Deutsche Beteiligungs AG

SETTING THE COURSE. ENABLING GROWTH.

WE LEVERAGE POTENTIAL BY INVESTING, DEVELOPING, REALISING.

ANNUAL REPORT
2015/2016

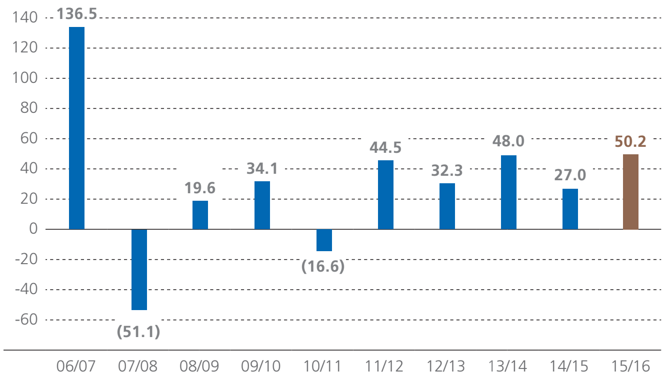
CONTENTS

ANNUAL REPORT 2015/2016

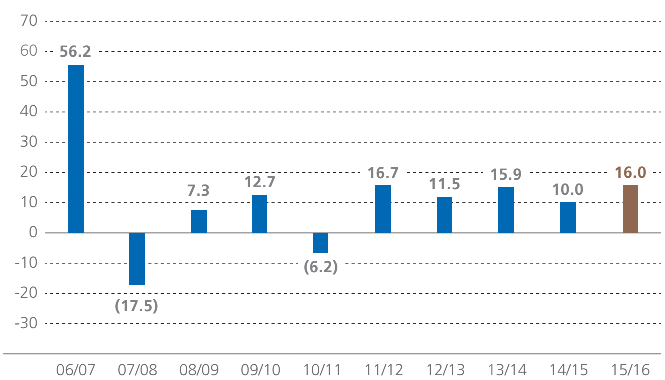
This symbol refers to a term that is defined in the glossary on pages 192 to 193.

LONG-TERM PERFORMANCE

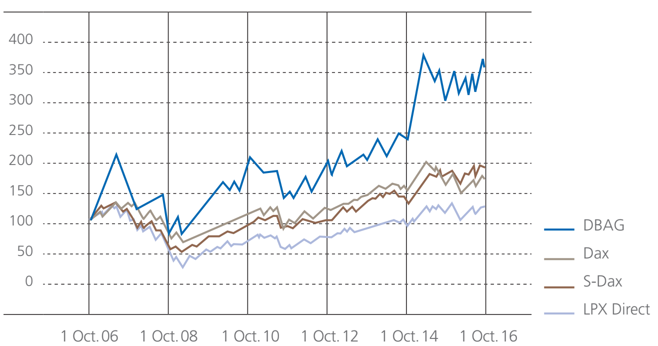
NET INCOME *(€mn)*



RETURN ON EQUITY PER SHARE *(%)*



PERFORMANCE OF DBAG SHARES AND BENCHMARK INDICES
(1 October 2006 to 30 September 2016, indexed to 1 October 2006 = 100)



FINANCIAL YEAR 2015/2016

NET INCOME
reaches

50.2

MILLION EUROS

RETURN ON EQUITY PER SHARE
per share

16.0

PERCENT

TOTAL RETURN TO SHAREHOLDERS

23.0

PERCENT

FINANCIAL YEAR 2015/2016

In addition to gains on disposals of investments (Spheros, Broetje-Automation), the net income of 50.2 million euros (previous truncated eleven-month year: 27.0 million euros) stems from the portfolio companies' generally good progress and, consequently, their value appreciation. The very satisfactory result is also due to positive changes in the stock market. The Private Equity Investments business line contributed 53.1 million euros to pre-tax net income (previous year: 24.9 million euros), whereas the Fund Investment Services segment recorded net income of -3.0 million euros (previous year: 2.2 million euros) due to non-regularly recurring expenses for fundraising and the further development of DBAG's structure.

More information on net income on page 63

NET INCOME
reaches

50.2

MILLION EUROS

Equity per share rose significantly. One contributor was the capital increase in September 2016; for the most part, however, the gain comes from the excellent earnings achieved this year. At 30 September 2016, equity per share was 24.57, after a dividend payment of 1.00 euro in February 2016. Including the effect from the capital increase, this equates to a gain of 3.51 euros, or a return of 16.0 percent.
Once again, we clearly exceeded the cost of equity. Over the past ten-year period, we have generated an average return on equity per share of 12.2 percent.

More information on the historical return trend on page 79

RETURN ON EQUITY PER SHARE
per share

16.0

PERCENT

In financial year 2015/2016, the price of DBAG shares rose to 29.57 euros, up from 24.90 euros. Including the dividend of 1.00 euro paid in February 2016, DBAG delivered a total return of 23.0 percent to shareholders.
Thus, DBAG shares clearly outperformed the S-Dax – the benchmark index for German companies of a comparable size – and the LPX Direct, the benchmark index for directly investing private equity firms. They also outpaced the Dax.
Over a ten-year period, DBAG shares generated an average total return for our shareholders of 13.6 percent annually – a superior performance, considering the benchmark indices returned only half as much.

More information on DBAG shares on pages 34ff.

TOTAL RETURN TO SHAREHOLDERS

23.0

PERCENT

OUR MISSION STATEMENT

Stock exchange-listed Deutsche Beteiligungs AG invests in well-positioned mid-sized companies with potential for growth.

For many years, we have focused on industrial business models in selected sectors. With our experience, expertise and equity, we support our portfolio companies in implementing their sustainable, value-creating corporate strategies.

Our entrepreneurial approach to investing has made us a sought-after investment partner in the German-speaking world. We have achieved superior performance over many years – for our portfolio companies as well as for our shareholders and investors.

From left to right:
DR ROLF SCHEFFELS, SUSANNE ZEIDLER, TORSTEN GREDE (Spokesman)

Frankfurt am Main, 14 December 2016

Dear Shareholders,

2015/2016 was not only a successful but also a special year for Deutsche Beteiligungs AG: a net income of 50.2 million euros led to a return on equity per share of 16.0 percent. Both amounts exceed those of the previous year and are considerably above our long-term average. However, these financial metrics are a thing of the past. What is more valuable and important is the course we have set. It has had a marked impact on the past financial year and will continue to do so far beyond our performance in 2015/2016. Our new course is taking your Deutsche Beteiligungs AG onto a path of growth and broadening our offering for Germany's "Mittelstand".

The course we have set is important, first and foremost, for our capital resources and the strategic positioning in our market. First, our capital resources: DBAG Fund VII, which closed in September 2016, is the largest German private equity fund for mid-market investments. For many investors, our investment team is the partner of choice when it comes to investment capital for mid-market companies in German-speaking regions. In the coming years, DBAG Fund VII will ensure a significant increase in fee income from fund investment services, and it will also continue to drive this business line to even greater profitability. Investors in preceding funds subscribed to more than 80 percent of the capital commitments. Most of them are engaged in several DBAG funds. They value our investment performance and rapid pace of investment. In structuring the conditions, we were able to agree further improvements for DBAG as an advisor to the fund.

This also applies to DBAG ECF, the programme launched in 2011 for growth financings of owner-managed "Mittelstand" companies. Capital commitments are now confirmed every two years, after which a new term of ten years begins. That allows us to provide financings of sufficient length, while satisfying the preference family companies have for an extended partnership. We also received new commitments to this fund in 2016.

Since DBAG also intends to grow in the Private Equity Investments business line, our co-investment commitment to DBAG Fund VII is greater than to the predecessor fund. We want to be able to fulfil that commitment without DBAG having to resort to long-term loans, which is why we increased the Company's capital shortly before the end of the financial year. The proportion of institutional investors in our shareholder base increased as the result of the manner and scope of this corporate action. We believe it will also improve the liquidity of DBAG shares.

As to DBAG's strategic positioning: the new fund, given its structure, is able to invest in larger buyouts, providing equity capital of up to 200 million euros in each case. This is nearly twice the amount possible under our own steam, without further co-investors. Concurrently, DBAG ECF will now also invest in smaller buyouts, expanding our investment range once more. DBAG will thus enlarge its position as the platform for all equity capital solutions in the mid-market. That strengthens our already strong market position.

The extent to which DBAG is acknowledged as an investment partner by Germany's "Mittelstand" was demonstrated again in 2015/2016. We agreed five new investments: three management buyouts with DBAG Fund VI and two growth financings with DBAG ECF. We thus initiated investment decisions on nearly 240 million euros, of which 53 million euros will come from DBAG. Family owners were our partners in four of these investments. Our good reputation and the confidence these family owners have shown in us are valuable assets we can use for further transactions.

Time and again, our investments attract buyers for whom our portfolio companies have a key strategic importance. In the past 20 years – the period in which we have been engaging in management buyouts – we have found strategic investors as buyers for some three-quarters of our investments. This has allowed us to realise a premium on the price that would otherwise have been achievable by selling to a financial investor or through an IPO. Last year's net income again mirrors divestments based on such strategic valuations.

In the past year, the general trend on the stock exchanges provided a tailwind that benefited the result of investment activity and, consequently, net income – especially in the fourth quarter of the financial year. The primary factor for the improvement in both indicators, however, was the broad-based positive development of our portfolio companies. Their revenue rose by an average of six percent within a year. Their earnings power improved even more: by an average of over 13 percent.

Fee income from fund investment services decreased somewhat, as expected. Every exit from a fund's portfolio entails a decline in the calculation base for fees. With DBAG Fund VII, we have set the course for raising that calculation base to a significantly higher level.

We expect fee income for fund investment services to grow by more than 50 percent, most of which will already be seen in the new financial year. A larger portfolio will also stabilise inflows from divestments. Our new dividend policy is a response to these changes.

We believe that we are capable of providing greater consistency in our dividends and therefore announced this summer that we intend to pay a stable dividend, which, whenever possible, will increase. In our view, the new dividend policy will be even more shareholder-friendly, and it will facilitate market expectations, now that very profitable realisations of individual investments no longer determine the dividends in a given year. In determining the dividend, we take our guidance from our objective of having shareholders participate appropriately in the Company's performance. You can therefore continue to expect an attractive dividend yield from us – attractive in a general comparison, but also as measured by the dividends of other listed private equity firms.

We are launching our new dividend policy with a dividend recommendation of 1.20 euros per share. This equates to a return of 4.4 percent on the average market price this past financial year. Added to that is the price movement on the stock exchange. The dividend and the price performance increased shareholdings by 23 percent in value over the course of a year. DBAG shares once more outperformed key benchmark indices.

The course we have set this past financial year helps ensure we can continue our successful business of investing, developing and realising. DBAG Fund VII, the enlargement of the investment focus by the fund for growth financings and the capital increase will have an ongoing impact that extends far beyond a twelve-month period.

We intend to maintain our good investment pace. Competition for promising corporate investments in the "Mittelstand" is intensive, but we counter that by our investment team's more than 200 years of combined private equity experience and a strong capital base.

Identifying the development potential inherent in the portfolio companies and then creating the momentum to leverage that potential are the key factors for success in our business. We continually review and improve the relevant processes. We create value when companies change and improve, or when new business concepts emerge and companies grow.

Finally, as the last step in our value-added chain: realising the value created. Overall, the portfolio is in good shape. It includes increasingly mature investments that attract the attention of other investors – as was the case with Grohmann Engineering, the oldest investment in our portfolio, which we very profitably realised at the start of the new financial year.

For 2016/2017, we nevertheless expect net income moderately below that of the past financial year on a comparable basis. The reason is last year's high baseline, which, as previously mentioned, benefited from stock market effects.

As you know, ultimately, the success of our investments can only be ascertained at the end of a several-year holding period. We therefore take an extended view, one that goes beyond a twelve-month period. The course we have set this past financial year makes us confident for the future. With a larger capital base and broader investment range in the market, our investment team can utilise its experience and knowledge to an even greater extent than before. That is a good platform for ensuring DBAG shares remain an attractive investment.

Torsten Grede | Dr Rolf Scheffels | Susanne Zeidler

BOARD OF MANAGEMENT

TORSTEN GREDE

Spokesman

Strategy and Business Development, Corporate Communication, Compliance, ESG, Investment Business, Investor Relations (fund investors)

Born 1964. Spokesman of the Board of Management since March 2013; member of the Board of Management since January 2001; appointed until December 2018.

Torsten Grede studied business administration in Cologne and St. Gallen, following a traineeship in banking. Directly after earning his degree, he started his career in 1990 at Deutsche Beteiligungs AG; he now has more than 25 years of experience in private equity in Germany's mid-market segment. Torsten Grede was named Senior Vice President in 1995 and was initially appointed to the Board of Management in 2001.

DR ROLF SCHEFFELS

Investment Business, Investment Team Development

Born 1966. Member of the Board of Management since 2004; appointed until February 2021.

After completing a traineeship as an industrial administrator at Braun AG, Dr Rolf Scheffels studied business administration at Goethe University in Frankfurt am Main, where he received his degree. His career began in 1992 with the audit firm C&L Deutsche Revision AG, Frankfurt am Main. In 1996, Dr Rolf Scheffels earned his doctorate (Dr rer. pol.) at Goethe University. He joined Deutsche Beteiligungs AG in 1997. Dr Rolf Scheffels was named Senior Vice President in 2000 and was initially appointed to the Board of Management in 2004.

SUSANNE ZEIDLER

Chief Financial Officer

Finance and Accounting, Investor Relations (stock market), Legal and Fiscal, Investment Controlling, Risk Management, Internal Audit, Personnel, IT and Organisation

Born 1961. Member of the Board of Management since November 2012; appointed until October 2020.

Susanne Zeidler studied business administration at the University of Münster. She began her career in 1987 with an audit partnership that specialised in mid-market companies. In 1990, she moved into the area of corporate finance at KPMG, where she was responsible, until 1999, for valuations of companies operating in various sectors. After becoming a partner in 2000, Susanne Zeidler led the internal audit review and other back office activities at KPMG's Frankfurt office. Beginning in 2005, she built the firm's activities with foundations and other non-profit organisations. In 2011, she became Director of Aid to the Church in Need, a worldwide charity organisation, at its international headquarters.

OUR INTEGRATED BUSINESS MODEL

Deutsche Beteiligungs AG creates value for its shareholders by way of two business lines – providing investment services to funds and investing alongside these funds. They are the link between both business lines.

The closed-end private equity funds we initiate bundle the assets of institutional investors and make investments in “Mittelstand” companies. These investments are structured as majority takeovers (management buyouts) or as minority investments to finance growth in family businesses. We advise the DBAG funds in selecting, developing and, ultimately, divesting their portfolio companies or their interest. Employing our shareholders’ assets, we invest as a co-investor alongside these private equity funds.

Both business lines contribute to increasing the value of DBAG. In **Fund Investment Services**, assets under management or advisement are targeted for long-term growth. The greater part of income is generated by **Private Equity Investments**. The objective we pursue in this business line is to sustainably build the portfolio companies’ value.

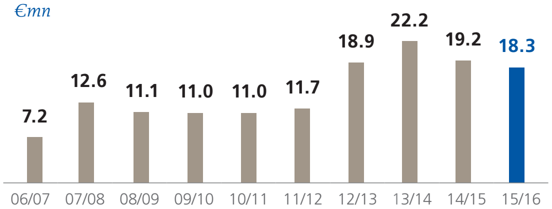

FUND INVESTMENT SERVICES
Investing
Developing
Realising
the value created
PRIVATE EQUITY INVESTMENTS
Portfolio of currently
25 investments with
development potential
DBAG FUNDS
German and international
institutional investors
Advisory
services
Fee income
Co-investment
agreement

FUND INVESTMENT SERVICES

Our most valuable asset does not appear on the balance sheet: creative, motivated and well-trained people are essential for success in the fund investment services business. Our investment team has more than 200 years of combined private equity experience in Germany's "Mittelstand" to their account. The team members invest their own money in parallel to the funds and DBAG. That convinces the investors in DBAG funds because it creates an identity of interest.

» DBAG Fund VII is the largest fund for investments in Germany's 'Mittelstand' – a new token of confidence from our investors. «

FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES
€mn

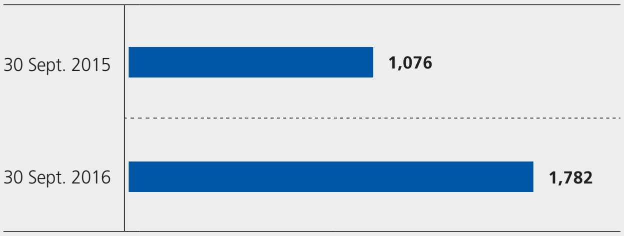


ASSETS UNDER MANAGEMENT OR ADVISEMENT
€mn

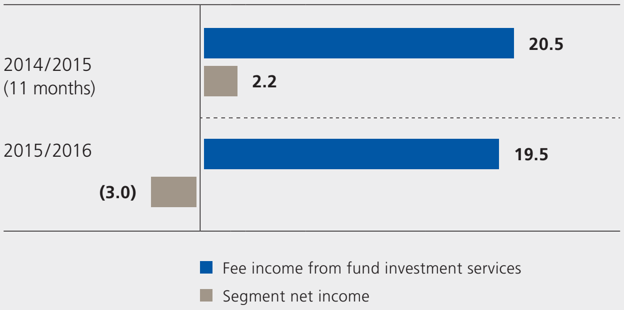
902 > **1,781**

31 October 2006 — *30 September 2016*

ASSETS UNDER MANAGEMENT OR ADVISEMENT
€mn



INCOME AND EARNINGS OF FUND INVESTMENT SERVICES
€mn



RATIONALE
Assets under management or advisement form the basis on which fee income for management and advisory services to funds is generated. We calculate these taking the sum of the capital invested by DBAG and DBAG funds, the outstanding capital commitments to the funds and the financial resources of DBAG.

DEVELOPMENTS IN 2015/2016
- Returns to fund investors and DBAG shareholders following realisations reduced assets under management or advisement.
- Callable capital commitments increased significantly by more than 700 million euros after the closing held for DBAG Fund VII.
- Capital commitments will recede in the future as investment activity progresses; they also decline due to advisory and management expenses.
- DBAG's financial resources decreased due to current expenses; the capital increase at the end of the financial year led to a rise (37.2 million euros).

OUTLOOK
2015/2016 not only saw the initiation of a new fund. We also received commitments for DBAG ECF's new investment period; these assets will be available when the fund's current investment period ends in May 2017. Assets under management and advisement have thus reached a peak. The portfolio contains mature investments. Further exits – such as that agreed for the investment in Broetje-Automation – lead to a reduction in assets under management or advisement. Assets under management and advisement have thus reached a peak. The portfolio contains mature investments. Further exits – such as that agreed for the investment in Broetje-Automation – lead to a future reduction in assets under management or advisement.

RATIONALE
Fee income from fund management and advisory services is readily forecastable. It is stable, but does not develop consistently. The basis for fee income declines along with exits; it only increases again when a new fund is initiated and launched. Net income from fund investment services contains two expense items which unlisted private equity companies also incur: expenses for the investment team and for the investment process. Moreover, for the years in which a new fund is raised, there are expenses for legal consultancy and other services in connection with the new fund.

DEVELOPMENTS IN 2015/2016
- The previous year contained income (for the last time) from DBG Fonds I (1.0 million euros), which was divested in July 2015.
- The realisation of Spheros reduced the basis on which fee income is generated (DBAG Fund V, 0.8 million euros).
- Expenses of 2.5 million euros prior to the start of DBAG Fund VII and for consultancy services on the further development of our corporate structures impacted income.
- Based on strong business performance, provisions for variable remuneration were higher this year than in the last.

OUTLOOK
With the launch of DBAG Fund VII, the basis for fee income from fund management and advisory services has almost doubled. Fee income will therefore be significantly higher in the current financial year than last; the full effects, however, will be recorded in 2017/2018, when advisory fees are charged for a full year. We do not expect any appreciable one-off expenses to weigh on income. Segment net income is therefore due to increase significantly.

PRIVATE EQUITY INVESTMENTS

The companies in the portfolio of Deutsche Beteiligungs AG are regionally rooted and globally successful. Nearly all are headquartered in Germany and two out of three companies operate on a global scale in more than 100 countries. Many of them are among the "hidden champions" – those particularly profitable companies that are growing and have a leadership position in their – possibly small – market segment, be it in the domestic market or the world market. This requires, for instance, having a high innovative capacity and customer focus as well as a capable management.

PORTFOLIO VALUE BY SECTORS

32% *Mechanical and plant engineering*

17% *Automotive suppliers*

16% *Industrial components*

10% *Industrial services*

25% *Other*




4

CORE SECTORS

Our knowledge of business models is particularly deep in mechanical and plant engineering, among automotive suppliers, industrial services providers and manufacturers of industrial components. A total of 80 percent of our transactions originate from these four core sectors.

» Our portfolio companies have proven business models and promising potential for development – by improving their strategic positioning or their operational processes, for example. What we look for are companies with a leading market position, seasoned managements, strong innovative capacity and future-viable products. «

OUR INVESTMENT CRITERIA

COMPANIES

Mid-sized company with strong market position

SECTORS

Focus on industrial business models

MANAGEMENT

Seasoned, entrepreneurially-driven management that co-invests

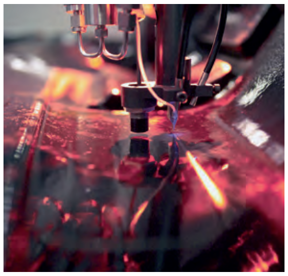
OUTLOOK

Considerable development potential

In sum, substantial potential for value creation is a must.

PRIVATE EQUITY INVESTMENTS

TELIO: *Modern communications systems for correctional facilities*

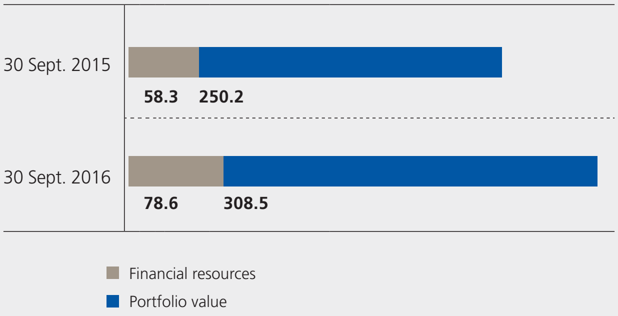


FRIMO: *Tooling and plants for plastic components in cars*

POLYTECH: *Silicone implants "made in Germany"*

NET ASSET VALUE

€mn



RATIONALE

Net asset value: the sum of the portfolio's fair value at the valuation date, less minority interest in the co-investment vehicles (primarily carried interest), other assets/liabilities of these vehicles (such as capital drawn down, but not yet invested), other non-current assets and financial resources, less (any) bank liabilities. DBAG had no bank liabilities – neither this year, nor last. Dividend payments to shareholders reduce net asset value.

DEVELOPMENTS IN 2015/2016

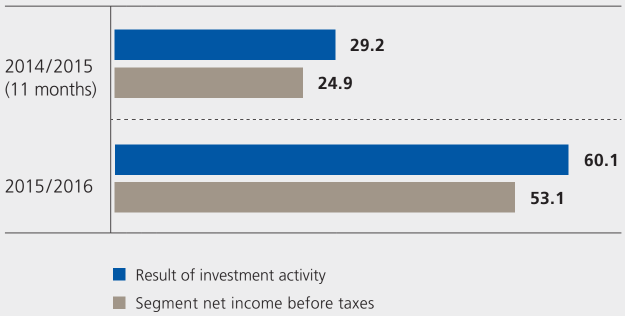
- Net asset value rose in financial year 2015/2016 by 25.4 percent to 387.1 million euros, despite a dividend payment of 13.7 million euros; the capital increase also delivered a contribution.
- Adjusted for the dividend payment and capital increase, net asset value increased by 17.8 percent.
- The rise is attributable to new investment of 32.6 million euros and value growth of the carried portfolio of 72.7 million euros.
- A credit line agreed in January 2016 had not been drawn down by the period end.

OUTLOOK

For the current and the two financial years thereafter, we expect net asset value to grow. In that context, we have taken our dividend policy into account. Net asset value could be negatively impacted by a drastic fall in inputs for the portfolio valuation, such as valuation ratios in the stock markets or the portfolio companies' earnings situation in the wake of a serious cyclical downturn.

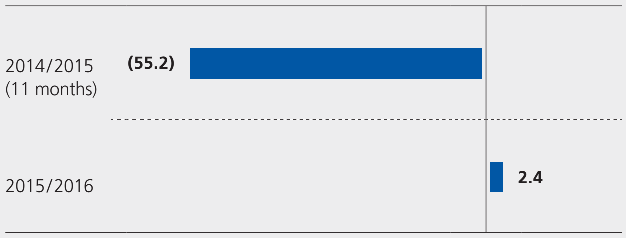
RESULT AND EARNINGS OF PRIVATE EQUITY INVESTMENTS

€mn



CASH FLOWS PORTFOLIO

€mn



RATIONALE

The net result of investment activity mirrors the income contribution from the portfolio; it is also the key influential factor for net income and the basis for segment net income of Private Equity Investments. Segment net income contains the material and personnel costs of DBAG's stock market listing – comparable to an investment trust – and general administration expenses.

DEVELOPMENTS IN 2015/2016

- The result of investment activity and segment net income of Private Equity Investments were clearly up on the previous year.
- In addition to the good progress the portfolio companies generally made, the result is also based on two very profitable realisations that delivered strategic premiums.
- Stock market effects account for a little less than one-quarter of the result of investment activity.
- There was a charge of 11.9 million euros on the result of investment activity arising from carried interest entitlements of the investment team.

OUTLOOK

On a comparable basis, we expect the 2016/2017 result of investment activity and segment net income before taxes for the Private Equity Investments business line to be below that of the excellent result achieved in 2015/2016, about one-quarter of which stemmed from a positive change in stock market multiples; our forecast assumes stable stock market conditions. At the end of our planning horizon (financial year 2018/2019), the results are targeted to again significantly surpass those of 2015/2016.

RATIONALE

A characteristic of the private equity business is the small number of transactions involving significant amounts: we enter into an average of four to six investments annually and exit an equal number. These transactions occur irregularly; in some years, investments may dominate, in others disinvestments. This gives rise to irregular cash flows.

DEVELOPMENTS IN 2015/2016

- In 2015/2016, cash inflows were considerably higher than in the prior year. They totalled 47.2 million euros, following realisations from the portfolio of DBAG Fund V and the two international buyout funds, subsequent to a refinancing and to repayments of bridge-over loans; cash flows from the portfolio were therefore positive.
- We agreed investments in five new portfolio companies. The capital for one of these investments was drawn down after the period end. Conversely, the proceeds from the realisation of another investment were only recorded after the period end.
- There were outflows of 25.1 million euros in 2015/2016 for two (of three agreed) MBOs alongside DBAG Fund VI, and 13.3 million euros for co-investments alongside DBAG ECF. Moreover, 6.2 million euros were spent for purchases of interests and capital increases in existing portfolio companies. In total, less was spent on new investment in 2015/2016 than in the year before.

OUTLOOK

In 2016/2017 and beyond, we expect to receive inflows from the portfolio. Based on our higher co-investment share alongside DBAG Fund VII, the average annual investment amount will increase from 50 million to 60 million euros. Whether cash flows from investing activities will ultimately be positive or negative in a year, depends on the dissemination of investments and disinvestments, the timing of which are not forecastable.

OUR PORTFOLIO

63

percent of the portfolio companies expect earnings to be at least five percent higher in 2016 than in the previous year

3.2

billion euros are the accumulated revenues of the companies in DBAG's portfolio

64

percent of our portfolio companies' revenues are generated outside Germany

REVENUES

5.4

PERCENT GROWTH

The 20 companies that were in our portfolio at the beginning of the financial year grew their revenues by 5.4 percent. This was calculated by comparing the companies' expected revenues for 2016 (or their financial year ending in 2016) with revenues generated in 2015. Only a small part of the increase in revenues can be attributed to companies acquired to strengthen our portfolio companies.

DEBT

2.3

TIMES EBITDA

Our portfolio companies have debts amounting to less than 2.3 times their EBITDA on average. 23 companies were included in the calculation for the average figure, weighted by their share in the portfolio value. The calculation is based on the companies' expected EBITDA and net debt for 2016 (or their financial year ending in 2016).

EARNINGS

11.8

PERCENT GROWTH

The companies in our portfolio improved their earnings by 11.8 percent on average. The indicator used is EBITDA (earnings before interest, tax, depreciation on tangible assets and amortisation of intangible assets). The companies' expected EBITDA for 2016 (or their financial year ending in 2016) was compared with their EBITDA in 2015. The 20 companies that were in our portfolio at the beginning of the financial year were included in the calculation; we weighted the growth achieved by each company with their share in the portfolio value.

VALUATION

7.7

TIMES EBITDA

The valuation of our portfolio companies is based on 7.7 times their expected EBITDA for 2016 (or their financial year ending in 2016) on average. Two companies that are valued with the DCF method due to their strong growth were not taken into account. The remaining 21 companies were included in the calculation for the average figure weighted by their share in the portfolio value.

MAGEBA AG: *first investment in a Swiss company*

» Our 23 companies have largely developed positively, providing the foundation for our success in 2015/2016. «

Our portfolio currently comprises 23 companies that are considered pioneers in their industries and niche markets. But even these companies have the potential to increase their value. Leveraging this constitutes the heart of our business. It is what investors in our DBAG funds pay us to do. Our shareholders participate directly in this portfolio of small and mid-sized companies, most of which are hidden champions, in other words companies that are often unknown to the wider public, but are an important driver and guarantee for the economic success of the German "Mittelstand".

The figures from our portfolio are exceptional. In most cases, revenue and earnings growth has either fulfilled or even surpassed expectations. The companies are changing, they are developing new products, growing, working new markets, improving their processes. By setting a new course, they increase their value.

The portfolio changed again in 2015/2016. We invested in a Swiss company for the first time: mageba makes structural bearings, expansion joints and other products for the infrastructure and building sectors. The family-run company intends to use the capital provided by DBAG Expansion Capital Fund (DBAG ECF) to grow, above all internationally (see page 24). The structurally expanding market for cruise liners is home to R&M International, a leading industrial services provider for ship interiors (see page 29). The business model of Telio Group (see page 32) is geared to supporting prisoners' rehabilitation with state-of-the-art communication devices. We are helping the company's management as it takes the next step in its development with DBAG Fund VI. The diversity of models in the automotive industry boosts the prospects of Frimo Group. The company produces tools and machinery for manufacturing plastic components for automobiles (see page 22). Demand is high for silicone implants "made in Germany": the market in which Polytech Health and Aesthetics operates is growing by six percent annually (see page 27).

The table shows the portfolio of DBAG as at 30 September 2016. It includes two investments which have been sold in the meantime. In addition, it comprises investments in two older international buyout funds with an investment period that expired more than five years ago; their portfolio now only contains one (Harvest Partners IV) or two investments (DBG Eastern Europe II). The table also includes investments, the acquisition of which was agreed on before the effective date but only completed in the new financial year. More information on the current portfolio can be found online at www.dbag.de/portfolio.

On the following see pages, we present 14 portfolio companies in alphabetical order, selected according to their portfolio value and topicality. They include the ten largest investments measured by their value (excluding those sold in the meantime), the new growth financings (mageba, R&M International), and the investments that were acquired after the effective date (Frimo Group, Polytech Health & Aesthetics). Comparable descriptions of the remaining portfolio companies can be found on our website (www.dbag.de/portfolio). Further explanations on the portfolio value are available in the status report (see page 72).

Company	Revenues 2016 *in €mn*	Employees	Core business
Broetje-Automation GmbH	The investment was sold in August 2016, the transaction was concluded in October 2016		
Cleanpart Group GmbH	51	570	Services for the semiconductor industry, hospitals and other industries
DNS:NET Internet Service GmbH	13	80	Telecommunications and IT services based on high-quality fibre-optic infrastructure in Berlin and Brandenburg
FDG-Gruppe	129	720	Services for supermarkets in France and neighbouring countries
Formel D GmbH	251	6,400	Services for car manufacturers and their suppliers
Gienanth GmbH	121	875	Machine and hand-moulded castings for the automotive supplier industry and for the production of engine blocks
Grohmann Engineering GmbH	The investment was sold in November 2016		
Heytex Bramsche GmbH	104	500	Producer of textile print media and technical textiles
inexio KGaA	50	180	Telecommunications and IT services based on high-quality fibre-optic infrastructure in southwest Germany
Infiana Group GmbH	194	800	Plastic-based release liners and specialised films
JCK Holding GmbH Textil KG	555	900	Textile retail business, mainly for discounters in Germany
mageba AG	102	800	Products and services for the infrastructure and building sectors
Novopress KG	n.a.	95	Tool systems for the sanitary, electronics and construction industries
Oechsler AG	349	2,260	Precision components in plastics engineering with a focus on the automotive supplier industry
Pfaudler Process Solutions Group	217	1,400	Glass-lined vessels and components for the chemical and pharmaceutical industries
Plant Systems & Services PSS GmbH	40	229	Industrial services for the energy and process industries
ProXES GmbH	115	434	Machines and processing lines for the production of liquid and semi-liquid food products
R&M International GmbH	102	480	Interior outfitting for ships and marine installations
Romaco GmbH	135	550	Machines and plants for packaging tablets
Schülerhilfe GmbH	66	430	Education and tutoring services in Germany
Silbitz Group GmbH	150	1,052	Hand-moulded and automated machine-moulded processes for different materials
Telio-Gruppe	28	110	Communications and media systems for correctional facilities
Unser Heimatbäcker GmbH	146	2,700	Bakery chain in northeast Germany
Investments in foreign buyout funds			
DBG Eastern Europe II	The fund has been in the disposal phase since 2010; the portfolio still contains two out of ten original investments		
Harvest Partners IV	The fund has been in the disposal phase since 2007; the portfolio still contains one out of nine original investments		
Investments since the beginning of the new financial year			
Frimo Group GmbH	212	1,400	Tools and plants for plastic components
Polytech Health & Aesthetics GmbH	31	170	Silicone implants

"Revenues 2016" are mainly expected revenues in 2016. The financial year at some companies diverges from the calendar year.
mageba AG: figures in Swiss francs. Pfaudler Process Solutions Group: figures in US dollars.

