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

PRESS RELEASE

22 July 2016

USI Group Holdings AG
Financial results for the year ended 31 March 2016

The Company is pleased to report its financial results for the year ended 31 March 2016 ("FY 2016").

Overall, FY 2016 was one of transition and development for your Company. Our German investment properties ("the Leipzig Properties") continued to produce strong operational cash flow which has been used to reduce associated debt. The Company made further progress with the substitution of Indian land parcels which the Board expects to provide development opportunities and capital appreciation in the years ahead.

At the same time, global commodity prices have remained weak causing the Company to re-evaluate its exposure to these markets. In January, the Company announced its intention to terminate its investment in mining operations in Indonesia and it increased monitoring of its gold trading activities. As a consequence of persistent difficulty in generating positive investment returns with no signs of improvement since the year end, your Board has decided to cease gold trading activities. Accordingly, our results for FY 2016 include provisions against amounts invested in commodity trading activities as discussed in more detail below.

Since the end of FY 2016, there have been important developments which we expect to have a positive impact on the Company's future results.

On 3 May 2016, the Company announced that it had made a conditional offer to purchase all of the issued share capital of RP&C International, Inc ("RP&C"), in exchange for approximately 2.1 million of the Company's shares held largely in treasury such that the transaction will be non-dilutive to existing shareholders. RP&C has advised the Company since 1998 and has been a shareholder from that date, owning 384,957 shares at 31 March 2016. RP&C is an investment banking, fund management and advisory firm which has advised on transactions totalling nearly $8.5 billion since its inception in 1992. The acquisition of RP&C is an important development for the Company as it involves the addition of a freehold property in a prime area of London to the Company's asset base while adding a financial services capability and internalising expertise, which is expected to result in cost savings to the enlarged group. Subject to receipt of all necessary regulatory and shareholder approvals, the acquisition is expected to complete on or around 1 October 2016 and would, based on current estimates, increase net assets by at least $25 million. Following the acquisition of RP&C, the enlarged group (which will be renamed as the Arundel group) will be an investment and financing firm. Its tangible assets will consist of the Leipzig Properties, RP&C's London property and two undeveloped parcels of land in India which have been conditionally acquired. The Arundel group's activities will comprise (i) principal investments in developed and undeveloped real estate and other undervalued assets in conjunction with highly regarded partners; (ii) the financing of third party investment opportunities from which it can generate fees and carried interests; and (iii) the provision of investment advice to family office groups which will generate fees and investment opportunities.

On 20 June 2016, the Company announced that it had refinanced the subordinated debt secured against the Leipzig Properties with a new lender at a reduced interest rate. The new lender is a client of RP&C and an existing shareholder of and lender to the Company. The terms of the new loan are substantially more attractive than those achievable with other potential lenders and provide a prime example of the value added contribution that the acquisition of RP&C will bring to the Company.

Financial results

Total revenue for FY 2016 was $48.2 million compared to $47.9 million for FY 2015. Gold trading income of $37.8 million was up marginally over the $35.9 million reported for FY 2015 while rental income of $10.4 million was down slightly from the $11.9 million reported for FY 2015. Gold trading volumes totalled $25.6 million during the first half and $12.2 million in the second half of FY 2016. As mentioned above, the lack of meaningful progress has led to the Directors' decision to cease gold trading. Other income in FY 2016 equalled $1.4 million (FY 2015 - $0.3 million) of which $1.1 million represented the impact of movements in foreign exchange rates on the Company's borrowings in Swiss Francs and Euros and $0.3 million (FY 2015 - $0.3 million) relates to income receivable from the Group's coal investment in Indonesia.

Overall, the Company is reporting a net loss of $10.5 million for FY 2016 (FY 2015 – loss of $10.5 million). This net loss is stated after a non-cash reduction in the fair value of investment properties of $4.6 million (FY 2015 – $3.1 million) and administrative expenses of $7.2 million (FY 2015 - $6.9 million), including a provision of $3.2 million for potential losses associated with the cessation of operations in Indonesia and gold trading activities in Singapore. Finance costs for FY 2016 have been stated at $10.5 million (FY 2015 - $14.6 million), comprising interest on mortgage loans of $6.6 million (FY 2015 - $6.2 million), amortisation of debt issuance costs of $1.0 million (FY 2015 - $1.3 million) and movements in foreign exchange rates of $ nil (FY 2015 – $4.5 million).

Total assets are reported at $189.1 million at 31 March 2016 compared to $189.4 million at 31 March 2015. The Leipzig Properties have been independently valued at $153.5 million at 31 March 2016 ($151.2 million – 31 March 2015) with the increase in value stated after a reduction of $4.6 million in respect of year end revaluation offset by $6.9 million reflecting the 4.4% strengthening of the value of the Euro against the US Dollar between balance sheet dates. There was a corresponding adverse movement on the recognition of Euro denominated debt in the balance sheet and a 1.7% adverse movement in the value of the Group's Swiss Franc denominated debt.

Current assets at 31 March 2016 were $13.3 million compared to $13.9 million at 31 March 2015. Current liabilities increased to $41.5 million at 31 March 2016 compared to $9.8 million at 31 March 2015. The increase primarily relates to the addition of the subordinated loan secured against the Leipzig Properties (together with accrued interest and fees totalling $21.4 million) being included in current liabilities at 31 March 2016. Other short term working capital loans also have been included in current liabilities although management is confident that these will be extended as and when required. Total long and short term borrowings were reported at $134.3 million at 31 March 2016 compared to $126.8 million at 31 March 2015. During FY 2016 the Company repaid $6.2 million of debt and increased new debt by $8.2 million, with the net amount approximating the Company's cash loss for FY 2016.

