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## PRESS RELEASE

17 December 2018

### **Demeter Finance announces a public cash offer to the shareholders of DDM Holding**

Demeter Finance S.à r.l. ("**Demeter Finance**") (an affiliate of Aldridge EDC Specialty Finance Ltd ("**AEDC**")) hereby announces a public cash offer to the shareholders of DDM Holding AG ("**DDM Holding**" or the "**Company**") to acquire all outstanding shares in DDM Holding at a price of SEK 40.00 per share (the "**Offer**"). The DDM Holding shares are listed on Nasdaq First North, Stockholm, under the ticker DDM.

#### **Summary of the Offer**

- Demeter Finance offers SEK 40.00 in cash for each share in DDM Holding.<sup>1</sup>
- The total value of the Offer, based on 6,795,664 shares in DDM Holding<sup>2</sup> not already owned by Demeter Finance, amounts to approximately SEK 272 million.
- The Offer represents (a) a premium of approximately 43.4 percent compared to the closing price of the DDM Holding share on Nasdaq First North on 14 December 2018 (the last trading day prior to the announcement of the Offer) of SEK 27.90, (b) a premium of approximately 35.7 percent compared to the volume-weighted average share price of SEK 29.48 paid for the DDM Holding share during the last 30 active trading days prior to the announcement of the Offer, from 1 November 2018 up to and including 14 December 2018, and (c) a premium of approximately 21.2 percent compared to the volume-weighted average share price of SEK 33.01 paid for the DDM Holding share during the last 60 active trading days prior to the announcement of the Offer, from 20 September 2018 up to and including 14 December 2018.
- Demeter Finance currently owns 6,764,783 shares in DDM Holding representing approximately 49.89 percent of the total number of shares in DDM Holding.

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<sup>1</sup> If, prior to settlement of the Offer, DDM Holding pays dividends or makes any other value transfer to shareholders, the Offer as set out above will be reduced accordingly.

<sup>2</sup> Total number of outstanding shares in DDM Holding amounts to 13,560,447 shares.

- An offer document regarding the Offer is expected to be published on or around 25 January 2019. The acceptance period for the Offer is expected to commence around 28 January 2019 and end on or around 29 March 2019.

### **Background and Offer rationale**

Formed in 2007 by individuals who had previously been successful in building similar businesses, DDM Holding has established strong relationships with international banks and financial institutions in Europe to acquire distressed asset portfolios in the Central, Southern and Eastern European markets. In 2013, DDM Holding embarked on its strategy to significantly scale up its operations after several years of proof of concept with strong financial performance and issued its first bond to the capital markets, raising SEK 300 million. In 2014, the Company was listed on Nasdaq First North, Stockholm.

AEDC has been established by a highly experienced team of successful financial services entrepreneurs and investors who have a strong track record in securing investment and business opportunities associated with European banks and their non-core and non-performing assets and financial institutions. In April 2017, Demeter Finance, an affiliate of AEDC, became a significant shareholder in DDM Holding when it acquired approximately 48.81 percent of the shares in DDM Holding. Since then, Demeter Finance's stake has been increased to approximately 49.89 percent of the shares and votes in DDM Holding.

Demeter Finance believes that DDM Holding, with its disciplined cost structure, well diversified funding base and clear focus on Central, Southern and Eastern Europe is well positioned to deliver focused growth. However, a combination with AEDC's origination network, funding reach, structuring know-how and execution capabilities, will allow DDM Holding to take better advantage of selected non-performing loans (NPL) and distressed asset opportunities in its core markets going forward. A team-up with AEDC will allow for cost synergies and broader market (i.e. product) and funding reach, which will be beneficial to DDM's stakeholders. Demeter Finance believes that the Offer is financially attractive to DDM Holding's shareholders, and that DDM Holding and the future development of the Company will strongly benefit from a partnership with AEDC. Due to its industry expertise and track-record, AEDC is an ideal long-term partner for DDM Holding, and private ownership with a financially strong main owner will further serve to develop and grow the Company for the benefit of DDM Holding's stakeholders.

### **The Offer**

Demeter Finance offers the shareholders in DDM Holding SEK 40.00 in cash for each share. The total value of the Offer, based on 6,795,664 shares in DDM Holding not already owned by Demeter Finance, amounts to approximately SEK 272 million. If, prior to settlement, DDM Holding pays dividend or makes any other value transfer to its shareholders, the Offer price will be reduced accordingly. No commission will be charged in connection with the Offer.