CLEANPART GROUP GMBH

Asperg (Germany),
www.cleanpart.de

KEY FACTS AT A GLANCE

- › Acquisition to expand the healthcare business
- › Semiconductor business in Europe developing well
- › Investment augmented by acquiring shares of a former minority shareholder

€11.2MN
INVESTMENT DBAG

18.0%
EQUITY SHARE DBAG

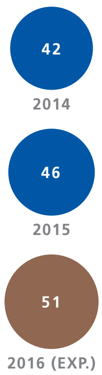
76.7%
SHARE OF DBAG FUND VI

MBO
TYPE OF INVESTMENT

APRIL 2015
INITIAL INVESTMENT

570
EMPLOYEES

REVENUES *in €mn*



INDUSTRIAL SERVICES FOR THE SEMICONDUCTOR INDUSTRY

Cleanpart provides engineering services to the semiconductor industry and the healthcare sector. For the semiconductor industry, the company services process-critical components in machines that are primarily used in the production of logic chips and memory chips. As these components become contaminated and wear out, they have to be regularly decontaminated, cleaned, coated and replaced to ensure that they meet the extreme purity and performance requirements in the production processes of chip manufacturers. Cleanpart uses chemical, mechanical and thermal procedures for cleaning the components before coating them again and packaging them for further use, usually under cleanroom conditions.

The components are serviced at the company's own facilities located near major customers in Germany and France as well as the US. Thanks to its strong technological position, the company is one of the leading providers in Europe and the US.

Cleanpart generates around three-quarters of its revenues in the semiconductor industry. The healthcare business essentially comprises cleaning and sterilising surgical instruments used in hospitals.

POTENTIAL FOR DEVELOPMENT

The aim is for the group to grow in both business areas to broaden its product and service portfolio for the semiconductor industry and increase its market penetration in North America. In addition to organic growth, the company is expected to develop through acquisitions, such as the sterile preparation division of Vanguard AG, which Cleanpart bought in July 2016. This allowed the company to considerably strengthen its presence in Germany and Austria in the business of cleaning, preparing and sterilising surgical instruments. In Germany, Cleanpart is now the largest independent provider of these services, which are used by hospitals and other medical facilities.

2016 FINANCIAL YEAR

Revenues and earnings were better than expected in the semiconductor business in 2016, primarily thanks to the positive development of the business in Europe. The healthcare division performed as expected.

In September 2016, DBAG and DBAG Fund VI increased their participation in Cleanpart by acquiring the holdings of a minority shareholder from the founding family. DBAG invested 1.8 million euros to this end.

OUTLOOK AND OBJECTIVES

Revenues and earnings are expected to continue growing in both business areas in 2017. The healthcare division will become significantly more important due to the acquisition mentioned above and investments in new locations.

FORMEL D GMBH

Troisdorf (Germany), www.formeld.com

KEY FACTS AT A GLANCE

- International expansion accelerated
- Revenues and earnings up on previous year
- Investment augmented by acquiring shares of former minority shareholders

€3.6MN[1]
INVESTMENT DBAG

17.7%
EQUITY SHARE DBAG

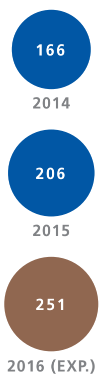
70.8%
SHARE OF DBAG FUND V

MBO
TYPE OF INVESTMENT

MAY 2013
INITIAL INVESTMENT

6,400
EMPLOYEES

REVENUES *in €mn*



1 After recapitalisation and acquiring minority interests

QUALITY SERVICES FOR THE AUTOMOTIVE INDUSTRY

Formel D offers services to automotive manufacturers and their suppliers across the entire product creation process, from vehicle development and production to customer service. The company advises its customers and provides them with specialised employees as well as technical solutions. The focus is on offering services related to quality.

The value chain in the automotive industry has become more permeable. Formel D makes use of the opportunities that arise from the greater integration of the individual levels of the value chain. In doing so, it serves the specific needs of the automotive industry, which is under pressure to improve quality and productivity despite the growing complexity of vehicles (e.g. due to more electronics), an increasing number of models and shorter product lifecycles. This means that Formel D is less affected by the volatility of the economy. In the course of ongoing globalisation, every new factory a carmaker opens presents an opportunity and additional potential for Formel D. The company benefits from being one of the few global service providers in its segment.

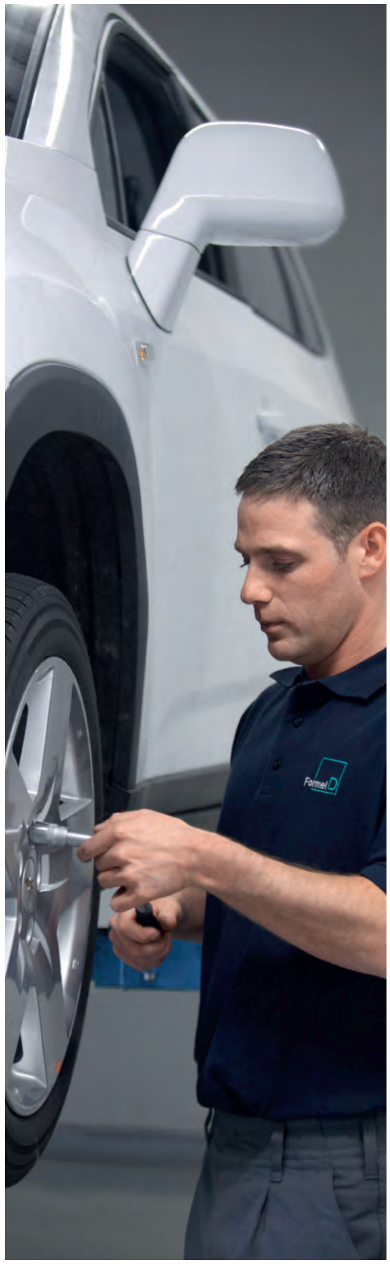
POTENTIAL FOR DEVELOPMENT

Formel D has an international presence with more than 80 production sites in 19 countries. Nevertheless, it intends to continue expanding to other countries, such as the US and China. Its revenue and earnings growth will be based on new services, among others. As a precondition for further growth, the leadership structure of the formerly family-run company was transformed to comply with corporate governance geared to the capital markets.

Formel D has accelerated its international expansion by strengthening its sales organisations in the US and China. Its sales division has become more customer and solution-oriented overall. A new reporting system provides detailed information regularly throughout the year as a basis for the company's value-based management.

2016 FINANCIAL YEAR

Management assumes that the company will generate considerably more revenues in 2016 than planned, above all thanks to high demand in Germany, Spain, Great Britain and Eastern Europe. Therefore, revenues and earnings will be well up on the previous year. DBAG and DBAG Fund V have increased their participation in the company through the



acquisition in April 2016 of the shares of the former minority shareholders. DBAG invested 1.9 million euros to this end.

OUTLOOK AND OBJECTIVES

In 2017, Formel D will once again benefit from realising the development potential defined at the start of the investment. Moreover, business performance will continue to be backed by positive market trends. Revenues and earnings are expected to grow further. Several major projects started in 2016 and set to last several years will provide a good basis for this.

FRIMO GROUP GMBH

Lotte (Germany),
www.frimo.de

KEY FACTS AT A GLANCE

- Leading technology provider
- Total output and earnings expected to be well above previous year's level
- Further regional growth
- Focus on expanding the service and spare parts business
- Diversity of models in the automotive industry a driver for growth

€14.8MN
INVESTMENT DBAG

13.5%
EQUITY SHARE DBAG

57.6%
SHARE OF DBAG FUND VI

MBO
TYPE OF INVESTMENT

NOVEMBER 2016[1]
INITIAL INVESTMENT

1,400
EMPLOYEES

TOTAL OUTPUT[2] *in €mn*

TOOLS AND PLANTS FOR THE AUTOMOTIVE INDUSTRY

Frimo is one of the world's leading providers of tools and machinery used to manufacture plastic parts for different applications. Its customers are mainly automotive suppliers, but it also delivers its products directly to automotive OEMs. The group has a decentral structure and is a full-service supplier of tools, single machines and automated production lines. Frimo's product portfolio covers almost the entire process chain of its customers.

As the technology required to manufacture car dashboards, door trims or arm rests, for example, has to be updated or at least adapted for almost every new car model due to changes in design, the company's business is not determined by the number of produced vehicles, but rather by the number of new car models and production locations that build these models. The company benefits from the trend towards high-quality and individually designed vehicle interiors with which automotive manufacturers set themselves apart from the competition. Apart from the automotive industry (85 percent of revenues), Frimo also serves customers in the aviation and chemical industries.

POTENTIAL FOR DEVELOPMENT

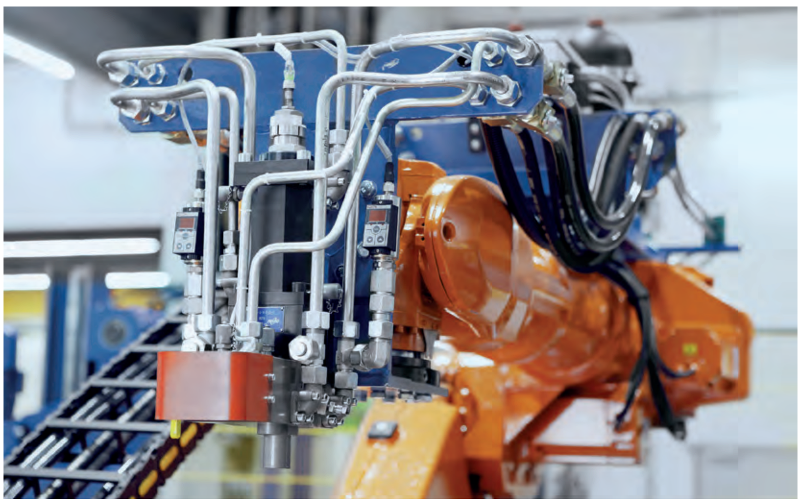
Approaches for the company's further development in the coming years are further regional expansion, especially in China, the US and Mexico, as well as growing the service and spare parts business and acquiring supplementary technologies and applications. Frimo operates in a growing niche market and should benefit from its good technology base. DBAG will support the company with its own expertise and that of the DBAG network, for example in the areas of strategy and organisation. To this end, we can rely on our in-depth knowledge of business models in mechanical and plant engineering as well as global market structures, among others, gained from investing in 16 companies in this industry sector in the past 20 years.

2016 FINANCIAL YEAR

Thanks to the continued large number of different models in the automotive industry, Frimo recorded an excellent order intake. Total output and earnings are expected to be well up on the previous year's level.

OUTLOOK AND OBJECTIVES

DBAG and DBAG Fund VI acquired a majority interest in the company in the fourth quarter of 2016. The focus in 2017 will first be on initiating measures to achieve the development potential agreed on with management at the start of the investment. The company expects demand to remain at a high level and therefore intends to increase its output and earnings.



1 The company was not yet part of the portfolio as at 30 September 2016.
2 The company's accounts are drawn up in accordance with the German Commercial Code (HGB); in view of the business model, total output provides a better picture of the company's business activities within a year than revenues do.

INFIANA GROUP GMBH

Forchheim (Germany),
www.infiana.com

KEY FACTS AT A GLANCE

- Earnings above previous year's figures and budget thanks to strong demand
- Production at maximum capacity
- Accolades for innovative strength

€11.5MN
INVESTMENT DBAG

17.4%
EQUITY SHARE DBAG

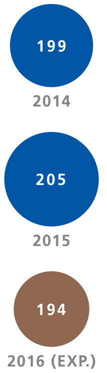
74.1%
SHARE OF DBAG FUND VI

MBO
TYPE OF INVESTMENT

DECEMBER 2014
INITIAL INVESTMENT

800
EMPLOYEES

REVENUES *in €mn*



RELEASE LINERS AND SPECIALISED FILMS

Infiana Group develops and produces specialised films for the consumer goods market and for industry. The films are used for sophisticated packaging and as components for hygiene products, as release liners and surface films for applications in the construction industry, and as release liners for technical adhesive tapes and special labels. The company has identified further attractive growth areas, including special films for pharmaceutical applications and for the production of composites, which it intends to expand in the coming years. The large number and variety of end-use applications ensure a high degree of diversification. Thanks to its highly flexible production, the company has a large product portfolio.

Infiana has a global presence: besides its headquarters in Germany, the company maintains further production sites in the US and Thailand. Its production structure is geared to its customers, which include consumer goods manufacturers with international operations that also produce worldwide. In its core markets, the company is market leader and has market shares of between 15 and 50 percent.

Infiana is considered a particularly innovative company and has received several awards for this. It invests around seven percent of revenues in research and development. The company develops innovative film solutions in close cooperation with its customers to produce individual products: three-quarters of its products are customised.

POTENTIAL FOR DEVELOPMENT

Apart from product innovations, growth drivers for the business include the substitution of paper release liners with plastic film, demand for higher quality packaging solutions, in particular in the area of hygiene, and the continued high level of construction activities in the US. In addition, Infiana is investing in expanding its production capacities in the US as well as in developing film solutions for new areas of application.

2016 FINANCIAL YEAR

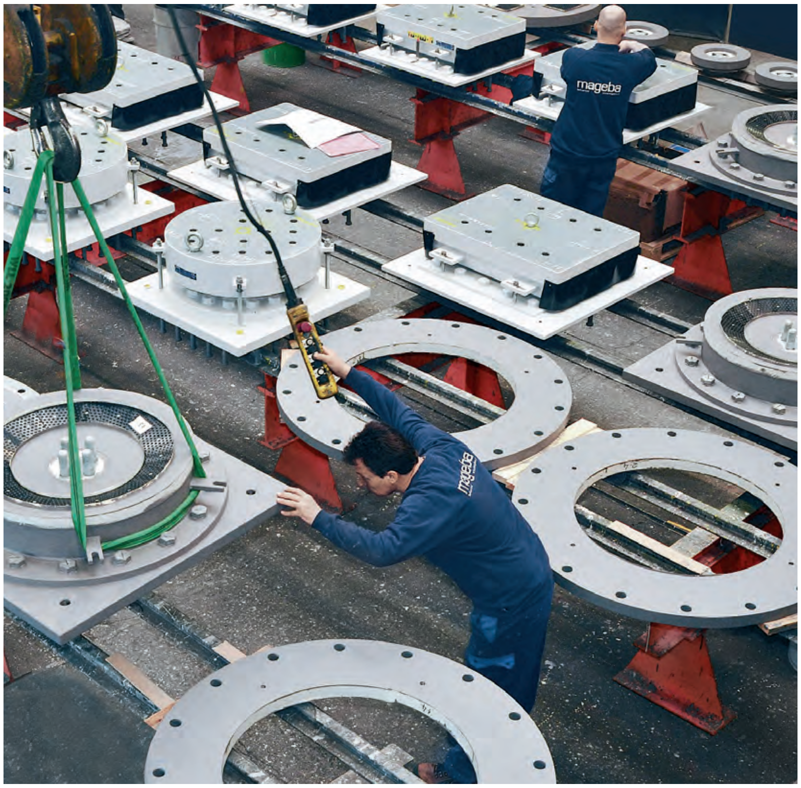
Earnings will be up on the previous year's figures and budget. Revenues will drop below the previous year's level due to the sale of the Brazilian subsidiary. The company divested this business, since its product portfolio is no longer part of the company's core strategy. At its other locations, Infiana produced at full capacity and therefore decided to start a comprehensive investment programme.

OUTLOOK AND OBJECTIVES

Other capacity increases by the company will come into effect in 2017, enabling it to fully participate once more in the sustained positive market outlook. For this reason, Infiana expects to continue its positive economic development. The strategy agreed on at the beginning of the investment will be pursued further. This includes broadening the range of additional areas of application described above. Furthermore, management intends to further consolidate the company's international position through acquisitions.

MAGEBA AG

Bülach (Switzerland), www.mageba.ch



KEY FACTS AT A GLANCE

- Revenues and earnings clearly up on the previous year
- Good order intake
- Continued positive growth prospects

€6.6MN
INVESTMENT DBAG

19.8%
EQUITY SHARE DBAG

21.8%
SHARE OF DBAG ECF

EXPANSION CAPITAL INVESTMENT
TYPE OF INVESTMENT

FEBRUARY 2016
INITIAL INVESTMENT

800
EMPLOYEES

REVENUES *in CHFmn*

PRODUCTS AND SERVICES FOR THE INFRASTRUCTURE AND BUILDING SECTORS

mageba is a globally leading supplier of structural bearings, expansion joints as well as other products and services for the infrastructure and building sectors. The family-run company therefore serves an attractive and growing niche market. Structural bearings ensure the load transmission between a bridge's superstructure and pillars; expansion joints absorb the longitudinal movements in bridges that occur through temperature variations and traffic load.

mageba has installed bearings and expansion joints in more than 20,000 constructions around the world, including some of the longest and most heavily-used bridges. Founded in 1963, mageba is considered to be a leading innovative provider in this technologically and qualitatively high-end segment of the market.

POTENTIAL FOR DEVELOPMENT

Seismic protection is one of the business areas to be expanded in future. Many countries have budgeted additional funding for projects in this area. mageba provides structural dampers for these applications that not only provide protection in the case of earthquakes, but also absorb noise and vibrations. In addition, DBAG aims to support the company's further international growth, for example in North and South America.

2016 FINANCIAL YEAR

As a prerequisite for further growth, a change in the family-run company's reporting system to comply with corporate governance geared to the capital markets was initiated. At the same time, a project was set up to improve the company's operational performance. mageba profited from state-run infrastructure programmes in several countries and posted a large volume of incoming orders. As a result, revenues and earnings will clearly exceed the previous year's figures.

OUTLOOK AND OBJECTIVES

The company will continue to work on the projects agreed on at the beginning of the investment and above all pursue international growth. Based on the good order backlog, the basically positive market outlook and various initiatives to ensure further growth, management expects the company's revenues and earnings to increase further in 2017.

NOVOPRESS KG

Neuss (Germany), www.novopress.de

KEY FACTS AT A GLANCE

- Strong growth through internationalisation
- Revenues and earnings above previous year's figures
- Investments in storage and assembly to expand capacity

€2.3MN
INVESTMENT DBAG

19.0%
EQUITY SHARE DBAG

21.0%
SHARE OF DBAG ECF

EXPANSION CAPITAL INVESTMENT
TYPE OF INVESTMENT

JUNE 2015
INITIAL INVESTMENT

95
EMPLOYEES

TOOL SYSTEMS FOR THE SANITARY AND ELECTRONICS INDUSTRY

Novopress is a leading manufacturer of electromechanical pressing tools with an outstanding market position in Europe. Heating engineers and plumbers use Novopress tools to connect copper, stainless steel or plastic pipes. In addition, the company develops and sells a range of crimping tools for the electronics industry.

Novopress has grown strongly in recent years as a result of implementing a consistent internationalisation strategy. Its growth has also been driven by the increasing popularity of compression technology outside Europe. Compression is superior to other pipe connection techniques such as welding or screwing, both technologically and in terms of costs. Thanks to ongoing high investments in research and product development, Novopress has managed to achieve and further consolidate its market position as technology leader.

POTENTIAL FOR DEVELOPMENT

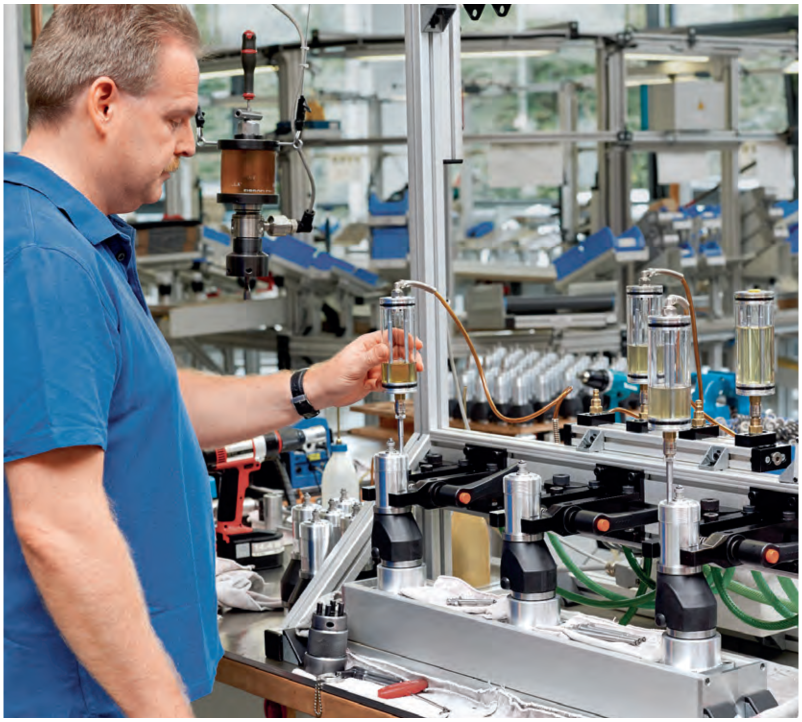
Building on its leading position in the European market, Novopress intends to further internationalise its business with pipe connecting technology and capture other regional markets. Following its successful entry into the North American and Australian markets in the past four years, the company is now focusing its attention on Asia, where pressing technology only accounts for a small share of the market so far.

2016 FINANCIAL YEAR

Novopress performed well in 2016; the company continued to grow its revenues based on its successful international expansion, and particularly as a result of entering the market in North America. The company assumes that revenues and earnings will be higher than in the previous year. To meet the high demand in future and continue to supply its customers reliably, Novopress is currently investing in increasing its capacities. In addition to a fully automatic small parts warehouse, further investments are planned to automate assembly.

OUTLOOK AND OBJECTIVES

Novopress expects to continue its positive performance in 2017. Revenues and earnings are set to increase further as a result of consistently pursuing the company's internationalisation strategy. At the same time, Novopress is working on further improving its productivity and on consolidating its technological leadership in the market.



OECHSLER AG

Ansbach (Germany),
www.oechsler.com

KEY FACTS AT A GLANCE

› Revenues and earnings well up on the previous year again
› Successfully expanding the sports shoe business
› Strong growth: revenue doubled within five years
› Optimized development and production

€11.1MN
INVESTMENT DBAG

8.4%
EQUITY SHARE DBAG

11.6%
SHARE OF DBAG ECF

EXPANSION CAPITAL INVESTMENT
TYPE OF INVESTMENT

MARCH 2015
INITIAL INVESTMENT

2,260
EMPLOYEES

REVENUES *in €mn*

PLASTICS ENGINEERING FOR INDUSTRIES OF THE FUTURE

With a history that goes back more than 150 years, Oechsler is now a sought-after partner for innovative solutions in plastics technology. The company's product portfolio ranges from precision single parts to complex modules and systems for the automotive supplier industry and for sports shoe production, for example, as well as other selected industries. The company develops, produces and assembles actuators, other mechatronic components and complex plastic bonding solutions.

Today, Oechsler generates around 80 percent of revenues with automotive suppliers. One key product is the electronic parking brake that combines mechanical and electronic components with injection-moulded plastic parts. Other typical products include housing components for remote control keys, headlight modules for the automotive industry and injection-moulded ceramic parts.

In the fast-growing area of high-tech sports shoe production, Oechsler combines its expertise in injection moulding and automation. The product portfolio also comprises, for example, various high-precision components for medical devices as well as visors for firemen's helmets.

The mainly family-owned business has grown strongly in recent years. In the past five years, the group has more than doubled its revenues. Oechsler maintains five production sites on three continents (Europe, Asia, North America).

POTENTIAL FOR DEVELOPMENT

Oechsler sees further growth opportunities for its successful business model and will expand its German sites as well as global production in Eastern Europe, Asia and North America. DBAG will support the company in doing so with its own expertise and that of the DBAG network, for example in the areas of strategy and organisation. To this end, we can rely on our in-depth knowledge of business models in the automotive industry and global market structures, among others, gained from investing in more than ten companies in the automotive supplier industry since 1990.

2016 FINANCIAL YEAR

The company continued its positive performance of previous years in terms of revenues and earnings in 2016; moreover, recently launched projects to optimise processes in the areas of development and production are beginning to bear fruit. Demand for the electronic parking brake is developing well and driving growth both in Germany and in the production sites abroad. In addition, the sports shoe business is growing in importance. As well as producing increasingly complex components for conventionally manufactured sports shoes at its Chinese plant, the company introduced a new, revolutionary production model with great potential for growth with its highly automated Speedfactory, which was put into operation in Ansbach as a pilot factory in 2016: in close proximity to the most important sales markets – first with the new plant in Ansbach for Europe, later with a plant in the US for the North American market – the company will make sports shoes in a plant that can be adapted to changes in consumer demand with extremely short response times.

OUTLOOK AND OBJECTIVES

The projects initiated at the start of the investment to enhance the strategy and optimise operations will be pursued further. The sports shoe business is evolving dynamically and further Speedfactories are planned. This and other new developments contribute to the increasing importance of global activities. The ongoing excellent performance of the company's core business for the automotive industry contributes to positive expectations for 2017.

POLYTECH HEALTH & AESTHETICS GMBH

Dieburg (Germany), www.polytechhealth.com

KEY FACTS AT A GLANCE

- Revenues and earnings expected to be well above previous year's level
- Significant market growth
- Production capacities and sales organisation expanded

€12.4MN
INVESTMENT DBAG

17.6%
EQUITY SHARE DBAG

75.1%
SHARE OF DBAG FUND VI

MBO
TYPE OF INVESTMENT

OCTOBER 2016[1]
INITIAL INVESTMENT

170
EMPLOYEES

REVENUES *in €mn*

PROVIDER OF HIGH-QUALITY SILICONE IMPLANTS

Polytech is a leading player in the development and production of silicone implants in Europe and the sole German manufacturer of such products. The company specialises in breast implants used in reconstructive surgery after illness and in aesthetic plastic surgery.

The company has grown strongly in recent years. This expansion is based on production (under clean-room conditions) in Germany, which conforms to highest quality standards, and the company's innovative capacity. Polytech has developed surface textures for its products that lead to a clear reduction in the rate of complications.

POTENTIAL FOR DEVELOPMENT

In view of the very positive response to implants "made in Germany", Polytech has considerably expanded its distribution activities. So far, the company generates around half of its revenues in Germany and other Western European countries. However, it increasingly sells its medical technology products worldwide, currently in over 70 countries. Polytech serves a growth market that is expected to develop worldwide by an annual rate of some six percent in the next few years. Growth is driven among others by rising prosperity and demographic change in industrialised countries. Polytech was previously family-run and is now at a new stage in its development.

2016 FINANCIAL YEAR

The company has kept its course with sustained dynamic growth. Total output and earnings are expected to be well above the previous year's figures.

OUTLOOK AND OBJECTIVES

DBAG and DBAG Fund VI acquired a majority stake in the business in the fourth quarter of 2016. The focus in 2017 will first be on initiating the measures agreed on with management at the beginning of the investment. These include significantly increasing the company's capacities for clean-room production, which is expected to be completed in the first quarter of 2017, and further strengthen the sales organisation. The company expects demand to remain at a high level and has therefore budgeted an increase in revenues and earnings, based on the higher production capacities.

1 The company was not yet part of the portfolio as at 30 September 2016.

PROXES GMBH

Hameln (Germany), www.proxes-group.com

KEY FACTS AT A GLANCE

- Positive development: revenues and earnings well up on the previous year
- Positive market environment
- Higher order backlog
- Synergies within the network taking full effect

€7.5MN
INVESTMENT DBAG

18.6%
EQUITY SHARE DBAG

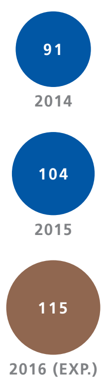
74.6%
SHARE OF DBAG FUND V

MBO
TYPE OF INVESTMENT

JUNE 2013
INITIAL INVESTMENT

434
EMPLOYEES

REVENUES *in €mn*



MACHINES AND PROCESS LINES FOR THE FOOD INDUSTRY

Stephan Machinery GmbH, FrymaKoruma AG and, since 2015, the Dutch company Terlet NV have been combined under the umbrella organisation ProXES GmbH, which was formed in 2014. All three companies are manufacturers of machines and process lines primarily for the food industry. The group has wide-ranging experience in applications as well as system expertise, i.e. an in-house engineering department with plant construction know-how, which allows it to offer integrated production systems. This sets ProXES apart from most of its competitors.

Stephan Machinery mainly produces machines and lines used for the thermal processing of liquid and semi-liquid food products such as sauces, processed cheese, soups or baby food. FrymaKoruma, on the other hand, makes machines for the cold processing of food, cosmetics and pharmaceutical products. Terlet manufactures machines and components that aim at achieving an effective heat transfer in its food processing methods, which are designed to be as gentle as possible. As the food industry, the group's main sales market, is largely non-cyclical, ProXES' business is less volatile compared to that of other mechanical engineering companies.

The companies are leaders in their respective market niche with customers that include relevant globally active consumer goods companies. They use a common global service network, with the large number of installed machines supplied in the past providing a broad foundation for its spare parts business. All three group companies benefit from sharing a global sales network.

POTENTIAL FOR DEVELOPMENT

ProXES is an umbrella organisation for cooperation between mechanical engineering companies that hold a leading market position, offer complete production lines or key components and are considered technology and innovation leaders in the food processing segment. Through this close co-operation, member companies can take advantage of a joint international service and sales network, work together in research and development and create economies of scale in other areas as well. It is currently being examined whether to expand the network by acquiring a company in the area of plant automation and control engineering. This would help the company to take an important step towards "Industry 4.0".

2016 FINANCIAL YEAR

The group is developing very positively. Revenues and earnings in 2016 will be up on last year's figures and budget.

OUTLOOK AND OBJECTIVES

Management expects ProXES to start off the new year with a high order intake in a good market environment. Revenues and earnings are expected to grow further. In this respect, the group's international sales activities and joint presence as "ProXES Group" reflect its successful integration.

R&M INTERNATIONAL GMBH

Hamburg (Germany), www.rm-group.de

KEY FACTS AT A GLANCE

- Focus on the growth segment of cruise ships
- Expanding product range and geographical presence
- Growth through targeted acquisition of smaller companies

€6.7MN
INVESTMENT DBAG

15.7%
EQUITY SHARE DBAG

17.3%
SHARE OF DBAG ECF

EXPANSION CAPITAL INVESTMENT
TYPE OF INVESTMENT

SEPTEMBER 2016
INITIAL INVESTMENT

480
EMPLOYEES

REVENUES *in €mn*

INTERIOR OUTFITTING FOR SHIPS AND MARINE INSTALLATIONS

R&M International GmbH (R&M) is a leading industrial services provider for the interior outfitting of ships. The company is active in the fields of new and retrofitted ships and ship maintenance. R&M covers the complete value chain from engineering and project management to installation and assembly, as well as repair services. Unlike many of its competitors, R&M has in-house manufacturing facilities to produce components such as doors, floors, walls and ceilings as well as cabins and cabin sections (e.g. bathrooms). The company's activities extend to nearly all parts of a ship (cabins, public areas, crew areas, engine rooms). The focus is on interior outfitting for cruise ships and ferries, special vessels and freighters as well as the offshore market. R&M has production sites in Germany (Wismar, Rostock) and China (Kunshan), as well as project offices and service centres worldwide. Over the past five years, it has broadened its product portfolio and extended its geographical footprint to strategically important markets such as the US by acquiring smaller companies.

POTENTIAL FOR DEVELOPMENT

R&M mainly serves the structurally growing cruise ship market. The company's strong market position and growth opportunities through geographical expansion, broadening its product range and expanding the service business constitute a good basis for a successful investment. The industrial services business is one of the core sectors in which we have extensive investment experience.

2016 FINANCIAL YEAR

In the current financial year, R&M has continued its expansion strategy. By taking over Sea Level Marine LLC in the USA, R&M has strengthened its presence in the growing market for cruise ships repairs. It has also broadened its product range by acquiring a smaller provider of air conditioning systems for ships and by founding an Indian subsidiary, which provides engineering services for R&M and its customers. After a major order was completed in the current financial year, revenues and earnings are expected to be lower than in the previous financial year.

OUTLOOK AND OBJECTIVES

R&M plans to grow further in the coming years by concentrating on the ship building and maintenance business with a focus on large cruise ships and ferries. The company intends to make acquisitions to broaden its product range and extend its geographical presence, wherever this is reasonable and feasible.

