



**DANISH
SHIP FINANCE**

Nasdaq Copenhagen A/S
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Danish consortium comprising Axcel, PFA and PKA acquires control of Danish Ship Finance A/S

As announced in Danish Ship Finance's company announcement No. 13 of 11 June, 2015 the Board of Directors of Danish Ship Finance in 2015 initiated a strategic review of potential development scenarios. The purpose was to support continued development of the ship finance business and to increase liquidity in the shares of the company.

The Board of Directors and the Large Shareholders view Axcel's, PFA's and PKA's ownership as a highly satisfactory solution ensuring a continued strong Danish ship finance institution backed by well capitalized owners and potential for controlled global growth in co-operation with Danish and international shipping companies. Furthermore, the transaction is a sale of assets which are no longer considered core to the Large Shareholders.

Peter Lybecker, Chairman of the Board of Directors, comments: "*The Large Shareholders have in co-operation with the the company conducted a broad and thorough strategic review and have had dialogues with multiple interested parties. In my view, Danish Ship Finance will in Axcel, PFA and PKA, obtain a strong ownership able to support the company and accelerate the continued development of the ship finance business in the interest of its employees, customers and business partners.*"

The new owners wish to continue developing Danish Ship Finance in accordance with the current strategy and led by the current Executive Management. Changes among the shareholder-elected board members are expected.

The new owners will acquire Danish Ship Finance through a holding company, AXPP ShareCo A/S, which is owned equally between them. The Large Shareholders and the consortium have agreed a price per share of DKK 14.166667 corresponding to a value of all shares in Danish Ship Finance of DKK 4,722 million. In addition to equity, the acquisition is financed by supplementary capital from PFA and PKA and bank financing (bridge financing).

In connection with the transaction, the other A-shareholders in Danish Ship Finance will receive an offer to sell each of their A-shares at the same price and terms as agreed with the Large

Shareholders. The offer to the other A-shareholders is expected to be submitted during the first half of October 2016.

The Board of Directors of Danish Ship Finance has noted that the price and other terms are satisfactory to all larger shareholders who have decided to sell. The shareholdings of the Large Shareholders represents a controlling interest and the other shareholders will, consequently, achieve the same price and terms as have been agreed for control of the company.

The Danish Maritime Fund is the owner of all the B-shares in Danish Ship Finance, which constitutes 10 % of the total share capital in the company. The Danish Maritime Fund has a special relation with Danish Ship Finance and therefore wishes to be a part of the future ownership of Danish Ship Finance in conjunction with the new owners.

According to the Interim Report for the first half year 2016 (Danish Ship Finance's company announcement No. 14 of 22 August 2016), the capital ratio of Danish Ship Finance was 18.8 % as of 30 June 2016 which is an increase from 17.3 % at 31 December 2015. After the transaction, the new owners are expected to adjust the capital of the company by distribution of surplus liquidity by way of a dividend in an amount of DKK 1 billion to AXPP ShareCo A/S and any other remaining A-shareholders. Adjusted for such dividend, the capital ratio would pro forma be 16.9 % resulting in a solvency surplus of 7.6 %, including the combined buffer requirement of 0.9 % as of 30 June 2016. The dividend will be used to redeem the bridge financing put in place in relation to the transaction.

Standard & Poor's have most recently published an A rating of the listed bonds of Danish Ship Finance and have awarded a BBB+ issuer rating to Danish Ship Finance. The ratings are not expected to change materially as a result of the transaction. Standard & Poor's is expected to make a separate announcement in the near term in accordance with common practice.

The Board of Directors have approved AXPP ShareCo A/S as owner of the shares of the Large Shareholders and the shares that may be tendered by other shareholders in connection with the offer to be made.

The transfer of the A-shares in Danish Ship Finance is conditional upon approval from the Danish FSA and approval by the relevant competition authorities. It is expected that the transfer will complete during 2016.

Additional information

Danish Ship Finance:

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About Danish Ship Finance A/S

Danish Ship Finance A/S is a Danish based ship financing company, who distributes loans to Danish and international shipping companies based on mortgages on the vessels. The company's purpose and vision is to be the most recognized and stable provider of financing to reputable shipping companies. The area of business entails a high level of specialisation and expertise in all aspects of the business, where 70 employees manages a loan portfolio of approximately DKK 43 billion, secured by pledges on about 450 vessels. The company's loan

portfolio is widely exposed in several shipping segments and the loans are targeted shipping companies, in Denmark and abroad, of high credit quality.

