



PRESS RELEASE

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3i and Khazanah successfully complete lead investment in ACR's US\$620 million inaugural private placement

- **Largest ever private placement for a start-up company in Asia with 3i and Khazanah as cornerstone investors**
- **Creation of the first exclusively pan-Asian focused independent reinsurer**

Singapore, 1 December 2006 – 3i and Khazanah Nasional Berhad ('Khazanah') announced today the successful completion of a US\$620 million capital-raising by Asia Capital Holdings ('ACR'). Asia Capital Reinsurance Group ('Asia Capital Re'), ACR's wholly-owned subsidiary, has been granted registration as a reinsurer by the Monetary Authority of Singapore and has obtained an A– Financial Strength Rating (Excellent) from A M Best ⁽¹⁾.

This transaction marks the creation of the first exclusively pan-Asian focused independent reinsurer, formed to address the demands of the fast-growing Asian property and casualty insurance industry. Based in Singapore, ACR will focus on specialty lines of reinsurance in the large risks segment such as aviation, marine, energy, large infrastructure and engineering projects across Asia. ACR's objective is to deliver to Asian clients an unprecedented combination of strong Asian dedicated capacity, global underwriting standards and expertise as well as in-depth knowledge of the needs and dynamics of Asian insurance markets.

From day one of operations, Asia Capital Re will be a sizeable Asian reinsurer as measured by book value and one of the only few A– rated Asian reinsurance companies. Asia Capital Re's A– Financial Strength Rating from A M Best is also one of the highest ratings ever obtained by a start-up company in Asia.

The company is supported by an outstanding investor group combining a strong track record in private equity, extensive Asian ties as well as in-depth insurance and reinsurance expertise.

The lead investors in ACR are 3i, a world leading private equity and venture capital company, and Khazanah, the investment arm of the Government of Malaysia, which have each committed US\$200 million to ACR. 3i brings a strong track record in private equity investment, financial services knowledge and the reinsurance expertise gained from its previous successful investment in Aspen Re. Khazanah provides both a strong Asian network and unrivalled access to the Malaysian market. To capitalise on the market potential in Malaysia, Khazanah and ACR will jointly form a local reinsurance joint venture in which Khazanah will hold 70%. In due course, a pan-Asian Malaysian-based re-takaful business will also be created.



The remaining equity investment comes from a blue chip syndicate of global investors, including affiliated investment funds of Och-Ziff Capital Management Group, Morgan Stanley Private Equity Asia, Credit Suisse Private Equity Asia and the Luxembourg Sicav 'Worldwide Sicav'. Even before its formal launch, at its embryonic stage 12 months ago, ACR was able to attract a number of prominent angel investors, including Messrs Koh Boon Hwee, Lim Ho Kee and Hsieh Fu Hua who will remain as minority shareholders.

ACR will be led by a prominent team of global reinsurance practitioners with an excellent track record and Asian experience. ACR's founder and Chief Executive Officer (CEO), John Tan, has spent 30 years in the insurance and reinsurance industry, mainly in Asia. Co-founder and Chief Operating Officer, Heini Buergi, has over 25 years of experience. Together, they have assembled a group of experienced reinsurance experts who have held senior positions at leading global reinsurance companies.

John Tan, ACR's CEO, said: "We are very excited by the creation of ACR. I am personally grateful to all our investors, business partners, friends and fellow colleagues for their commitment and steadfast support to ensure that ACR has the opportunity to play an effective role in the insurance and reinsurance market. It is most fortunate that ACR is able to operate at a time when many people, within and outside the industry in Asia, are calling for the faster development of the Asian reinsurance landscape to cope with the significant growth in quality assets and insurance needs. We are also happy to note that ACR has attracted global expertise to kick start our operations and will increasingly strengthen our team with Asian talent."

Mark Thornton, 3i Managing Director Singapore and co-head Asia, commented: "The ACR private placement is a landmark transaction in the region. We are impressed with ACR's founders' entrepreneurial spirit and leadership and the management team's unparalleled track record. We share their vision to establish ACR as a leading player in the pan-Asian reinsurance market and look forward to actively working with the team to achieve this goal."

Commenting on the transaction, Khazanah's Managing Director, Dato' Azman Mokhtar, said: "We are very excited about our investment in ACR. Our participation in developing a ground-breaking business in Asia not only allows us to firmly position Malaysia as a key player in the insurance industry but will also enable us to drive the pan-Asian re-takaful business in realising the aspirations of Malaysia International Islamic Financial Centre."

Morgan Stanley acted as ACR's exclusive financial adviser and sole placement agent. Broadven acted as promoter and consultant to ACR. Clifford Chance and Lee & Lee acted as lead legal advisers to the investor syndicate and ACR, respectively.

Note: ⁽¹⁾ *A M Best Co, established in 1899, is the world's oldest insurance rating and information source.*