ROMACO GMBH

Karlsruhe (Germany),
www.romaco.com

KEY FACTS AT A GLANCE

- Revenues and earnings continue to grow
- Romaco covers the entire pharmaceutical value chain from process technology to final packaging, all from a single source
- Positive demand for packaging machines boosted business in 2015/2016

€9.9MN
INVESTMENT DBAG

18.7%
EQUITY SHARE DBAG

74.6%
SHARE OF DBAG FUND V

MBO
TYPE OF INVESTMENT

APRIL 2011
INITIAL INVESTMENT

550
EMPLOYEES

REVENUES *in €mn*

MACHINES AND PLANTS FOR THE PHARMACEUTICAL INDUSTRY

Romaco is a leading global supplier of specialised processing and packaging technology. Divided into two business areas, "Processing" and "Packaging", the company develops system solutions above all for the pharmaceutical industry. Romaco focuses on serving the segment of flexible machinery, which can be retrofitted quickly and easily to produce a range of different products. Machines such as these are required above all by generic drug manufacturers, whose business is growing fast. The company's product range includes primary and secondary packaging, sterile liquid and powder filling solutions, and tablet compression technology.

By investing in Romaco, DBAG has participated in one of the most attractive and fast growing segments in the mechanical engineering sector in Germany. Romaco benefits from growth drivers in the pharmaceutical market, such as a growing global population, an aging population in industrialised nations, and rising prosperity in emerging countries. The many machines the company has delivered worldwide in the past provide a good foundation for a sound service business.

POTENTIAL FOR DEVELOPMENT

The strategic goal at the start of the investment was to develop Romaco into a so-called full liner in tablet production and packaging. The aim was to enable the company to offer its customers system solutions that cover the entire tablet production and packaging process. Investments in the international sales organisation should improve Romaco's geographical market coverage. In addition, it was planned to expand the company's service business.

Since then, key steps have been taken to implement this strategic goal. Romaco is now able to offer all the machines required to manufacture and package tablets worldwide. To round off the spectrum of products, it has acquired the technology to fill effervescent tablets into tubes.

2015/2016 FINANCIAL YEAR

Thanks to the generally good demand for packaging machines for the pharmaceutical industry, and helped by the company's broad product portfolio, revenues and earnings in 2015/2016 (as at 31 October) will be up on the previous year. Romaco stepped up its research and development activities, for example to enhance its blister machines, and established another sales and service company in France.

OUTLOOK AND OBJECTIVES

The group's budget for 2016/2017 shows continued revenue growth and a corresponding increase in EBITDA. In connection with this, the company increasingly expects results after establishing its own international sales locations in the US, China, Russia and Latin America. At "Interpack", the most important trade fair for the packaging machine industry, among others, the company will present a large number of innovations in May 2017.

SCHÜLERHILFE GMBH

Gelsenkirchen (Germany),
www.schuelerhilfe.de

KEY FACTS AT A GLANCE

- Strong growth in the area of adult education
- Acquisition of online portal Erstenachhilfe.de
- Good operating cash flow resulting in extraordinary reduction of the acquisition financing

€2.5MN
INVESTMENT DBAG

15.3%
EQUITY SHARE DBAG

65.4%
SHARE OF DBAG FUND VI

MBO
TYPE OF INVESTMENT

OCTOBER 2013
INITIAL INVESTMENT

430
EMPLOYEES

REVENUES *in €mn*

EDUCATION AND TUTORING SERVICES

Schülerhilfe is the largest provider of supplementary educational and tutoring services in Germany and Austria. The company teaches more than 100,000 customers, mainly students aged between six and 18, at some 1,060 learning centres. Schülerhilfe operates around 40 percent of its centres itself, while the others are run by independent franchisees.

As the market leader, the company is widely known and is frequently evaluated positively in tests relating to its services. Schülerhilfe is led by an entrepreneurial and experienced management team. Its prospects are good: Schülerhilfe benefits from the increasing institutionalisation of the tutoring market and the resulting consolidation of the industry. At the same time, (school) education is growing in importance. The company's business model is neither capital-intensive nor cyclical: it generates a stable payment flow, and every new student at an existing centre improves the company's average profit contribution.

POTENTIAL FOR DEVELOPMENT

Schülerhilfe is expected to grow faster than the market; to this end, the marketing instruments used by the company are being improved, for example. The aim is to generate growth above all from the existing business by increasing the number of students per centre on the one hand and revenues per student on the other. Schülerhilfe has already successfully expanded its product range for this purpose with online activities, such as an e-learning platform.

2016 FINANCIAL YEAR

Schülerhilfe is continually boosting its market share. It achieved strong growth in 2016 with new services in the area of adult education, in particular with integration courses for immigrants. In February, the company scaled up its online activities further with the acquisition of Erstenachhilfe.de, a digital platform that provides access to some 40,000 potential customers.

Schülerhilfe's revenues and earnings will be up on the previous year as expected. A good operating cash flow enabled an extraordinary reduction of the acquisition costs in April and July.

OUTLOOK AND OBJECTIVES

The aim is to further consolidate Schülerhilfe's market position in 2017. The company expects higher revenues and earnings.

TELIO-GRUPPE

Hamburg (Germany),
www.tel.io

KEY FACTS AT A GLANCE

- Revenues and earnings up on previous year
- Growth through acquisitions of other companies, among others

€12.2MN
INVESTMENT DBAG

14.9%
EQUITY SHARE DBAG

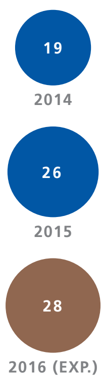
63.4%
SHARE OF DBAG FUND VI

MBO
TYPE OF INVESTMENT

APRIL 2016
INITIAL INVESTMENT

110
EMPLOYEES

REVENUES *in €mn*



COMMUNICATIONS AND MEDIA SYSTEMS FOR CORRECTIONAL FACILITIES

Telio develops, installs and operates communications and media systems in prisons. It installs telephones and related systems allowing inmates to make controlled calls from communal areas or directly from their cells. Telio's product range also includes multimedia products that integrate other modes of communication, such as TVs, DVDs, radios and PCs with restricted Internet access. The company's success is based on investments in corresponding installations (cables, end devices) and software that controls telephone calls and handles the related billing. The software relieves law enforcement officers of some of their responsibilities, thereby simplifying everyday life at correctional facilities.

POTENTIAL FOR DEVELOPMENT

The business is driven by efforts to support prisoners' rehabilitation after their release. It has been shown that regular contact with family and friends contributes significantly to this goal. Another promising application for Telio's products is screen-based learning in preparation for life after prison. The company has good growth prospects through increasing its international reach within Europe and beyond, developing new products and broadening its customer base. We see additional upside potential from adapting the corporate governance of this fast-growing company to its new size. This includes strengthening the second level of management at Telio.

2016 FINANCIAL YEAR

Telio performed well in the first year after being incorporated into DBAG's portfolio. For example, it signed up the first prison in Morocco, and in a German prison, it installed a device that enables prisoners to have interference-free and low-cost television reception. In addition, Telio secured a contract for the Czech Republic in the last quarter of the year. Installing telephones and the corresponding systems in new markets requires initial upfront investments from Telio. However, the company's revenues and earnings will be up on the previous year's figures while margins remain steady.

OUTLOOK AND OBJECTIVES

Telio intends to grow further and aims to increase its revenues and earnings in 2017. By preparing bids in three European countries, the company has created a basis for organic growth. In addition, it intends to acquire other companies in its market.

UNSER HEIMATBÄCKER GMBH

Pasewalk (Germany),
www.unserheimatbaecker.de

KEY FACTS AT A GLANCE

- Integration of acquired outlets largely completed
- Revenues and earnings considerably higher than in the previous year
- Frozen bakery goods business successfully acquired as an important addition to the business model

€10.1MN
INVESTMENT DBAG

12.6%
EQUITY SHARE DBAG

53.7%
SHARE OF DBAG FUND VI

MBO
TYPE OF INVESTMENT

MAY 2014
INITIAL INVESTMENT

2,700
EMPLOYEES

REVENUES *in €mn*

BAKERY CHAIN

With 446 outlets, Unser Heimatbäcker is the fifth largest bakery chain in Germany. The company is the result of a merger of a number of bakery chains in northeast Germany. It operates various outlet concepts under the "Lila Bäcker" brand, mainly in the entrance areas of supermarkets and in shopping centres. It also has its own bakery shops and cafés. In addition, the company delivers a range of bakery products to around 1,500 customers (supermarkets, hotels, filling stations) via a wholesaler, partly from its own frozen bakery goods business.

POTENTIAL FOR DEVELOPMENT

The fragmented bakery market in Germany is characterised by a few major competitors, a consolidation process, and structural changes brought about, among other things, by discount bakeries and an increasing number of in-store bakeries in retail grocery stores. As a high-quality bakery chain with innovative production processes and a holistic marketing concept, Unser Heimatbäcker is well placed to play an active role in consolidating this market.

The aim is to use the company's strong competitive position as a basis to grow by capturing economies of scale through the continued implementation of its "Lila Bäcker" concept, among others. As well as a uniform design at all points of sale, this concept incorporates a special price differentiation strategy and a customer loyalty programme. In implementing the strategy, the focus is on ensuring premium-quality products. Strengthening the team plays a major role in this respect, and is also the greatest challenge. The ability to recruit qualified staff is a prerequisite for winning the competition against other chains and market participants.

In the past two years, the company has acquired more than 80 outlets in total. In the meantime, the integration of these outlets has largely been completed.

2016 FINANCIAL YEAR

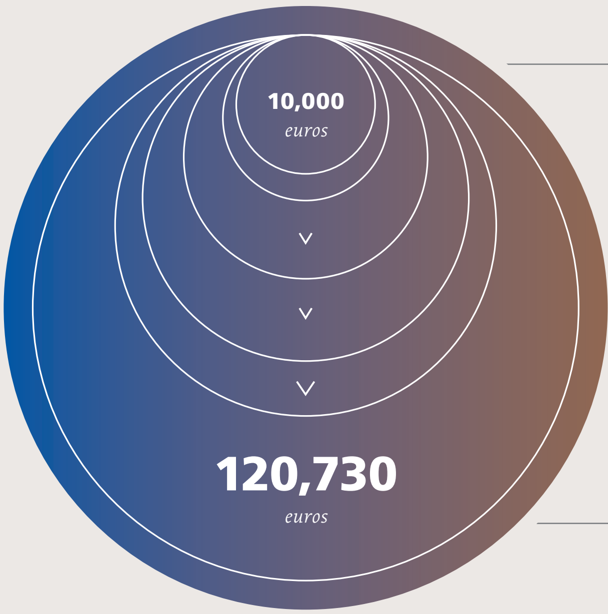
Revenues and earnings will almost reach the target values and be clearly up on the previous year's figures. The outlets incorporated in the course of 2016 have contributed to this. Growth was also driven by the frozen bakery goods business acquired in 2015. This is less seasonal than the outlet business and offers the chance for Unser Heimatbäcker to sell its own products outside the region covered by its own outlets.

OUTLOOK AND OBJECTIVES

In 2017, the focus will be on further implementing the "Lila Bäcker" concept and on organic growth. Further impetus is expected from the frozen products business. Revenues and earnings are set to exceed the previous year's figures.

SHARES

PERFORMANCE OF
DBAG PORTFOLIO



10,000 *euros*
Initial investment

12,299 *euros*
Performance over one year

25,279 *euros*
Performance over five years

35,870 *euros*
Performance over ten years

41,800 *euros*
Performance over 15 years

120,730 *euros*
Performance over 20 years

Private equity – an attractive asset class

Two access routes

Private equity improves the equity structure of primarily mid-market businesses and generates growth by strengthening a company's innovation capacity and competitiveness on the one hand, and by achieving an appropriate return on the invested capital on the other. Comparisons with listed companies or those in family ownership show that businesses financed by private equity exhibit stronger growth, pursue a more targeted strategy, have a better financing structure and, last but not least, secure jobs and create new ones. Accordingly, investments in the asset class of private equity frequently stand out from other equity investments, particularly from stocks, by generating excess returns. For that reason, private equity has become an integral part of institutional investment strategies, from which capital commitments to DBAG funds, for example, are sourced.

Closed-end private equity funds typically provide access to the asset class of private equity. These require investing a substantial minimum amount and committing capital for ten years or more. In contrast, listed private equity companies provide access to this attractive asset class for the price of a share, which can be bought or sold on a daily basis and in keeping with internationally recognised transparency standards.

DBAG shares: Integrated business model yields two-fold benefit from performance of the asset class

DBAG shares create access to a continual stream of income contributions generated by our investment services to private equity funds, while also allowing shareholders to profit from the performance of a portfolio of strong "Mittelstand" companies, which are not listed themselves. Our shareholders have benefited from this business model through superior total returns on their shares, which derive not least from high dividend distributions.

Capital market communication

Investor relations: High visibility in the stock market

We significantly increased the dialogue with investors and financial analysts in 2015/2016 using diverse communication channels, such as intensive personal meetings, press and analysts' conferences and selected stock market conferences. We spent a total of 22 days travelling to present DBAG shares to investors. Our talks with institutional investors prior to the capital

More information on our current investor relations activities: www.dbag.de

Learn more about our memberships on page 41.

increase in September 2016 were a focal point of our activities. Furthermore, our philosophy of fostering an open dialogue with our investors and analysts is underscored by our membership in various associations.

We were one of the first companies to issue a "Quarterly Statement", using this new format in February 2016 to report on the business trend and the performance in the quarter. We thus made use of the new leeway that European and German legislation and, subsequently, Deutsche Börse had created. Our Quarterly Statements on the first and third quarters are shorter, more concise and thereby more readily comprehensible than the more voluminous Quarterly Reports previously published. The Quarterly Statements, moreover, appear more quickly: only 41 days after the period end, compared to 45 days before. We plan to reduce the time from the period end to publication date further in the new financial year.

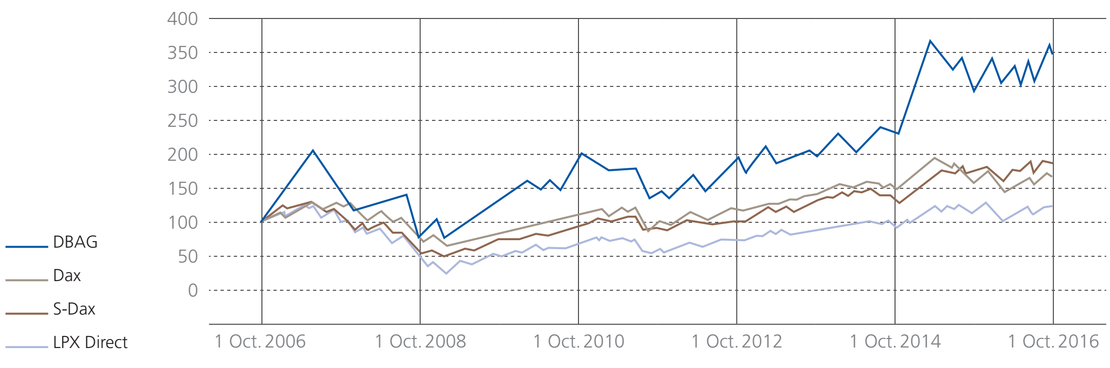
The market views our efforts positively: in October 2016, our capital market communications were recognised by the Leipzig Graduate School of Management and *manager magazin* for the second time in a row as the best among the 50 companies included in the S-Dax. Of the 160 stocks listed in the Dax, M-Dax, S-Dax and Tec-Dax, we again were the only S-Dax company to rank among the top ten.

Share performance and analysts' recommendations

DBAG shares: Very satisfactory short and long-term performance

PERFORMANCE OF DBAG SHARES AND BENCHMARK INDICES

(1 October 2006 – 30 September 2016, indexed to: 1 October 2006 = 100)



For extended periods during the financial year, DBAG shares basically moved parallel to the market. They reached their financial-year low of 23.53 euros on 9 February 2016 at a time when the Dax slipped below the 9,000-mark for a few days, falling under the year-low. There were greater discrepancies compared with general market developments in the first weeks of the financial year, when DBAG shares clearly fell short of the Dax trend. In the period prior to the Annual Meeting, our high-dividend shares once more enjoyed heavy demand, which led to a strong price increase.

After the first quarter, DBAG shares almost always outpaced the benchmark indices, increasing the distance to the market in the second half of the financial year in particular. The price uptrend was supported by a stream of positive news: within a period of two months we reported on three new investments, an exceptionally profitable divestment and a very successful fundraising campaign. We were thus able to call attention to the positive momentum for both our business lines. DBAG shares reached their peak of 30.31 euros shortly before the end of the financial year on 23 September 2016, a few days after the capital increase.

On balance, our shares gained a strong 23.0 percent in the financial year, once again clearly outperforming the Dax, the S-Dax and the LPX Direct. DBAG shareholders have also profited over more extended periods of time from the shares' good performance: over the past ten years, the average annual total return, consisting of the share price movement and dividends, was 13.6 percent, or more than double that of the S-Dax. DBAG shares also led the field in other reference periods.

PERFORMANCE (P.A., %) OVER ...

	DBAG shares	Dax	S-Dax	LPX Direct[1]
1 year (financial year 2015/2016)	23.0	10.5	11.5	8.7
3 years (financial years 2013/2014 to 2015/2016)	21.6	6.2	12.9	11.5
5 years (financial years 2011/2012 to 2015/2016)	20.4	14.3	17.0	18.7
10 years (financial years 2006/2007 to 2015/2016)	13.6	5.8	6.5	2.4

1 Index of 30 listed international private equity companies, including DBAG, that make direct investments

Share liquidity: Off-exchange trading volume rose again

In 2015/2016, as in the past, the second quarter of the financial year, in which the dividend is paid, was the period with the highest trading activity. Average daily turnovers between January and March 2016 were 50 percent higher than the average for all trading days in the year. Overall, trading activity receded markedly to about half of what it was in the prior year, exhibiting a greater decline than liquidity in the overall market.

The Xetra platform continued to lose significance as a venue for trading in DBAG shares. In 2015/2016 for the first time, it accounted for less than half of the turnover, at 46 percent. In 2011/2012, the Xetra-traded proportion of the turnover was 61 percent; in 2014/2015, it declined to 53 percent. Other German exchanges generated 18 percent of the turnover (previous year: 24 percent). In 2015/2016, a total of 6.9 million DBAG shares were traded on all German stock exchanges, compared with 12.1 million shares in the previous (eleven-month truncated) financial year. The average daily volume fell from almost 53,000 shares to less than 27,000 shares. According to the Bloomberg information system, another 3.9 million shares (previous year: 3.6 million shares) were traded over the counter, corresponding to 36 percent of total trading (previous year: 23 percent). Shares in float ownership had an on- and off-board turnover rate of 1.04 (previous year: 1.53)[1].

1 *Calculated with a free-float share of 75.04 percent (2014/2015) and an average free-float share of 75.14 percent (2015/2016), determined using the weighted average number of shares outstanding.*

Research: Further analysts monitoring DBAG shares

Two further banks, Bankhaus Lampe and Baader Bank, have been monitoring DBAG shares since January and March 2016, respectively. Both analysts started their coverage with a buy recommendation. Research reports have underscored that our business model differs from that of many other private equity firms, particularly those of investment trusts listed on the London Stock Exchange, due to the income contribution generated by investment services to funds.

Analysts' buy recommendations currently predominate. The average upside target at the period end was 33.73 euros, significantly in excess of the target one year ago (30.36 euros). The commentary on the capital increase in late September 2016 was positive and seen as a sign of future growth.

Analysts' recommendations are regularly documented as soon as they come to our attention on our website in the section Investor Relations/Research.

ANALYSTS' RATINGS FOR DEUTSCHE BETEILIGUNGS AG

Baader-Helvea Equity Research	October 2016	"Buy"
Bankhaus Lampe	August 2016	"Buy"
HSBC Global Research	August 2016	"Hold"
J.P. Morgan Cazenove	August 2016	"Underweight"
Oddo Seydler Bank AG	September 2016	"Buy"
Solventis Wertpapierhandelsbank Research	March 2016	"Buy"
Warburg Research GmbH (M.M. Warburg)	September 2016	"Buy"

Recommended appropriation of profit

New dividend policy aligned to development of business model

The shareholders of Deutsche Beteiligungs AG are meant to participate in the Company's performance through regular dividends, if at all possible. That is one of our financial objectives. In keeping with that objective, the dividend yield on DBAG shares has been attractive, both in general terms and compared to those of other listed private equity firms. That is not expected to change.

We have aligned our dividend policy to reflect the development of our business model. Today, we are generating much higher inflows from fund management and advisory services. A larger portfolio also creates a more consistent income stream from realisations. We therefore decided to provide greater consistency in our dividends, thereby making them even more shareholder-friendly. Concurrently, we want to facilitate market expectations. We have therefore discontinued our policy of dividing the distribution between a base and a surplus dividend. Our recommendation to shareholders at the Annual Meeting will now consist of a single dividend. Our intention is to pay a stable dividend, which will increase whenever possible.

Consequently, profitable realisations of individual investments will no longer determine the dividend. Singular events of that nature will lose their ability to influence market expectations of DBAG's dividend. This, in turn, allows us to respond to the new market abuse legislation that came into force in July. The new regime has significantly extended ad hoc publicity. If our dividend were to continue to be linked to the success of individual transactions, we might be compelled to publicly discuss upcoming divestments early on, and thereby weaken our position in sales negotiations.

Dividend recommendation: 1.20 euros per share

From the retained profit of 51.4 million euros, the Supervisory Board and the Board of Management recommend paying a dividend of 1.20 euros per share for the 2015/2016 financial year, or a total of 15.0 million euros. In relation to the average market price in financial year 2015/2016, this represents a dividend yield of 4.4 percent.

Shareholder profile

Higher proportion of institutional investors following corporate action

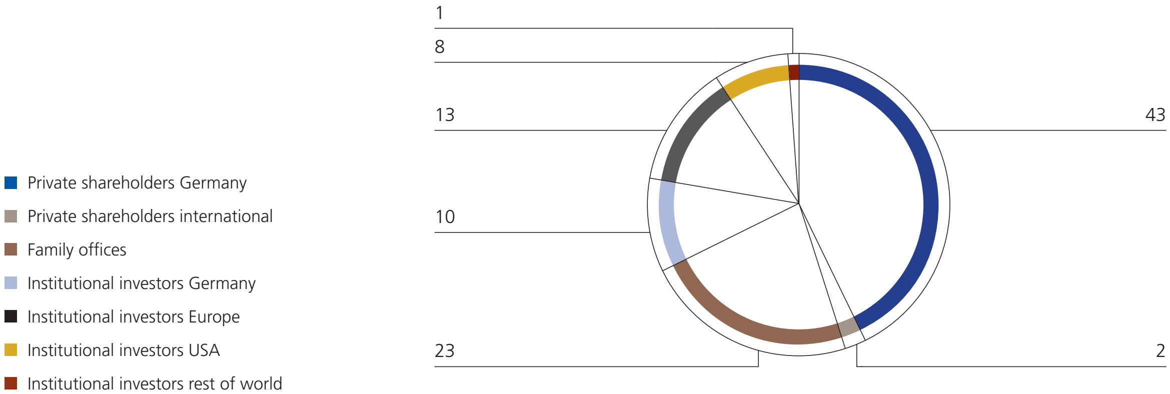
Co-investment commitments alongside DBAG Fund VII represent a 50 percent increase on the predecessor fund. In keeping with our financing strategy, we want to make these co-investments using our own resources. Our medium-term planning revealed that, in addition to our existing liquidity and the expected returns from the portfolio, additional equity would be required to finance the growth.

We therefore increased our capital in September 2016. In an accelerated placement procedure, institutional investors were offered 1,367,635 new shares, or ten percent of the previous number of shares. The new shares were placed for 28.25 euros, near the closing rate prior to the announcement of the corporate action. Existing principal shareholders supported the action.

In terms of its design and extent, the corporate action took into account both the equity requirement and the objective of retaining balance-sheet efficiency. Limiting the action to ten percent and excluding shareholders' subscription rights allowed us to forego an extensive and costly prospectus and other documents. Concurrently, it created an opportunity to include further institutional investors in our shareholder profile.

SHAREHOLDER PROFILE AT 30 SEPTEMBER 2016

%



Private individuals still form the largest group of DBAG shareholders, but their proportion has declined from a previous high of 48 percent. At 30 September 2016, the most recent disclosure date of the share register, approximately 14,900 private individuals and shareholder pools were registered, holding approximately 45 percent of the shares (30 September 2015: 44 percent). Two shareholders hold more than five percent of the shares: Rossmann Beteiligungs GmbH announced in April 2015 that it had fallen below the 20-percent threshold and, based on the former number of shares at that time, held 19.9 percent in DBAG. Based on comparable information, Anpora Patrimonio, a family office based in Spain, holds approximately five percent of the shares. At the period end, these two and other family offices held 23 percent in DBAG. 77.3 percent of DBAG shares were in free-float ownership at the reporting date, as defined by Deutsche Börse, according to the voting rights notifications we have received.

BASIC DATA

ISIN	DE 000 A1T NUT 7
Symbol	DBAGn (Reuters)/DBAN (Bloomberg)
Listings	Frankfurt (Xetra and trading floor), Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart
Market segment	Regulated Market (Prime Standard)
Index affiliation (selection)	S-Dax (rank 33[1]); Classic All Share; C-Dax; Prime All Share; Deutsche Börse sector indices: DAXsector All Financial Services, DAXsubsector Private Equity & Venture Capital, LPX Buyout, LPX Europe, LPX50; Stoxx Europe Private Equity 20 Index
Designated sponsors	Oddo Seydler Bank AG, M.M.Warburg & CO (AG & Co.) KGaA
Share capital	53,386,664.43 euros
Number of shares issued	15,043,994
thereof outstanding	15,043,994
First traded	19 December 1985

1 At 30 September 2016, measured by market capitalisation (liquidity measure ranking: 45)

INDICATORS

		2015/2016	2014/2015	2013/2014
Closing rate[1]	€	29.57	24.90	21.83
Financial year high[1]	€	30.31	33.94	22.82
Financial year low[1]	€	23.53	21.96	18.50
Financial year average rate[1]	€	27.21	27.88	21.05
Annual performance[2]	%	23.0	20.9	19.5
Market capitalisation[1, 3]	€mn	444.9	340.5	298.6
thereof in free float[4]	€mn	344.0	255.4	208.9
Average daily trading value[5]	€mn	0.726	1.532	0.608
Dividend per share[6]	€	1.20	1.00	2.00
Distribution sum[6]	€mn	18.1	13.7	27.4
Dividend yield[7]	%	4.4	3.6	9.5
Earnings per share[8]	€	3.63	1.98	3.51
Equity per share[3]	€	24.57	22.16	22.16
Price/equity per share[3]		1.20	1.12	0.99

1 Xetra closing rate
2 Adjusted for dividends
3 At end of period
4 As defined by Deutsche Börse AG
5 According to Deutsche Börse AG data
6 2015/2016 recommended
7 Relative to average Xetra closing rate of DBAG shares in the financial year
8 Based on weighted average number of shares outstanding

DBAG is a member of:

Deutsches Aktieninstitut
www.dai.de

BVK Bundesverband Deutscher Kapitalbeteiligungsgesellschaften German Private Equity and Venture Capital Association e.V. (BVK)
www.bvkap.de

DIRK Deutscher Investor Relations Verband e.V.
www.dirk.org

INVEST EUROPE THE VOICE OF PRIVATE CAPITAL VENTURE CAPITAL PRIVATE EQUITY INFRASTRUCTURE LONG TERM INVESTORS
www.investeurope.eu

LPEQ LISTED PRIVATE EQUITY
www.lpeq.com

COMBINED

MANAGEMENT REPORT

on Deutsche Beteiligungs AG and the Deutsche Beteiligungs AG Group for financial year 2015/2016

COMBINED MANAGEMENT REPORT

Business overview

Deutsche Beteiligungs AG (DBAG) ended the 2015/2016 financial year posting net income of 50.2 million euros. Contributing towards that performance were profitable divestments to strategic investors with whom we were able to realise a premium on the general market valuation. The carried portfolio also made very satisfactory progress in 2015/2016.

Once again, the decline in the actuarial rate for pension obligations weighed on consolidated comprehensive income; it reached 43.0 million euros. After taking into account the capital increase shortly before the end of the financial year, this results in a return on equity per share – our key performance mark – of 16.0 percent.

2015/2016 was a year of far-reaching change in the portfolio: three companies were divested and five new investments were agreed. Not all transactions were completed in the financial year. More than three-quarters of the portfolio value was attributable to investments that were entered into in the past five financial years. They constitute excellent prospects for value growth and profitable realisations in the coming years.

The segment of Private Equity Investments achieved pre-tax income of 53.1 million euros in 2015/2016, more than double that of the previous (truncated eleven-month) financial year. At -3.0 million euros, net income before taxes for the Fund Investment Services segment was negative for the first time. The decrease was partially due to costs that ensued in conjunction with the successful fundraising campaign for DBAG Fund VII.

The Group's parent company posted a (HGB-formatted) profit for the year of 2.2 million euros, which is in line with that of the previous year. Including the profit carried forward from the previous year and the dividend paid in February 2016, the retained profit amounted to 55.6 million euros. From that amount, a dividend of 1.20 euros per share, or a total of 18.1 million euros, has been recommended for distribution to shareholders.

The Group and underlying conditions

Structure and business activity

Positioning: Listed private equity company

Deutsche Beteiligungs AG (DBAG) is a publicly listed private equity company. It raises closed-end private equity funds ("DBAG funds") for investment in equity or equity-like financial instruments predominantly in non-quoted companies. Employing its own assets, it enters into investments as a co-investor alongside the DBAG funds. Its investment focus as a co-investor and fund manager ("fund investment services") is on German "Mittelstand" companies.

List of subsidiaries and associates: notes to the consolidated financial statements, page 174

DBAG shares have been listed on the Frankfurt Stock Exchange since 1985. They are traded in the Prime Standard, the market segment with the highest transparency level. That transparency makes us predictable for our partners – for "Mittelstand" entrepreneurs and managements as well as for investors and shareholders. Our business partners understand what they are about to embark on: they can trace our record over many years. That transparency is not self-evident for private equity firms. For us, it is one of our strengths: people know us and can follow our performance for the "Mittelstand".

www.dbag.de/ corporate-governance/

Deutsche Beteiligungs AG is recognised as a special investment company as defined by German statutory legislation on special investment companies (Gesetz über Unternehmensbeteiligungs-gesellschaften – UBGG) and is therefore exempt from municipal trade tax. It is also registered as a capital management company in accordance with the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB).

Group structure: notes to the consolidated financial statements pages 118ff.

Integrated business model: Two business lines that are closely tied to DBAG funds

The roots of Deutsche Beteiligungs AG reach back to 1965. Since then, DBAG and its predecessor company have entered into equity investments in more than 300 companies – from the outset (also) through closed-end funds that invest on their own account. Today, DBAG funds bundle the assets of German and international institutions – pension funds, funds of funds, banks, foundations, insurance companies or family offices – that generally do not themselves hold direct investments in our target market.

Fund details: notes to the consolidated financial statements pages 160ff.

Raising capital for DBAG funds is advantageous both for DBAG and its shareholders as well as for the investors in the funds. The funds' assets create a substantially larger capital base, which enables investing in larger companies without reducing the diversity of the portfolio. Moreover, as a special investment company, DBAG is not permitted to take majority positions by itself; structuring management buyouts together with the DBAG funds is, however, possible. The fund investors can, in turn, be assured that their advisor, in its role as a co-investor alongside the fund, pursues the same interests. Finally, shareholders additionally participate in the fee income earned for managing and advising DBAG funds ("fund investment services").

Fundraising and extension of investment focus pages 62/63

Currently, there are five DBAG funds that are in different phases of their life cycles:

- Buyout fund DBAG Fund IV sold its last portfolio company this past 2015/2016 financial year; it can now be liquidated.
- Its follow-on fund DBAG Fund V is in the disinvestment phase. Of the eleven original investments, six have been sold to date.
- DBAG Fund VI is still in its investment phase and, with its ten structured management buyouts, is 82 percent invested.[1]
- DBAG Expansion Capital Fund (ECF) is also in its investment phase. It has so far provided growth financing to eight companies and is 61 percent invested.
- DBAG initiated DBAG Fund VII in 2016. After raising capital commitments of 1,010 million euros, the fund stands available for investments in management buyouts as soon as the investment period of DBAG Fund VI has ended.

1 *Two of the ten transactions were completed after the period end.*

Fund		**Target**	**Start of investment period (vintage)**	**End of investment period**	Size	Thereof DBAG	**Investment ratio Fund : DBAG**
DBAG Fund IV	Managed by DBG New Fund Management	Buyouts	September 2002	February 2007	€322mn	€94mn	1 : 3.4 (29%)
DBAG Fund V	Managed by DBG Managing Partner	Buyouts	February 2007	February 2013	€539mn	€105mn	1 : 5.1 (19%)
DBAG Expansion Capital Fund	Managed by DBG Managing Partner	Expansion financings	May 2011	May 2017	€212mn	€100mn	1 : 2.1 (47%)
DBAG Fund VI	Advised by DBG Managing Partner	Buyouts	February 2013	Presumably January 2017	€700mn[1]	€133mn	1 : 5.3 (19%)
DBAG Fund VII	Advised by DBG Managing Partner	Buyouts	Presumably January 2017		€1,010mn[2]	€200mn[3]	1 : 4.4 (22.6%) and 1 : 11.9 (8.4%)

1 Without the co-investment of the experienced members of the DBAG investment team

2 DBAG Fund VII consists of two sub-funds: a principal fund (€808mn) and a top-up fund (€202mn); the top-up fund exclusively invests in transactions with an equity capital investment of more than €100mn.

