

Alm. Brand Formue A/S – Extraordinary general meeting to discuss the resolution proposed by the Board of Directors for a solvent liquidation of the company

In accordance with the disclosure requirements for issuers of listed securities, we enclose a notice of extraordinary general meeting to be held on Tuesday, 18 March 2014 for the purpose of discussing a proposed resolution for the solvent liquidation of the company. The complete proposals are also enclosed.

The strategy for the company has been and is to build an investment company which, based on a debt/equity ratio of up to 4, is capable of generating a return that outperforms the general market return. The company's investment portfolio is generally composed of 25% equities and 75% bonds. The company's expectation has been to generate an average annual return of more than 10% seen over a period of five years. Since 2008, the company has posted decent results, in most of the years meeting the target annual return of more than 10%.

Due to the financial crisis, the interest rate structure and the interest rate level has been changed. As a result, it is no longer possible in the same way as previously to achieve significant gains by borrowing funds at bank interest and investing them in bonds. This has reduced the earnings arising as a result of the difference between short-term and long-term interest rates, which over the years have been used both to cover administrative expenses and to produce a profit for the company.

Over the past couple of years, the company has achieved satisfactory results, among other things due to positive equity returns. However, the company believes that maintaining the business model would not be the optimum solution.

The liquidity of the shares of Alm. Brand Formue A/S has been restrained by the financial crisis, and as a result the relationship between the company's share price and the net asset value has been in the 0.7-0.85 range in recent years. The company's Board of Directors has regularly discussed the liquidity of the shares and the relationship between the share price and the net asset value. Considering that the company's assets are solely composed of very liquid securities, both bonds and equities, it is not optimal for the shareholders that the share price has been 15-20% below the net asset value.

The company has initiated a number of initiatives to increase liquidity and demand in order to improve the relationship between share price and net asset value, but unfortunately these activities have only had a limited effect.

Moreover, the new Danish act on alternative investment fund managers (the so-called FAIF act) will entail increased administrative expenses for the company.

In order to support the greatest possible value for the company's shareholders, the Board of Directors recommends that the proposed resolution for a solvent liquidation of the company be adopted by the shareholders with a view to distributing the company's net assets to the shareholders. If the shareholders resolve to liquidate the company and appoint a liquidator as proposed, the liquidator will step in to replace the company's Board of Directors and Management Board. As part of the further process, the company's creditors will be requested to file any claims they may have against the company with the liquidator within three months of receipt of such request. After expiry of this three month period, liquidation financial statements will be prepared for approval at a final general meeting at which the shareholders will also adopt a resolution for a final liquidation of the company. The company's cash funds will subsequently be distributed to the shareholders, and the company's shares will be delisted from NASDAQ OMX Copenhagen A/S. If the liquidation progresses according to plan, the liquidation process is expected to be completed by the end of September 2014.

Based on Management's estimates of the costs expected to be incurred in connection with the liquidation process, the company's portfolio of own shares at 20. February 2014 and the share prices prevailing at 20 February 2014, the Board of Directors estimates the total liquidation proceeds available for distribution to the shareholders at approximately DKK 358 million, corresponding to around DKK 130 per share with a nominal value of DKK 10 each (excluding the company's portfolio of own shares as at 20 February 2014). By way of comparison, the closing price on NASDAQ OMX Copenhagen A/S of the company's class B shares on 20 February 2014 was DKK 109,00 per B share with a nominal value of DKK 10 each. The final proceeds from the liquidation will depend on, among other things, market developments in the period until the date of realisation.

Contact

Please direct any questions regarding this announcement to Søren Boe Mortensen, Chairman, on tel. +45 35 47 79 07.

Alm. Brand A/S CVR-nr. 77 33 35 17 • Hovedkontor: Midtermolen 7 • 2100 København Ø • Telefon 35 47 47 47

Alm. Brand Forsikring A/S CVR-nr. 10 52 69 49 • Alm. Brand Bank A/S CVR-nr. 81 75 35 12 • Forsikringselskabet Alm. Brand Liv og Pension A/S CVR-nr. 64 14 57 11
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