued)

Amendments to IFRS 10, 12 and IAS 27 – 'Investment entities'(effective for annual periods beginning on or after 1 January 2013). The amendments did not have a material impact on the financial statements.

Amendments to IFRS 10, 11 and 12 (effective for annual periods beginning on or after 1 January 2013) – 'consolidated financial statements, Joint arrangements and Disclosure of interest in other entities: Transition Guidance'. The amendments did not have a material impact on the financial statements.

IFRS 13, 'Fair value measurement', (effective prospective for annual periods beginning on or after 1 January 2013, earlier application permitted). The amendment did not have a material impact on the financial statements.

2.2 Amendments to accounting and valuation principles

There have been no amendments to accounting or valuation principles during the period to 30 June 2013.

2.3 Foreign exchange rates

	Balance Sheet			Income Statement & Cash Flow Statement		
	June 2013 CHF	Dec 2012 CHF	June 2012 CHF	June 2013 CHF	Dec 2012 CHF	June 2012 CHF
GBP	0.69620	0.67790	0.67040	0.69183	0.67332	0.68326
USD	1.05910	1.09490	1.04690	1.06884	1.06710	1.07746
EUR	0.81410	0.82830	0.83240	0.81358	0.82983	0.83015

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2012. There have been no changes in the risk management department since year end or in any risk management policies.

3.2 Liquidity Risk

The Group's annual financial statements for the year ended 31 December 2012 disclosed a material uncertainty and significant doubt about the Group's ability to continue as a going concern with respect to liquidity. The Group's investment property asset is substantially financed by a lending syndicate (the "Syndicate") under one senior debt facility (the "Facility"), which came due in 2011 and is in default. Since the due date in 2011, the Group has been obtaining short-term extensions on the loan repayment date from the lender, the latest of which has now expired.

On 17 May 2013, the Company announced that it had entered into a Standstill Agreement ("Standstill") relating to the Facility. Pursuant to the Standstill it is necessary to reduce the Facility by a minimum of €3 million by 31 December 2013 and by a further €1 million by 31 December 2014. The Company has raised additional capital in addition to converting certain debt and other liabilities as part of the transaction described in Note 14.

As described in Note 14, on 16 September 2013 the Group announced it had entered into a purchase agreement. Refer to Note 14 for additional detail.

3.3 Fair value estimation
In 2013, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. In 2013, there were no reclassifications of financial assets or liabilities

Valuations of the investment properties were made at the end of each period/year by independent property consultants. The valuations are based on both the duration of the leases and the future cash flows and after due consideration of transaction activity in the market.

4. EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period/year.

	As at 30 June 2013 CHF	**As at 30 June 2012 CHF**	**As at 31 Dec 2012 CHF**
Net (loss)/profit attributable to shareholders	(1,007,857)	(26,102,556)	(30,939,399)
Weighted average number of ordinary shares outstanding	969,629	969,629	969,629
Basic and diluted loss per share (CHF per share)	(1.04)	(26.92)	(31.91)

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 2013, no options had been awarded nor had conditional capital been created for this purpose. As part of the subsequent events described in Note 14, the stock option plan was cancelled.

In October 2006, the Company issued CHF 15 million of 3.5% subordinated Convertible Notes due in 2011 that are unconditionally and irrevocably guaranteed by, and convertible into registered shares of the Company. During 2010, the Company issued CHF 13,215,200 of 4.0% subordinated Convertible Notes due in 2015. Of these, CHF 9,914,000 were converted from the CHF 15 million Notes due in 2011. In 2011, a further CHF 2.7 million were converted into the new notes issued in 2010 with the balance being repaid.

Management has estimated that the maximum number of additional ordinary shares that could be issued at 30 June 2013 as 132,368 (30 June 2012 – 132,363 and 31 December 2012 – 132,368). However due to the loss in the year these have an anti-dilutive effect and have not been considered in the calculation of diluted earnings per share.