The Offer represents (a) a premium of approximately 43.4 percent compared to the closing price of the DDM Holding share on Nasdaq First North on 14 December 2018 (the last trading day prior to the announcement of the Offer) of SEK 27.90, (b) a premium of approximately 35.7 percent compared to the volume-weighted average share price of SEK 29.48 paid for the

DDM Holding share during the last 30 active trading days prior to the announcement of the Offer, from 1 November 2018 up to and including 14 December 2018, and (c) a premium of approximately 21.2 percent compared to the volume-weighted average share price of SEK 33.01 paid for the DDM Holding share during the last 60 active trading days prior to the announcement of the Offer, from 20 September 2018 up to and including 14 December 2018.

The acceptance period for the Offer is expected to commence around 28 January 2019 and end around 29 March 2019. Settlement is expected to take place around 5 April 2019, subject to the conditions for completions having been fulfilled or if Demeter Finance otherwise elects to complete the Offer.

### **Statement by the Board of Directors of DDM Holding**

Pursuant to the Takeover Rules (as defined below), the Board of Directors of DDM Holding is to announce its opinion on the Offer no later than two weeks prior to the expiry of the acceptance period.

Erik Fällström, a member of the Board of Directors of DDM Holding, is also a co-founder and majority owner of AEDC and consequently an indirect majority owner of Demeter Finance. In accordance with the Takeover Rules (as defined below), Erik Fällström will not participate in DDM Holding's handling of or decisions concerning the Offer. These circumstances also imply that Section IV of the Takeover Rules are applicable to the Offer, entailing that the acceptance period shall be at least four weeks and that DDM Holding is obliged to obtain and announce a valuation opinion (fairness opinion) regarding the shares in DDM Holding from an independent expert.

### **Demeter Finance's shareholding in DDM Holding**

Demeter Finance currently owns 6,764,783 shares in DDM Holding representing approximately 49.89 percent of the total number of shares in the Company. Demeter Finance has not acquired or agreed to acquire any additional shares in DDM Holding or any financial instruments that provide a financial exposure to DDM Holding shares during the last six months prior to the announcement of the Offer.

Demeter Finance may during the acceptance period for the Offer acquire, or enter into arrangements to acquire, shares in DDM Holding. Such acquisitions or agreements will be made in accordance with applicable Swedish laws and regulations and will be disclosed in accordance with applicable rules.

### **Conditions for completion of the Offer**

Completion of the Offer is conditional upon:

1. the Offer being accepted to such extent that Demeter Finance becomes the owner of more than 90 percent of the total number of shares in DDM Holding (on a fully diluted basis);
2. the obtaining of all, with respect to the Offer and completion of acquisition of DDM Holding, necessary regulatory approvals or similar clearances, approvals and

decisions, including from competition authorities, in each case on terms acceptable to Demeter Finance;

3. the obtaining of consent from (A) the required majority of the bondholders of bonds issued by DDM Debt AB (publ)<sup>3</sup> with ISIN: SE0009548332 (EUR 85 million currently outstanding bonds due 30 January 2020) (the “**Bonds**”) for the following waiver of and amendments to the terms and conditions of the Bonds: (i) waive the change of control event that will occur with respect to the transaction contemplated by the Offer; (ii) extend the final maturity to a date on or later than 30 January 2022; (iii) new interest rate of 7.00 – 8.50 percent p.a.; and (iv) include permission to pay certain management fees, the use of certain SPV structures for investments and an Equity Cure provision, in all material respect similar to corresponding provisions included in the terms and conditions for bonds issued by DDM Debt AB (publ) with ISIN SE0010636746 (EUR 50 million currently outstanding bonds due 11 December 2020) (the “**Amendments**”); or (B) Bondholders representing at least 60 percent of the Adjusted Nominal Amount (as defined in the terms and conditions of the Bonds) irrevocably accept to exchange their Bonds for new bonds on terms and conditions in all material respect similar to the Bonds but including the above Amendments.
4. no third party announces an offer to acquire all or some of the shares in DDM Holding on terms that are more favourable to the shareholders of DDM Holding than the terms of the Offer;
5. neither the Offer nor the acquisition of DDM Holding being wholly or partly prevented or materially adversely affected by any legislation or other regulation, any decision of court or public authority, or similar circumstance, which is actually or can reasonably be anticipated to be, outside the control of Demeter Finance and which Demeter Finance could not reasonably have foreseen at the time of announcement of the Offer;
6. no circumstances, other than such circumstances that Demeter Finance had knowledge of or could have reasonably anticipated at the time the Offer was announced, having occurred that have or could be reasonably expected to have a material adverse effect upon DDM Holding’s sales, results, liquidity, solidity, equity or assets;
7. no information publicly announced by DDM Holding, or otherwise disclosed in writing to Demeter Finance prior to the announcement of the Offer, being materially inaccurate, incomplete or misleading, and DDM Holding having made public all information which should have been made public by it; and
8. DDM Holding not taking any measure that typically is intended to impair the prerequisites for the implementation of the Offer.

