



## PRESS RELEASE

30 September 2013

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### **USI Group Holdings AG Interim Report 2013**

The Company is pleased to report its financial results for the six months ended 30<sup>th</sup> June 2013.

At 30<sup>th</sup> 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 30<sup>th</sup> 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 31<sup>st</sup> 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 4<sup>th</sup> January 2008.

The Facilities were due for repayment on 30<sup>th</sup> 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 17<sup>th</sup> May 2013, the Company entered into a Standstill Agreement (the "Standstill"), which provides USI the opportunity until 31<sup>st</sup> 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 31<sup>st</sup> December 2014 (the "Standstill Period"). However, USI must reduce the amount owed under the Facilities by a minimum of €3 million by 31<sup>st</sup> December 2013 and a further €1 million by 31<sup>st</sup> 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 30<sup>th</sup> June 2013 from €151.54m at 31<sup>st</sup> 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 30<sup>th</sup> June, unchanged from 31<sup>st</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> June 2013 were £0.7 million compared to £38.6 million at 30<sup>th</sup> 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 30<sup>th</sup> 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 30<sup>th</sup> June 2013 were CHF 205 million compared to CHF233 million at the end of 2012. Investment properties at 30<sup>th</sup> 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 30<sup>th</sup> June 2013 compared to CHF 15.4 million at the end of last year.

Shareholders' funds at 30<sup>th</sup> June 2013 were CHF 35.1 million compared to CHF 35.8 million at 31<sup>st</sup> December 2012. Shareholders' funds are stated net of the deficit on translation reserves which totalled CHF 42 million at 30<sup>th</sup> June 2013, a similar level to the balance at 31<sup>st</sup> 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 16<sup>th</sup> 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 16<sup>th</sup> 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 20<sup>th</sup> 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 31<sup>st</sup> 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 18<sup>th</sup> 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.

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

### **USI Group Holdings AG**

Dr. Volkert Klaucke (Chairman)

Approved by the board: 30 September 2013

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

### **Further information:**

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### **2013 Interim Report**

The document is available at [www.usigroupholdings.ch](http://www.usigroupholdings.ch)

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