USI ®
USI Group Holdings AG
Bleicherweg 66,
CH-8002 Zürich,
Switzerland
www.usigroupholdings.ch

PRESS RELEASE

30 July 2014

USI Group Holdings AG
Financial results for the period ended 31 March 2014

The Company is pleased to report its financial results for the period ended 31 March 2014.

Integration of Goldlink

On 16th September 2013, your Board announced that the Company had acquired all of the ordinary shares of Goldlink United Limited, a British Virgin Islands corporation ("Goldlink"), in exchange for 11,241,463 shares of USI with a nominal value of CHF 10.00 each, 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 $242 million (CHF 225 million) based upon the opinions of independent, professional valuers. These assets consisted primarily of a gold trading business based in Singapore (valued at $66 million) and parcels of real estate in Tamil Nadu, India, valued at $175 million.

Goldlink's principal Singapore subsidiary, Royal Venture Pte Limited ("Royal") and its subsidiaries are engaged in the wholesale trading of gold bullion and jewellery. That business had been set to expand significantly through collaboration with one of India's largest gold manufacturers and importers with which the Company had negotiated a gold supply agreement. In the period leading up to and subsequent to the acquisition, however, the former Indian government imposed various restrictions on the import of gold into India in order to curb the demand for foreign currency which had contributed to depressing the value of the Indian rupee. These measures included higher duties, increased costs of financing and limitations on amounts that could be imported into India based on a percentage of gold items exported. Trading in gold was curtailed with official Indian gold imports falling. As a consequence, pro-forma consolidated revenues of Royal and subsidiaries fell from $133 million in 2012 to $87 million for the fifteen month period ending 31 March 2014.

As a consequence of the aforementioned curbs, Royal has been working to establish new trading relationships outside of India, to implement and strengthen relationships with gold refiners and to establish lines of credit to facilitate the trading of gold in Asian markets. Meanwhile, in May, India elected a new Prime Minister, Narendra Modi, who is a recognised pro-business politician and it is widely expected that restrictions on Indian gold imports will be lessened this year. When that time comes, your Company intends to actively pursue its Indian sales while at the same time building sales in markets such as Singapore and Dubai. Given the postponement of revenues, the value of Royal has been reduced by approximately $14 million on the statutory balance sheet of the Company reflecting the views of Royal's independent valuer due to a delay in the receipt of the cash flows rather than a diminution in the longer term value of the business.

Through the Goldlink acquisition, USI also acquired 90% of two Indian subsidiaries which hold development rights over 9.2 acres in Madhavaram and 97 acres in Sholingur, Tamil Nadu, India. Independent appraisals valued the development rights at more than $175 million at the time of the Goldlink acquisition and this value was reaffirmed by another independent appraisal as at 31 March 2014. While the USI subsidiaries have exercised their option to acquire the freehold interests of the Madhavaram and Sholingur properties, the value of those properties will only be reflected on the Company's balance sheet once all applicable governmental approvals have been obtained and certain restrictions have been lifted. This process is currently underway. It is expected that all of the restrictions should be removed and an increase in value of the properties will be reflected on the Company's balance sheet during the course of the current financial year.

Both properties are located near Chennai which is the home to approximately 9 million people, making it the fourth most populous metropolitan area in India. Chennai has developed as the largest commercial and industrial centre in South India with an extensive network of transportation facilities including the largest seaport in South India, an international airport, well-laid roads and rail facilities. Employment and business opportunities coupled with rapidly growing healthcare and education facilities have resulted in continuous immigration. There is a high demand for residential development and both parcels have been earmarked for residential and, in the case of Sholingur, related commercial uses. Large contiguous land tracts near urban centres are increasingly difficult to obtain in India, particularly with new land acquisition legislation which has increased cost and time for land purchases.

The Company's remaining assets consist of its four office properties in Leipzig, Germany (the "Leipzig Properties") and its shareholding in Public Service Properties Investments Limited ("PSPI").