3 DBAG has committed €183mn to the principal fund and €17mn to the top-up fund.

Fund Investment Services business line

Fees for services to DBAG funds as a source of income

The Fund Investment Services business line provides management and advisory services to DBAG funds.

The range of services in this business line is broad: we seek, assess and structure investment opportunities, negotiate investment agreements, compile investment memoranda for the fund manager, support the portfolio companies during the holding period and realise the funds' portfolios. Fund management activities also include taking investment and disinvestment decisions.

Fee income from fund investment services page 67

As is customary in the industry, DBAG receives volume-related fees for these investment services, which constitute a continual and readily forecastable source of income. For buyout funds, fees during the investment phase are based on the committed capital (DBAG Fund VI and subsequently DBAG Fund VII[2]). After that, they are measured by the invested capital (DBAG Fund V, DBG Fonds III[3]). For the remaining investment period of DBAG ECF, fees are based on the invested capital.[4] Beginning in June 2017, one-off fees will additionally be charged based on individual transactions.[5]

It follows from the fee methodology that fee income will decline with every exit from a portfolio. An increase can only again be achieved when a new fund is raised.

Advisory services by the investment team

We support our portfolio companies for a period of usually four to seven years as a financial investor in a focused-partnership role with the objective of appreciating the companies' value. The process accompanying our investment can be structured in three phases: first, we identify and assess transaction opportunities ("investing"); second, we support the portfolio companies' development process ("developing"); before we, third, realise the value appreciation ("realising") upon a portfolio company's well-timed and well-structured disinvestment. The portfolio companies subsequently continue their development under a different constellation, for example, alongside an industrial partner, a new financial investor or as a quoted company.

We steer this process with our own resources in tried-and-true workflows, primarily through the investment team. It consists of 23 investment professionals[6] and is led by two Board of Management members. The team has a broad skill set combined with multifaceted experience in the investment business. It is supplemented by four employees in Research and Business Development.

A project team of two to four individuals is generally responsible for each transaction and is always supported by a member of the Board of Management. One member of the project team will take a seat on the respective portfolio companies' advisory council or supervisory board in order to support their managements.

The auxiliary functions for the investment process and the administrative activities are bundled under the Chief Financial Officer, whose responsibilities also include investment controlling and risk management.

2 *Fees for the top-up fund are also based on the invested capital during the investment phase.*

3 *DBAG Fund V was still invested in six companies at the period end; although the divestment of one of these companies was agreed in 2015/2016, the transaction was completed after the period end. DBAG Fonds III is of subordinate importance for DBAG's fund investment services and is being liquidated.*

4 *Fees during the investment phase were originally based on capital commitments.*

5 *See "Business review of the Group /Business and portfolio review", page 59, for details on the terms of DBAG ECF*

6 *Including Board of Management members*

The experienced members of the investment team (twelve of 23) personally invest their own money in the transactions of DBAG funds. This is in compliance with fund investors' expectations (as is common in the industry), who, for reasons of identity of interest, expect such a private co-investment.

Investment team is supported by widespread network

The investment team can rely on an extensive network, the nucleus of which is an "Executive Circle" consisting of 76 contractually associated expert partners. The members of the Executive Circle support us in identifying and originating investment opportunities, assist us in assessing certain industries or back us prior to making an investment in a particularly comprehensive due diligence process. The Circle comprises experienced industrial experts, including partners of former investment transactions, and its members cover all core sectors. It is regularly being expanded, with new members joining from other sectors as well. The network is supplemented by an extended group of bank representatives, consultants, lawyers and auditors.

Private Equity Investments business line

Value creation on investments as a source of income

Investment ratios of DBAG to DBAG funds page 46

The Private Equity Investments business line largely encompasses interests in mid-market companies; DBAG's investments are held through investment vehicles. DBAG's vehicles invest at the same terms in the same companies and in the same instruments as the funds' other entities do. To that end, DBAG has concluded co-investment agreements with the DBAG funds; these provide for a fixed investment ratio for the lifetime of a fund. Exits also occur in parallel to the agreed ratios. Income derives from the value appreciation of these investments.

Investment criteria page 52

DBAG's investment strategy derives from the strategies of the current funds. This strategy can – generally when a new fund is raised – be adapted to the Company's development or market changes. For instance, in 2011 we launched a fund for growth financings, which was targeted to tie in with the success experienced over many years with numerous similar investments. Beginning in 2017, DBAG ECF will also structure management buyouts in a specific market segment; in individual cases, DBAG Fund VII will be able to engage in investments larger than those generally made in the past. Overall, DBAG will now be able to cover a larger spectrum of the demand for private equity in Germany's "Mittelstand".

The modes and specific structuring of investments are geared to individual financing situations. These could be:

- a generational transition in a family-owned business,
- split-offs of peripheral activities from large corporations,
- a sale from the portfolio of another financial investor,
- a capital requirement to fund a company's growth.

Correspondingly, an investment can involve equity or equity-like instruments and taking either majority or minority positions. The first three financing situations mentioned above will usually be structured as majority acquisitions. Growth financings, on the other hand, are made by way of a minority interest or by providing equity-like funding.

Portfolio profile: Largely MBOs and expansion financings

The largest part of DBAG's portfolio[7], or 67 percent, is attributable to co-investments in 14 management buyouts. In addition, there were nine expansion capital investments (30 percent of portfolio value) as well as investments in two international buyout funds (three percent) in the portfolio; the latter consist of older investments that are gradually being liquidated through the sale of the underlying investments.

Details on the portfolio pages 72ff.

7 *All disclosures concerning the composition of the portfolio (also referred to as portfolio value) relate to the value of the investments held directly and indirectly through co-investment vehicles at 30 September 2016 totalling 302.6 million euros; see also pages 72/73.*

8 *Considers all buyouts structured up to 30 September 2016; does not include agreed, but not yet completed transactions*

Our track record confirms the success of our investment activity: since 1997, DBAG has financed 37 MBOs together with DBG Fonds III, DBAG Fund IV, DBAG Fund V and DBAG Fund VI. We increased the value of the invested capital 2.2x.[8] Of these investments, 23 have been realised completely or for the most part up to the end of the reporting year. These realisations have generated 2.6x the invested capital.

Expansion capital investments are also attractive. These investments differ from MBOs in that, among other things, the companies' debt levels are mostly lower and the holding periods are usually longer. The rates of return are therefore lower than those of MBOs, while earnings in absolute terms are comparable.

Long-term financing of co-investments via the stock market

DBAG finances the co-investments alongside DBAG funds in the long term exclusively through the stock market. Its balance sheet structure attests to the special nature of the private equity business with investments and realisations that are not schedulable. The Company maintains sufficient liquidity in order to take advantage of investment opportunities and meet co-investment agreements alongside the funds at any time. Loans are only used in exceptional cases and only to serve short-term liquidity requirements. For longer planning horizons, we manage the amount of equity capital via distributions, share repurchases (as in 2005, 2006 and 2007) and capital increases (2004, 2016).

Risk attached to co-investment agreements page 93

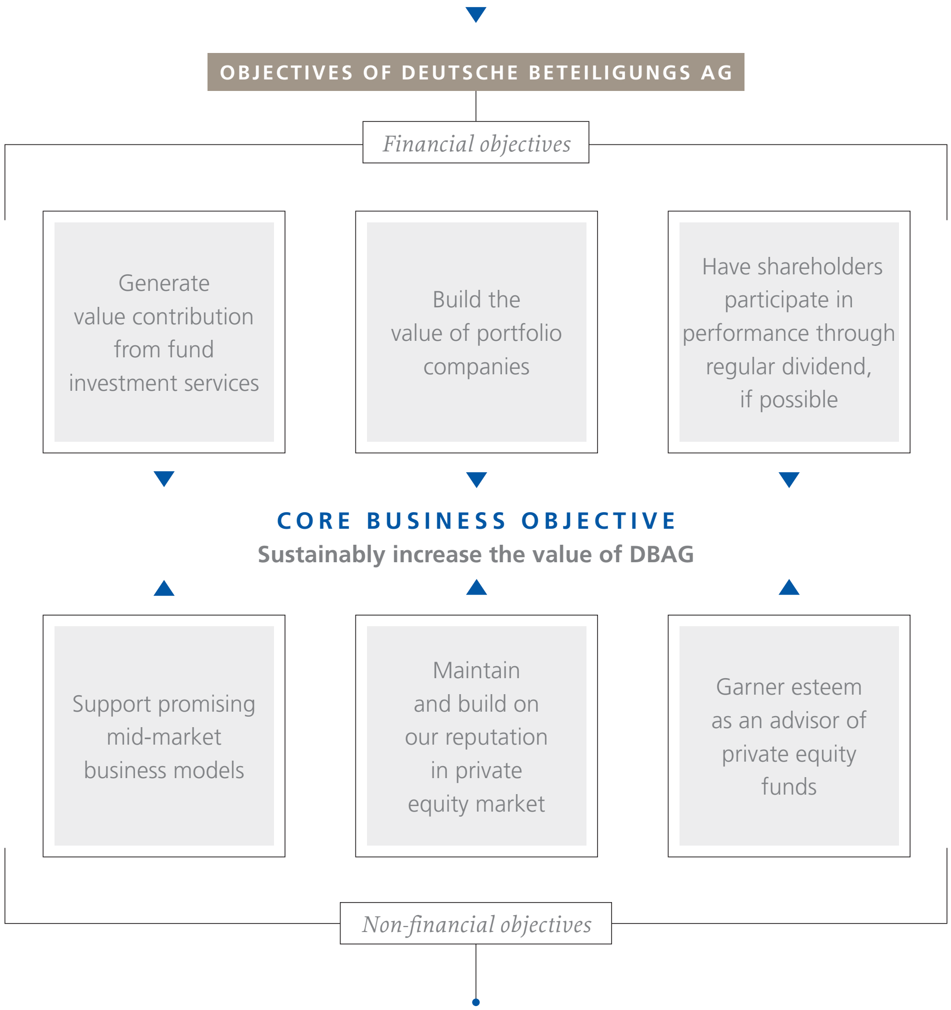
Objectives and strategy

Objective: To sustainably increase the value of DBAG through growth in both lines of business

The core **BUSINESS OBJECTIVE** of our activity is to sustainably increase the value of Deutsche Beteiligungs AG. We achieve this by generating value contributions from both of our lines of business, which influence each other reciprocally and positively: since DBAG co-invests alongside its funds, the performance of its investment activity also contributes to the success of its fund services business, because a track record of excellent performance for existing investors is crucial when raising new funds.

The business line of Private Equity Investments delivers the greatest value contribution. The value of DBAG is therefore determined, first and foremost, by the value of its portfolio companies. To grow that value, DBAG supports the portfolio companies during a phase of strategic development in its role as a financial investor in a focused partnership – usually over a period of four to seven years. Value is built over that period. That value is mostly realised when the investment is exited; for expansion financings, this partially takes place during the holding period by way of current distributions. Investment decisions are based on assumptions in respect of the holding period and realisable value gains upon an investment's ultimate disposal. The targeted average annual internal rate of return (IRR) is approximately 20 percent for expansion financings and 25 percent for MBOs.

The performance of the Fund Investment Services business line requires an appreciable, preferably increasing level of managed and/or advised assets over the medium term; it is measured by sustainable growth in fee income for these services and its surplus over the relevant expenses.



As is common in the private equity sector, the measure for our performance is a period of ten years. Support for portfolio companies in their development is limited in time; our portfolio is therefore subject to constant change. This, and the influence of external factors on value growth, could entail strong fluctuations in performance from year to year. Income from fund investment services is significantly influenced by the raising of new funds, which occurs approximately every five years, while the lifetime of a fund extends to ten years. Only when viewed over a sufficiently long period of time is it possible to assess whether we have reached the core objective of our business activity. We measure an individual year's performance contribution by comparing it to a ten-year average. On average over this ten-year period, we aim to increase the equity per share by an amount that significantly exceeds the cost of equity.

Details on the return on equity per share page 79

Bleibt der Glossarhinweis?

We intend to have our shareholders participate in DBAG's ability to generate financial gains by paying stable dividends that, whenever possible, will increase. By the nature of our business model, investments may predominate in some years, and disinvestments in others. In years of sizeable gains from profitable realisations, future liquidity requirements for co-investments and the dividend capacity will play a significant part in the decision on the distribution rate.

The total return to shareholders therefore derives from the gain in the Company's value in terms of equity per share, plus dividends paid.

Besides its financial targets, Deutsche Beteiligungs AG also pursues a set of **NON-FINANCIAL OBJECTIVES**. We aim to support the development of promising mid-market business models and therefore give our portfolio companies the leeway they need to successfully pursue their strategic development – with our equity as well as with our experience, knowledge and network. Our portfolio companies should remain well poised beyond DBAG's investment period. We believe that the value of our investments at the time of their disposal will be particularly high, if the prospects for their further progress are favourable after we exit them.

By successfully supporting our portfolio companies, we want to strengthen the standing we have built in the private equity market over nearly five decades and underpin our good reputation. We are particularly successful as an investment partner to mid-market family-owned businesses: in comparison with the overall private equity market, we structure three times as many buyouts of companies originating from family ownership. We are convinced that an appropriate consideration of the interests of all stakeholders in conjunction with an investment also serves to fortify our reputation. For that reason, we also follow ESG (environmental, social and governance) principles, which include compliance with our business policies.

The assets of the DBAG funds constitute a substantial part of DBAG's investment base. The funds are organised as closed-end funds; regularly raising successor funds is therefore a requirement. This will only succeed if investors in current funds achieve commensurate returns and if we are perceived to be reliable and trustworthy. We therefore attach great importance to open, responsible interaction with the partners in DBAG funds.

Financial and non-financial performance indicators pages 79ff.

Strategy: Investments in German "Mittelstand" companies with potential for development

Broad spectrum of investment criteria

Deutsche Beteiligungs AG invests in established companies with a proven business model. This approach excludes investments in early-stage companies or companies with a strong restructuring need. Moreover, we attach importance to seasoned and dedicated managements who are able to realise the objectives that were mutually agreed.

Target companies should exhibit promising potential for development, for example, by enhancing their strategic positioning, improving operational processes or by earnings growth. Such companies are, among other things, characterised by leadership positions in their (possibly small) markets, entrepreneurially-driven managements, strong innovative capacity and future-viable products.

Many such companies can be found in Germany's "Mittelstand", for example, in mechanical and plant engineering, among automotive suppliers and industrial support services providers as well as among industrial component manufacturers. DBAG's investment team has a particularly high degree of experience and expertise in these sectors, since about 80 percent of all transactions in the past 20 years stem from these industries. That is why we are capable of structuring even complex transactions, such as spin-offs from large corporations or acquisitions out of conglomerates or acquisitions of companies with operational challenges. Beyond that, we also find companies with impressive development potential in sectors which have strongly gained in significance in recent years, such as telecommunication or consumer-oriented services. Geographically, we concentrate on companies domiciled or whose business is centred in German-speaking regions.

We consider a broad range of criteria when taking our investment decisions. We principally examine whether the products and services of potential investee businesses also satisfy the needs arising from changing economic and societal conditions. Our particular focus is on the following trends:

- efficient generation and utilisation of energy,
- stewardship of natural resources,
- the challenges of climate change,
- growing mobility,
- efforts to increase productivity and
- progressive industrialisation in emerging countries.

We concentrate on mid-market companies, that is, those with annual revenues from 50 to 500 million euros. Their debt-free enterprise value – irrespective of the type of investment – will generally range from 50 to 250 million euros. Investments in smaller companies may also be considered, if there is potential for significant growth. The equity invested ranges from ten to about 100 million euros per transaction; the portion attributable to DBAG extends from five to some 20 million euros, depending on the investment ratio between the fund and DBAG. In the future, larger transactions with equity investments of up to 200 million euros will be structured with the top-up fund of DBAG Fund VII; in these instances, DBAG's capital investment could increase to about 34 million euros per transaction.

We endeavour to achieve a diversified portfolio. For investments in several companies operating in the same industry, we take care that they serve different niche markets or operate in different geographical regions. Most of our portfolio companies operate internationally. This applies to the markets they serve and, increasingly, to their production sites.

Many of our portfolio companies produce capital goods. The demand for these products is generally subject to stronger cyclical swings than the demand for consumer goods. We therefore take particular care that finance structures are resilient. Investments in companies whose performance is more strongly linked to consumer demand mitigate the effects of business cycles on the value of the portfolio.

Investment performance is prerequisite for growth in both business lines

In our business line of Fund Investment Services, our aim is to have a successor fund exceed the size of its predecessor. That way, total managed and advised assets will grow on a several-year average and, with that, the basis for fee income from investment services to funds.

Capital commitments to a (successor) fund are significantly influenced by the performance of a current fund. Thus, a prerequisite for increasing managed and advised assets is, among other things, an excellent track record. Investors also value our investment team's experience, size and network.

In the long term, the portfolio value and, consequently, the earnings basis for value appreciation from the portfolio will only grow if DBAG invests alongside the funds and if the value growth potential inherent in the portfolio companies is subsequently realised. For that reason, the investment performance also determines the growth in the business line of Private Equity Investments.

Steering and control

Key performance mark: Return on capital employed

Our business policy is geared to appreciating the value of DBAG over the long term by successful investments in portfolio companies and a successful fund investment services business. It follows from the nature of our business and its accounting methodology that the Company's value may decrease in individual years, since it is largely determined by the fair value of the portfolio companies at the end of a reporting period. That value is, however, also subject to influences beyond DBAG's control, such as those from the stock market. The Company's value is understood to have increased over the long term when, on an average of, for example, ten years, the return on the capital employed per share exceeds the cost of equity. The key performance measure is the return on the Group's capital employed.

We determine it from the equity per share at the end of the financial year and the equity, less dividends, at the start of the financial year.

We derive the cost of equity (rEK) based on the capital asset pricing model (CAPM) from a risk-free base rate (rf) and a risk premium for the entrepreneurial risk (ß). The risk premium is determined by also considering a risk premium for the stock market (rM) as well as DBAG's individual risk. The cost of equity is then derived as follows: rEK = rf + ß * rM.

We derive the risk-free base rate from a zero bond interest rate with a residual term of 30 years, based on the yield curve at the reporting date. At 30 September 2016, this value was 0.5 percent (previous year: 1.5 percent).

The market premium used was an unchanged 7.0 percent.

For the individual risk measure, we use an adjusted ß (beta) of 0.6. This value is based on a levered beta factor for DBAG against the C-Dax for five years of 0.56 (at 31 August 2016), which we consider appropriate due to the long-term nature of the business model.

Return on equity per share page 79

The cost of equity for DBAG thus derived as at the reporting date is 4.7 percent (previous year: 5.0 percent). This calculatory result is strongly influenced by the extremely low interest rate level and the low risk position of DBAG in view of its capital structure.

Controlling: Regular assessment of portfolio companies and of investment performance of DBAG funds

Medium-term performance of portfolio is key measure

The intrinsic value of our shares is determined to a significant degree by the value of the investment portfolio and its development. Valuations may fluctuate strongly at short notice. The reasons are the portfolio companies' susceptibility to industry-related cycles and valuation ratios in the stock markets. Short-term changes therefore ordinarily do not convey a true picture of the success of an investment. We will frequently only know whether a private equity investment can be termed successful after a number of years, upon its disposal. We therefore measure our performance by the average return on capital employed over a longer horizon, and not by the results of a single financial year.

Because of the particularities of our activity, we do not steer our business by traditional annual indicators such as operating margins or EBIT.

Instead, the key influential parameters at Group level are the several-year average return on capital employed and the medium-term development of the portfolio value. The latter is influenced by the investment progress, the value growth of individual investments as well as their realisation. On an annual basis, we measure the development by the net result of investment activity and net income before taxes that we achieve in our business line of Private Equity Investments.

At portfolio company level, traditional indicators, on the other hand, play a direct role: when taking our decision to invest, we clearly define performance targets based on the business plans developed by the portfolio companies' managements – such as for revenues, profitability and debt. During the time of our investment, we valuate our portfolio companies at quarterly intervals using their current financial metrics (EBITDA, EBITA and net debt). On that basis, we closely follow their progress in a year-over-year and current budget comparison. We also consider other indicators, such as order intake and orders on hand.

Assessment of fund investment services by indicators commonly used in the private equity industry

The performance of our business line of Fund Investment Services chiefly derives from the development of the volume of DBAG funds and total assets under management or advice. The volume of DBAG funds determines the fee income from investment services to funds. In addition to fee income, net income before taxes generated by fund investment services is significantly influenced by the cost of identifying investment opportunities, of supporting the portfolio companies and their ultimate disinvestment

Ensuring performance: Board of Management members directly involved in all relevant operating processes

As previously mentioned, members of the Board of Management are also involved in the core processes of DBAG's business (i.e. investment management and advisory services). They particularly engage in generating investment opportunities (deal flow) as well as in analysing (due diligence) and negotiating acquisitions and disinvestments. Additionally, they discuss key issues at weekly meetings with those members of the investment team who are involved in transactions or in supporting the portfolio companies. The members of the Board of Management take joint decisions on co-investments that DBAG enters into with DBAG funds.

A key instrument in ensuring performance is the risk management system. The insight gained from the risk management system is discussed on a continual basis at the meetings on the state of the portfolio companies.

Risk management page 88

Sustainability

Deutsche Beteiligungs AG is committed to sustainable corporate governance and meets high ESG standards. We take our guidance from our firm belief that development can only be termed sustainable when it meets the needs of the present without compromising the ability of future generations to meet their own needs.[9] For us as a private equity company, this commitment encompasses both the integration of the Principles for Responsible Investment in our investment process as well as corporate governance issues. Through our engagement on advisory councils and supervisory boards, our efforts are also directed towards helping our portfolio companies pursue sustainable corporate governance goals. We have set out our sustainability principles in an ESG guideline.

9 *As defined in the 1987 United Nations report "Report of the World Commission on Environment and Development" ("Brundtland Report")*

At DBAG, our focus regarding sustainability is on the following issues:

- environment: minimisation of greenhouse gas emissions and high levels of resource efficiency;
- employment and social affairs: we acknowledge that our employees are our most important resource;
- corporate governance: we commit to the highest standards in corporate governance.

In practice, for example, this means that we consciously reduce business travel to a necessary minimum and, instead, use alternative forms of communication to the greatest extent possible. Our offices comply with the most modern environmental standards in respect of ventilation and air conditioning, heating and lighting. We report in detail annually on greenhouse gas emissions within the scope of the Carbon Disclosure Project.

The protection of our employees' health and the maintenance of a discrimination-free workplace are key priorities for us. In relation to the size of our Company, our engagement in training and education is well above average.

Corporate Governance pages 181ff.

We also commit to good fiduciary corporate governance and surveillance. Since its introduction, we have consistently followed nearly all of the recommendations and suggestions of the German Corporate Governance Code. DBAG declared that there are no discrepancies with the currently valid Code.

Investments in certain sectors and companies, in particular the armament industry, are excluded from the outset, based on our ESG guidelines. Moreover, we do not engage in unfriendly takeovers. In the due-diligence process, we examine opportunities and risks linked to compliance or non-compliance with ESG criteria. For the investment process itself, there are special compliance rules in effect, that is, for our conduct in transaction situations. For example, we review compliance aspects at potential portfolio companies and solicit a contractual confirmation.

We are convinced that companies that uphold high EGS standards are managed better, are exposed to lower business risks and, ultimately, create more value. We therefore attach great significance to our portfolio companies respecting social and ethical principles and minimising negative effects on nature.

Since every portfolio company is influenced by highly individual internal and external factors, the relevance of the ESG criteria may vary. Due to the allocation of roles between our portfolio companies and DBAG, we exert a direct influence only in respect of selecting an investment. During the holding period, we have an indirect influence by taking offices on advisory councils and supervisory boards. Similar to our own business activity, the focus is on the criteria of environment, employment and social affairs and corporate governance.

Business review of the Group

Macroeconomic and sector-related underlying conditions

Real economy: Changes with partially converse effects on portfolio companies

The underlying macroeconomic conditions have become more challenging compared to the preceding financial year. In view of a dynamic domestic economy and progressing business recovery in Europe and North America, Germany is forecast to grow by up to 1.8 percent in 2016. However, some sectors, such as mechanical engineering, suffered from lower demand in emerging markets and increasing uncertainty about the actual development in China. The comparatively low prices for crude oil and other commodities that still prevailed over large parts of the financial year dampened capital spending in a number of sectors. In addition to the persisting encumbrances fuelled by geopolitical trouble spots, concerns have emerged over the economic consequences of a "Brexit".

Our portfolio consists of companies that are subject to different market or economic cycles; there are companies that respond early on to the industries' changes in capital expenditure activity (such as iron foundries), and others that tend to notice changes in order intake or delivery call-offs at the end of a cycle (such as automotive suppliers). The consumer-related portfolio companies are benefiting from favourable domestic demand due to rising incomes, whereas, for instance, others that are more strongly focused internationally had to correct their forecasts for their business in China. Changes in underlying conditions therefore affect our portfolio to very differing degrees, and, in part, conversely. Overall, the underlying conditions for our portfolio companies this past financial year were satisfactory.

Financial markets: No change in interest-rate policy

There was no fundamental change in the financial markets compared to the preceding year. The European Central Bank drove its low interest rate policy. The US Federal Reserve Bank launched a turnaround in its interest-rate policy in late 2015; the anticipated next interest rate step, however, has not yet taken place.

Whereas lending to the corporate sector expanded in Germany in line with the business trend, it stagnated in Europe as a whole. The persisting weakness of the banking system in key European countries contributed to that situation. Mid-market businesses are hit particularly hard by the restrictive lending policy, since their access to alternative refinancing options, such as the stock markets, is limited. Our portfolio companies' development was, however, not impaired by restrictive loan policies; when structuring the balance sheet in conjunction with acquisitions, we consider a company's foreseeable financing requirement. The supply of acquisition finance remained sufficient.

Currency rates: Effect on portfolio value declined after divestment

Following the divestment of the Clyde Bergemann Power Group, investments denominated in US dollars have decreased in significance for the portfolio value. At 30 September 2016, their value totalled 4.4 million euros (previous year: 24.0 million euros) and largely relates to the investments in the Pfaudler Process Solutions Group and buyout fund Harvest Partners IV. Since the exchange rate of the US dollar against the euro between the two reporting dates practically remained unchanged, the investments benefited from currency effects by merely 0.1 million euros; in the previous financial year, currency rates had a positive effect of 2.0 million euros.

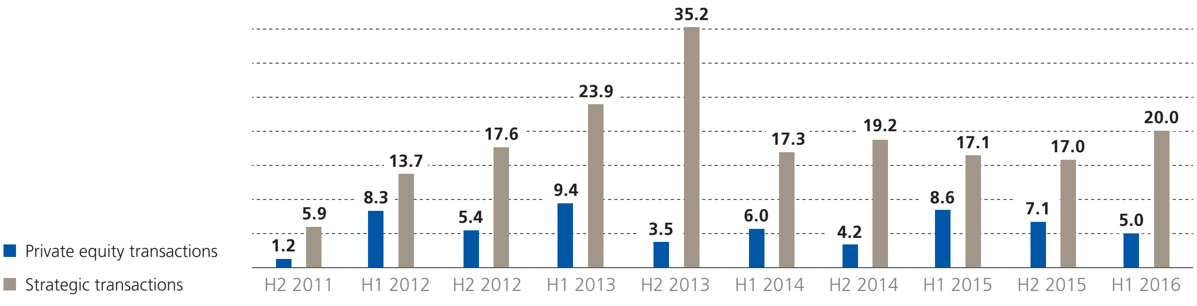
Beyond that, exchange rate fluctuations also have a direct influence on the business activities of our portfolio companies in their respective international markets.

Private equity market: Intensive competition persists

We largely focus on the mid-market segment in German-speaking regions in our business, that is, on transactions with an (enterprise) value of 50 to 250 million euros. Measured by the number of transactions and investment value, this encompasses a rather small section of the private equity market. It is therefore very possible for this segment to develop differently than the private equity market in Germany as a whole.[10] When a company is put up for sale, the vendor will frequently not yet know whether the new owner will be a strategic buyer or a financial investor. For that reason, we not only consider the market for private equity transactions, but the M&A market as a whole.

10 *Private equity transactions are not recorded separately in the official statistics. Information on market trends is therefore largely derived from reports by market participants or industry associations, which revert to data provided by members or generally accessible information.*

M&A MARKET GERMANY – TRANSACTION VALUE
€bn



Both the M&A market and the buyout market have exhibited little change since 2012.[11] However, up to the end of September 2016 we observed fewer buyout transactions in the segment in which we operate than in the previous year's comparative period.

11 *"Der Transaktionsmarkt in Deutschland – 1. Halbjahr 2016"; Ernst & Young, July 2016*

The major underlying conditions for our business have not fundamentally changed in the past financial year. Attractive investment opportunities are still in high demand. Strategic buyers are competing with financial investors; both groups of buyers possess sufficient liquidity. Acquisition finance remains readily available at attractive terms and in an ample amount. These huge, increasing assets seeking investment stand in contrast to a limited supply of investment opportunities. This trend has long been leading to higher valuations, meaning higher purchase prices.

Our market assessment has been confirmed by sector surveys: opportunities to raise funds and divest companies from the portfolio were perceived as being very good when compared over the long term. By contrast, entry prices were considered too high, while a certain dissatisfaction was also present concerning the quality of the stream of transaction opportunities, as a market survey at 30 June 2016 revealed that examined the sentiment among financial investors who structure buyouts or other equity investments in Germany.[12]

12 "*German Private Equity Barometer – 2nd Quarter 2016*", *KfW Research, September 2016*

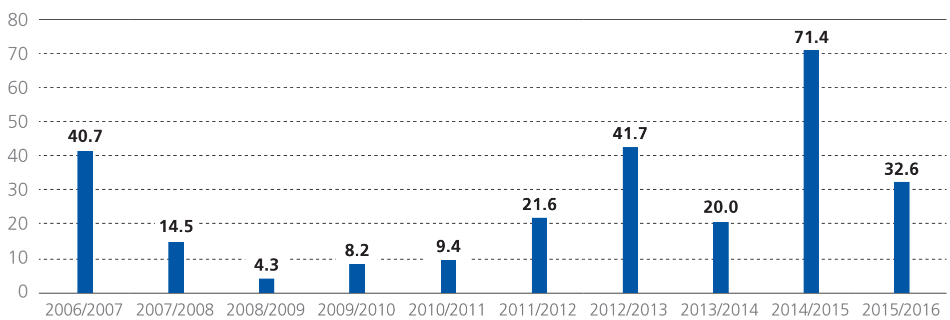
Business and portfolio review

Portfolio movement: Five investments agreed, three exits

With the decision on five new investments – three management buyouts (MBOs) and two minority investments in family-operated businesses – we continued to drive our investment activity in 2015/2016. The invested sum of 32.6 million euros was, however, considerably less than that of the preceding truncated financial year 2014/2015. One influential aspect is whether a transaction is agreed prior to the end of a reporting period and completed thereafter: two of the five agreed transactions were completed after the period end and are therefore not yet included in new investments.

INVESTMENT IN THE PORTFOLIO

€mn



In 2015/2016, DBAG in its role as a fund manager and advisor initiated investment decisions on about 278 million euros (previous year: 303 million euros). In addition to the three MBOs alongside DBAG Fund VI and the two growth financings together with DBAG ECF, we also increased our interest in existing investments. Three investments were exited; two of these transactions were completed during the reporting year.

Detailed information on the new portfolio companies at www.dbag.de/portfolio

Since February 2016, DBAG has been invested in **MAGEBA AG**, the first time it has held a stake in a Switzerland-based company. mageba is a leading global provider of structural bearings, expansion joints and other products and services for the infrastructure and building sectors. DBAG and DBAG ECF acquired interests and subscribed to a capital increase. The company will continue to be family-run and intends to use the additional equity capital to better exploit the opportunities inherent in the market's growth and drive its internationalisation.

The **TELIO GROUP**, the first MBO in the 2015/2016 financial year, is a telecommunications and software provider. The group develops, installs and operates communications and media systems for correctional facilities, such as telephones and devices providing Internet access for inmates. The business is driven by efforts to support prisoners' rehabilitation after their release. These aspects give rise to solid growth opportunities for Telio.

Together with DBAG ECF, DBAG sponsored the management of **R&M INTERNATIONAL GMBH** (start of investment in September 2016) in taking over a controlling interest from its past majority shareowner, an investment company. R&M is a provider of interior outfitting for ships and marine installations, such as cruise ships, ferries and offshore platforms. The company's management, which holds a 67-percent interest, expects strong momentum from the business with cruise ships, a fast-growing segment of the shipbuilding industry.

The MBOs of the Frimo Group GmbH and Polytech Health & Aesthetics GmbH (Polytech) were agreed in August and September 2016, respectively, but were not completed before the new financial year (Frimo: November 2016; Polytech: October 2016). The **FRIMO GROUP** develops and manufactures tooling and plants for the production of plastic components used in a variety of applications. Its clients largely comprise automotive suppliers but also include automobile manufacturers. Key drivers for the company's further development in the coming years will be its geographical expansion, the enlargement of its services and spare-parts business as well as add-on acquisitions of supplementary technologies and applications. **POLYTECH HEALTH & AESTHETICS GMBH** is a leader in the development and production of silicone implants in Europe. The sole German manufacturer of such products, Polytech specialises in breast implants used in reconstructive and aesthetic plastic surgery. The former family-owned business is growing strongly and is about to embark on the next stage of its development.