As a result total equity (excluding treasury shares and non-controlling interests) decreased to $38.0 million at 31 March 2016 from $54.7 million at 31 March 2015. The decline primarily reflects the reported loss of $10.5 million for FY 2016 and the dividend of $7.0 million paid for FY 2015, offset by a positive net movement on foreign exchange rates of approximately $1.6 million. Total equity will increase once the Company is able to reflect the value of its investment in the India land parcels and the acquisition of RP&C.

Return of capital

As a result of the Board's assessment of the Company's activities and in anticipation of further positive developments during FY 2017, your Board is pleased to recommend a capital distribution in cash by way of a par value capital reduction of CHF 0.50 per share. If approved by shareholders, investors will also be offered the opportunity to reinvest the proceeds in shares of the Company. As with the dividend payment awarded in 2015, the Board believes that a significant majority of shareholders will elect to reinvest the proceeds in the Company's shares. A formal invitation to attend the Annual General Meeting ("AGM"), together with an agenda of all matters to be approved by shareholders at the AGM, will be issued in the next few weeks.

Indian properties

In 2013, USI acquired development rights over 106.2 acres of land in Tamil Nadu, India, which independent appraisals valued at over $175 million. These valuations were reduced to $136 million as of 31 March 2016 (from $142 million recorded at 31 March 2015). The value of these properties can only be reflected on the Company's balance sheet in accordance with International Financial Reporting Standards ("IFRS") once all applicable governmental approvals have been obtained and certain restrictions relating to loans to previous owners have been removed. While it was hoped that these restrictions would be eliminated long before now, delays have persisted. As a result, the Company has decided to substitute these properties with alternative properties, and in this context, announced in May 2015 a conditional agreement to acquire 80 acres out of a possible 120 acres of land in proximity to the East Coast Road near Chennai. The Company increased the amount of acreage to be purchased to 104 acres at 31 March 2016. Obtaining all necessary regulatory approvals has taken longer than planned although final approvals are expected within the next few months. The Group will formally acquire the freehold interests following the receipt of final approvals. The development value of the first replacement parcel of land has been independently appraised at approximately $90 million at 31 March 2016, although only a portion of this independent development valuation will be recognised in the Company's consolidated balance sheet at the time that the freehold interest is transferred to the Group. Under IFRS, the value to be reflected in the balance sheet will be the market value of the four million shares allocated to third parties for securing the freehold interest plus any additional cash paid in securing the land and approvals. At the current share price, the Directors estimate that the initial balance sheet value will be approximately $36 million.

Demand for residential and commercial real estate in India remains high and all parcels of land under review have been earmarked for residential and related commercial uses. Large contiguous land tracts near urban centres are increasingly difficult to obtain which has increased the cost and time required to consummate land purchases. Since 2007, property values in India have risen on average by 9% p.a. and residential properties near Chennai have risen much faster. It is believed that development properties comprising parcels of land near major urban centres like Chennai represent a very good long-term store of value for your Company.

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 Leipzig Properties serve as security for three tranches of debt: (i) a €50 million senior loan which has been provided on an interest only basis at a fixed rate of 5% per annum, repayable in March 2020; (ii) a €31 million junior loan which has been provided on a fully amortising basis over the same period with interest payable at a fixed rate of 3% per annum; and (iii) a subordinated loan which together with accrued interest, premium interest and fees totalled €18.9 million at 31 March 2016. During FY 2016 the Company repaid approximately €5.5 million of the junior loan leaving a balance outstanding of €22.4 million at 31 March 2016. Subsequent to the year end, the Company refinanced the subordinated loan on substantially more favourable terms. The Group has agreed to repurchase or refinance the subordinated loan by 30 June 2017.

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 €135.2 million at 31 March 2016 from €139.4 million at 31 March 2015, primarily to reflect the shortening of the unexpired lease term (offset in part by declining yields on German government debt).

Treasury shares

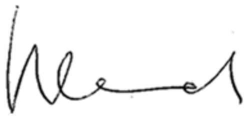
As of 31 March 2016, the Company and its subsidiaries held 1,341,458 shares in treasury (31 March 2015 - 1,509,276 shares) with a carrying value of $13.4 million (31 March 2015 - $19.4 million). During FY 2016 the Company used 416,301 shares to meet dividend requirements for FY 2015 and recovered 248,483 shares from one of the Company's former shareholders in settlement of obligations to the Company.

Overall, your Company is pleased with its progress to date in spite of the setbacks in commodities trading noted above and continued delays in bringing its real estate assets in India onto the Company's consolidated balance sheet. The expected acquisition of RP&C will be an important step in shaping the future direction and prospects of the Company. It is the Board's intention to grow your Company substantially both organically and through acquisitions and combinations in the years ahead.

Finally, I wish to announce that after many years of tireless service Mr William Vanderfelt has decided to retire as a Director of your Company at the forthcoming AGM. On behalf of the entire Board, I thank him for his invaluable contributions as a shareholder and Director during the last 11 years. At the AGM, the Company will propose the appointment of Mr Markus Müller, a Swiss national, as a new director. Since 2003, Mr Müller has served as a Director of Scherrer & Partner Portfolio Management AG, Zurich and of First Equity Securities AG, Zurich companies involved in asset management for private clients and the management of investment funds. Mr Müller has over 20 years of experience in advising on international capital market transactions and has been instrumental in placing a significant proportion of the USI group's Swiss Franc convertible bonds.

We look forward to seeing you at the Company's AGM scheduled for 27 September 2016.

Respectfully submitted,



USI Group Holdings AG
Dr. Volkert Klaucke (Chairman)
Approved by the Board: 22 July 2016

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

Further information:
Ralph Beney
Investor Relations Officer
Phone: +44 20 7766 7000

Financial results of the year ended 31 March 2016

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

https://www.usigroupholdings.ch/tools/news_tools.php?news=1

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