

MMS/CF/MSE01215

27 July 2015

The following is a Company Announcement issued by Mapfre Middlesea p.l.c., pursuant to the Listing Rules of the Malta Financial Services Authority.

Quote

In accordance with the requirements of Listing Rule 5.162, it is hereby announced that on the 24 July 2015 Mapfre Middlesea p.l.c. (the “Company”) entered into a Sale of Business Agreement with Allcare Insurance Limited (“Allcare”), a limited liability company registered in Malta and authorised by the Malta Financial Services Authority (“MFSA”) in terms of article 7 of the Insurance Business Act (Cap 403 of the laws of Malta) (“IBA”) to write general insurance business in Malta, pursuant to which Allcare agreed to transfer and sell to the Company its economic activity constituting a business as a going concern operated on a stand-alone basis. Completion of the transaction is to take place on the 31 July 2015 (the “Completion Date”).

In terms of this business transfer and subject to the terms, representations, warranties and undertakings set out in the Sale of Business Agreement, the general business of insurance in Malta conducted by Allcare, its employees and the intellectual property rights and software owned by or licensed to Allcare (all as at the Completion Date) (together, the “Allcare Business”), are being acquired by the Company on a going concern basis. Furthermore, the Company is assuming, by way of novation, Allcare’s rights and obligations arising from contracts entered into by Allcare with third party suppliers, service providers, reinsurers and local statutory bodies (the Protection and Compensation Fund, Motor Insurers’ Bureau, Malta Green Card Bureau and Malta Insurance Association) in relation to the Allcare Business.

On the 24 July 2015, Allcare and the Company also entered into a Portfolio Transfer Agreement (the “PTA”), which forms an integral part of the Sale of Business Agreement, pursuant to which Allcare is to transfer to the Company the general insurance business portfolio of Allcare as at the 1 July 2015 (the “Portfolio”), on a going concern basis. As a condition to completion of the transaction, including transfer of the Portfolio, the approval of the MFSA in accordance with the provisions of article 33 of the IBA is required. The application made to the MFSA requesting approval of the transfer of the Portfolio from Allcare to the Company in terms of the PTA is expected to be approved by the MFSA prior to the Completion Date. With effect from the Completion Date, Allcare is to cease carrying on general business of insurance in or from Malta.

The total consideration payable by the Company to ALLCARE for the acquisition of the Allcare Business is composed of a base payment amounting to €1,100,000.00, payable by the Company within seven days of the Completion Date, and a deferred payment of up to a maximum of €500,000.00 (the “Deferred Payment Amount”), which shall be payable by the Company, over a three year transitory period commencing on the Completion Date (the

“Transitory Period”), in part or in full in accordance with the terms of the Sale of Business Agreement.

Through the acquisition of the Allcare Business, the Company aims to enhance its portfolio of general insurance business, particularly in the Motor, Property and Health classes of business.

In terms of the Sale of Business Agreement, the employees of Allcare who are immediately prior to Completion Date employed by Allcare and engaged in the Allcare Business are to be transferred to the Company, in accordance with the requirements of article 38 of the Employment and Industrial Relations Act (Cap. 452 of the laws of Malta) and the Transfer of Business (Protection of Employment) Regulations (LN433 of 2002 (as amended)). None of the individuals considered key to the running by Allcare of the Allcare Business as at the Completion Date are being absorbed by the Company. Such business will be integrated with the Company’s existing business, and will be managed in accordance with the internal processes adopted by the Company and under the supervision of the Company’s management team.

In accordance with the provisions of Clause 5.148 et seq of the Listing Rules, the acquisition of the Allcare Business is considered to be a Class 1 transaction (as defined in the Listing Rules) and accordingly no shareholder approval is required in order for the Company to conclude this transaction.

Unquote

By Order of the Board



Carlo Farrugia
Company Secretary