DBAG invested a total of 25.5 million euros in the three new investments completed in the financial year. The remaining funds (7.1 million euros) were channelled into existing investments. Three engagements were increased. DBAG Fund V raised its interest in **FORMEL D GMBH** by acquiring the shares owned by the former minority shareholder; DBAG invested 1.9 million euros here alongside the fund. The investment in **CLEANPART GROUP GMBH** was also increased after DBAG and DBAG Fund VI were able to acquire the shares previously held by the minority shareholder (1.9 million euros). A bridge-over financing (1.8 million euros) was converted to equity; Cleanpart used the extra funding, among other things, for add-on acquisitions. **DNS:NET INTERNET SERVICE GMBH**, a company of DBAG ECF, received additional capital (0.8 million euros) for the expansion of its business. A capital increase for **INEXIO KGAA** was agreed in the reporting year, but has not yet become cash-effective; the company has concluded an investment and financing agreement that also provides for a capital increase with a further financial investor. Alongside DBAG ECF, DBAG will exercise its subscription right and increase its investment by approximately two million euros. The capital increase is based on an enterprise valuation that represents a sizeable gain on our entry valuation.

The **SPHEROS GROUP** became a part of the portfolio in December 2012. In March 2016, the investment was profitably sold to a strategic investor; the sales price equates to two-and-a-half times the original investment. In contrast, the investment in the **CLYDE BERGEMANN POWER GROUP**, which had been held for eleven years, was exited in April 2016 considerably below the historical cost. This final divestment ended DBAG Fund IV, one of the best funds of its vintage. Clyde Bergemann initially grew strongly, including through a number of add-on acquisitions. In recent years, however, changed views on coal-fired power generation in key markets negatively made themselves felt to an increasing degree. Willingness to invest declined significantly on the part of operators of coal-fired power plants, for instance in Germany and the US. DBG Eastern Europe II, one of the two externally managed international buyout funds in the portfolio, agreed the sale of one of its three remaining investments in November 2015. The fund distributed the inflows from the divestment in June 2016.

Marking the end of a very successful strategic development, the divestment of **BROETJE-AUTOMATION GMBH** to a trade buyer was agreed in August 2016. The transaction was completed after the period end; the investment was therefore still in the portfolio at 30 September 2016. The sales price equates to more than four times the original investment; it mirrors the expansion of the product and services portfolio and, linked to that, the company's growth.

At the period end on 30 September 2016, the portfolio of DBAG contained 25 active investments (including the two international buyout funds) (previous year: 24). The vintage profile has virtually remained unchanged compared with the previous year. More than one-third of the investments have been in the portfolio for less than two years. The nine portfolio companies that have been held for more than two and less than five years (four investments by DBAG Fund V, two by DBAG Fund VI, three by DBAG ECF) account for an unchanged 44 percent of the portfolio value.

VINTAGE PROFILE OF PORTFOLIO

	Number of investments	Cost €mn	IFRS value €mn	IFRS value %
< 2 years	10	85.8	106.0	35.0
2 – 5 years	9	48.5	131.8	43.6
> 5 years	6	23.8	59.2	19.6
Other[1]		5.5	5.6	1.9
	25	**163.6**	**302.6**	

1 Value of remaining parts of exited investments (retentions for representations and warranties, etc.)

Capital commitments: Largest fund by a German private equity company for buyouts in German-speaking regions

In 2015/2016, DBAG invested alongside DBAG Fund VI, raised in 2012, and DBAG ECF, which was launched in 2011. Both funds are approaching the end of their investment periods; at 30 September 2016, DBAG Fund VI was 72 percent invested[13], and DBAG ECF 61 percent.

13 *Includes the investment in Polytech which was agreed, but not yet completed at the period end; including the capital call for the investment in Frimo: 83 percent*

DBAG Fund VII and further commitments to the DBAG ECF ensure that DBAG will be able to continue its investment activity in the German-speaking world. DBAG Fund VII closed in September 2016 with capital commitments of 1,010 million euros; of that amount, 200 million euros[14] (19.8 percent) come from DBAG's co-investment. In a receptive market environment, the fund was raised in less than a quarter of a year at attractive terms. As was the case for the predecessor fund, it was not possible to satisfy all subscription requests. Approximately 80 percent of commitments came from investors in preceding funds. We expect the new fund's investment period to commence early in 2017.

14 *183 million euros for the principal fund, 17 million euros for the top-up fund of DBAG Fund VII*

After modifying the fund terms, investors now commit their capital to DBAG ECF for only two years. Consequently, the fund's ten-year term will recommence every two years. That allows us to provide financings over a term of sufficient length and to satisfy the preference family companies have for a long partnership. For the first new investment vintage[15], the fund will have 81 million euros at its disposal, of which 34 million euros (42 percent) stem from DBAG's co-investment.

15 *To start in June 2017 and end in December 2018; future terms to run from January to December of the following year; based on a five-year investment period, this corresponds to an investment programme of 254 million euros*

The two funds represent a strategic advancement in DBAG's offering: DBAG Fund VII enables equity investments of up to 200 million euros (previously: 100 million euros); DBAG ECF will now also invest in majority interests and structure selected smaller MBOs with equity investments from ten to 30 million euros. This expands DBAG's investment range and strengthens its market position.

DBAG Fund VII consists of two sub-funds; DBAG has committed to both of these sub-funds at different co-investment rates that take DBAG's risk profile into consideration. Of the 808-million-euro principal fund, 183 million euros come from DBAG for its co-investment; that fund is supplemented by a 202-million-euro top-up fund (DBAG's share: 17 million euros), which will be used for larger transactions. Based on the agreements, DBAG's maximum engagement per investment will be capped at about 34 million euros. DBAG's co-investment commitment to DBAG Fund VII of 200 million euros exceeds the sum committed alongside DBAG Fund VI by 50 percent. Apart from the opportunity of entering into larger investments, the fund will pursue the same investment strategy as the preceding buyout funds.

The investors in DBAG Fund VII pay an advisory fee rate for the principal fund of DBAG Fund VII to DBAG, the level of which is unchanged compared to previous buyout funds. No fees are charged on commitments to the top-up fund; similar to the management fees for DBAG ECF, investors, in this case, pay fees based on the invested capital over the fund's complete term as well as – in the case of DBAG ECF – starting in June 2017 a one-off fee on new investments.

Assets under management or advice by DBAG totalled 1,781.8 million euros at the period end. In addition to the invested assets from DBAG's balance sheet (160.1 million euros [16]) and that of the funds, this comprises the callable capital commitments (including DBAG Fund VII) and liquid financial resources of DBAG (78.6 million euros).

Development of managed and advised assets page 78

16 *At acquisition cost*

Comparability with the previous year

The following commentary relates to the prior year's amounts determined on an unchanged basis. However, 2014/2015 was a truncated financial year of eleven months; comparability is therefore limited.

Earnings position

Overall assessment: Net income clearly exceeded previous year's level

At 50.2 million euros, net income for financial year 2015/2016 significantly surpassed that of the 2014/2015 truncated year of 27.0 million euros. The gain largely stems from the net result of investment activity, which reached 60.1 million euros, more than doubling that of the prior year. As expected, fee income from fund management and advisory services did not reach the previous year's level. Net expenses ("Other income/expenses" in the condensed consolidated statement of comprehensive income below) increased by 7.1 million euros to 28.5 million euros, as a result of special charges in conjunction with the structuring and initiation of DBAG Fund VII as well as the further development of DBAG's structure.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000	**2015/2016**	2014/2015
	12 months	11 months
Net result of investment activity	60,148	29,203
Fee income from fund management and advisory services	18,341	19,207
Net result of fund services and investment activity	**78,489**	**48,410**
Personnel costs	(16,060)	(14,842)
Other operating income	6,712	6,514
Other operating expenses	(18,617)	(13,301)
Net interest	(497)	293
Other income/expenses	**(28,462)**	**(21,336)**
Net income before taxes	**50,027**	**27,074**
Taxes	165	(23)
Net income after taxes	**50,192**	**27,051**
Minority interest	(33)	(32)
Net income	**50,159**	**27,019**
Other comprehensive income	(7,188)	412
Total comprehensive income	**42,971**	**27,431**

Net result of investment activity: Greatest contribution from value growth of carried portfolio

The **NET RESULT OF INVESTMENT ACTIVITY** largely mirrors the value growth of the interests in the portfolio companies, which are mostly held via co-investment vehicles. It is also composed of the gains on disposals of investments, current income from the portfolio as well as the net amount of expenses and income of the co-investment vehicles. Moreover, it includes the profit-sharing entitlements attributable to minority partners in co-investment vehicles[17], which are charged to income.

17 *Active and former members of the investment team and further staff*

NET RESULT OF INVESTMENT ACTIVITY

€'000	**2015/2016**	2014/2015
	12 months	11 months
Gross result of valuation and disposal portfolio	68,904	49,943
Minority interest	(12,453)	(23,506)
Net result of valuation and disposal portfolio	**56,452**	**26,437**
Current income portfolio	6,506	3,484
Net result portfolio	**62,958**	**29,920**
Net result other assets and liabilities of co-investment vehicles	(3,283)	(1,280)
Net result other financial assets	473	562
Net result of investment activity	**60,148**	**29,203**

The **GROSS RESULT OF VALUATION AND DISPOSAL** of the portfolio exceeded that of the preceding year by 19.0 million euros, or by about 38 percent. The reason for this very satisfactory development is that most of the portfolio companies exhibited a very good performance this year as well. The stock market trend also delivered a positive contribution to this year's result.

At 30 September 2016, most of the portfolio companies had forecast higher revenues and earnings for the current 2016 financial year (or, for annual periods ending before December, for the completed 2015/2016 financial year) than last year. Many of them expect to exceed their budgets. Increased earnings account for a total of 46.6 million euros, or more than two-thirds of the gross result of valuation and disposal.

Negative income contributions Source analysis 2

However, the very good progress on the whole does not exclude individual portfolio companies falling short of their budgets with a negative impact on the value of our equity investment. In 2015/2016, that applied to four of the 19 companies that had been in the portfolio for more than one year and had not been divested at the valuation date. This is either due to cyclical influences in a very specific market or a delay – not uncommon to the project business – in the placement of orders, which, in turn, entails a delay in income contributions. Nearly two-thirds of negative value movements can be ascribed to this. In addition, negative effects also derive from partially lower stock market multiples in certain sectors. In the 2014/2015 financial year, three portfolio companies affected the valuation result due to lower earnings.

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 1

€'000	**2015/2016**	2014/2015
	12 months	11 months
Valuation of unquoted investments (multiples method)		
Change in earnings	46,558	39,261
Change in debt	(1,134)	(6,846)
Change in multiples	16,011	11,584
Change in currency rates	133	2,024
	61,568	46,023
Other	7,336	3,920
	68,904	**49,943**

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 2

€'000	**2015/2016**	2014/2015
	12 months	11 months
Positive movements	95,335	63,060
Negative movements	(26,463)	(13,117)
	68,904	**49,943**

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 3

€'000	**2015/2016**	2014/2015
	12 months	11 months
Net valuation movements	59,845	47,400
Unrealised disposal gains on imminent sales basis	12,848	0
Realised gains (losses) on disposals	(3,821)	2,543
	68,904	**49,943**

The net result of valuation reached 59.9 million euros, and disposals account for 9.0 million euros. In addition to realised gains on disposals of the Clyde Bergemann Power Group, the Spheros Group and an investment from the portfolio of DBG Eastern Europe II, the latter also includes the gains on the disposal of Broetje-Automation. This disinvestment was agreed during the reporting year; following antitrust approval, the transaction was completed shortly after the period end and the gain on disposal realised. Since the investment was valued at the agreed purchase price on the valuation date, its income contribution is shown as "unrealised disposal gains on imminent sales basis".

Realised gains (losses) on disposals and unrealised disposal gains on imminent sales basis Source analysis 3

In addition to the internal parameters of earnings and debt, valuations of the portfolio companies also consider stock market multiples as an external input factor. We typically select groups of peer companies and derive a multiple from their stock market price. If no suitable peer groups exist, we base our valuation on the multiple that we derive from our entry valuation.

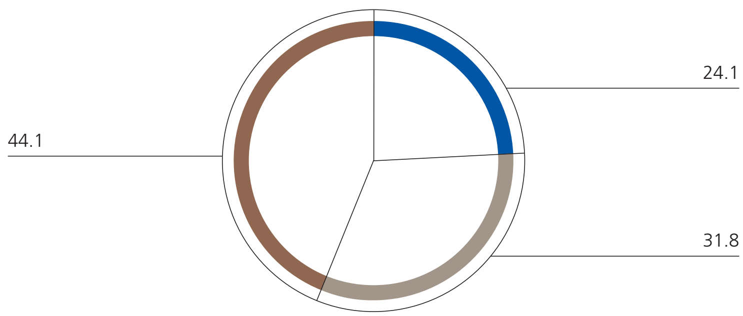
Stock market effects
Source analysis 1

In 2015/2016, the multiples for most of the peer groups rose. Nearly one-quarter of the gross result of valuation and disposal stems from that. Following a decrease over the first three quarters of the financial year (-10.4 million euros), the fourth quarter delivered a positive contribution (26.4 million euros). In singular cases, however, a lower multiple led to a negative effect on the valuation of individual companies or to an overall lower valuation of these investments.

On average, our portfolio was valued at the period end at 7.7x the portfolio companies' expected EBITDA for 2016 (previous year: 8.0x).

PORTFOLIO VALUE BY UNDERLYING EBITDA MULTIPLES

%



- < 6.0 x
- 6.0 to 8.0 x
- ≥ 8.0 x

Carried interest investments by key management personnel
Notes to the consolidated financial statements, page 160

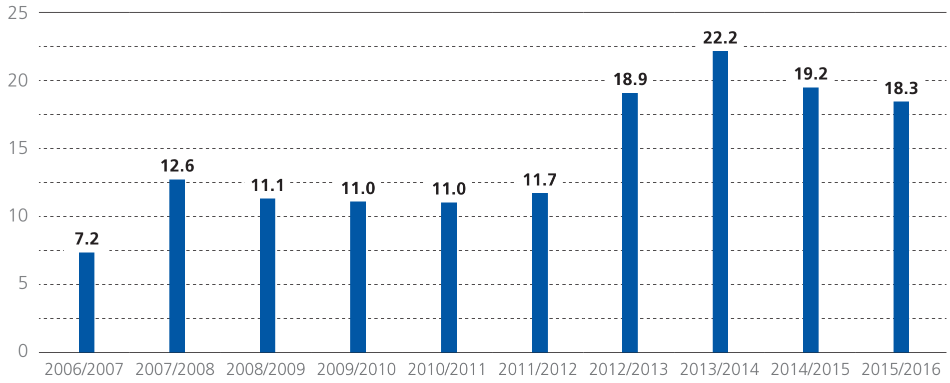
GAINS ATTRIBUTABLE TO MINORITY INTEREST OF THE CO-INVESTMENT VEHICLES reduced the result of investment activity by 12.5 million euros (previous year: 23.5 million euros). This largely (11.9 million euros) relates to carried interest entitlements of selected current and former members of DBAG's investment team arising from private investments in the co-investment vehicles of DBAG Fund V and DBAG ECF. Carried interest in the co-investment vehicles recognised in the current financial statements mirrors the net value appreciation of the funds' investments in financial year 2015/2016 as well as – in the case of DBAG Fund V – the (realised and unrealised) gains on disposals (Spheros and Broetje-Automation). The carry can change with future valuation movements of the funds' investments. Corresponding to the realisation of value gains on individual investments, carried interest payments will extend over a number of years.

CURRENT INCOME from the **PORTFOLIO** is largely composed of interest payments on shareholder loans.

Fee income from fund management and advisory services: Lower, as expected, following reduction in managed and advised volume

FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES

€mn



FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES was lower, as expected. The previous year saw income of 1.5 million euros based on the management agreement for DBG Fonds I, which has meanwhile ended. Fees from DBAG Fund V decreased by 0.8 million euros: one of the fund's investments was refinanced in the fourth quarter of 2014/2015, and in the reporting year, the Spheros realisation led to another reduction in the measurement base. Fee income from the management of DBAG ECF rose clearly on a low level.

Fees for fund management and advisory services page 47

Total other income/expenses: Expense positions up significantly due to special effects

Net expenses within **TOTAL OTHER INCOME/EXPENSES** increased significantly on the previous year due to a number of factors. Personnel costs rose marginally by 1.2 million euros. Somewhat higher other operating income did not offset the considerable increase in other operation expenses.

Three influential factors explain the increase in personnel costs (up by 1.2 million euros compared to 2014/2015): salaries and social contributions were paid for twelve months in 2015/2016 instead of eleven months (truncated 2014/2015 financial year). In view of the very positive business trend, higher provisions were made for performance-related income components for the staff and the Board of Management (6.7 million euros; previous year: 6.0 million euros). Personnel costs were disburdened by the reversal of provisions for performance-related emoluments that were made in preceding years for realisations of investments by DBAG Fund IV: subsequent to the divestment of this fund's last portfolio company (Clyde Bergemann Power Group), these provisions were reduced by 1.0 million euros.

Other operating income, totalling 6.7 million euros, contains reimbursed costs that were up by 2.9 million euros on the preceding year. This is set against a corresponding rise in other operating expenses. In the previous year, this item contained almost 0.7 million euros from disposals of securities, and there were unusually high earnings from the valuation of shares in portfolio companies held for the short term; thus, other operating income increased by only 0.2 million euros to 6.7 million euros.

Other operating expenses increased compared with the previous year by nearly 40 percent, or 5.3 million euros. A smaller part of the rise comes from the additional month in this financial year as compared to last. Other than that, there are two reasons that chiefly explain the increase: our investment team intensively screened a particularly high number of transactions opportunities this financial year. The costs incurred of 5.9 million euros, which are largely reimbursable by DBAG funds, were considerably higher in 2015/2016 than in 2014/2015 (4.0 million euros). Beyond that, there were expenses of 2.9 million euros for non-regularly recurring transactions: 1.9 million euros in other operating expenses were incurred in connection with the fundraising activities for DBAG Fund VII, and there were costs for the arrangement of the credit facility and for consultancy services on the further development of our corporate structures (another 1.0 million euros). Expenses for the audit of the consolidated and separate financial statements rose by 0.5 million euros to 0.8 million euros; included therein are costs for a review of the half-yearly consolidated financial statements, which was performed for the first time, and assistance in a random sample examination by the Financial Reporting Enforcement Panel (FREP).

Net interest deteriorated compared to the previous year by 0.8 million euros: in the preceding year, interest income was earned on a considerably larger securities portfolio, whereas interest expenses for the current reporting period contain availability fees for the credit facility.

Pension obligations and plan assets Notes to the consolidated financial statements, page 129

Other comprehensive income in the consolidated statement of comprehensive income was down on the preceding year by 7.6 million euros, because of an actuarial loss of 7.3 million euros on a remeasurement of pension obligations. The actuarial rate declined from 2.08 percent (30 September 2015) to 0.80 percent (30 September 2016).

TEN-YEAR SUMMARY OF EARNINGS

€mn	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	**2015/2016**
									11 months	
Net result of investment activity[1]	165.0	(53.4)	31.8	53.2	(4.5)	51.3	41.0	50.7	29.2	60.1
Fee income from fund management and advisory services								22.2	19.2	18.3
Other income/expenses[2]	(9.3)	(1.9)	(9.4)	(15.5)	(15.4)	(4.0)	(7.3)	(24.5)	(21.3)	(28.5)
EBIT	150.8	(60.5)	20.4	36.8	(23.0)	46.2	33.6	48.2	26.8	50.5
EBT	155.6	(55.3)	22.4	37.6	(19.9)	47.0	33.8	48.4	27.1	50.0
Net income	136.5	(51.1)	19.6	34.1	(16.6)	44.5	32.3	48.0	27.0	50.2
Other comprehensive income[3]			(2.3)	(3.3)	0.7	(6.2)	(3.7)	(6.4)	0.4	(7.2)
Total comprehensive income			17.3	30.8	(15.9)	38.3	28.6	41.6	27.4	43.0
Return on equity per share %	56.2	(17.5)	7.3	12.7	(6.2)	16.7	11.5	15.9	10.0	16.0

1 Net result of valuation and disposal as well as current income from financial assets

2 Net amount of other income and expense items; up to and including FY 2007/2008 "Other comprehensive income", starting FY 2012/2013 incl. income from fund investment services

3 Since FY 2009/2010, actuarial gains/losses on plan assets are taken directly to equity through "Other comprehensive income".

Liquidity position

Overall assessment: Sound liquidity position ensures financing of investment projects

At the period end, the Group's financial resources, which, in addition to cash, consisted of interest-bearing securities, exceeded those of the previous year by 20.2 million euros. These contain the net proceeds (37.2 million euros) from the capital increase on 15 September 2016, shortly before the end of the financial year. The corporate action is consistent with our financing strategy: DBAG finances its activities in the long term by way of the stock market and not by bank debt. In our view, our liquidity position is sound. The financial resources are sufficient to finance the investment projects planned for the current financial year. They have been invested in safe vehicles that also allow us to access the funds at short notice. In the current financial market environment, however, these generate low returns.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€'000	**2015/2016**	2014/2015
	12 months	11 months
Net income	50,159	27,019
Valuation (gains)/losses on financial assets and loans and receivables	(54,100)	(22,532)
Other non-cash-relevant changes	5,084	2,744
Cash flows from operating activities	**1,143**	**7,231**
Proceeds from disposals of financial assets and loans and receivables	47,227	30,915
Purchase of investments in financial assets and loans and receivables	(50,674)	(92,549)
Proceeds from/(acquisition) of long and short-term securities	8,785	82,479
Other inflows and outflows	(963)	(897)
Cash flows from investing activities	**4,375**	**19,948**
Proceeds from capital increase	37,221	0
Payments to shareholders (dividends)	(13,676)	27,353
Cash flows from financing activities	**23,545**	**(27,353)**
Change in cash funds from cash-relevant transactions	**29,062**	**(174)**
Cash funds at start of period	28,234	28,408
Cash funds at end of period	**57,296**	**28,234**

Assessment of liquidity position: Cash flows characterised by irregular payments

Balance sheet management page 49

Major cash flows in our operations commonly stem from a small number of investments and disinvestments. This gives rise to irregular and difficult-to-predict cash flows.

The financial resources initially decreased over the course of the financial year, as scheduled. After recording the proceeds from the capital increase, financial resources, including securities, totalled 78.6 million euros at the end of the financial year. Of that amount, 21.3 million euros consisted of securities of German issuers with a credit rating based on Standard & Poor's of A or better. The unconsolidated co-investment vehicles had another 17.7 million euros at their disposal at the period end; these financial resources are primarily intended to finance the agreed investment in Polytech, which had not yet been completed at the reporting date.

Outstanding co-investment commitments alongside DBAG Fund VI and the DBAG ECF amounted to approximately 76 million euros at 30 September 2016. Viewed over the remaining investment periods of these two investing funds and the DBAG Fund VII (expected start of investment period: early 2017), the average funding requirement is about 60 million euros annually.

Cash flows: Outflows from investing activities clearly lower than in the prior year

Investment activities in 2015/2016 led to net outflows that were significantly below those of the preceding year.

Cash flows from investing activities totalled 4.4 million euros (previous year: 19.9 million euros). Cash outflows were primarily spent on investing activity (50.7 million euros; previous year: 92.5 million euros): capital calls by DBAG Fund VI totalled 30.4 million euros, mainly for the co-investments alongside the fund in Telio and Polytech. Growth capital of 18.3 million euros was invested alongside the DBAG ECF in mageba AG and R&M International GmbH. Inflows from investing activities reached 47.2 million euros (previous year: 30.9 million euros). The greatest portion of inflows, 24.7 million euros, stems from the realisation of the Spheros Group. There were no inflows from the Clyde Bergemann divestment, since the purchase price payment was deferred for three years. Refinancings and recapitalisations account for inflows of 9.5 million euros. A total of 8,5 million euros came from repayments of bridge-over loans, largely from acquisitions of several MBOs. Inflows of 2.6 million euros relate to distributions by international buyout funds that divested their remaining investments, as planned. The reduction in the securities portfolio led to inflows of 8.8 million euros.

CASH FLOWS FROM FINANCING ACTIVITIES were positive, since net proceeds from the capital increase (after costs) exceeded outflows for the dividend payment.

CASH FLOWS FROM OPERATING ACTIVITIES in 2015/2016 were impacted, as previously mentioned, by cash-relevant expenses that do not recur every financial year.

TEN-YEAR SUMMARY OF CASH POSITION

€mn	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	**2015/2016**
									11 months	
Cash flows from operating activities	(2.6)	3.0	(3.5)	(12.8)	0.9	(9.6)	(12.0)	0.0	7.2	1.1
Cash flows from investing activities	65.0	3.8	19.6	(44.4)	33.1	(18.2)	18.7	67.9	19.9	4.4
Cash flows from financing activities	(71.4)	(57.3)	(5.5)	(13.7)	(19.1)	(10.9)	(16.4)	(16.4)	(27.4)	23.5
Change in financial resources	(9.0)	(50.5)	10.6	(70.9)	14.9	(38.8)	(9.8)	50.9	(0.2)	29.1

Asset position

Overall assessment: Significant gain in assets, largely from positive value movement of portfolio

The assets of the Group largely consist of the investment portfolio as well as cash and securities. With financial resources of 78.6 million euros, approximately 19 percent of total assets are available to meet co-investment commitments alongside the DBAG funds.

CONDENSED STATEMENT OF FINANCIAL POSITION

€'000	**30 Sept. 2016**	30 Sept. 2015
Financial assets and loans and receivables	308,467	250,189
Long-term securities	21,279	26,370
Other non-current assets	2,081	2,021
Non-current assets	**331,827**	**278,580**
Receivables and other assets	6,619	10,765
Short-term securities	0	3,741
Cash and cash equivalents	57,296	28,234
Other current assets	8,890	5,844
Current assets	**72,805**	**48,584**
Total assets	**404,632**	**327,164**
Equity	369,619	303,104
Non-current liabilities	15,661	8,939
Current liabilities	19,351	15,121
Total liabilities	**404,632**	**327,164**

Asset structure: Little change compared to prior year

The asset structure exhibited little change in comparison to the preceding reporting date. Financial assets including loans and receivables rose strongly due to the portfolio companies' very good value gain and persistent high level of investment activity. As previously, more than three-quarters of assets were invested in portfolio companies.

NON-CURRENT ASSETS accounted for 82 percent of total assets (previous year: 85 percent). **OTHER NON-CURRENT ASSETS** contained therein exclusively related to property, plant and equipment and intangible assets at the reporting date.

The investments and the dividend payment were partially financed through the sale or maturity of **SHORT-TERM SECURITIES**. The growth in cash due to the net proceeds from the capital increase led to a major change in **CURRENT ASSETS**; the inflows from the capital increase were reduced by the costs incurred for the action (1.4 million euros). The gain in **OTHER CURRENT ASSETS** is mainly a result of higher receivables from DBAG funds due to reimbursable transaction-related expenses and advisory services.

Portfolio value: Significant increase, after new investments and value growth

FINANCIAL ASSETS INCL. LOANS AND RECEIVABLES

€'000	**30 Sept. 2016**	30 Sept. 2015
Portfolio value (incl. loans and receivables)		
gross	302,597	255,683
Minority interest of co-investment vehicles	(28,847)	(23,968)
net	273,751	231,715
Other assets/liabilities of co-investment vehicles	30,274	16,198
Other non-current financial assets	4,442	2,276
Financial assets incl. loans and receivables	**308,467**	**250,189**

Changes in the portfolio pages 59-61

At 30 September 2015, the **PORTFOLIO** of DBAG consisted of investments in 23 companies and two international private equity funds.[18]

The value of these investments, including loans to and receivables from portfolio companies was 297.0 million euros at the reporting date; in addition, there were entities with a value of 5.6 million euros through which representations and warranties dating from former divestments are (largely) settled ("Other investments") and which are no longer expected to deliver appreciable value contributions.

18 *Including the investment in Broetje-Automation; its divestment was agreed during the financial year, but was not completed before the period end. Conversely, the investments in Frimo Group GmbH and Polytech Health & Aesthetics GmbH were agreed before the period end, but not completed; thus, these investments are not included in the portfolio value. DBAG Fund VI, however, extended a capital call for the investment in Polytech prior to the period end; the funding is contained in the item "Other assets/liabilities of co-investment vehicles".*

Compared with the opening value at the beginning of the financial year (255.7 million euros), the value of the investment portfolio increased by a gross total of 46.9 million euros in 2015/2016, despite disposals, partial disposals and repayments from fund investments of 58.2 million euros. In addition to new investment of 32.6 million euros [19] the carried portfolio's value gain of 72.6 million euros was a major contributor. Minority interest in co-investment vehicles had an opposing effect. It increased by only 4.9 million euros despite the good performance of the DBAG Fund V portfolio and the DBAG ECF portfolio. For DBAG Fund V, the conditions for carried interest were met through the Spheros realisation; the payment was recognised outside profit or loss and did not reduce the net asset value.

Carried interest investment by key management personnel Notes to the consolidated financial statements, page 160

19 *The difference compared to the outflows for investments stated in the consolidated statement of cash flows (50.7 million euros) is largely due to the capital call for the investment in Polytech mentioned above.*

Portfolio profile: 15 investments account for 80 percent of portfolio value

At 30 September 2016, the portfolio contained 14 management buyouts, nine investments targeted at financing growth and two investments in international buyout funds that are currently at the end of their disinvestment phase and which only hold one and two remaining investments, respectively. These 25 investments ("portfolio") accounted for 98.1 percent of the portfolio value (IFRS) [20] at the reporting date. At 30 September 2016, the following 15 investments were the largest in the portfolio, accounting for about 80 percent of the portfolio value.

Complete portfolio page 19 and www.dbag.de/portfolio

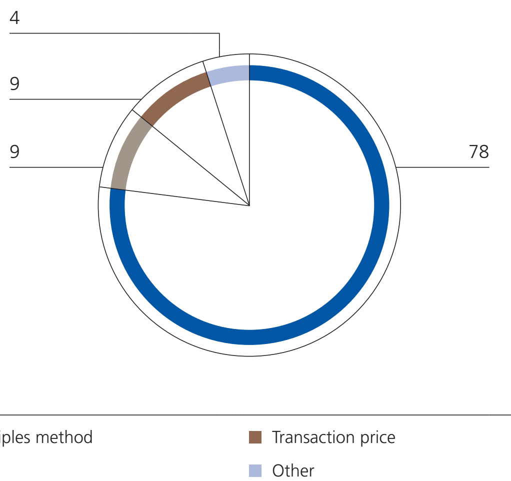
20 *See page 72; the investments are alphabetically ordered in the following table, regardless of their valuation*

Company	Cost *€mn*	Equity share DBAG %	Investment type	Sector
Broetje-Automation GmbH	5.6	15.0	MBO	Mechanical and plant engineering
Cleanpart Group GmbH	11.2	18.0	MBO	Industrial services
Formel D GmbH	3.6	17.7	MBO	Automotive suppliers
Grohmann Engineering GmbH	2.1	24.0	Expansion capital	Mechanical and plant engineering
Heytex Bramsche GmbH	6.3	16.8	MBO	Industrial components
inexio KGaA	5.5	6.9	MBO	Information technology, media, telecommunication
Infiana Group GmbH	11.5	17.4	MBO	Industrial components
JCK Holding GmbH Textil KG	8.8	9.5	Expansion capital	Consumer goods
Novopress KG	2.3	19.0	Expansion capital	Mechanical and plant engineering
Oechsler AG	11.1	8.4	Expansion capital	Automotive supplier
ProXES GmbH	7.5	18.6	MBO	Mechanical and plant engineering
Romaco GmbH	9.9	18.7	MBO	Mechanical and plant engineering
Schülerhilfe GmbH	2.5	15.3	MBO	Services
Telio Group	12.2	14.9	MBO	Information technology, media, telecommunication
Unser Heimatbäcker GmbH	10.1	12.6	MBO	Consumer goods

The valuations and the portfolio value derived from them at 30 September 2016 principally serve as the basis for the presentation of the portfolio. In part, however, certain constituents remain disregarded: for example, the breakdown of the portfolio value by net debt of the portfolio companies is calculated without the investments in international buyout funds and without interests in entities through which retentions for representations and warranties from exited investments are held (2016 net debt and 2016 EBITDA; for annual periods ending during the year, based on the portfolio companies' forecasts at 30 June 2016).