Demeter Finance reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not satisfied or cannot be satisfied. However, with regard to conditions included in items 2–8 above, the Offer may only be withdrawn provided that the non-satisfaction of such condition is of material importance to Demeter Finance’s acquisition of DDM Holding or if otherwise approved by the Swedish Securities Council (Sw. *Aktiemarknadsnämnden*).

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<sup>3</sup> DDM Debt AB (publ) is a wholly owned subsidiary of DDM Holding.

Demeter Finance reserves the right to waive, in whole or in part, one or more of the conditions set out above, including, with respect to condition included in item 1 above, to complete the Offer with a lower level of acceptance. The failure by Demeter Finance at any time to assert any of the foregoing rights will not constitute a waiver of such right.

### **Regulatory review**

The acquisition of DDM Holding may be subject to review by relevant competition authorities, although Demeter Finance at this stage has no reasons to anticipate that the completion of the Offer will be subject to any merger filings with or review by any relevant competition authorities.

### **Financing of the Offer**

The Offer is not subject to any financing condition. Demeter Finance has on a “certain funds” basis entered into an acquisition loan facility on customary terms for the financing of the Offer.

### **Due diligence**

Subject to approval by the Board of Directors of DDM Holding, Demeter Finance has the intention to conduct a customary and limited due diligence review of DDM Holding with the purpose of determining whether the conditions for the Offer have been satisfied and to confirm information previously made public by DDM Holding.

### **Indicative timetable<sup>4</sup>**

On or around 25 January 2019	Announcement of Offer Document
Around 28 January 2019 – 29 March 2019	Acceptance period
On or around 5 April 2019	Commencement of settlement

Demeter Finance reserves the right to extend the acceptance period following the acceptance period, as well as to postpone the settlement date. Any extensions of the acceptance period or postponements of the settlement date will be announced by a press release in accordance with the Takeover Rules (see definition below), applicable laws and other regulations.

### **Delisting and cash-out merger**

Following completion of the acquisition of DDM Holding, Demeter Finance intends to promote a de-listing of the DDM Holding shares from Nasdaq First North. Demeter Finance intends to promote such de-listing also if Demeter Finance completes the Offer with a lower level of acceptance than 90 percent of the shares in DDM Holding.

In the event that Demeter Finance, whether in connection with the Offer or otherwise, obtains more than 90 percent but not all of the shares in DDM Holding, Demeter Finance may potentially decide to initiate a cash-out merger between DDM Holding and an affiliated legal

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<sup>4</sup> The indicative timetable assumes that all conditions for completion of the Offer have been fulfilled or waived during the acceptance period, including the regulatory reviews (see above). If the regulatory reviews have not been completed during the acceptance period, the acceptance period may be extended and the settlement be postponed.

entity to Demeter Finance in which in accordance with Article 8 Paragraph 2 and Article 18 Paragraph 5 of the Swiss Merger Act (Schweizer Fusionsgesetz) the remaining minority shareholders will receive a settlement amount instead of shares (cash-out or back-end merger).

According to the articles of incorporation of DDM Holding, Article 704 of the Swiss Code of Obligations and Article 18 of the Swiss Merger Act, a shareholder in DDM Holding holding more than two-thirds of the shares in DDM Holding present or represented in a respective shareholders' meeting may pass shareholders' resolutions on all agenda items, including important resolutions (wichtige Beschlüsse) such as:

1. Any amendment of the company's purpose;
2. The introduction of shares with preferential voting rights;
3. Any restriction on the transferability of registered shares;
4. An authorized or conditional capital increase;
5. A capital increase funded by equity capital, against contributions in kind or to fund acquisitions in kind and the granting of special privileges;
6. Any restriction or cancellation of the subscription right;
7. A relocation of the seat of the company;
8. The dissolution of the company;
9. A merger (except for a cash-out merger, which requires 90 percent of all votes).

#### **Important information about LEI and NID at acceptance**

According to MiFID II and starting from 3 January 2018, all investors must have a global identification code in order to conduct a securities transaction. These regulations require legal entities to apply for registration of a LEI code (Legal Entity Identifier code) and natural persons need to find their National ID or NID number (National Client Identifier number) in order to accept the Offer. Please note that it is the shareholder's legal status that determines whether a LEI code or NID number is required, and that the issuing agent may be prevented from performing the transaction on behalf of the person in question if a LEI code or NID number (as applicable) is not provided.

Legal persons who need to obtain a LEI code may contact one of the suppliers available on the market. Through this link approved institutions for the global LEI system can be found: [www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations](http://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations).

As for natural persons who only have Swedish citizenship, the NID number consists of the designation "SE" followed by the person's social security number. If the person in question has a citizenship other than Swedish, or multiple citizenships, the NID number may be any other type of number.

Apply for registration of a LEI code (legal persons) or find out the NID number (natural persons) in good time since this information is required in the application form upon acceptance of the Offer.

## **Applicable law and disputes**

The Offer is governed by and construed in accordance with the substantive laws of Sweden. Any dispute, controversy or claim arising out of or in connection with the Offer, shall be settled exclusively by Swedish courts, and the District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

The Takeover Rules for certain trading platforms issued by the Swedish Corporate Governance Board 1 April 2018 (the "**Takeover Rules**") and the Swedish Securities Council's (Sw. *Aktiemarknadsnämnden*) rulings and statements regarding interpretation and application of the Takeover Rules, including, where applicable, the Swedish Securities Council's interpretation and application of the Swedish Industry and Commerce Stock Exchange Committee's (Sw. *Näringslivets Börskommitté*) rules previously applicable to public takeover offers, are applicable to the Offer.

## **Advisors**

In connection with the Offer, Pareto Securities AB is acting as financial advisor, Setterwalls Advokatbyrå is acting as legal advisor as to Swedish law and Schellenberg Wittmer AG / Rechtsanwältin as legal advisor as to Swiss law to Demeter Finance.

## **For additional information, please contact:**

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*Demeter Finance discloses the information provided herein pursuant to the Takeover Rules. This information was submitted for announcement on 17 December 2018 at 08.00 a.m. (CET).*

## **About Demeter Finance and AEDC**

Demeter Finance S.à r.l. is a Luxembourg registered limited company with its registered office at 2-4 rue du Palais de Justice, L-1841, Luxembourg, with company registration number B214693. Demeter Finance is an affiliate of AEDC Speciality Finance Limited within the Aldridge EDC Speciality Finance Group (AEDC). AEDC partners with banks and financial institutions to find solutions to non-performing loans, non-core assets and digital banking issues that are driven by the financial crisis, regulatory changes, fintech innovation and market pressures.

AEDC was established and is managed by a highly experienced team of successful financial services entrepreneurs and investors who have a strong track record in securing investment and business opportunities associated with European banks and financial institutions.

Information is also available at AEDC's website [www.aedcfinance.com](http://www.aedcfinance.com).

## **About DDM group**

DDM is a specialist acquirer and manager of distressed asset portfolios in Southern, Central and Eastern Europe. For almost a decade, DDM has built and retained longstanding relations with international banks and financial institutions requiring sustainable solutions to recover outstanding distressed assets.

DDM is headquartered in Baar, Switzerland, with strong ties to Sweden given its EUR 85 million and EUR 50 million bonds issued by DDM Debt AB. DDM Holding was formed in 2007 by a group of individuals that had previously successfully built a similar company. DDM's management team has more than 50 years of combined experience in the distressed asset market and has acquired more than EUR 3.5 billion nominal value of receivables in Central and Eastern Europe (CEE) and South-East Europe (SEE).

At the end of Q3 2018, DDM Holding has approximately EUR 250 million of gross estimated remaining collections (120 month ERC) and a well-diversified portfolio with the biggest collections per quarter coming from Slovenia, Greece, Czech Republic, Croatia, Romania and Hungary.

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## **IMPORTANT INFORMATION**

The Offer is not being made to persons whose participation in the Offer requires that any additional offer document is prepared or registration effected or that any other measures are taken in addition to those required under Swedish law. This press release and any documentation relating to the Offer are not being distributed and must not be mailed or otherwise distributed or sent in or into any country in which the distribution or offering would require any such additional measures to be taken or would be in conflict with any law or regulation in such country – any such action will not be permitted or sanctioned by Demeter Finance. Any purported acceptance of the Offer resulting directly or indirectly from a violation of these restrictions may be disregarded.

The Offer is not being made, directly or indirectly, in or into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America by use of mail or any other means or instrumentality (including, without limitation, facsimile transmission, electronic mail, telex, telephone and the Internet) of interstate or foreign commerce, or of any facility of national security exchange, of Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America, and the Offer cannot be accepted by any such use, means, instrumentality or facility of, or from within, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America. Accordingly, this press release and any documentation relating to the Offer are not being and should not be mailed or otherwise distributed, forwarded or sent into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America. Demeter Finance will not deliver any consideration from the Offer into Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States of America.

Statements in this press release relating to future status or circumstances, including statements regarding future performance, growth and other trend projections and the other benefits of the Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as “anticipates”, “intends”, “expects”, “believes”, or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Demeter Finance and DDM Holding.