About Axcel

Axcel was founded in 1994 by a group of investors from the largest financial and industrial companies in Denmark. Today Axcel is a nordic equity fund, focusing on medium-sized companies and with a large group of Danish and international investors. Axcel has raised four funds with a total of about DKK 10 billion in committed capital. The funds have completed more than 45 investments and more than 80 larger acquisitions with relation to these. 37 companies have been sold or publicly listed. Today Axcel owns 8 companies, that has a total revenue of approx. DKK 7.3 billion and approx. 5,000 employees.

About PFA

PFA was formed in 1917 by a series of employers' organizations as an independent company with the sole purpose of securing employees and their families a secure financial future. With assets of approx. DKK 551 billion and a customer base of approx. 800,000 members, PFA is Denmark's largest commercial pension company. Furthermore, about 10,000 companies have a pension agreement with PFA.

About PKA

PKA administrates pensions of three pension funds within the health and social service sector. PKA has 275,000 members and a total fortune of approx. DKK 250 billion.

Facts of the transaction

- The buyers of the A-shares in Danish Ship Finance are Axcel, PFA and PKA, that collectively acquires 72 % of the share capital and 79 % of the voting rights from the Large Shareholders through AXPP ShareCo A/S
- The owner of the acquired A-shares in Danish Ship Finance will be AXPP ShareCo A/S, which is owned equally by Axcel, PFA and PKA
- In accordance with the current shareholders agreement in Danish Ship Finance, an offer will be submitted to the remaining A-shareholders at the same price and on the same terms as the offer the Large Shareholders have received
- The A-shares constitutes 90 % of the share capital, while the B-shares owned by The Danish Maritime Fund constitutes 10 % of the share capital
- As a consequence of The Danish Maritime Fund's continued ownership, the A-shareholders not wishing to sell their A-shares to AXPP ShareCo A/S cannot be compulsory redeemed
- The total purchase price of all A-shares amounts to DKK 4.25 billion. This is financed through DKK 1.35 billion share capital, DKK 2 billion additional Tier 2 capital and DKK 1 billion of senior unsecured debt (bridge financing) expected to be repaid by the extraordinary dividend payment
- After the transaction is completed, a dividend payment of DKK 1 billion is expected to be distributed to AXPP ShareCo A/S and the remaining A-shareholders

The history of Danish Ship Finance and The Danish Maritime Fund

Danmarks Skibskreditfond was founded on 6 June 1961 by Danish banks, insurance companies, shipping companies, shipyards – represented by the trade association in question – and Danmarks Nationalbank. No capital was invested, however the parties subscribed for the guaranteed capital of the fund.

The purpose was to create a permanent source of financing of Danish ship owners and new buildings from Danish shipyards and thereby provide a financial basis of a continued development of the Danish maritime industries. This continues to be an essential objective. Until the middle of the 1990's the fund financed vessels constructed at Danish shipyards. From 1997 and onwards, as the Danish shipbuilding industry diminished, the mandate has gradually been expanded to cover financing of vessels that are neither constructed at Danish shipyards nor Danish-owned.

In 2005 a need to modernise the scope of Danmarks Skibskreditfond arose, in order to correspond to the rules governing other financial companies. The transformation was based on an agreement between Danmarks Skibskreditfond, the Danish Ministry of Economic and Business Affairs and Danmarks Nationalbank and was completed by the conversion of Danmarks Skibskreditfond to a limited liability company. At the same time, the name was changed to Danish Ship Finance (Danish: Danmarks Skibskredit A/S).

The equity of approx. DKK 8.3 billion became a locked-up capital reserve in the interest of the continued possibility to finance the lending activity. The total share capital was DKK 333,333,334, of which 10 % is B-shares, that were transferred to the newly founded "The Danish Maritime Fund". The B-shares have been assigned preference dividend by an amount of 15 % of the yearly profit after tax in Danish Ship Finance, subject to a maximum of DKK 83.3 million. The locked-up reserve of approx. DKK 8.3 billion will at a possible liquidation be distributed to The Danish Maritime Fund.

The purpose of The Danish Maritime Fund is to provide financial support towards initiatives or measures, which serves to develop and promote Danish shipping trade and/or the Danish shipbuilding industry. This can be in relation to research, technology and product development, training, recruiting and other initiatives with a maritime focus.

Best Regards

Danish Ship Finance