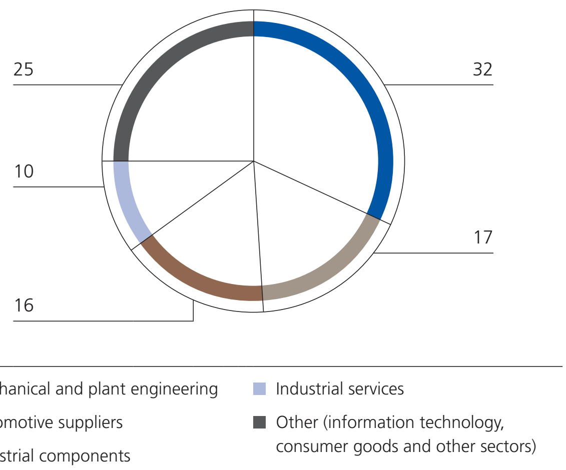
PORTFOLIO VALUE BY VALUATION METHOD

%



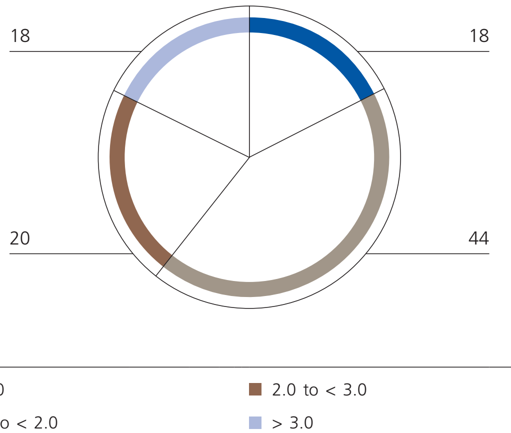
PORTFOLIO VALUE BY SECTORS

%



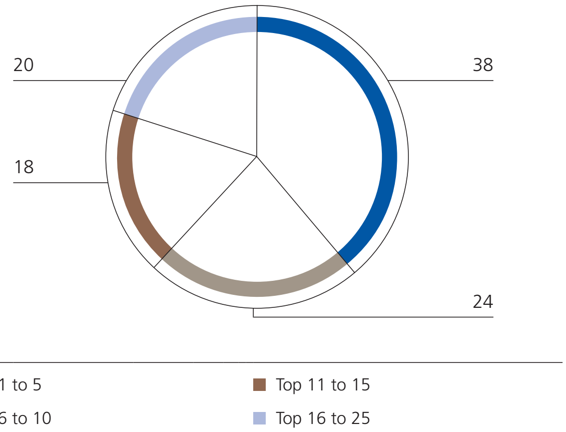
PORTFOLIO VALUE BY NET DEBT/EBITDA OF PORTFOLIO COMPANIES

%



CONCENTRATION OF PORTFOLIO VALUE

Size categories %



Capital structure: High capital-to-assets ratio

In financial year 2015/2016, the DBAG Group financed its activities from its financial resources backed by a very high **CAPITAL-TO-ASSETS RATIO** of 91.3 percent (previous year: 92.6 percent). To continue co-investing alongside DBAG funds without bank liabilities in the future, we increased the Company's capital in September 2016 by ten percent. In an accelerated placement process, 1,367,635 new shares were offered to German and international institutional investors. The shares were placed at a price of 28.25 euros; this corresponds to a premium of 5.16 euros, or 22.3 percent, on the reported equity per share at 30 June 2016. The share capital of DBAG rose by this corporate action to 53,386,664.43 euros, and the new number of shares is 15,043,994. The corporate action bolstered the Company's equity capital, after deducting the costs, by 37.2 million euros.

The Group's liabilities still contain no bank debt: a credit facility arranged in January 2016 was not drawn down in the reporting year.

Line of credit page 77

NON-CURRENT LIABILITIES at 30 September 2015 were up on the previous year. This item primarily contains provisions for pension obligations of 15.5 million euros, exceeding those of the previous year by 6.8 million euros, after the actuarial rate had decreased to only 0.80 percent (previous year: 2.08 percent). The provisions relate to that part of pension obligations the present value of which exceeds the fair value of plan assets. Unlike in former financial years, we again chose not to balance the current underfunding with an allocation to plan assets. We want to maintain the availability of the required funds in the event of rising interest rates and then avoid possible overfunding.

The largest item in **CURRENT LIABILITIES** at the period end were provisions for performance-linked remuneration not yet paid of 11.0 million euros (previous year: 10.8 million euros). Of that amount, 4.0 million euros relate to emoluments that were granted in previous financial years; 3.3 million euros of that amount will be paid in December 2016, now that the underlying portfolio was completely realised in 2015/2016.

Financial resources: Higher, following corporate action

The Group's financial resources of 78.6 million consist of two components: cash in the amount of 57.3 million euros and another 21.3 million euros recognised within non-current assets in line item "Long-term securities". To improve interest income without changing the risk position, we invested liquid funds in fixed-income bonds with maturities of between two and five years. These bonds typically provide a high degree of liquidity and low price risk; some of these bonds had a term of less than one year at the period end.

TEN-YEAR SUMMARY OF FINANCIAL POSITION

€mn	31 Oct. 2007	31 Oct. 2008	31 Oct. 2009	31 Oct. 2010	31 Oct. 2011	31 Oct. 2012	31 Oct. 2013	31 Oct. 2014	30 Sept. 2015	**30 Sept. 2016**
Financial assets	209.6	138.3	137.2	129.9	93.5	150.7	166.8	163.4	247.7	305.8
Securities/cash	155.8	105.2	124.0	140.7	155.6	105.8	98.3	140.7	58.3	78.6
Other assets	29.1	28.7	27.0	45.5	30.8	42.5	45.6	28.5	21.2	20.3
Equity	353.6	244.8	256.8	273.9	238.9	266.2	278.4	303.0	303.1	369.6
Liabilities/provisions	40.8	27.4	31.5	42.2	41.0	32.8	32.3	29.6	24.1	35.0
Total assets	394.4	272.3	288.3	316.1	279.9	299.0	310.7	332.6	327.2	404.6

Comparison of actual and projected business performance

All targets reached or exceeded on comparable basis

In financial year 2015/2016, we achieved or surpassed our key financial objectives (see following representation). Net income exceeded that of the previous year by more than 86 percent; on a comparable basis, i.e. without realised gains on disposals and unrealised disposal gains on an imminent sales basis[21], the increase equates to 80 percent. The key performance indicator, the return on equity per share, more than tripled the cost of equity, the minimum target. The net result of investment activity was 54.3 million euros without gains on disposals; this represents an increase of 25.1 million euros or 86 percent on the preceding year. The fact that income targets were significantly surpassed is also a result of positive changes in the stock markets. As expected, net expenses were significantly higher this year than last, which is partially due to unscheduled special effects. Fee income from fund management and advisory services of 18.3 million euros remained within the targeted corridor, i.e. between 17.3 and 19.2 million euros. Financial resources, however, did not decline, as forecast, which is due to the inflows from the capital increase; without the capital increase, the projected level would have been reached.

21 *Total proceeds from the disinvestments of Spheros and Broetje-Automation, less minority interest in the co-investment vehicles (carried interest), the disposal of Clyde Bergemann and the realisation from the portfolio of DBG Eastern Europe II as well as inflows from reversals of purchase price retentions on disinvestments of former financial years*

SUMMARY OF ASSESSMENT BY BOARD OF MANAGEMENT ON THE BUSINESS TREND AND ACHIEVEMENT OF TARGETS (PROJECTED/ACTUAL COMPARISON)[1]

	Actual 2014/2015	**Projected 2015/2016**	**Actual 2015/2016**	
	11 months	**12 months**	**12 months**	
Net income	€27.0mn	On comparable basis (€25.2mn) significantly in excess of prior year	€50.2mn, thereof €5.8mn unscheduled gains on disposals	Target exceeded
Return on equity per share	10.0% with cost of equity of 5.0% p.a., equating to 4.6% for eleven months	To significantly exceed cost of equity	16.0% with cost of equity of 4.7%	Target reached
Net result of investment activity	€29.2mn	On comparable basis (€26.7mn) significantly in excess of prior year	€60.1mn, thereof €5.8mn from (partially yet unrealised) gains on disposals	Target exceeded
Net expenses	€21.3mn	Significantly in excess of prior year	€28.5mn, thereof €2.9mn unscheduled	Target reached
Fee income from fund management and advisory services	€19.2mn	Slightly below prior year	€18.3mn	Target reached
Financial resources	€58.3mn	Significantly lower	€78.6mn, thereof €37.2mn from unplanned corporate action	Target reached

1 For a definition of the terms "slight", "moderate" and "significant", see page 102.

Business performance by segments

Segment of Private Equity Investments: Net income more than double that of the previous year

SEGMENT INCOME STATEMENT PRIVATE EQUITY INVESTMENTS

€'000	2015/2016	2014/2015
	12 months	11 months
Net result of investment activity	60,148	29,203
Other income/expenses	(7,083)	(4,308)
Net income before taxes	**53,066**	**24,895**

The pre-tax net income for the **SEGMENT OF PRIVATE EQUITY INVESTMENTS** increased significantly to 53.1 million euros, exceeding that of the previous year by 28.2 million euros, or by more than 100 percent. It was driven both by successful realisations and the generally good performance of the portfolio companies (constituent of financial assets), which led to a correspondingly high net result of investment activity. Net expenses under "Other income/expenses" (net amount of internal management fees, personnel costs, other operating income and expenses as well as net interest) increased by 2.8 million euros. There were non-regularly recurring costs, and income recorded in former years was lacking. For example, expenses for the arrangement of a credit line and availability fees were recognised in 2015/2016; the previous year saw higher income from the sale of securities.

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000	30 Sept. 2016	30 Sept. 2015
Financial assets incl. loans and receivables	308,467	250,189
Financial resources	78,575	58,344
Bank liabilities	0	0
Net asset value	**387,042**	**308,534**
Financial resources	78,575	58,344
Credit line	50,000	0
Available liquidity	**128,575**	**58,344**
Co-investment commitments alongside DBAG funds	**278,241**	**110,708**

At 30 September 2016, the co-investment commitments alongside the DBAG funds were only partially covered by the available financial resources (cash and long-term securities); to balance the irregular cash flows attached to our business model, the Company has had a credit facility of 50 million euros since January 2016 at its disposal. It was provided by a consortium of two banks for a term of five years. We additionally expect to record inflows from disinvestments in the coming years.

Segment of Fund Investment Services: Significantly down on previous year

SEGMENT INCOME STATEMENT FUND INVESTMENT SERVICES

€'000	2015/2016	2014/2015
	12 months	11 months
Fee income from fund management and advisory services	19,536	20,500
Other income/expenses	(22,575)	(18,321)
Net income before taxes	**(3,039)**	**2,179**

The **FUND INVESTMENT SERVICES SEGMENT** recorded pre-tax net income of -3.0 million euros, which compares with 2.2 million euros for the prior year. Fee income totalled 19.5 million euros, a decrease of 1.0 million euros, as expected: the previous year saw fees for the management of DBG Fonds I, which has meanwhile ended, as well as a profit share from this fund; fees from DBAG Fund V decreased because of the lower calculation base after repayments of acquisition costs due to disposals or refinancings. Net expenses reflect higher personnel costs and higher other operating expenses than in the comparative year, including expenses for fund-raising and the further development of DBAG's structure (2.4 million euros[22]); without these expenses, segment net income would have amounted to -0.6 million euros.

22 *Expenses for the arrangement of a line of credit (0.5 million euros) have been allocated to the Private Equity Investments segment* *(see page 68).*

ASSETS UNDER MANAGEMENT OR ADVISEMENT

€'000	30 Sept. 2016	30 Sept. 2015
Portfolio companies at cost	681,059	715,849
Outstanding capital commitments to funds	1,022,205	301,162
Financial resources (of DBAG)	78,575	58,344
Assets under management or advisement	**1,781,839**	**1,075,356**

Assets under management or advisement increased over the past twelve months by 706.5 million euros. The rise stems from DBAG Fund VII, to which investors have committed capital of 808 million euros.[23] Conversely, repayments from the realisation of the investment in the Spheros Group, the recapitalisation of the investment in Schülerhilfe and the dividend payment, among others, lowered the amount. Furthermore, the funding for the Polytech investment was called prior to the period end at the expense of outstanding capital commitments and the financial resources of DBAG. Since the transaction had not been completed at the reporting date, the funding in the amount of 52.9 million euros was not yet included in invested capital (but in unconsolidated co-investment vehicles instead).

23 *Due to regulatory requirements, the co-investments on the part of DBAG are not included when calculating managed and advised assets.*

Financial and non-financial performance indicators

Return on equity per share: At 16.0 percent significantly in excess of cost of equity

Equity per share grew by 2.41 euros this past financial year to 24.57 euros. After adjusting for the dividend of 1.00 euro per share that was distributed, the return is calculated based on equity per share of 21.16 euros. Taking the capital increase pro rata temporis into account by which the equity rose, the calculation base increases to 21.19 euros per share. The return on equity thus reached 16.0 percent, clearly exceeding the cost of equity of 4.7 percent. In the truncated previous financial year, the return amounted to 10.0 percent, while the cost of equity was 5.0 percent.

More on the influential factors Earnings position, page 63

Over the past ten-year period (2006/2007 to 2015/2016), we achieved an average return on equity after taxes of 12.2 percent. This is almost 5.3 percentage points in excess of the average cost of equity, which, according to our computation, was approximately 6.9 percent.

Performance: Aggregate total return of 161 percent since 31 October 2006

Adjusted for dividends and surplus dividends, DBAG recorded an aggregate total return of 161 percent based on the equity per share over a period of nearly ten years from 31 October 2006 to 30 September 2016; this equates to an average annual total return of 10.1 percent over this ten-year period.[24]

24 *The calculation implies a reinvestment of dividends and surplus dividends in equity per share in each case at the end of the second quarter of a financial year (30 April or 31 March); until 2015, the dividend was paid at the end of March, since then at the end of February.*

People: Low fluctuation, long years of service

Personal performance and a team-based work environment are key characteristics of our corporate culture. We attach great importance to treating each other and our business partners with respect. In our daily work, we emphasise a high level of professionalism and stable processes. In doing so, we utilise our lean structures and short decision-making routes. This has the advantage that the members of the Board of Management are in regular contact with most employees and learn, for instance, about staff satisfaction not from indicators, but in everyday interactions. In our most recent employee survey, more than 90 percent of the participants stated that they were very satisfied or satisfied with the latitude they are given to carry out their daily routine and with the work climate in the Company.

The private equity business involves managing heavy workloads. Assignments within our organisation call for a high degree of identification with the role. We endorse this by fostering a culture of direct communication, team-based project organisation and delegating responsibility early on.

We attach particular importance to nurturing a corporate culture in which loyalty to the Company can prosper. One measure for this is the staff's years of service to the Company: investment managers and senior executives have been with DBAG for an average of eight years (previous year: eight years). Fluctuation of other staff at Deutsche Beteiligungs AG is also low: it averaged less than four percent over the past ten years.[25]

25 *The representation does not include apprentices, employees with a fixed-term work contract and employees leaving the Company due to retirement.*

	Number of staff	Number of departures	Fluctuation rate %
Financial year 2015/2016	64	1	1.6
Average over financial years 2006/2007 to 2015/2016	54	2	3.7

Our performance thrives on the professional and personal skills of our people at all levels and in all areas of the Company. In addition to excellent management skills and sector knowledge, the members of our investment team need keen leadership and motivation qualities, communication skill and social competency.

We regularly strive to develop these qualifications and competencies. This past year again, more than half of the staff participated in further education and training programmes. To that end, we endeavour to match the training with personal development needs.

Staff profile: Higher apprenticeship quota

At 30 September 2016, Deutsche Beteiligungs AG employed 31 female und 25 male staff (without the members of the Board of Management or apprentices) for a total of 56, unchanged from the previous year. As last year, the share of female employees was 55 percent. Our personnel recruitment and development is aimed at fostering talent; it is oriented around their qualification, independent of an applicant or employee's gender. Over the past four financial years, two-thirds of the new employees hired were women; this also applies to the new members of the investment team.

At the end of financial year 2015/2016, seven apprentices were qualifying for their future professions; this represents an apprenticeship quota of more than ten percent. As last year, the staff's average age is 39 years. Not included in these figures are the three employees on parental leave at the reporting date.

	30 Sept. 2016	30 Sept. 2015
Number of employees (without Board of Management)	63	62
thereof full time	50	51
thereof part time	6	5
thereof apprentices	7	6

During the past financial year, we offered 14 students (previous year: ten) an internship for a period of several months, allowing them to gain insight into the responsibilities of an investment manager. We prefer to award the internship to students who are about to complete their studies. We use this instrument to present DBAG as an interesting employer.

Employee compensation: Variable components scheme refined

The compensation system at Deutsche Beteiligungs AG is geared to endorsing performance and – in addition to a motivating work environment – offering a financial incentive to attract and retain key staff, while also driving DBAG's performance.

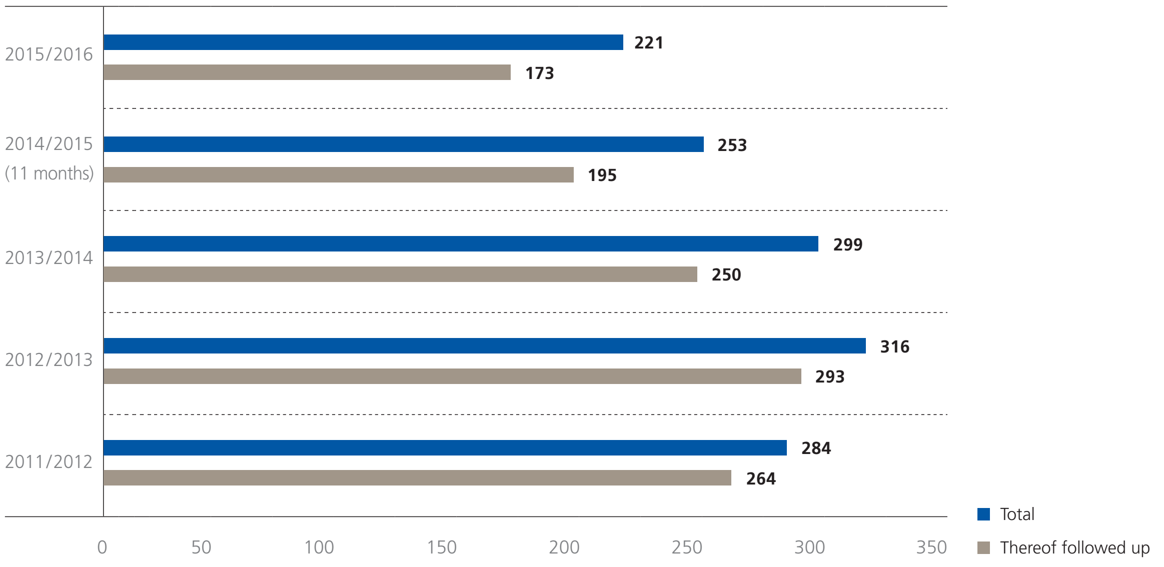
The variable income components for key members of the investment team are oriented around personal contributions to the long-term performance of DBAG. Our performance depends on entering into new investments, good portfolio performance and profitable realisations. The variable components for the other members of the investment team and for other staff also reward personal performance. These are also geared to a smaller extent to the Company's performance.

As a listed company, DBAG offers active employees an employee share purchase plan. In the reporting year, 74 percent of the staff took advantage of the offer (previous year: 79 percent).

Transaction opportunities: High proportion of proprietary deal flow

In addition to participating in auctions, our network assists us in originating transaction opportunities through a proprietary deal flow. In 2015/2016, nearly 15 percent of all transaction opportunities originated that way – either the owners of companies approached us or we approached companies directly. The comparative year saw a higher proportion of almost 20 percent.

TRANSACTION OPPORTUNITIES



In 2015/2016, we screened 221 investment opportunities; 148 related to potential MBOs and 73 concerned expansion financings. Although this represents a marginal decline compared with the previous year's 253 opportunities, we succeeded in augmenting the quality of the deal flow. The proportion of transaction opportunities that we followed up rose slightly.

In line with the prior year, approximately half of the investment opportunities came from our core sectors, that is, mechanical and plant engineering, automotive suppliers, industrial services and manufacturers of industrial components.

Financial review of Deutsche Beteiligungs AG (Commentary based on the German Commercial Code – HGB)

The management report on Deutsche Beteiligungs AG and the Group management report for the 2015/2016 financial year are presented combined, in conformity with § 315 (3) HGB in connection with § 298 (3) HGB. The presentation of the economic position of DBAG is based on a condensed balance sheet and a condensed profit and loss account derived from the balance sheet and profit and loss account as prescribed by HGB. The complete annual financial statements of DBAG based on HGB are published in the "Bundesanzeiger" (Federal Gazette), together with the consolidated financial statements.

The separate financial statements are accessible at www.dbag.de/companyreports; a printed version is also available on request.

When comparing the current data with that of the preceding year, it should be kept in mind that – as for the Group – the comparative 2014/2015 financial year was a short eleven-month financial year. A year-on-year comparison is therefore limited.

Earnings position

Overall assessment: Result at previous year's level due to almost neutral result of disposal and higher expenses

In 2015/2016, DBAG's profit for the year was almost level with that of 2014/2015, for which a dividend of 1.00 euro per share was paid in February 2016. The disinvestment of two larger portfolio companies was completed in the reporting year. In one instance, a capital gain of 19.0 million euros was achieved, which, however, was reduced by carried interest payments (of 8.0 million euros) that had fallen due for the first time based on the investment performance of DBAG Fund V. The second disinvestment led to a loss on disposals of 11.1 million euros. Other operating expenses rose due, among other things, to the arrangement of a line of credit and preparations for regulatory changes.

CONDENSED PROFIT AND LOSS ACCOUNT OF DEUTSCHE BETEILIGUNGS AG (BASED ON HGB)

€'000	2015/2016	2014/2015
	12 months	11 months
Net result of valuation and disposal[1]	2,336	(16,979)
Current income from financial assets	7,629	22,390
Fee income from fund management and advisory services	18,136	19,199
Net result of fund services and investment activity	**28,101**	**24,610**
Personnel expenses	(17,133)	(14,882)
Other operating income (without write-ups)	2,081	2,687
Other operating expenses	(10,102)	(7,821)
Depreciation and amortisation on intangible assets and property, plant and equipment	(672)	(506
Income from other securities and loans within financial assets	309	943
Other interest and similar income	67	263
Interest and similar expenses	(644)	(3,076)
Total other income/expenses	**(26,093)**	**(22,392)**
Result of ordinary activity	**2,008**	**2,218**
Income taxes	171	0
Other taxes	(11)	(19)
Profit for the year	**2,167**	**2,199**

1 The net result of valuation and disposal is composed of profit-and-loss items "Income from disposals of investments" of €12.6mn (previous year: €3.6mn) and write-ups in the financial year of €1.1mn (previous year: €0mn) that are recognised in item "Other operating income". "Losses on disposals of investments" and "Write-downs on financial assets" in the amount of €11.3mn (previous year: €20.6mn) were deducted.

Net result of fund services and investment activity: Almost in line with previous year

The net result of fund services and investment activity is determined by gains or losses on disposals of investments and net write-ups/write-downs on investments. The latter are performed at the lower of cost or market and the applicable procedure for reversals of impairment losses, based on HGB. The net result of valuation and disposal contains gains on disposals of 12.6 million euros stemming from the realisation of the investment in Spheros as well as from successful transactions of former financial years that have now been settled. This is set against a loss on disposals arising from the divestment of the Clyde Bergemann Power Group of 11.1 million euros. Furthermore, an impairment loss on one investment was reversed, following the conclusion of a tax audit (1.1 million euros). No appreciable investment disposals had taken place in the preceding 2014/2015 financial year; the prior year's result was predominantly marked by a write-down on an associate, after this entity distributed 20.0 million euros to the parent company for liquidity management reasons.

This distribution of 20.0 million euros, typical for the business, was determinative for **CURRENT INCOME FROM FINANCIAL ASSETS** in the previous year. For the reporting year, the main constituents of this item are profit distributions and interest income from portfolio companies totalling 7.6 million euros (previous year: 22.4 million euros).

FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES fell slightly below that of the truncated eleven-month 2014/2015 financial year. An improvement compared with the preceding year resulted from the fact that, after management fees for the DBAG Expansion Capital Fund had been waived in 2014/2015, fee income from this fund was again generated in the reporting year; moreover, fees were now based on a full year, unlike in the truncated eleven-month 2014/2015 financial year. In the previous year, DBG Fonds I, which has meanwhile ended, also delivered earnings of 1.5 million euros for the last time.

Other income/expenses: Lower, due to reduced personnel costs

Earnings position page 63

Net expenses under "Total other income/expenses" increased by 3.7 million euros year-on-year. **PERSONNEL EXPENSES**, **OTHER OPERATING INCOME WITHOUT WRITE-UPS** and **OTHER OPERATING EXPENSES** were largely affected by the same influential factors as for the Group. Greater deviations result from differences in the accounting, such as for personnel expenses in the reversal of provisions for performance-related emoluments (1.3 million euros). The rise in personnel expenses is chiefly due to the fact that wages and social contributions were paid for twelve instead of eleven months in 2015/2016 and that higher provisions were made for performance-related income components for the staff and the Board of Management in view of the Company's good performance. In the comparative year, other operating income contained nearly 0.7 million euros from disposals of securities. In the reporting year, two-thirds of other operating income stem from reversals of provisions in personnel expenses of former years. Unlike for the Group, costs for the capital increase (1.4 million euros) are contained in other operating expenses. Other reasons for the significant increase in this item are consultancy costs in conjunction with DBAG's structure, costs for the arrangement of the credit line and expenses for the audit review of the half-yearly financial statements.

The **FINANCIAL RESULT** improved from -1.9 euros to -0.3 million euros. Here, the statutory change for the measurement of pension obligations had a positive effect: instead of a seven-year average interest rate, a ten-year average interest rate can now be applied, which dampened the consequences of a further interest-rate decline.[26] Income from interest and securities was significantly lower, in view of the considerably smaller securities portfolio on the annual average and lower interest rate levels.

26 *The discount rate in 2014/2015 was based on interest rates of 4.07 percent (seven years), and in 2015/2016 on 4.08 percent (ten years). The interest rates are determined by the Deutsche Bundesbank. By contrast, the actuarial rate used in the consolidated financial statements of 0.80 percent (previous year: 2.08 percent) is based on the i-boxx corporate AA10+ interest rate index. Its change results from interest-rate changes on corporate bonds.*

Profit of 2.2 million euros for the year

Deutsche Beteiligungs AG posted an annual profit of 2.2 million euros for financial year 2015/2016, which is in line with that of the truncated preceding year. Including the profit carried forward from the previous year and the dividend payment, the retained profit amounted to 55.6 million euros, of which 2.6 million euros are barred for distribution pursuant to statutory requirements.

Asset position

Total assets of DBAG largely consist of the investment portfolio as well as securities and cash. In 2015/2016, assets rose by 27.6 million euros compared to the preceding financial year. The gain is attributable to the capital increase in September 2016; in March 2016, the sum of 13.7 million euros was distributed to shareholders.

Assets: Significance of directly held investments declines once again

INTERESTS IN ASSOCIATES represent the largest item in DBAG's non-current assets. Associates, for instance, are entities through which DBAG co-invests; the co-investments alongside the respective DBAG funds are bundled in these vehicles. Other major non-current asset items are **DIRECTLY HELD INVESTMENTS** that are shown in "Investments" as well as **LONG-TERM SECURITIES**, which constitute significant parts of DBAG's financial resources.

The increase in equity shares in associates in 2015/2016 resulted from investments in three new portfolio companies and from purchases of additional interests in existing portfolio companies (51.1 million euros). Conversely, the divestment of Spheros and repayments of bridge-over loans led to a reduction of 34.0 million euros.

CONDENSED BALANCE SHEET OF DEUTSCHE BETEILIGUNGS AG (BASED ON HGB)

€'000	30 Sept. 2016	31 Oct. 2015
Equity shares in associates	194,256	176,073
Investments	6,595	17,700
Loans to portfolio companies	0	2,516
Long-term securities	20,750	29,707
Other non-current assets	2,077	1,801
Non-current assets	**223,678**	**227,797**
Receivables and other assets	30,756	28,718
Cash and cash equivalents	44,973	15,629
Current assets	**75,729**	**44,347**
Prepaid expenses	**664**	**291**
Assets	**300,071**	**272,435**
Subscribed capital	53,387	48,533
Capital reserve	175,177	141,394
Retained earnings	403	403
Retained profit	55,614	67,123
Equity	**284,580**	**257,453**
Provisions	**14,985**	**14,366**
Liabilities	**507**	**616**
Liabilities and shareholders' equity	**300,071**	**272,435**

The value of directly held investments declined due to the Clyde Bergemann divestment. Investments are now made indirectly, write-ups are capped at acquisition cost, and there were no impairment losses to be recognised.

Investment securities were used to finance investments and therefore decreased in the financial year.

Current assets: Decreased, due to lower cash position

At the period end, two-thirds of current assets consisted of cash and cash equivalents, which were significantly in excess of last year's level as a result of the capital increase shortly before the end of the financial year. Another constituent was a receivable from a portfolio company arising from non-distributed profit entitlements.

Provisions: Slightly up on previous year

Provisions were slightly up compared with the previous year's level. They chiefly pertain to performance-related income components (11.0 million euros); 7.0 million euros thereof are attributable to the preceding financial year, and 4.0 million euros were made over the last nine financial years, but were subject to a payout stop at the reporting date. Pension provisions of 0.7 million euros were recognised, insofar as these exceeded plan assets.

Liquidity position

Particularities in assessing liquidity position: Cash flows characterised by irregular outflows

The **FINANCIAL RESOURCES** reported at the period end of 65.8 million euros (investment securities of 20.8 million euros and cash and cash equivalents of 45.0 million euros) are available to meet investment commitments. Based on the investment progress planned for the new financial year and the two following years, DBAG will have an average liquidity requirement of some 60 million euros annually; the actual requirement may fluctuate strongly.

Capital structure: No liabilities to banks

In financial year 2015/2016, DBAG financed its activities from its existing financial resources and/or its cash flows. In order to take advantage of investment opportunities at all times, DBAG obtained a credit line in the reporting year. It ensures DBAG's ability to co-invest alongside the DBAG funds at all times, in addition to creating greater balance sheet efficiency. The strong increase in equity to 284.6 million euros at 30 September 2016 mirrors the inflows from a capital increase. One year ago, the equity totalled 257.5 million euros, of which 13.7 million euros were distributed to shareholders as dividends in February 2016. The **CAPITAL-TO-ASSETS RATIO** of 94.8 percent at the period end (previous year: 94.5 percent) remained very high.

Comparison of actual and projected business performance

Profit for the year did not reach forecast level

The profit in 2014/2015 was the result of a financial year without any appreciable disinvestments. For 2015/2016, in a scenario with disinvestments, we had expected that the profit would significantly exceed that of the prior year. That forecast did not materialise, because one of the two larger investments divested in 2015/2016 led to a loss on disposal (Clyde Bergemann) that approximately corresponded to the gain on disposals generated by the other (Spheros). Moreover, the forecast did not account for the expenses regarding the credit line and the capital increase, in addition to other unpredictable negative effects.

Significant events after the end of the period

At the beginning of the new financial year, the two MBOs (Frimo Group, Polytech) were completed that had previously been agreed during the 2015/2016 financial year. In November 2016, DBAG Fund VI directed a capital call for the investment in Frimo in the amount of 14.9 million euros; the capital for Polytech (13.1 million euros) had already been drawn down prior to the period end.

After completion of the Broetje-Automation exit, DBAG recorded inflows of 18.6 million euros from DBAG Fund V in October 2016.

In early November, the sale of DBAG's investment in Grohmann Engineering GmbH was agreed. The investment had been entered into by a DBAG predecessor company in 1986: the company has made excellent progress since then and has grown strongly. The exit will now result in a gain on disposal in the mid single-digit million euro range in the new financial year's first-quarter consolidated accounts and a low two-digit million euro amount in DBAG's separate financial statements.

Opportunities and risks

Objective: Contribution to value creation by balancing opportunities and risks

Deutsche Beteiligungs AG is exposed to multiple risks through its Fund Investment Services and Private Equity Investments business lines. These are founded, among other things, on the expected returns that are customary in the private equity industry, our geographical and sector focus as well as the new investment volume targeted annually. In its more than 50-year history, DBAG has proven its ability to successfully balance the risks and rewards of its business. We want to exploit our opportunities and moderately take on the exposure to the risk involved. Risk that endangers the continuity of the Company must basically be avoided.

DBAG's risk profile is influenced by our risk propensity. We steer it by the risk management activities that are set out in this report; they are meant to contribute to value creation by specifically balancing opportunities and risks. As a private equity company, we consider risk management to be one of our core competences. Our risk propensity derives from our objective of augmenting the value of DBAG; as described, we measure our performance by the increase in equity per share, taking into account the dividend paid. To that end, we pursue a conservative approach, which, among other things, is mirrored in DBAG's balance sheet structure with its high equity ratio. DBAG activities are financed in the long term by equity; bank liabilities are acceptable only in the short term to bridge discrepancies between cash inflows and outflows.

Risk management system

We understand risk management as a proactive and preventive process of controlling risk; risk, in our opinion, are potentially negative events that ensue from possible hazards. Hazards, in turn, are either non-predictable events or basically predictable, but nevertheless coincidental events.

The risk management system is an integral part of our business processes. It takes into account the statutory requirements set out by legislation, the German Corporate Governance Code and international accounting standards.

The system is based on our values and our experience, and it serves the objective described of contributing to value creation by balancing rewards and risks. This will be achieved when our risk management ensures a comprehensive overview of the Group's risk profile. Particularly events involving material negative financial implications must be recognised promptly so that counteraction can be taken to avoid, mitigate or control these risks.

Structures: Decentralised organisation of risk management

Risk management is the direct responsibility of the Board of Management. It is overseen by the Audit Committee of the Supervisory Board. Furthermore, the Internal Audit, as an independent constituent, monitors the efficacy of the risk management system; DBAG has delegated the internal audit services to an auditing firm.

A key element is the Risk Committee, the composition of which mirrors the decentralised organisation of the risk management system: it consists, on the one hand, of the Board of Management and the Risk Manager who reports directly to the Chief Financial Officer. In addition, there are Risk Administrators at the next management level below the Board of Management; the Managing Directors in charge of the individual corporate departments support the Risk Manager in identifying and assessing risk in their areas of responsibility.

