

**We invest in winners.** That means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

### Generali Deutschland Holding AG

Generali Deutschland is the parent company of the financial and insurance companies of Italian Generali S.p.A. that are active in Germany; with 13.5 million customers and 34 million contracts, the company is also Germany's second-largest primary insurance group. Gross premiums written for 2012 in the amount of EUR 14 billion are comprised of the segments life insurance (60%), property and casualty insurance (24%) and health insurance (16%). The volatility of the operating result is low due to the minimal significance of natural hazard insurance. With its prudent investment approach and strong operating performance, Generali was able to weather both the financial and economic crisis following the insolvency of Lehman Brothers, as well as the European government debt crisis. At EUR 504 million or EUR 9.33 per share, 2012 profits were clearly above expectations.

Generali S.p.A.'s holding in Generali Deutschland was increased to more than 93% of the share capital with an indemnity offer of EUR 98 per share in 2006, as well as additional purchases. We purchased our first shares following the stock market crash in spring 2009 in the expectation of a squeeze-out (exclusion of minority shareholders), since this step had already been undertaken for the Austrian and Swiss sub-group. The squeeze-out represents the final integration step, after Generali Deutschland as the main shareholder imple-

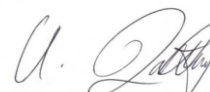
mented the exclusion of minorities for six subsidiaries in 2002 (Volksfürsorge, Thuringia, Aachener und Münchener Versicherung, Aachener und Münchener Leben, Badenia, Central). At the time, the cumulative capitalised earnings values from the appraisal reports (IDW S1, Standard-CAPM) added up to EUR 118, and indemnity amounts to EUR 132 per share. Since then, Generali Deutschland has been able to increase profits and expand its market share. The concept of "Direct Selling" is noticeably increasing in importance with brands such as Advocard (legal expenses insurance) and CosmosDirekt (largest German direct insurer).

However, the squeeze-out procedure was not implemented at the time due to the government debt crisis. We sold our shares at the end of 2010 at EUR 90 per share, and then repurchased them a year later at an average price of EUR 55. In July 2013, Generali S.p.A. finally increased its holding to 96% and announced the squeeze-out. Notwithstanding the changed methodology for company valuations (IDW S1, Tax-CAPM), which leads to lower objective values, we are expecting an indemnity that - following a review by the courts - will be higher than the EUR 105 per share that Generali S.p.A. paid for the most recent purchase. Nevertheless, we sold a first portion of our shareholdings at a market price of EUR 111. We want to create liquidity for upcoming investments rather than entering into a process with an uncertain outcome.

Sincerely yours



J. Henrik Muhle



Dr. Uwe Rathausky