The Leipzig Properties

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 €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 led by the Royal Bank of Scotland plc – Niederlassung, Frankfurt (the "Syndicate") which was concluded on 4 January 2008. The Facilities were due for repayment on 30 October 2010 and despite numerous attempts by the Company's advisors and management during the intervening years, 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 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 Facilities 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"). However, USI was required to reduce the amount owed under the Facilities by a minimum of €3 million by 17th May 2014 and by a further €1 million by 31 December 2014. In May of this year, your Company made the required payment of €3 million and, as a result, interest is now being charged at the rate of 5.40% p.a. over Euribor. The principal outstanding on the Facility is approximately €92.5 million.

Rental income continues to be received from the Leipzig Properties without interruption in accordance with the terms of the lease: however, the Company's independent valuer reduced the value of the Leipzig Properties to €141.8 million at 31 March 2014 from €151.5 million at 31 December 2012 primarily to reflect the shortening of the unexpired lease term.

The Company has retained Deutsche Bank to assist with its refinancing efforts which are proceeding well. During the course of this year, we expect to conclude a comprehensive refinancing of the Facilities which will encompass the balance of the primary lease term. We expect to begin negotiations for an extension of the lease with the Government of Saxony sometime thereafter.

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 31 March 2014, unchanged from 31 December 2012. In May 2014, the Company received $4.4 million (£2.6 million) from the sale of half of USI's shareholding in PSPI at a price of 24.5 pence per share which reflected a small premium over the price at which PSPI shares closed on the AIM market of the London Stock Exchange the preceding day, but a significant discount to the last reported net asset value. Since the date of the Goldlink acquisition, the Company's shareholding in PSPI has represented a non-core asset.

Presentation of your Company's results in the consolidated financial statements

Your Company is presenting its financial statements in US dollars for the first time to more accurately reflect the functional currency for the USI Group going forward.

Moreover, due to the impact of the integration of Goldlink referred to above, the presentation and format of the consolidated financial statements for the fifteen month period ended 31 March 2014 and the comparative figures in respect of the year ended 31 December 2012 is being changed in accordance with International Financial Reporting Standards (IFRS) to reflect a "reverse acquisition".

The practical impact of this treatment means that the income statement reflects the income of Royal, the operating subsidiary of Goldlink, for the stated reporting periods and only the impact of the former USI Group from the date of the reverse acquisition. The impact of the former USI Group's results prior to the reverse acquisition is adjusted through equity. In the balance sheet, the comparative numbers are the balances in Royal, hence the assets and liabilities of the former USI Group are not reflected at 31 December 2012.

As a consequence of the treatment described above, the Company is reporting a consolidated profit for the period ended 31 March 2014 of $7.1 million after crediting the income statement with $19.4 million in respect of negative goodwill which is explained in more detail in note 3 of the Consolidated Financial Statements on pages 25-26.

On 9 September 2013, the Company announced that it had been notified of a judicial proceeding initiated by two claimants before the Commercial Court in Zurich, challenging on procedural grounds the resolutions of the Company's annual general meeting held on 20 June 2013. On 19 June 2014, the Company announced that a settlement had been concluded in court, in which the claimants withdrew their action against the Company. In consideration for the withdrawal of the claims against USI, the Company agreed to pay a share of the court costs only.

Overall, your Company is pleased with its progress to date in spite of the setbacks in gold trading noted above. Efforts to build that business and the trading of other commodities are currently underway and we look forward to reporting the results of our endeavours in future communications.

It remains your Board's intent to declare dividends once the acquired business interests are consolidated and stabilized.

Respectfully submitted,

USI Group Holdings AG
Dr. Volkert Klaucke (Chairman)
Approved by the board: 30 July 2014

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

Further information:
Dr. D. Srinivas
Vice Chairman
Phone: +44 20 7766 7000

Financial results for the period ended 31 March 2014

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

http://www.usigroupholdings.ch/tools/news_tools.php?news=1&cid=100&news_year=

SIX Swiss Exchange – symbol USIN, security number 227.101, ISIN CH0002271010

Not for distribution in the United States of America