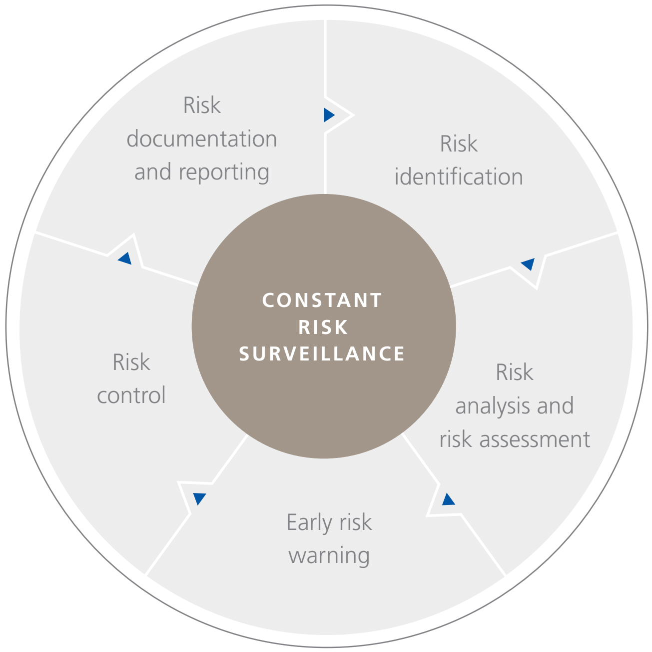
The Risk Manager develops the risk management system on an ongoing and systematic basis. In this past financial year, the risk manual was newly compiled and the risk report redesigned. The objective is to inform the Board of Management and the Supervisory Board about the risks involving high and very high expected values ("significant risks"; expected value is a combination of probability of occurrence and extent of impact). The risk assessment criteria were aligned with the Board of Management's risk strategy. Risks can now be more appropriately captured, monitored and managed. The aim is to avoid, mitigate or transfer the negative effects of risks.

Instruments: Risk register with 47 risk factors

The basis of the risk management system is a risk management manual and a risk register. The manual contains company-specific principles on the methodology of risk management and describes the risk management instruments and their mode of operation. The risk register presents and analyses all the risks that we consider significant. It is updated on a quarterly basis; at the period ending 30 September 2016, it contained 47 individual risks. The significant risks, their causes and effects as well as the specified actions required to control and monitor these risks are also documented in a risk report addressed to the corporate bodies of DBAG.

Processes: Risk identification in individual corporate departments

Risk management is an ongoing process firmly integrated into our workflows. The risk management process has been devised to ensure that risks are identified early on and risk management instruments are employed appropriately; it is structured according to the following procedure:



Risks are identified at departmental level directly by the responsible Managing Directors of these units. Particular attention is paid to risks that may jeopardise the continuity of the Company as well as risks of major significance for the asset, financial and earnings position of DBAG. To that end, appropriate early warning indicators are employed – measures, in other words, that are either themselves indicators of changes in a risk or suitable as measurement tools to identify changes in risk-driving factors. Such indicators include, for instance, the number of transaction opportunities screened, the employee turnover rate or employee satisfaction.

During the risk analysis and assessment process, identified risks are classified by the responsible Risk Administrator in coordination with the Risk Manager on the basis of a matrix. First, they are categorised according to the probability of their occurrence on a four-point scale. The probability of occurrence is designated as "unlikely" (less than 20 percent), "low" (20 to 50 percent), "possible" (50 to 70 percent) and "likely" (greater than 70 percent). In addition, the impact is classified according to the severity of financial consequences, reputational consequences, regulatory consequences or management action required; the potential impact is assessed subsequent to the action taken to avoid or mitigate the risk.

EXPECTED VALUE (COMBINATION OF PROBABILITY AND IMPACT)

PROBABILITY							
	> 70%	**Likely**	**4**	Moderate	High	Very high	Very high
	> 50–70%	**Possible**	**3**	Very low	Moderate	High	Very high
	> 20–50%	**Seldom**	**2**	Very low	Moderate	High	High
	≤ 20%	**Unlikely**	**1**	Very low	Very low	Moderate	High
				1 **Low**	**2** **Moderate**	**3** **High**	**4** **Very high**

	IMPACT			
	1 Low	**2 Moderate**	**3 High**	**4 Very high**
Financial consequences	≤ €10mn	> €10–50mn	> €50–100mn	> €100mn
Reputational consequences	Isolated negative media coverage	Broader negative media coverage	Extensive negative media coverage & temporary loss of confidence by investors	Extensive negative media coverage & loss of confidence by investors
Regulatory consequences	Conditional caution	Reorganisation	Reorientation of business activity	Suspension of business activity
Management action required	Event covered by normal routine	Critical event addressed with existing resources	Critical event requiring more extensive management action	Disaster requiring significant management action

The Risk Manager subsequently examines the individual risks and the adopted actions to diversify the risks to ascertain their completeness and effectiveness. The implementation of this action as well as its management and monitoring is the responsibility of the Risk Administrators in the respective corporate units.

Risk control basically pursues the objective of maintaining the overall risk at acceptable and manageable levels for Deutsche Beteiligungs AG. The objective of risk control is therefore not to completely preclude risk, but rather to ensure that a targeted risk level is not exceeded. Suitable action to control risk can avoid, reduce or transfer risks.

Risk avoidance means completely precluding risk. Since complete avoidance of risk generally also means precluding opportunities for rewards, this form of risk intervention cannot be applied broadly. It is employed only in those instances of risk in which security has priority over other corporate objectives. Measures taken to *reduce risk* are meant to decrease the probability of the occurrence of the risk and/or limit the impact. The residual risk that remains after the action has been implemented is consciously accepted or transferred to third parties. Insurance contracts, a classical risk management instrument, serve to *transfer risk*. Special contractual arrangements and financial instruments are also examples of transferring risk to third parties.

Risks are reported to the complete Board of Management on a quarterly basis. In addition, the entire Board of Management is involved in risk management through the Risk Committee. Risks that are identified outside of these regular intervals are reported to the Risk Manager immediately. This ensures a comprehensive and current analysis of the risk exposure at all times. Once every financial year, the Board of Management extensively informs the Audit Committee about DBAG's risk exposure. In the event of an unexpected material change in the exposure to risk, the Board of Management informs the Audit Committee immediately.

Description of risk factors

The table on page 98 describes all risks with a "high" expected value, based on our definition, which is determined by the probability of occurrence and extent of impact; in our estimation and assessment, risks with a "very high" expected value currently do not exist.

We have allocated operational risks to the business line that is most strongly affected by the risk. However, over the long term the consequences of risks allocated to the Fund Investment Services segment would also affect the Private Equity Investments segment and vice versa. In addition to the risk factors described, there are further risks that we regularly monitor and control. These risks have an influence on whether and to what extent we achieve our financial and non-financial objectives.

Risks of the Fund Investment Services segment

Inability to cover the personnel requirement

Staff turnover page 79

Performance in private equity is closely linked to the people acting in the field. Investors in funds also base their capital commitment decision on the stability and experience of an investment team. Dissatisfied employees or a high staff fluctuation rate can cause greater workloads for other employees; if DBAG were to earn a negative reputation as an employer, this would be detrimental to the Company's personnel recruitment. We address the risk of possible staff fluctuation by fostering a motivating corporate culture, a competitive remuneration scheme and by systematically developing the skills and knowledge of our people. We regularly offer individualised training programmes; personality training activities are an integral constituent of career plans.

We measure employee satisfaction in a survey every two years. In view of the Company's current position, we do not expect bottlenecks to occur over the short or medium term.

Inability to raise capital commitments from external investors to DBAG funds

We will be able to pursue our strategy in its present form in the long term only if we succeed in soliciting capital commitments to DBAG funds. This requires that the Company or its investment team establishes a proven track record of successful investment activity yielding attractive returns, which depends on the solid performance of the investments and on the investment progress of a fund. Further influencing factors are the overall economic environment, the sentiment in the stock markets and general readiness of private equity investors to make new capital commitments. Fundamental changes to tax legislation that would lead to taxes being imposed on foreign partners of German fund entities would have serious disadvantages for DBAG. Without further capital commitments, the stability of the management and staff that we need to support the portfolio would not be ensured.

We address this risk, among other things, by a regular dialogue with existing and potential investors in DBAG funds. In selecting investors, we place special emphasis on their ability to possibly also invest in follow-on funds. Additionally, we regularly review our investment strategy.

Extraordinary termination of investment period or extraordinary liquidation of one or several DBAG funds

The investment period of DBAG funds ends automatically when fund investment services are no longer provided by certain key persons defined in the fund agreements (the leading members of the investment team). Moreover, the fund investors have the right (typically with a 75 percent majority) to end the investment period of that respective fund. The reasons that could cause them to initiate such a resolution include an unsatisfactory performance of the fund's investments, insufficient investment progress or a fundamental lack of confidence. In the event of serious breaches of contract, the investors have the right to replace the fund management company or liquidate the fund.

Ending the investment period of a fund would consequently lead to a considerable reduction in fee income for advisory or management services to that fund. Should fund investors revoke DBAG's advisory or management mandate for a DBAG fund, DBAG would forfeit the fee income from that fund. Should this happen with all funds, it would forfeit fee income from fund investment services altogether. Without the funds at its side, DBAG's opportunities to make its own investments would also be limited. Ongoing communication and early response to the wishes of fund investors serve to mitigate this risk. Above all, however, our sustained investment performance counteracts this risk.

Risks of the Private Equity Investments segment

Investment strategy proves to be unattractive

A key prerequisite for our performance is an attractive investment strategy. Without successful investing activity it would not be possible to generate the targeted returns, investors would withdraw their committed capital and new commitments to funds would not be able to be raised. The Board of Management and the investment team therefore examine on a regular basis the extent to which our sector focus and geographical emphasis provide an adequate deal flow and a sufficient number of promising investment opportunities.

To mitigate this risk, we regularly review our investment strategy and monitor the market.

Insufficient access to new, attractive investment opportunities

Access to new investment opportunities is crucial for our operations. If we did not make new investments, our balance sheet structure would change. The portfolio value would exhibit slower growth and the proportion of financial resources on the balance sheet that hardly bears interest would increase – both would come at the expense of the return on equity. In the medium term, the performance of the Fund Investment Services segment would also be adversely affected: the investors in the funds expect investment progress that is commensurate with the committed fund size. If this were not achieved, our chances of raising a successor fund would be diminished, thus impacting the performance of Fund Investment Services in the medium term.

Transaction opportunities page 81

However, we have no influence on developments in the private equity market. With a view to the persistent low-interest rate phase and the abundant stream of capital associated with it, financial investors are competing not only with strategic investors, but also, increasingly, with foundations and family offices seeking more profitable investment opportunities. Insufficiently cultivating our network or inadequate marketing efforts are, however, factors subject to our own sphere of influence.

Our ability to mitigate the risks arising from a decline in the number of potential transactions is very limited. If we invest less, the potential for value growth in the segment of Private Equity Investments will decline in the medium term. We address this risk, among other things, by originating transaction opportunities that are not broadly available in the market. We have comprehensively analysed and recently improved our internal processes for identifying transaction opportunities. And we have extended our network of M&A consultants, banks and industrial experts.

Transaction opportunities are not transformed into investments

Even if there is a sufficient supply of attractive investment opportunities, there is a risk of these not culminating in concrete investments. One reason for this may be a lack of competitiveness – because we react too slowly due to insufficient processes or are unable to arrange the acquisition financing. To avoid the consequences arising from this risk – inadequate investment progress, negative effects for future DBAG funds – we have improved our internal knowledge transfer and adapted the relevant processes to a changed competitive environment.

External risks

Negative impact of the general economy and economic cycles in individual sectors on portfolio companies

The development of our portfolio companies and, consequently, their fair value, is influenced by market factors such as geographical and sector-related economic cycles, political and financial scenarios, commodity prices and currency rate trends. These market factors are subject to a variety of influential effects; in the past financial year, we dealt with the possible consequences arising from Great Britain's departure from the European Union ("Brexit"). Also, cyclical impacts in the wake of political instability or limited capability of the banking system can affect the portfolio companies' earnings, financial and asset position. Technological changes can also have a negative influence on individual companies or the companies operating in a certain sector. This could extend the holding periods of investments, postponing or reducing the gains on disposal. In extreme cases, it could lead to a total loss of the capital invested. In such an event, our reputation would be at stake.

Market factors sometimes change at very short notice, and our ability to address them may be limited. Short-term results, however, are not decisive for success in private equity. Our investment decisions are based on strategic plans that target value creation over a span of several years. The holding periods for investments generally extend beyond the length of individual cyclical phases.

Information on the holding periods of current investments page 61

If appropriate, we adapt our value creation approach to an individual investment. This requires closely monitoring the portfolio companies' progress. The portfolio's diversification basically already counters the risk arising from cyclical trends in individual sectors.

Low valuation ratios in the equity and financial markets

Valuation ratios in the equity and financial markets are reflected in the measurement of the fair value of our portfolio companies and, thereby, the portfolio value. Low valuation ratios automatically lead to a lower portfolio value. They can weigh on the prices at which we are able to divest companies and thus impair our profitability. This, in turn, could cause dissatisfaction among investors in DBAG funds.

We cannot avert the risk arising from the equity and financial markets. We can, however, mitigate that risk by avoiding high entry prices. Achieving an improved strategic position of the portfolio companies would justify deriving a higher multiple from that. Since sectors are rarely all equally affected by changes in the equity market, diversifying the portfolio also counters exposure to this risk.

Competitive disadvantages due to more stringent regulatory requirements

Our private equity business is subject to many statutory provisions; the regulatory environment by European and German legislative bodies is undergoing constant change. Our business falls, among other things, directly under the rules of the German Investment Code (KAGB), which was passed pursuant to the European Directive on the regulation of fund managers (AIFMD).

The KAGB sets out new regulations on the management of funds and the marketing of shares in funds. Particularly as a result of DBAG Fund VII, assets under management or advice are expected to rise over the medium term. In July 2016, the European Securities and Markets Authority (ESMA) also announced that in addition to Guernsey, Jersey and Switzerland, other third countries now also meet the criteria for a European AIFM passport. That increases the probability of the introduction of such a third-country passport. Depending on the implementation rules, this could result in DBAG subsidiary DBG Management GP (Guernsey) Ltd., sited in Guernsey, being subject at least in respect of the management of DBAG Fund VII to regulation in accordance with the AIFM Directive. That increases the probability of this or another entity within the DBAG Group requiring full recognition as an AIFM, in line with the AIFM Directive. Competitive disadvantages could arise from this regulatory risk for DBAG if, for instance, administrative expenditures and the associated costs were to rise.

The action by which we control exposure to this risk includes close observation of the relative threshold values in order to prepare ourselves in due time and comprehensively for the processes involved in a full recognition. We are also in contact with the Federal Financial Supervisory Authority (BaFin).

Access to financial, credit and stock markets is not assured

DBAG finances its activities in the long term by way of the stock market; over the short term, a credit facility may be used to cover temporal discrepancies between expected cash inflows and outflows. The capital increase and credit line agreement this past financial year are a reflection of this. Such corporate action aimed at enabling DBAG's growth can succeed only if DBAG is considered an attractive investment opportunity. Rising market prices for and sufficient liquidity in our shares – both requirements for the membership of DBAG shares in the S-Dax – facilitate future corporate actions. Additionally, without adequate access to the financial, credit and stock markets, DBAG's autonomy would be jeopardised in the long run.

We therefore foster an intensive dialogue with current and potential investors. In addition to our consistent investor relations activities, the recent adaption of our dividend policy is aimed at further enhancing the attractiveness of DBAG shares.

Endangerment to DBAG's independence

A subpar valuation of DBAG shares could enable the entry of a principal shareholder and, subsequently, of his exerting control in the Company. But since the investors in DBAG funds expect the DBAG investment team to provide their advisory and management services free from the influence of third parties, this loss of independence would basically jeopardise DBAG's business model: neither would investors commit to new DBAG funds (on the contrary, they could terminate existing advisory agreements), nor would another capital increase be possible at attractive terms. As described above, investors could also end the funds' investment period, if (e.g. through the control of a principal investor) the key personnel defined in the fund agreements are no longer materially involved in investment services to the funds.

Fostering intensive contact with current and potential investors also mitigates this risk. We have additionally set out a legal structure that shields the fund investment services business from the influence of third parties. In the event that such control is exerted, the management authority of DBAG can be revoked for the Group company charged with advisory and management services to DBAG funds.

Rules governing the revocation of management authority for DBAG Fund V, DBAG Fund VI and DBAG ECF Notes to the consolidated financial statements, "Related party transactions", see page 160

Operational risks

Insufficient protection of confidential data against unauthorised access

Our business not only requires suitable software and hardware, but also effective data security as well as data access by authorised persons at any time. Of key significance is secure protection against unauthorised access, for instance, to sensitive information about potential transactions, the portfolio companies or the economic data of DBAG. There is a risk of such unauthorised access through cyberattacks, weak spots in our network or, for example, through installation of undesirable software by DBAG staff. Our knowledge advantage would be lost, and we could be open to extortion.

DBAG has its own qualified IT specialists; they are supported by external consultants, if needed. DBAG attempts to respond to the continually growing IT risk by, among other things, conducting regular internal and external reviews. In an additional security audit in September 2016, consultants verified that, in their opinion, DBAG's network is sufficiently protected against cyberattacks. We encrypt our communication channels through state-of-the-art technologies and use the latest virus protection software and security technology.

RISK FACTORS WITH A HIGH EXPECTED VALUE

	Risk exposure vs. previous year	Probability of occurrence	Extent of impact
Risks of the Fund Investment services segment			
Inability to cover the personnel requirement	unchanged	low	high
Inability to raise capital commitments from external investors to buyout funds	lower	unlikely	very high
Extraordinary termination of investment period or extraordinary liquidation of one or several DBAG funds	unchanged	unlikely	very high
Risks of the Private Equity Investments segment			
Investment strategy proves to be unattractive	unchanged	low	high
Insufficient access to new, attractive investment opportunities	unchanged	possible	high
Transaction opportunities not tranformed into investments	unchanged	low	high
External risks			
Negative impact of general economy and economic cycles in certain sectors on earnings, financial and asset position of portfolio companies	unchanged	possible	high
Low valuation ratios in equity and financial markets	greater	possible	high
Competitive disadvantages due to more stringent regulatory requirements	greater	likely	moderate
Access to financial, credit and stock markets is not assured	unchanged	low	high
Endangerment to DBAG's independence	unchanged	unlikely	very high
Operational risks			
Insufficient protection of confidential data against unauthorised access	unchanged	low	high

Material changes compared with the preceding year

Subsequent to DBAG Fund VII's closing in July 2016, with capital commitments by external investors of more than 800 million euros, we consider exposure to the risk of possible losses in the fund investment services business from the absence of capital commitments over our usual forecast period of one year to be low; in view of the possible impact ("high"), the expected value of this risk is now only "moderate".

Description of opportunities

Opportunity management at DBAG is an integral constituent of our operating business. Value creation largely occurs in our core activities of investing, developing and realising our investments. We therefore place special emphasis on continually improving our business processes. Opportunity management outside of ordinary business operations, such as optimising investments of liquid assets, is not actively pursued.

Fund Investment Services: Possibility of higher fee income from DBAG ECF following investment progress

Income from investment services to funds is readily forecastable, because fee agreements are largely fixed for a fund's term. Subsequent to DBAG Fund VII's closing, fee income from buyout funds is therefore capped for the next five-year period. There are, however, opportunities arising from the new fee arrangements set out for DBAG ECF, by which we receive fees based on the invested capital. The calculatory basis for fees rises with every new investment this fund makes. Beginning in May of next year, we will additionally receive structuring fees for individual transactions.

Private Equity Investments: Strategic advancement with DBAG Fund VII

The launch of DBAG Fund VII represents a strategic advancement for DBAG. Due to its structure, the fund is able to invest equity in larger buyouts of up to 200 million euros. Concurrently, DBAG ECF will now also invest in smaller buyouts, broadening DBAG's offering once more. This improves the Company's competitiveness and creates opportunities for additional potential investments, and thereby for growth in portfolio value.

Details on DBAG Fund VII and on changes to DBAG DCF pages 62f.

We expect the improvement of our internal workflows to create further momentum for transaction activity. To strengthen our operating vitality and to assure quality, we launched a comprehensive project in 2012/2013, which was initially aimed at analysing our internal processes. Within the scope of that project, our system landscape was also reviewed. In the 2015/2016 financial year, we completed a number of additional sub-projects.

Competition for attractive investment opportunities has become more intense in recent years. A factor that is sometimes crucial in the competitive field is the ability to come to an agreement with the vendor within a tight time frame. Rapid availability of the required funding can shorten the acquisition process. In that respect, opportunities could arise from DBAG's financial resources, which enable the Company to make financing commitments under its own steam.

External changes: Value growth due to persistent higher stock market multiples

The value of our portfolio companies at a specific reporting date is significantly influenced by stock market conditions. This was again evidenced in the past financial year: higher stock market multiples account for 16.0 million euros of the net result of valuation and disposal and can therefore be ascribed to greater confidence on the part of stock market participants. Sentiment on the exchanges has wavered considerably in recent months. If positive levels are maintained, this would augment valuation multiples, which, in turn, have an influence on our valuations.

We would not rule out that, in view of the persistent low-interest rate policy, streams of capital may be channelled even more strongly into the stock markets and drive market prices. Should higher valuation levels spill over into the M&A business, this could possibly be reflected in higher sales proceeds.

A higher interest rate level would allow us to reverse part of our pension provisions; this would increase the equity per share by way of an increase in other comprehensive income.

A lower interest rate level, on the other hand, could decrease the cost of acquisition finance; this would increase the return on debt-financed investments.

General statement on opportunities and risks

In 2015/2016, DBAG's business model, which is geared towards a long-term view, has proved itself once again. There was no material change in the exposure to risks and opportunities compared with the preceding year. In our estimation, there are currently no recognisable individual or cumulative risks that would endanger the continuity of DBAG or the Group as a going concern. This estimation is based on an analysis and assessment of the material individual risks to which the Company is exposed, as well as on the risk management system in place. Neither do we currently perceive any extraordinary opportunities.

Key features of the accounting-related internal control and risk management system (§ 289 (5) and § 315 (2) no. 5 German Commercial Code – HGB)

The internal control system (ICS) is an integral constituent of the risk management system at Deutsche Beteiligungs AG. It is orientated around the internationally recognised framework document for internal control systems issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The extent and design of the internal control and risk management system are aligned with the special requirements of the fund investment services and private equity investment business. The duty of the Internal Audit – which has been delegated to an external service provider – is to monitor the functioning and effectiveness of the ICS independently of processes in a multi-year examination scheme within the Group and at Deutsche Beteiligungs AG and thereby promote ongoing improvements to business processes. The accounting-related part of the ICS is a component of the annual audit within the scope of a risk-oriented audit approach. Finally, the Supervisory Board's Audit Committee oversees the ICS, as is required by § 107 (3) of the German Stock Corporation Act (Aktiengesetz – AktG).

DBAG prepares its separate and consolidated financial statements in conformity with the applicable accounting and valuation principles of the German Commercial Code (HGB) and the International Financial Reporting Standards (IFRS). The internal accounting guidelines are set out in an accounting manual and in valuation guidelines; they consider the different principles of the IFRS and HGB. New accounting rules are regularly reviewed to ascertain the implications for DBAG and its subsidiaries and, if necessary, the accounting guidelines are adapted.

Moreover, DBAG possesses clearly defined organisational, control and surveillance structures. Explicit assignments within the accounting process are in place. The IT systems used in accounting are largely operated with standard software products; these are protected against unauthorised internal an external access by comprehensive access permissions. All individuals involved in the accounting process are qualified for their assignments. The number of individuals working here is sufficient to handle the workflow. The aim is to minimise the risk of erroneous accounting. The staff regularly participates in further education programmes and professional training sessions on tax and accounting-related topics. Additionally, advice from external experts is solicited on specific accounting issues.

Material accounting-related processes are regularly examined analytically in respect of the availability and operability of the installed internal controls. The completeness and validity of accounting data are regularly reviewed manually based on random samples and plausibility checks. For processes that are particularly relevant in accounting, the four-eyes principle is consistently employed.

The internal controls are designed to ensure that the external financial reporting by DBAG and the Group is reliable and in conformity with the valid accounting rules. The aim is to minimise the risk of possible misstatements on the actual asset, financial and earnings position. We also gain important insight into the quality and operability of accounting-related internal controls through the annual audit of the separate and consolidated financial statements as well as a review of the half-yearly consolidated financial statements.

Report on expected developments

Period covered by this report: Short-term predictions do not do justice to business model

Our business lends itself to a medium to long-term assessment, planning and forecast horizon. That applies both to the co-investment activity and to fund investment services.

Events or trends that were not predictable at the beginning of a financial year frequently have a significant impact on the net income of a period. These include realisations that, at times, achieve prices clearly in excess of their most recent valuation, as well as unexpected developments in portfolio companies' consumer markets or in the stock market. The broad spread in which the return on equity has fluctuated over the past ten years is proof of this. The return ranged from -17.5 percent to 56.2 percent, but averaged 12.2 percent; incidentally, the two extreme values were recorded in consecutive years.

The DBAG funds have a term of ten years. The fees we receive for management or advisory services are methodically fixed over that term. That is why fee income is readily projectable over the short term, but at the same time it is also capped. An increase in fee income, such as we expect for the new financial year, can only result after a follow-on fund has been raised. Its size and, consequently, potential fee income, is oriented around the former fund's investment performance, which can only be judged conclusively at the end of a fund's term. This, too, is indicative of the long-term orientation of our business.

In view of the high volatility of key financial performance indicators and the difficulty in planning individual income-relevant transactions, neither an interval forecast, nor a point forecast of these indicators is therefore feasible.

We have therefore limited ourselves to making a qualified comparative forecast[27] on expected developments.

27 *German Accounting Standard No. 20 (GAS 20) provides for three types of forecasts: the disclosure of a numerical value ("point forecast"), a range between two numerical values ("interval forecast") and a change in relation to the actual value of the reporting period stating the direction and intensity of that change ("qualified comparative forecast").*

For the inputs, we use the previous year's data based on the carried portfolio. Non-regularly recurrent factors are adjusted. In view of the high volatility typical of our business, changes of up to ten percent are considered "slight", and changes of more than ten percent but less than 20 percent are termed "moderate". Changes of 20 percent and more are called "significant".

Additionally, we have addressed for the current and the two subsequent financial years of 2017/2018 and 2018/2019 the development of three indicators that are material in assessing our business performance: the return on equity per share, the growth in portfolio value, and net income from fund investment services.

Expected development of underlying conditions in 2016/2017

Market: No change anticipated

Based on the dynamism of the investment opportunities that have come to our knowledge over the past six months, we expect the demand in our market to remain constant – both in number and value – for the current 2016/2017 financial year.

Borrowings: Availability stable at high level

The debt market for acquisition finance has changed considerably in recent years. So-called debt funds, as new providers in the market, offer leveraged finance through unitranches or mezzanine. A number of banks have withdrawn from this business; the new providers fill the gap that they left. The business in leveraged finance for transactions in the private equity field is attractive. We therefore expect that such financings will continue to be sufficiently available; for financial year 2016/2017, we assume that the supply will remain constant.

Asset class of private equity: Higher streams of capital in low-interest rate environment

Private equity is firmly rooted as an asset class worldwide. It is an integral part of the investment strategy of many institutional investors. The proportion of private equity in the dissemination of assets is not constant and may even decrease. Currently, however, we rather expect commitments to private equity funds to improve further. The success of DBAG Fund VII confirmed that, in view of its excellent track record and under current market conditions, DBAG can expect to be able to raise follow-on funds in due time prior to the end of the investment periods of the presently investing funds and solicit sufficient capital commitments.

Macroeconomic environment: Basically favourable underlying conditions, but increased risk exposure

At the time this forecast was issued, the German economy continued to experience a robust upswing. Growth, however, has slowed. The global economy presents a similar picture. In autumn 2016, growth forecasts for the world economy in 2016 and 2017 were corrected slightly downward. Nevertheless, the global economy is expected to grow more strongly in 2017 than in 2016, advancing 3.4 percent after 3.1 percent.[28] The reasons stated for the slackening dynamism are possible negative consequences for the economies of industrialised nations in the wake of the "Brexit" vote and softened growth in the US. In light of the global economy's subdued dynamism and difficult foreign trade environment, positive momentum for German exports is currently rare; consumer spending remains a mainstay in Germany's economy.[29]

28 *"Subdued Demand: Symptoms and Remedies", IMF World Economic Outlook (WEO); Washington, DC, USA, October 2016*

29 *"Die wirtschaftliche Lage in Deutschland im Oktober 2016", Federal Ministry for Economic Affairs and Energy, Berlin, October 2016*

Information on cyclical risks page 95

Our portfolio companies operate in numerous markets and geographical regions. They are therefore subject to very different cyclical influences: for companies such as Schülerhilfe or Unser Heimatbäcker, domestic demand in Germany is of much greater influence than for Formal D or ProXES, which provide their services on a global scale. Again others – such as Gienanth or Pfaudler – are strongly affected by changes in certain commodity prices.

We assume that the underlying conditions will basically be favourable for our portfolio companies in the new 2016/2017 financial year. The exposure to risk has, however, increased; that particularly pertains to the risk of a further escalation of geopolitical conflicts, in the wake of which economic distortions can be expected.

Expected business development in 2016/2017

Market position: Strengthened, despite intensive competition

Deutsche Beteiligungs AG has had a market presence for more than 50 years. Over that period, it has developed a unique market position for itself. Its successful fundraising activity – DBAG Fund VII was once again the largest German buyout fund this past financial year – and DBAG's market share of buyouts in Germany's "Mittelstand" are proof of that. The shareholders of DBAG and the investors in DBAG funds have achieved superior returns.

Not least due to our proven business processes, ongoing human resources development and extensive investment experience, we expect to continue conducting the Company's business successfully and to maintain our strong position in our market segment despite the intensive competition. We adhere to our objective of generating earnings over the long-term average in excess of the cost of equity. For 2016/2017, we expect to generate a return clearly in excess of the cost of equity.

We also adhere to our non-financial objectives. We want DBAG to remain an acknowledged investment partner for mid-market companies in German-speaking regions and an important player in the market for management buyouts and growth financings. We want to be a sought-after advisor to private equity funds as well as an esteemed employer in Germany's private equity sector.

Portfolio: Value growth as planned

Our co-investment decisions are founded on an in-depth analysis. Our assessment of individual portfolio companies' development potential at the time of our entry might change over time; however, for 2016/2017 we basically assume that the development potential across all portfolio companies will be in line with that of the past and expect the companies to continue their pattern of progress as scheduled, along with a moderate increase in the portfolio value.

Net result of investment activity: Significantly below that of previous year

The item with the greatest weight for the Group's performance – and with the greatest budgetary and forecast uncertainty – is the net result of valuation and disposal. It decisively determines the net result of investment activity; current income from financial assets and loans and receivables is of lesser significance.

The net result of valuation represents the net amount of positive and negative value movements of the portfolio companies. These value movements derive from the change in the fair value of an investment in comparison to the preceding valuation date.

At each valuation date, we estimate the value for which an investment could be sold under current market conditions. We employ the same procedure for the period covered by this forecast. In the past, there were instances when sizeable capital gains were realised on disposals of investments because industrial buyers were willing to pay strategic premiums on the estimated fair value. Such events are not predictable. Our forecast assumption, therefore, is that disinvestments will be transacted at the investment's estimated fair value and no gain or loss on disposals will be realised. Current income from financial assets and loans and receivables is also not forecast individually; we assume that generated earnings are ploughed back and therefore flow into the achievable market price to the same extent.

Determining the fair value of every individual investment involves making forward-looking assumptions. These assumptions are subject to considerable uncertainty, which is even greater when valuations are projected to a future date, as is the case for forecasts. We take that greater uncertainty into account by estimating the contribution to income for the total portfolio, instead of deriving it by netting the value movements of the individual portfolio companies. Past experience has shown that unexpected positive and unexpected negative developments in individual portfolio companies partly offset each other.

Projections of the contribution to income for the portfolio are based on current assumptions regarding the holding period and the average annual value appreciation of the investments during that holding period, irrespective of the fact that value growth is not linear every year to the same assumed extent.

Based on our assumptions, we expect a net result of investment activity that is significantly below that of the preceding year. Our forecast does not contain strategic premiums in the event of divestments. The net result of investment activity in 2015/2016 (60.6 million euros) contained net gains on disposals of 5.8 million euros[30]; in addition, this baseline for the new financial year was influenced positively by changes in the stock markets.

30 *See footnote 21 on page 76*

Fee income from fund investment services: Significantly in excess of the prior year

Fee income from management and advisory services to funds is readily projectable, because it is largely based on the size of the funds. The conditions under which fees are paid for our management and advisory services are customarily fixed for a fund's entire term.

Fee income from fund management and advisory services pages 47 and 67

DBAG Fund VII will presumably start its investment phase early in 2017. Fee income will therefore increase significantly. The increase will more than offset the decrease entailed by disinvestments and the associated reduction in the calculatory base, so that total fee income will be significantly in excess of that of the prior year.

Other income/expenses: Net expenses to increase slightly

Net expenses in 2015/2016 were impacted by non-regularly recurring costs; we do not expect such costs for the new financial year. However, the expected net expenses (total other income/expenses) will be slightly higher than those adjusted for these special effects in 2015/2016, due, among other things, to structural expenses as well as investments in the investment team and market presence.

