

# Swiss withholding tax applies in respect of interest payments to holders of the DDM Senior Secured Notes

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**Following a ruling by the Swiss Federal Tax Administration, payments of interest under the DDM Treasury SEK 300 million Senior Secured Notes with ISIN SE0005280831 (the “Notes”) are subject to Swiss withholding tax since the refinancing executed in June 2015.**

On 23 June 2015 certain amendments to the documentation in respect of the Notes became effective following a written procedure. These included a pledge of the shares in DDM Treasury, introduced in order to strengthen the holders' security package. DDM Group AG, a Swiss limited liability company, is the pledgor of the shares in DDM Treasury.

The ruling by the Swiss Federal Tax Administration is in contrast to the advice from Swiss legal counsel, that at the time confirmed that no Swiss withholding tax would apply despite the newly introduced share pledge. However, the Swiss Federal Tax Administration has recently ruled contrary to the prior advice given to DDM Treasury and concluded that DDM is liable to deduct Swiss withholding tax at a rate of 35% from interest payments on the Notes. This is applicable as of 23 June 2015 and DDM Treasury will pay the withholding tax for the period up to and including 5 July 2015.

PwC in Switzerland has on DDM's request provided advice relevant to the majority of holders of the Notes. Further information is available on DDM's website, [ddm-group.ch](http://ddm-group.ch), under the tabs “Investors” > “Bond loan 2013” and “Swiss tax withholding”.

In brief, holders resident or incorporated in most EU member states are entitled to a refund of all or most of the tax withheld, subject to them fulfilling the conditions for a refund of such tax based on applicable double tax treaties in place.

Please note that the Swiss withholding tax is not applicable to interest payments under the fixed rate subordinated notes due September 2016 with ISIN SE0005424272, issued by DDM Treasury in September 2013 and which does not benefit from any security.

## **Claiming a refund**

Holders of Notes domiciled in Sweden or the United Kingdom are entitled to a refund from the Swiss Federal Tax Administration of the full amount of tax withheld, subject to them fulfilling certain conditions for refund. Holders domiciled in Luxembourg are entitled to a refund resulting in an effective Swiss tax rate of 10% (i.e. a treaty reduction of 25%), subject to them fulfilling certain conditions for refund. It is expected that such holders will be entitled to a corresponding tax credit in Luxembourg. Holders resident or incorporated in other EU member states will be able to claim a refund of all or most of



the tax withheld, subject to them fulfilling the conditions for refund, and should likely be entitled to tax credit in their home jurisdictions for any non-refundable Swiss withholding taxes.

### **Next interest payment date**

The annual interest rate for the Notes is 13% and the next interest payment date is 5 January 2016. In accordance with the above, on such date a cash amount of SEK 42,250 per SEK 1 million Note (equal to an annual interest rate of 8.45%) will be paid out by DDM Treasury to the holders of the Notes. Since the terms and conditions for the Notes do not contain any liability for DDM Treasury as issuer to compensate the holders for any tax withholdings, the amount withheld as Swiss tax will consequently have to be reclaimed from the Swiss Federal Tax Administration by each holder of Notes, and to the extent it cannot be reclaimed used as tax credit in the relevant holder's home jurisdiction, as applicable.

DDM regrets the inconvenience this causes for the holders of the Notes.

The content of this press release should not be construed as financial or tax advice. Investors need to seek advice to determine their own specific situation. The above description only serves as a general guide according to DDM's understanding and should not be relied on as advice.

This information is of the type which DDM Treasury Sweden AB (publ) must disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was made public on 23 November 2015, at 08:00 a.m. CET.

**For more information, please visit DDM's website at [www.ddm-group.ch](http://www.ddm-group.ch) or contact:**

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