5. ADMINISTRATIVE EXPENSES

	Period to 30 June 2013 CHF	**Period to 30 June 2012 CHF**	**Period to 31 Dec 2012 CHF**
Professional fees and other costs	771,024	395,563	723,099
Audit fees	87,864	68,101	137,342
Property rent, maintenance and sundry expenses	189,580	165,940	407,654
Management fees	350,004	682,120	1,193,425
	1,398,472	1,311,724	2,461,520

6. FINANCE INCOME

	Period to 30 June 2013 CHF	Period to 30 Jun 2012 CHF	Period to 31 Dec 2012 CHF
Interest Income	76,505	110,242	190,405
Net foreign exchange gains	214,761	-	-
	291,266	110,242	190,405

7. FINANCE COSTS

	Period to 30 June 2013 CHF	Period to 30 Jun 2012 CHF	Period to 31 Dec 2012 CHF
Interest on notes	1,031,338	1,055,193	2,075,231
Interest on mortgages	3,733,613	4,074,795	7,969,441
Net foreign exchange losses	-	137,291	77,853
Amortisation of debt issue costs	78,799	78,102	156,321
Other interest and borrowing expenses	527,417	495,849	1,008,797
Interest expense on put option	-	60,916	123,307
	5,371,167	5,902,146	11,410,950

8. INVESTMENT PROPERTY

	30 June 2013 CHF	30 June 2012 CHF	31 Dec 2012 CHF
As at beginning of period/year	182,953,036	194,327,850	194,327,850
Net (losses)/gains on fair value adjustment	(934,143)	(9,546,468)	(9,839,365)
Net changes in fair value adjustments due to exchange differences	3,191,769	(2,425,410)	(1,535,449)
As at end of period/year	185,210,662	182,355,972	182,953,036

Bank borrowings of the group are secured on investment property as outlined in Note 10.

On 21 December 2007, the Group acquired a 94.9% interest in a partnership which owns four investment properties in Leipzig, Germany. These were acquired for a purchase price of CHF 275 million (€166 million) which, in part, was funded by senior debt of CHF 201 million (€121 million) (See Note 10).

Valuation of the investment properties was made as at 30 June 2013, 31 December 2012 and 30 June 2012 by Botta Management AG, ("Botta") an independent Property Consultant.

A discounted cash flow method to calculate the market value was performed using a discount rate of 4.2% (30 June 2012 – 4.3% and 31 December 2012 – 4.2%) which resulted in a gross capital valuation of €150.78 million (30 June 2012 – €151.78 million and 31 December 2012 – €151.54 million).

Further information required in accordance with the SIX Swiss Exchange's Additional Rules for the Listing of Real Estate Companies can be found on pages 20 to 21. This information is part of the selected notes to the interim condensed consolidated financial statements.

9. INVESTMENTS IN ASSOCIATES

	30 June 2013 CHF	30 June 2012 CHF	31 Dec 2012 CHF
Beginning of the period/year	15,426,339	33,614,870	33,614,870
Share of profit/(losses)	882,886	(10,968,284)	(16,345,652)
Exchange differences	(396,536)	533,141	417,907
Share of cash flow hedging reserve	114,744	153,823	(371,784)
Impairment in period	-	-	(1,889,002)
Loss provision in period	-	(3,867,979)	-
End of the period/year	16,027,433	19,465,571	15,426,339

The Group's shareholding in its associate has been pledged as security for loans as outlined in Note 10.

As at 30 June 2013, 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	29,884,179	(11,986,787)	1,006,093	882,886	20.28%

Also, included in PSPI's 2012 financial statements are both discontinued operations due to disposals of segments in the US and Switzerland, as well as assets held for sale as of the balance sheet date. Key figures included

- Loss for the year from discontinued operations GBP 5.9 million
- Assets of disposal group classified as held for sale GBP 22.8 million
- Liabilities of disposal group classified as held for sale GBP 20.5 million

PSPI's unaudited interim financial statements to 30 June 2013 included

- Profit for the period from discontinued operations GBP 1.4 million

For the purposes of equity accounting, the Group's share of losses as well as disclosure of the Group's portion of revenue is derived from totals for the year from continuing and discontinued operations. For the purposes of disclosure, the Group's share of assets and liabilities is derived from total assets and liabilities including disposal groups classified as held for sale.

The market price of shares in Public Service Properties Investments Limited ("PSPI") at 30 June 2013 was 25.0 pence per share. This results in a value of £5,342,353 (CHF 7,673,589) for the Group's holding of 21,369,413 shares. PSPI is listed on the AIM Stock Exchange, London.

9. INVESTMENTS IN ASSOCIATES (continued)

Impairment Test of Carrying Value

In accordance with IAS 36, "Impairment of Assets" a test has been performed to compare the recoverable amount with the carrying value to ensure that no impairment has occurred.

It has been assumed that any sale of PSPI would be performed at fair value. Consequently, all items on the balance sheet of PSPI as at 30 June 2013 have been compared on a line by line basis to their deemed fair value at the same date, less selling costs of 5%.

This has indicated that the recoverable amount of the holding in the associate exceeds its carrying value by CHF 0.1 million.

Additionally a sensitivity analysis has been performed to ascertain the sensitivity of the value of the Group's holding in PSPI to fluctuations in the fair value of items on its balance sheet. This revealed that a 5% movement in the value of the Investment Properties held by PSPI would result in a CHF 1.4 million movement in the fair value of the Group's holding. Were this to be a downwards movement this would result in a potential impairment of CHF 0.3 million as at 30 June 2013.

10. BORROWINGS

	Period Ended 30 Jun 2013 CHF	Period Ended 30 Jun 2012 CHF	Year Ended 31 Dec 2012 CHF
Non-current			
Notes	31,996,213	31,145,850	31,478,055
	31,996,213	31,145,850	31,478,055
Current			
Mortgages	120,430,753	150,249,533	149,818,610
Notes	-	3,779,462	-
Other Loans	5,941,708	-	4,509,032
	126,372,461	154,028,995	154,327,642
Total borrowings	158,368,674	185,174,845	185,805,697

The maturity of borrowings is as follows:

	30 June 2013 CHF	30 June 2012 CHF	31 Dec 2012 CHF
Current borrowings	126,372,461	154,028,995	154,327,642
Between 1 and 2 years	15,326,575	-	15,029,562
Between 2 and 5 years	16,669,638	31,145,850	16,448,493
Over 5 years	-	-	-
Non-current borrowings	31,996,213	31,145,850	31,478,055

Notes:

In September 2010, USIGH Limited issued CHF 25,000,000 of convertible bonds due 2015 (the "2010-2015 Bonds"), which are convertible into Shares. The 2010-2015 Bonds have a principal amount of CHF 100 each, a cash coupon of 4%, a yield to maturity of 6.25% and a conversion price of CHF 120. As at 31 December 2012, 2010-2015 Bonds in the aggregate principal amount of CHF 15,884,200 were outstanding.

Subject to adjustment under their terms, 132,046 Shares with a nominal value of CHF 68.85 (CHF 10.00) after the capital reduction described in Note 14 each of the Company would have to be issued under the terms of the 2010-2015 Bonds if all bondholders fully exercised their conversion rights. As of this date, no Shares have been issued under the 2010-2015 Bonds.

10. BORROWINGS (continued)

During 2009 the Group secured €11.5 million of second mortgage funding which took the form of a number of loan notes to third parties secured against the property in Leipzig, Germany for a five year term to May 2014 and paying 7.0% interest and 2.0% fees during this period. During 2011, an additional €1.0 million of secured notes were issued with 9.0% interest and 5.0% fees. These loan notes were converted into mandatorily convertible Series B notes in July 2013 and subsequently converted into shares of the Company as described in Note 14.

Mortgages:

The Group borrowed €121 million of senior debt under the Facility provided by the Syndicate on 4 January 2008.

The Facility was due for repayment on 30 October 2010 and despite numerous attempts by the Company's advisors and management between 2010 and 2012, the Company and its appointed refinancing agents were not able to obtain alternative financing. As a consequence, the Company negotiated several extensions, the latest of which expired in July, 2012. On 17 May 2013, the Company announced that it had entered into a Standstill Agreement (the "Standstill") which provides USI the opportunity until 31 December 2014 to complete a satisfactory refinancing. Pursuant to the terms of the Standstill, and provided certain conditions continue to be met, the Syndicate has agreed not to demand repayment of the Facility as a result of non-payment of principal or a breach of the loan to value covenant contained in the Facilities before 31 December 2014 (the "Standstill Period"). USI must reduce the amount owed under the Facilities by a minimum of €3 million by 31 December 2013 and by a further €1 million by 31 December 2014.

During the Standstill Period, the entire cash flow of the Leipzig Properties will continue to be applied first to interest, then to agreed costs and operating expenses, then to a restructuring fee and thereafter to a reduction of principal.

Due to several restrictive terms and conditions placed by the Syndicate under the Standstill, the borrowings in respect of the Leipzig Properties have been included in current liabilities in both 2012 and 2013.