Financial resources: Slightly higher by the end of the financial year

In line with our co-investment commitment to the funds, we aim to make an average of two to three new investments each financial year in both management buyouts and growth financings. Based on an average amount of about ten million euros for each investment, the liquidity requirement is between 50 million and 60 million euros annually. Acquisitions and realisations in the private equity business, however, take place at irregular intervals. Acquisitions or realisations may therefore predominate in individual years.

The extent to which our operating business generates cash is largely determined by the cash flows from our investing activities. We intend to maintain our investment pace in 2016/2017. Cash inflows may arise from divestments out of the portfolio, which has meanwhile become more mature. Overall, considering the proceeds from agreed disinvestments (Broetje-Automation and Grohmann Engineering), we expect financial resources in 2016/2017 to be slightly higher at the end of the financial year.

Fund Investment Services segment: Significant improvement year-on-year

Based on significantly higher segment income and slightly higher expenses, we expect a significant improvement in pre-tax net income for this segment in the new financial year.

Private Equity Investments segment: Significantly lower than the prior year

With slightly lower segment expenses and with significantly lower income, we expect that the pre-tax net income for this segment will be significantly lower in 2016/2017.

General forecast

2016/2017 net income moderately below that of the prior year

Deutsche Beteiligungs AG is well placed. With a history of more than five decades, the Company is an established, successful player in the German private equity market. In the past financial year, it solidified its platform and offering once again. DBAG has a sound financial foundation – not least after the capital increase in September 2016 and the credit facility the Company secured at the beginning of the year. Raising new funds is currently not the focus; the prospects are good, nonetheless, for future fundraising campaigns. In terms of its portfolio, DBAG has invested in attractive companies with excellent potential for value growth. DBAG's staff are experienced and highly motivated. Overall, we believe that these underlying conditions are an outstanding platform for the continued positive development of both Deutsche Beteiligungs AG and the Company's value in the current 2016/2017 financial year.

In our forecast, we cannot consider valuation movements due to changed market conditions. For that reason alone, our results will generally deviate from the forecast, since valuation multiples hardly remain unchanged over the course of a year. In the past financial year, they rose and significantly influenced the 2015/2016 net income. Without such a favourable effect and on this high baseline, we expect that net income for 2016/2017 will be moderately – that is, between ten and 20 percent – lower than net income determined for 2015/2016 on a comparable basis [31]. Net income will result in a return on equity per share that will significantly exceed the cost of equity and thereby our minimum target for the long-term average.

31 *Based on 2015/2016 net income of 50.2 million euros, less net gains on disposal, adjusted for performance-related remuneration and non-regularly recurring expenses (e.g. fundraising), resulting in a baseline for the forecast of 46.3 million euros.*

2016/2017 profit for the year (HGB) significantly in excess of prior year

Were divestments to take place at their fair value as at 30 September 2016, net income would not be affected, but – based on the German Commercial Code (HGB) – DBAG would record a capital gain on disposals together with the respective cash inflows.

We have budgeted personnel costs for 2016/2017 that are slightly below those of the preceding period and fee income from fund management and advisory services that is significantly in excess of 2015/2016.

At the beginning of the new financial year, two divestments were either completed (Broetje-Automation) or agreed (Grohmann Engineering). We therefore expect the annual profit of Deutsche Beteiligungs AG (separate financial statements, HGB-formatted) to significantly exceed that of the reporting year.

Our dividend policy provides for the payment of a single dividend which is to stay stable and, whenever possible, increase. The aim is to continue to achieve an attractive dividend yield, both in general terms and compared to those of other listed private equity firms. We expect that the retained profit of DBAG (subsequent to the distribution for financial year 2015/2016) will enable the payment of such a dividend for the current and for subsequent financial years.

Further growth at Group level in the medium term

With a view to the medium term, that is, for the two financial years after 2016/2017, we expect at least a moderate improvement in net income for the Fund Investment Services segment compared to 2016/2017 as a result of a broader calculation base for fee income and considering the full year's fee income from DBAG Fund VII. For the Private Equity Investments segment, we anticipate, in light of the rationale behind our investment decisions regarding the value appreciation of portfolio companies, that the portfolio value will grow by more than fifteen percent annually and that segment net income will significantly exceed the 2016/2017 level.

Pursuant to that, for the two subsequent financial years we aim to achieve significantly higher net income than in 2016/2017, which will result in a significantly higher return on equity than in 2016/2017.

Frankfurt am Main, 29 November 2016

The Board of Management

CONSOLIDATED

FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

for the period from 1 October 2015 to 30 September 2016

€'000	Notes	1 Oct. 2015 to 30 Sept. 2016	1 Nov. 2014 to 30 Sept. 2015
		12 months	11 months
Net result of investment activity	9	60,148	29,203
Fee income from fund management and advisory services	10	18,341	19,207
Net result of fund services and investment activity		**78,489**	**48,410**
Personnel costs	11	(16,060)	(14,842)
Other operating income	12	6,712	6,514
Other operating expenses	13	(18,617)	(13,301)
Interest income	14	88	449
Interest expenses	15	(585)	(156)
Total other income/expenses		**(28,462)**	**(21,336)**
Net income before taxes		**50,027**	**27,074**
Incomes taxes	16	165	(23)
Net income after taxes		**50,192**	**27,051**
Minority interest (gains)/losses	27	(33)	(32)
Net income		**50,159**	**27,019**
a) Items that will not be reclassified subsequently to profit or loss			
Gains/(losses) on remeasurements of the net defined benefit liability (asset)	29	(7,314)	267
b) Items that will be reclassified subsequently to profit or loss when specific conditions are met			
Unrealised gains/(losses) on available-for-sale securities	22	126	145
Other comprehensive income		**(7,188)**	**412**
Total comprehensive income		**42,971**	**27,431**
Earnings per share in € (diluted and basic)[1]	36	3.65	1.98

1 In compliance with IAS 33, earnings per share are based on net income divided by the weighted average number of DBAG shares outstanding in the period.

Consolidated statement of cash flows

for the period from 1 October 2015 to 30 September 2016

INFLOWS/(OUTFLOWS)

€'000	Notes	**1 Oct. 2015 to 30 Sept. 2016**	1 Nov. 2014 to 30 Sept. 2015
		12 months	11 months
Net income		50,159	27,019
Valuation (gains)/losses on financial assets and loans and receivables, depreciation and amortisation on property, plant and equipment and intangible assets, (gains)/losses on long and short-term securities	9, 17, 18, 19	(60,114)	(22,284)
(Gains)/losses from disposals of non-current assets	9, 17	6,755	(2,491)
(Increase)/decrease in income tax assets	24	3,108	(219)
(Increase)/decrease in other assets (netted)	20, 21, 23, 24, 25	(2,319)	10,351
Increase/(decrease) in pension provisions	24, 27, 28, 29	6,836	(687)
Increase/(decrease) in tax provisions	24	0	(803)
Increase/(decrease) in other provisions	28	2,801	(4,196)
Increase/(decrease) in other liabilities (netted)	28, 30	(6,083)	541
Cash flows from operating activities [1]		**1,143**	**7,231**
Proceeds from disposals of property, plant and equipment and intangible assets	17	96	115
Purchase of property, plant and equipment and intangible assets	17	(1,059)	(1,012)
Proceeds from disposals of financial assets and loans and receivables	9, 18, 19	47,227	30,915
Acquisition of non-current financial assets and investments in loans and receivables	9, 18, 19	(50,674)	(92,549)
Proceeds from disposals of long and short-term securities	22, 32	8,785	82,479
Cash flows from investing activities		**4,375**	**19,948**
Proceeds from capital increases	26	37,221	0
Payments to shareholders (dividends)	26	(13,676)	(27,353)
Cash flows from financing activities		**23,545**	**(27,353)**
Change in cash funds from cash-relevant transactions		29,062	(174)
Cash funds at start of period	32	28,234	28,408
Cash funds at end of period	32	**57,296**	**28,234**

1 Contained therein are received and paid income taxes of 3,345 thousand euros (previous year: -607 thousand euros) as well as received and paid interest and received dividends of 600 thousand euros (previous year 3,250 thousand euros).

Consolidated statement of financial position

at 30 September 2016

€'000	Notes	**30 Sept. 2016**	30 Sept. 2015
ASSETS			
Non-current assets			
Intangible assets	17	846	616
Property, plant and equipment	17	1,235	1,191
Financial assets	18	305,771	247,695
Loans and receivables	19	2,695	2,494
Long-term securities	22	21,279	26,370
Other non-current assets	20, 24, 29	0	214
Total non-current assets		**331,827**	**278,580**
Current assets			
Receivables	21	2,842	3,077
Short-term securities	22	0	3,741
Other financial instruments	23	1,330	2,134
Income tax assets	24	2,447	5,554
Cash and cash equivalents		57,296	28,234
Other current assets	25	8,890	5,844
Total current assets		**72,805**	**48,584**
Total assets		**404,632**	**327,164**
LIABILITIES			
Equity	26		
Subscribed capital		53,387	48,533
Capital reserve		173,762	141,394
Retained earnings and other reserves		(11,392)	(4,204)
Retained profit		153,863	117,381
Total shareholders' equity		**369,619**	**303,104**
Liabilities			
Non-current liabilities			
Minority interest	27	127	121
Provisions for pension obligations	29	15,533	8,697
Other provisions	28	0	121
Total non-current liabilities		**15,661**	**8,939**
Current liabilities			
Other current liabilities	30	2,391	1,082
Other provisions	28	16,961	14,039
Total current liabilities		**19,351**	**15,121**
Total liabilities		**35,012**	**24,060**
Total shareholders' equity and liabilities		**404,632**	**327,164**

Consolidated statement of changes in equity

for the period from 1 October 2015 to 30 September 2016

€'000	Notes	1 Oct. 2015 to 30 Sept. 2016	1 Nov. 2014 to 30 Sept. 2015
		12 months	11 months
Subscribed capital			
At start of reporting period		48,533	48,533
Change in reporting period	26	4,853	0
At end of reporting period		**53,387**	**48,533**
Capital reserve			
At start of reporting period		141,394	141,394
Change in reporting period	26	32,368	0
At end of reporting period		**173,762**	**141,394**
Retained earnings and other reserves			
Legal reserve			
At start and end of reporting period		403	403
First adoption IFRS			
At start and end of reporting period		15,996	15,996
Reserve for gains/losses on remeasurements of the defined benefit liability (asset)			
At start of reporting period		(21,007)	(21,273)
Change in reporting period	29	(7,314)	267
At end of reporting period		(28,321)	(21,007)
Change in unrealised gains/losses on available-for-sale securities			
At start of reporting period		403	258
Change in reporting period through other comprehensive income	22	211	169
Change in reporting period through profit or loss	22	(85)	(23)
At end of reporting period		529	403
At end of reporting period		**(11,392)**	**(4,204)**
Retained profit			
At start of reporting period		117,381	117,715
Dividends	26	(13,676)	(27,353)
Net income		50,159	27,019
At end of reporting period		**153,863**	**117,381**
Total		**369,619**	**303,104**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from
1 October 2015 to 30 September 2016

General information

1. Principal activity

Deutsche Beteiligungs AG (DBAG) raises closed-end private equity funds ("DBAG funds") for investments in equity or equity-like instruments chiefly in unquoted companies. As a financial investor, it enters into investments alongside DBAG funds using its proprietary capital. As a co-investor and fund manager ("advisor"), it focuses its investment activity on German "Mittelstand" businesses. DBAG generates its income by providing investment services to funds and by appreciating the value of the companies in which it is invested. The subsidiaries of the Group pursue the same business activities or provide supporting services.

Deutsche Beteiligungs AG is domiciled at Börsenstrasse 1 in 60313 Frankfurt am Main, Federal Republic of Germany.

2. Basis of preparation

The consolidated financial statements of Deutsche Beteiligungs AG (DBAG) at 30 September 2016 have been prepared in conformity with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission for application in the European Union. The relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) have also been applied. Additionally, the commercial law requirements stipulated in § 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) have been taken into account.

At the Annual Meeting on 24 March 2015, shareholders voted to move the start of future financial years forward to 1 October. The preceding reporting year therefore ended on 30 September 2015 and extended over a period of only eleven months. The comparability between the twelve-month reporting period and the previous year is therefore limited.

The consolidated financial statements fairly present the asset, financial and earnings position. To that end, the information contained therein constitutes a faithful representation of the effects of transactions, other events and conditions in conformity with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the IFRS framework.

The consolidated financial statements consist of the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of financial position, the consolidated statement of changes in equity and these notes to the consolidated financial statements.

The consolidated financial statements have been structured in conformity with the rules of IAS 1.

The accounting and valuation as well as consolidation policies and the notes and disclosures to the consolidated financial statements are applied consistently, except when IFRS rules necessitate making changes (see note 3).

The consolidated statement of comprehensive income is structured based on the nature of expense method. In the interest of presenting information that is relevant to the business of DBAG as a private equity company, the net result of investment activity has been disclosed instead of revenues. Items of other comprehensive income are stated after taking into account all tax effects in that context as well as the respective reclassified amounts. Reclassifications between other comprehensive income and profit or loss are presented in the notes to the consolidated financial statements. The presentation of the consolidated statement of cash flows within the consolidated financial statements has changed in financial year 2015/2016 as compared with the financial statements published as at 30 September 2015. Increase /(decrease) in pension provisions, previously contained in increase/(decrease) in non-current liabilities under cash flows from operating activities, is now presented as a separate item. The movements of the other constituents of non-current liabilities are shown in the items "Other provisions" or "Other liabilities" (netted).

In the consolidated statement of cash flows, inflows and outflows are differentiated according to operating activities and investment and financing activities (see note 32). Inflows and outflows ensuing from movements in long and short-term securities are allocated to cash flows from investment activities.

The presentation in the consolidated statement of financial position differentiates between short and long-term assets and liabilities. Assets and liabilities are categorised as short-term, if they fall due or are met within twelve months after the closing date.

For the sake of clarity, individual items on the consolidated statement of comprehensive income and on the consolidated statement of financial position have been presented together. These items are disclosed and discussed separately in the notes to the consolidated financial statements.

The consolidated financial statements have been drawn up in euros. The amounts are presented rounded to thousands of euros, except when transparency reasons require presenting amounts in euros. Rounding differences in the tables in this report may therefore occur.

On 29 November 2016, the Board of Management of Deutsche Beteiligungs AG authorised the consolidated financial statements and the combined management report for issue to the Supervisory Board. The Supervisory Board will pass a vote on 14 December 2016 as to its approval of the consolidated financial statements.

3. Changes in accounting methods due to amended rules

Standards and interpretations as well as amendments to standards and interpretations applicable for the first time that had effects on the reporting period ended 30 September 2016

In the consolidated financial statements at 30 September 2016, no new standards and interpretations or amendments to standards and interpretations with an impact on the reporting period were applied for the first time.

Standards and interpretations as well as amendments to standards and interpretations applicable for the first time that had no effects on the reporting period ended 30 September 2016

In the consolidated financial statements at 30 September 2016, the following amendments to standards were applicable for the first time:

- Annual Improvements to IFRS "2010 to 2012 Cycle"
  - IFRS 2 "Share-based Payment",
  - IFRS 3 "Business Combinations",
  - IFRS 8 "Operating Segments",
  - IFRS 13 "Fair Value Measurement",
  - IAS 16 "Property, Plant and Equipment" / IAS 38 "Intangible Assets",
  - IAS 24 "Related Party Disclosures".
- Annual Improvements to IFRS "2011 to 2013 Cycle"
  - IFRS 1 "First-time Adoption of International Financial Reporting Standards",
  - IFRS 3 "Business Combinations",
  - IFRS 13 "Fair Value Measurement",
  - IAS 40 "Investment Property".
- Amendments to IAS 19 "Employee Benefits"

Annual Improvements to IFRS "2010 to 2012 Cycle"

These primarily relate to editorial amendments aimed at clarifying guidance. The first-time adoption of the amended standards does not have an impact on the consolidated financial statements.

Annual Improvements to IFRS "2011 to 2013 Cycle"

These primarily relate to terminology or editorial amendments aimed at clarifying guidance. The first-time adoption of the amended standards does not have an effect on the consolidated financial statements.

Amendments to IAS 19 "Employee Benefits"

The amendments to IAS 19 introduce an option regarding the accounting for employee contributions to defined benefit plans. Employee contributions that are linked to service can be attributed to periods of service as a negative benefit. However, recognition of employee contributions in the period in which the corresponding service is rendered remains permissible. The first-time adoption of IAS 19 amended does not have a material impact on the consolidated financial statements.

New standards and interpretations that have not yet been applied

a) Endorsed by the European Union

The following standards and interpretations were issued by the IASB and IFRIC and endorsed by the European Commission for application in the European Union. The effective date, indicating when the respective standard or interpretation is required to be applied, is stated in parenthesis. Deutsche Beteiligungs AG intends to initially apply the respective standards and interpretations for the annual period that starts after that effective date. No use will therefore be made of voluntary early application of these standards and interpretations.

Annual improvements to IFRS "2012 to 2014 Cycle" (1 January 2016)

The following four standards were amended within the scope of the annual improvement project 2012 to 2014 cycle:

- IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations",
- IFRS 7 "Financial Instruments: Disclosures",
- IAS 19 "Employee Benefits",
- IAS 34 "Interim Financial Reporting".

These primarily relate to editorial amendments aimed at clarifying guidance. The first-time adoption of the amended standards is not expected to have an impact on the consolidated financial statements.

IFRS 9 "Financial Instruments" (1 January 2018)

The new IFRS 9 is to replace the present standard IAS 39 "Financial Instruments – Recognition and Measurement". Like IAS 39, IFRS 9 comprises the topics of classification and measurement, impairment and hedging transactions.

Classification and measurement of financial assets in accordance with IFRS 9 are based on the business model at the date of acquisition and the contractual cash flow characteristics. The combination of these two criteria determines the classification to one of three categories: "at amortised cost", "at fair value through other comprehensive income" or "at fair value through profit or loss".

The new impairment concept in IFRS 9 requires recognising expected credit and/or interest default events prospectively (expected loss model).

The new rules for hedging transactions provide for a closer alignment of risk management and hedge accounting.

The impact of the adoption of IFRS 9 on the consolidated financial statements of Deutsche Beteiligungs AG is currently being analysed. A conclusive assessment of the effects of this standard on the consolidated financial statements is not yet possible.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 28 "Investments in Associated and Joint Ventures" (1 January 2016)

Based on the amendments to these standards, subsidiaries of IFRS investment companies that are IFRS investment companies themselves are to be carried at fair value through profit or loss. Subsidiaries of IFRS investment companies that are not IFRS investment companies themselves, but that provide investment-related services within the scope of the parent company's investment activity, will continue to be consolidated.

The impact of the amendments to IFRS 10, IFRS 12 and IAS 28 on the presentation of the consolidated financial statements of Deutsche Beteiligungs AG is currently being analysed. At present, we assume that, based on the amendments, one subsidiary will no longer be permitted to be consolidated.

Amendments to IFRS 11 "Joint Arrangements" (1 January 2016)

The amendments to IFRS 11 clarify guidance on the accounting treatment for initial acquisitions and additional acquisitions of interests in joint operations in which the activity constitutes a business as defined in IFRS 3 "Business Combinations". The amendments to IFRS 11 are not relevant for Deutsche Beteiligungs AG.

IFRS 15 "Revenue from Contracts with Customers" (1 January 2018)

The new Standard supersedes IAS 11 "Construction Contracts" and IAS 18 "Revenue" and the associated interpretations. The new IFRS 15 standardises past IFRS rules with those applied under US GAAP. IFRS 15 contains a new model for revenue recognition arising from contracts with customers. Revenue is recognised when the customer acquires control over the agreed goods and services and is able to obtain the benefits from them.

The impact arising from the adoption of IFRS 15 on the presentation of the consolidated financial statements of Deutsche Beteiligungs AG are currently being analysed. A conclusive assessment of the effects is not yet possible.

Amendments to IAS 1 "Presentation of Financial Statements" (1 January 2016)

The amendments to IAS 1 relate to different disclosure issues. The amendments clarify, among other things, that disclosures in the notes are only specifically required if the information is material. That also applies when a Standard specifically requires a list of minimum disclosures.

The impact of the amendments to IAS 1 on the presentation of the consolidated financial statements of Deutsche Beteiligungs AG is currently being analysed. A conclusive assessment of the effects of these amendments on the consolidated financial statements is not yet possible.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" (1 January 2016)

The amendments to IAS 16 and IAS 38 clarify guidance on acceptable methods of depreciation and amortisation on property, plant and equipment and intangible assets. The clarification relates in particular to revenue-based depreciation. The amendments are not expected to have an effect on the consolidated financial statements.

Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" (1 January 2016)

The amendments to IAS 16 and IAS 41 comprise rules on the accounting treatment for bearer plants. The rules are irrelevant for Deutsche Beteiligungs AG.

Amendments to IAS 27 "Separate Financial Statements" (1 January 2016)

The amendments to IAS 27 reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in IFRS-formatted separate financial statements. The rules of IAS 27 on separate financial statements have not been relevant for Deutsche Beteiligungs AG in the past; no impact is therefore expected from the amendments to IAS 27 relating to separate financial statements.

b) Not yet endorsed for application in the European Union

The following standards have been issued by the IASB and the IFRIC, but have not yet been endorsed by the European Commission for adoption in the European Union.

Amendments to IAS 7 "Statement of Cash Flows"

The amendments to IAS 7 introduce new disclosure requirements on changes in liabilities arising from financing activities.

The impact of the amendments to IAS 7 on the presentation of the consolidated financial statements of Deutsche Beteiligungs AG is currently being analysed. A conclusive assessment of the effects of these amendments on the consolidated financial statements is not yet possible.

Amendments to IAS 12 "Income Taxes"

The amendments to IAS 12 clarify guidance on the treatment of deferred tax assets for unrealised losses.

The impact of the amendments to IAS 12 on the presentation of the consolidated financial statements of Deutsche Beteiligungs AG is currently being analysed. A conclusive assessment of the effects of these amendments on the consolidated financial statements is not yet possible.

Amendments to IFRS 2 "Share-based Payment"

The amendments to IFRS 2 involve clarifications on the classification and measurement of share-based payment.

There are currently no share-based payment schemes installed at Deutsche Beteiligungs AG. The amendments to IFRS 2 therefore have no impact on the presentation of the consolidated financial statements of Deutsche Beteiligungs AG.

Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Interests in Associates and Joint Ventures"

The amendments to IFRS 10 and IAS 28 relate to the sale of assets to an associate or joint venture or contribution of assets in an associate or joint venture. The amendments to IFRS 10 and IAS 28 are not expected to have an impact on the consolidated financial statements.

IFRS 14 "Regulatory Deferral Accounts"

The new IFRS 14 standard permits IFRS first-time adopters to continue to account for regulatory deferral account balances in accordance with their national GAAP in their IFRS-formatted financial statements. The amendments are irrelevant for Deutsche Beteiligungs AG.

IFRS 16 "Leases"

The new standard supersedes IAS 17 "Leases". IFRS 16 introduces a new model for lessees on recognising lease liabilities based on future lease payments and the right of use of a leased asset. For lessors, the rules of IAS 17 largely remained unchanged.

The impact of the adoption of IFRS 16 on the consolidated financial statements of Deutsche Beteiligungs AG is currently being analysed. A conclusive assessment of the effects is not yet possible.

4. Disclosures on the consolidated group of companies and on interests in other entities

4.1 Status of DBAG as an investment entity in terms of IFRS 10

Deutsche Beteiligungs AG is a registered external capital management company ("KVG") in accordance with the German Investment Code (Kapitalanlagegesetzbuch – KAGB). As such, it raises closed-end private equity funds ("DBAG funds") for investments in equity or equity-like instruments primarily in unlisted companies. It solicits capital commitments from institutional investors to DBAG funds and provides asset management services to them by managing the DBAG funds and/or their portfolios. DBAG commits to investors to invest the capital based on a contractually agreed investment strategy. For buyout funds, it generally invests the assets exclusively for the purpose of returns from capital appreciation, as is the case for DBAG Fund IV and DBAG Fund V, for example. For the DBAG Expansion Capital Fund (DBAG ECF), which provides growth financing to mid-market companies, it invests the assets for the purpose of generating investment income and achieving capital appreciation. DBAG measures and evaluates the performance of the investments entered into by the DBAG funds at quarterly intervals on a fair value basis. Thus, DBAG, as a parent company, has the typical characteristics of an investment entity in terms of IFRS 10.

Furthermore, in respect of DBAG Fund VI, DBAG advises a closed-end private equity fund, which is managed by an own capital management company (KGV) domiciled in Guernsey, Channel Islands. It advises the management company on the provision of its asset management services. With the start of the investment period of DBAG Fund VII, which is scheduled for financial year 2016/2017, DBAG will advise the management company of a further closed-end private equity fund on the provision of its asset management services. In the opinion of the Board of Management, these advisory activities do not affect the status of DBAG as an investment entity in terms of IFRS 10.

Concurrently, DBAG is also recognised as a special investment company as defined by German statutory legislation on special investment companies (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG). In that capacity, it enters into investments using its proprietary capital as a co-investor alongside DBAG funds. Based on co-investment agreements with the DBAG funds, DBAG and the funds invest at the same terms, in the same companies and in the same instruments. The co-investments serve the purpose of achieving an alignment of interest between Deutsche Beteiligungs AG as an external KVG and its advised DBAG funds. In the opinion of the Board of Management, the co-investments do not affect the status of DBAG as an investment entity in terms of IFRS 10.

4.2 Group of consolidated companies

As an investment entity in terms of IFRS 10, DBAG only consolidates such subsidiaries that provide investment-related services to the investment entity. The following subsidiaries are consolidated in the Group's financial statements at 30 September 2016:

Name	Domicile	Capital interest %	If differing, voting interest %
DBG Management GmbH & Co. KG	Frankfurt am Main	100.00	
DBG New Fund Management GmbH & Co. KG	Frankfurt am Main	100.00	
Deutsche Beteiligungsgesellschaft mbH	Königstein/Taunus	100.00	
DBG Managing Partner GmbH & Co. KG	Frankfurt am Main	20.00	
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey	3.00	0.00
DBG Fund VI GP (Guernsey) LP	St. Peter Port, Guernsey	0.00	
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00	
DBG Fund VII GP S.à r.l.	Luxembourg-Findel, Luxembourg	100.00	
European PE Opportunity Manager LP	St. Peter Port, Guernsey	0.00	

The parent-subsidiary relationship results from the fact that DBAG holds the majority of voting rights in these entities, or – as for DBG Managing Partner GmbH & Co. KG – has the power, based on contractual arrangements, to direct the relevant activities, has an exposure to variable returns and the ability to affect the amount of the variable returns. In respect of DBG Fund VI GP (Guernsey) LP, DBG Management GP (Guernsey) Ltd., European PE Opportunity Manager LP and AIFM-DBG Fund VII Management (Guernsey) LP, DBAG does not have a voting interest. However, in the four entities mentioned the only partners carrying voting rights are related parties to DBAG, and DBAG receives the majority of the distributable amounts.

These subsidiaries provide the management and advisory services for DBAG funds. The range of services – irrespective of whether management or advisory services to a DBAG fund is concerned – comprises: identifying, analysing and structuring investment opportunities, negotiating the investment agreements, compiling investment memorandums for the funds, supporting the portfolio companies during the holding period and realising the funds' portfolio companies. When managing DBAG funds, the range of services additionally includes taking investment decisions.

For more information on these subsidiaries, we refer to the commentary in note 39 under the heading "Other related parties".

4.3 Unconsolidated co-investment vehicles

The co-investments which DBAG enters into using its proprietary capital in order to align its interest with that of its managed and/or advised DBAG funds within the scope of its business activity as an external capital management company are made through own vehicles (referred to as "co-investment vehicles"). These vehicles serve the sole purpose of bundling the co-investments of DBAG alongside a fund. They do not provide investment-related services and are therefore not consolidated. Instead, in accordance with IAS 39, the interest in these is measured at fair value through profit or loss and recognised within financial assets.

These are as follows:

Name	Domicile	Capital/voting interest %
DBG Fourth Equity Team GmbH & Co. KGaA	Frankfurt am Main	100.00
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt am Main	99.00
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Frankfurt am Main	99.00
DBAG Fund VI Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99
DBAG Fund VII Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99
DBAG Fund VII Konzern B SCSp	Luxembourg-Findel, Luxembourg	99.99

The co-investments by DBAG using its proprietary capital alongside the DBAG funds are based on co-investment agreements with the funds. DBAG has a contractual obligation to provide finances for investments and costs at a fixed rate for each of the funds; it can, however, unilaterally waive that contractual obligation (opt-out right), but would then forgo the opportunity of investing alongside the respective fund for the remaining term of that fund. The Board of Management examines the possibility of exercising an opt-out right in each investment case. However, based on its business activity, DBAG has the economic intention of providing finances to the co-investment vehicles in cases of investment decisions by DBAG funds for purposes of profitably investing its capital and of aligning its interest with that of the fund investors.

€'000	2015/2016		
Name	Capital commitments	Capital calls	Outstanding capital commitments
DBG Fourth Equity Team GmbH & Co. KGaA	93,737	91,108	0
DBAG Fund V Konzern GmbH & Co. KG	103,950	102,076	1,874
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	100,000	60,855	39,145
DBAG Fund VI Konzern (Guernsey) L.P.	133,000	95,777	37,223
DBAG Fund VII Konzern SCSp	183,000	0	183,000
DBAG Fund VII Konzern B SCSp	17,000	0	17,000
	630,687	**349,817**	**278,241**

€'000	2014/2015		
Name	Capital commitments	Capital calls	Outstanding capital commitments
DBG Fourth Equity Team GmbH & Co. KGaA	93,737	91,108	2,629
DBAG Fund V Konzern GmbH & Co. KG	103,950	101,247	2,703
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	100,000	46,600	53,400
DBAG Fund VI Konzern (Guernsey) L.P.	133,000	81,024	51,976
	430,687	**319,979**	**110,708**

The outstanding capital commitments to DBG Fourth Equity Team GmbH & Co. KGaA were reduced to 0 thousand euros, since the contractual term of DBAG Fund IV ended on 15 September 2016 (see note 39).

Based on its co-investment activity, DBAG received the following repayments from, and made the following investments with co-investment vehicles that are carried at fair value:

€'000	2015/2016	
Name	Repayments	Investments
DBG Fourth Equity Team GmbH & Co. KGaA	577	0
DBAG Fund V Konzern GmbH & Co. KG	31,530	1,931
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	6,133	18,764
DBAG Fund VI Konzern (Guernsey) L.P.	16,234	30,371
DBAG Fund VII Konzern SCSp	0	0
DBAG Fund VII Konzern B SCSp	0	0
	54,474	**51,066**

€'000	2014/2015	
Name	Repayments	Investments
DBG Fourth Equity Team GmbH & Co. KGaA	1,365	3,700
DBAG Fund V Konzern GmbH & Co. KG	12,393	3,265
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	428	22,282
DBAG Fund VI Konzern (Guernsey) L.P.	9,823	64,486
	24,009	**93,733**

4.4 Other unconsolidated subsidiaries

A total of ten other subsidiaries do not provide investment-related services and are therefore not consolidated.

Name	Domicile	Capital/voting interest %
Bowa Geschäftsführungs GmbH i.L.	Frankfurt am Main	100.00
Change Management Verwaltungs GmbH	Frankfurt am Main	100.00
DBG Advisors Kommanditaktionär GmbH & Co. KG	Frankfurt am Main	33.33
DBG Alpha 5 GmbH	Frankfurt am Main	100.00
DBG Beteiligungsgesellschaft mbH	Frankfurt am Main	100.00
DBG Epsilon GmbH	Frankfurt am Main	100.00
DBG Fourth Equity International GmbH	Frankfurt am Main	100.00
DBG Managing Partner Verwaltungs GmbH	Frankfurt am Main	20.00
DBG My GmbH i.L.	Frankfurt am Main	100.00
DBV Drehbogen GmbH	Frankfurt am Main	100.00

Deutsche Beteiligungs AG indirectly has the power over DBG Advisors Kommanditaktionär GmbH & Co. KG. The company acts as a holding company within the scope of DBAG Fund IV and receives a profit-linked distribution for that function. The company de facto does not provide investment-related services and is therefore not consolidated; instead, it is accounted for at fair value.

Deutsche Beteiligungs AG as a general partner indirectly has contribution commitments of 47 thousand euros to DBG Advisors Kommanditaktionär GmbH & Co. KG. In the past financial year, Deutsche Beteiligungs AG received distributions and made investments as follows:

€'000	2015/2016	
Name	Distributions	Investments
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0

€'000	2014/2015	
Name	Distributions	Investments
DBG Advisors Kommanditaktionär GmbH & Co. KG	2,157	0

As was previously the case, DBG Beteiligungsgesellschaft mbH, in which Deutsche Beteiligungs AG indirectly holds 100 percent of the voting rights, is not consolidated, since DBAG does not have power over the entity based on contractual arrangements.

DBG Managing Partner Verwaltungs GmbH does not provide investment-related services and is therefore not consolidated; rather, it is recognised at fair value.

The remaining six subsidiaries had previously not been consolidated due to immateriality. They pursue only minor operating activities, e.g. as a personally liable partner in a limited partnership without a capital contribution, and have no appreciable assets or liabilities. The criterion for the materiality of subsidiaries is whether these are able, individually or collectively, to influence the economic decisions that users make on the basis of the financial statements.

4.5 Interests in joint ventures

DBAG holds an interest in an entity under a joint arrangement, