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Open door for purchase of Heidelberger Leben by Cinven and Hannover Re

Acquisition of life insurance business from Skandia in Germany and Austria

Heidelberg, 27.03.2014 – Cinven and Hannover Re have stated that the purchase of Heidelberger Leben, the German life insurance company, is no longer subject to restrictions and will be completed on 31 March 2014.

In addition, an acquisition company founded by Cinven and Hannover Re, which will shortly be renamed to Heidelberger Leben Group after the transaction has concluded, has signed an agreement with Old Mutual plc to purchase the life insurance business from Skandia in Germany and Austria. The purchase price amounts to EUR 220 million plus interest for the period up to the conclusion of the acquisition. Old Mutual Wealth had decided to simplify the operating structures in Europe and to concentrate on selected main growth markets.

Key points on the transaction

- Initial acquisition within the framework of setting up a strong consolidation platform for purchasing the life insurance companies and portfolios in Germany and Austria.
- The merger of Heidelberger Leben and Skandia Germany and Austria creates a company with managed assets of around EUR 10 billion (as at: December 2013) and around 1 million insurance policies
- The merged Group will offer significant advantages to the Skandia policyholders, including lower administration costs and further improvements in customer service

Skandia is a medium-sized life insurance company that specialises in Germany and Austria in offering unit-linked products and mainly offers life insurance policies for ongoing premium payments and pension plan payments. Skandia manages over 400,000 policies and assets of EUR 4.9 billion (as at 31 December 2013) of which over 90% are unit-linked. Since January 2013 the company has not recorded any significant new business in Germany and Austria. Around 280 people work for Skandia at locations in Berlin and Vienna.

The Group created from Heidelberger Leben and Skandia will invest further significant amounts in its IT systems and the efficiency of the

operational platform in order to lower administration costs for policyholders in Germany and Austria and further improve customer service as well as offer advantages for profit participation for relevant products. The acquisition of Skandia Germany and Austria and the merger with Heidelberger Leben is the first step towards building the consolidation platform founded by Cinven and Hannover Re for acquiring other life insurance companies and portfolios in Germany and Austria.

Skandia's brand will be maintained in Germany and Austria after the acquisition concludes as a closed portfolio. Complete continuity is ensured for the Skandia policyholders.

As usual, the acquisition is subject to the approval of the German Federal Financial Supervisory Authority (BaFin) and the Austrian Financial Market Authority (FMA).

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Heidelberger Lebensversicherung AG is an expert in solutions providing for retirement and risks and is one of the five biggest providers of unit-linked life and annuity insurances on the German market (year 2011, source: Map-Fax 5/2013). The company was founded in 1991 and with roughly 300 employees it currently manages assets amounting to EUR 5.2 billion. In the fiscal year 2012 it recorded an annual surplus of EUR 28.0 million. Some 300,000 customers with around 600,000 insurance policies put their trust in Heidelberger Leben.