Other Loans:

On 30 November 2007, the Group entered into a one year agreement for a CHF 31 million (€25 million) credit facility. The full amount was drawn down on 3 January 2008 and renewed on 3 January 2009, 2010, 2011, 2012 for a further year. In the six months to June 2013 this amount was repaid in full, offset by a corresponding amount held as collateral in other receivables.

During 2011 a loan with Green Street Global Investments was entered into for an amount of CHF 3,158,866. This amount attracts 15% interest and was originally due to mature in July 2012 until subsequently extended. During 2012 a further loan of CHF 274,761 was provided from the same loan facility. The Company's shares of PSPI were pledged to secure this loan. Additional loans of CHF 457,705 were entered into under the same facility, which were assigned to RP&C International Guernsey Limited. This loan and all accrued interest was converted into mandatorily convertible Series A notes in July 2013 and subsequently converted into shares of the Company as described in Note 14.

In February 2013, a working capital loan for an amount of CHF 1.1m ($1.2m) was entered into with Venus Global Macro Fund Limited. This amount attracts interest at 7% and is repayable on 31 December 2014. This loan and all accrued interest was converted into mandatorily convertible Series A notes in July 2013 and subsequently converted into shares of the Company as described in Note 14.

11. CURRENT TAXATION

During 2013, the Swiss tax authorities conducted a tax audit of the Company for the financial years 2009 and 2010. As part of this process the authorities concluded that loans to its subsidiary USIGH Limited did not qualify as a participation and therefore revoked the Company holding privilege for these years. This has resulted in additional cantonal and communal taxes being due of approximately CHF 264,960. This amount is expected to be paid in 2013.

12. SHARE CAPITAL

	June 2013 CHF	Jun 2012 CHF	Dec 2012 CHF
Authorised, allotted, called up and fully paid:			
Equity interests (all periods):			
985,298 Ordinary shares of CHF 68.85 each	67,837,767	67,837,767	67,837,767

	Number of shares	Ordinary shares CHF	Share premium CHF	Total CHF
At 1 January 2012, 30 June 2012, 31 December 2012 and 30 June 2013	**985,298**	**67,837,767**	**11,617,985**	**79,455,752**

There were no movements in share capital in the six months ended 30 June 2013 or year ended 31 December 2012.

Authorised share capital:

Pursuant to an authorization in Article 3c of the Articles, the Board of Directors may increase the share capital in the amount of up to CHF 33,918,883.65 until 26 June 2014 through the issuance of up to 492,649 fully paid in additional Shares with a nominal value of CHF 68.85 each. An increase in partial amounts is permitted. The date of issuance, the issue price, the payments with regard to the issue price, the dividend entitlement as well as the allocation of unexercised subscription rights shall be determined by the Board of Directors. The Board of Directors may restrict or withdraw subscription rights in connection with mergers, acquisitions of interests, financing and/or re-financing of mergers or acquisitions of interests, or other investment projects, national or international placements of shares, conversion of loans or other equity securities into shares and for the broadening of the shareholder basis. The new Shares are subject to the transfer restrictions specified in Article 4 of the Articles.

At the AGM held on 20 June 2013, the Shareholders of the Company resolved that as of the Effective Date, as described in Note 14, the nominal value of each share of the authorized capital pursuant to Article 3c of the Articles is reduced to CHF 10.00.

Conditional share capital:

According to Article 3a of the Articles, the share capital may be increased by a maximum amount of CHF 3,155,326.65 through the issuance of up to 45,829 fully paid Shares with a nominal value of CHF 68.85 each through the exercise of option rights granted to the management and advisors of the Company or its subsidiaries. The subscription rights of the shareholders shall be excluded. The conditions of the option rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the Board of Directors. The acquisition of Shares through the exercise of option rights as well as every subsequent transfer of shares shall be subject to the restrictions set forth in Article 4 of the Articles. None of this conditional capital has been reserved for existing option rights.

Furthermore, pursuant to Article 3b of the Articles, the share capital may be increased by a maximum amount of CHF 30,763,557.00 through the issuance of up to 446,820 fully paid Shares with a nominal value of CHF 68.85 each through the exercise of conversion rights, warrant rights or option rights which have been or will be granted to bondholders or other creditors of the Company or its subsidiaries. The subscription rights of the shareholders shall be excluded. The conditions of the option rights and of the conversion rights, the issue price, the dividend entitlement as well as the type of contribution shall be determined by the Board of Directors.

12. SHARE CAPITAL (Continued)

The Board of Directors may restrict or withdraw the right for advance subscription (*Vorwegzeichnungsrecht*) of the shareholders in connection with (i) the financing (refinancing inclusively) of acquisitions of enterprises or parts thereof, participations or other investment projects of the Company and/or its subsidiaries or (ii) the issuance of bonds with option or conversion rights on national or international capital markets. If the right of advance subscription (*Vorwegzeichnungsrecht*) is excluded, (i) the bonds or bonds with warrants (*Anleihen oder Optionsanleihen*) have to be offered at market conditions, with (ii) the period of time for exercising the conversion and the options rights being not more than 10 years from the issue date, and (iii) the exercise price of the new Shares corresponding to the market conditions at the time of issue. The acquisition of Shares through the exercise of conversion and/or option rights as well as every subsequent transfer of these shares shall be subject to the restrictions set forth in Article 4 of the Articles. Part of this conditional capital has been reserved for issues of shares pursuant to the 2010-2015 Bonds referred to in Note 10.

At the AGM held on 20 June 2013, the Shareholders of the Company resolved that as of the Effective Date, as described in Note 14, the nominal value of each share of the conditional capital pursuant to Article 3a and Article 3b of the Articles is reduced to CHF 10.00.

The declaration of the capital contributions as included in the financial statements has been filed, but confirmation from the tax authorities approving the allocation has not been received as of the date of the financial statements

As at 30 June 2013, the company held 15,669 shares in treasury (30 June 2012 and 31 December 2012 – 15,669 shares).

13. SEGMENT INFORMATION

	Investments in Government Tenanted Property	Investments in Associated Undertakings	Reconciling Central Costs	Total
Six months ended 30 June 2013	**CHF**	**CHF**	**CHF**	**CHF**
Revenue	5,786,733	-	-	5,786,733
Profit/(loss) after tax	(307,494)	882,886	(1,583,249)	(1,007,857)
Six months ended 30 June 2012				
Revenue	5,383,803	-	-	5,383,803
Loss after tax	(9,154,765)	(14,836,263)	(2,111,528)	(26,102,556)
Year ended 31 December 2012				
Revenue	10,816,685	-	-	10,816,685
Loss after tax	(8,880,773)	(18,234,654)	(3,823,972)	(30,939,399)
Total Assets				
30 June 2013	186,144,208	16,027,433	4,140,105	205,378,200
31 December 2012	184,131,166	15,426,339	33,858,837	233,416,342
30 June 2012	182,355,972	19,465,571	34,782,885	236,604,428

14. SUBSEQUENT EVENTS

Material transaction:

On 16th September 2013 USI entered into and consummated an agreement pursuant to which the Company acquired effective 16th September 2013 (the "Effective Date") 40,000 ordinary shares of Goldlink United Ltd ("Goldlink") constituting all of Goldlink's issued and outstanding shares, in exchange for 11,241,463 registered shares of USI with a nominal value of CHF 10.00 each ("Shares"), valued at CHF 20.00 each. This exchange ratio reflects a valuation of the total net assets being acquired through Goldlink of $244.45 million (CHF 224.83 million) based upon the opinions of independent, professional valuers. The Company's capital increase to create the new Shares has been registered in the Zurich Commercial Register as of the Effective Date.

Goldlink owns two Singapore subsidiaries, Royal Venture Pte Limited ("Royal") and Tokyo Ventures Pte Limited ("Tokyo"). Royal and its subsidiaries are engaged in the wholesale trading of gold bullion and jewellery and intend to expand that business significantly through collaboration with Surana Corporation Limited ("SCL"), one of India's largest gold manufacturers and importers. Royal's subsidiaries also own 1.84% of SCL. Consolidated revenues of Royal and subsidiaries for 2012 were approximately $133 million.

The Indian subsidiaries of Royal also hold development rights over, and have exercised options to acquire real estate based in Tamilnadu, India which they intend to develop for various commercial and residential purposes.

Tokyo is an investment holding company which, jointly with Royal and its subsidiaries, owns 4.57% of Surana Industries Limited, a listed Indian infrastructure/industrial company engaged in steel manufacturing, power generation and mining.

A prospectus was filed upon the listing of new Shares on the SIX Swiss Exchange ("SIX").

Also as of the Effective Date, the Company consummated the capital reduction by decrease of the nominal value of each of its existing shares from CHF 68.85 to CHF 10.00, which was resolved by the Annual General Meeting of 20 June 2013, and issued another 2,888,403 fully paid new Shares against set-off of claims of the holders of mandatorily convertible notes issued by its subsidiary USIGH Limited, as follows:

1. 1,372,929 Shares have been issued in respect of the mandatory conversion of CHF 18,543,542 of Series A Notes exchanged for working capital loans of approximately CHF 1.67 million, subordinated debt of €1 million (plus accrued interest), a $4 million loan used to retire convertible debt in 2011 (plus accrued interest) and CHF 10 million of cash fully subscribed – all convertible at CHF 13.50 per Share;
2. 779,444 Shares have been issued in respect of the mandatory conversion of CHF 14,030,010 of Series B Notes exchanged for €11.5 million of subordinated loan notes secured on the Company's Leipzig Properties – convertible at CHF 18.00 per Share; and
3. 736,030 Shares have been issued in respect of the mandatory conversion of CHF 14,720,600 of Series C Notes issued to RP&C International ("RP&C"), to certain RP&C affiliates and to Directors of USI in settlement of unpaid fees and loans made by and through these parties since 2010 – all convertible at CHF 20.00 per Share.

The capital decrease and the capital increase have been registered in the Zurich Commercial Register as of the Effective Date.

As a result of the capital decrease and the capital increases related to the acquisition of Goldlink and the conversion of the mandatorily convertible notes, USI has 15,115,164 Shares with a nominal value of CHF 10 each in issue. The new Shares were issued pursuant to resolutions of the Annual General Meeting of 20 June 2013 and listed and admitted to trading on the SIX as from 18 September 2013. Simultaneously, the regulatory standard pursuant to which the Shares are listed on the SIX changed from the Standard for Real Estate Companies to the Main Standard.

Litigation:

On 9 September 2013 the Company was notified of a judicial proceeding initiated by two individuals at its seat in Zurich, Switzerland, challenging on procedural grounds the resolutions of the Company's annual general meeting ("AGM") held on 20 June 2013. The Company and its legal counsel announced their belief that the claims made were without merit and that the Company would vigorously defend the shareholders' decisions which were passed with an overwhelming majority of shares represented at the AGM.

14. SUBSEQUENT EVENTS (Continued)

On 17 September 2013 the Company noted that in connection with public reporting on its acquisition of Goldlink inaccurate and misleading information had been disseminated concerning the Company's AGM and the litigation commenced against the Company. Accordingly, the Company announced that:

(1) The estate of the late Dr. Victor Lanfranconi is not among the claimants in the litigation of which the Company was notified; and

(2) At the Company's AGM, approximately 75% of the shares registered, as of its date, in the Company's share register (i.e. not counting "dispo" shares) were represented and that all proposals of the Board were approved with more than 99% of the votes represented at the meeting.

On 20 September 2013, the Company further announced that the heirs' representative appointed by the competent Swiss authority in the succession of Dr. Victor Lanfranconi had confirmed to the Company that:

- no legal action had been taken or is contemplated by the estate against the resolutions of the Company's AGM; and

- the prospective main heir of Dr. Victor Lanfranconi, his widow Beatrix Lanfranconi-Spaeti, explicitly welcomed all resolutions of the AGM, including in particular the share capital increase in connection with the acquisition of Goldlink.

The Board of the Company believes the litigation to be without merit and plan to vigorously defend the Company’s position.

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	€ 8,974,010 (CHF 11,023,228*)	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 = 0.81410

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 the value 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.

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. The 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 4.2% was used for the valuation at 30 June 2013 and 31 December 2012.

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 – 0.7% higher than the discount factor at 4.3%. (30 June 2012 – 4.3%, 31 December 2012 – 4.9%)

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 3.7% of rental income (30 June 2012 – 3.7%, 31 December 2012 – 4.7%).

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: Extraordinary expenses can be accommodated.

x) Growth rate assumed by Botta of 2.2% (2012 – 2.2%).

Market Value

With regard to the above, Botta are of the opinion that the Market Value of the subject property as at 30 June 2013 is **€150,780,000** (in words: One Hundred and Fifty Million Seven Hundred and Eighty Thousand) (30 June 2012 – €151,780,000 and 31 December 2012 – €151,540,000).

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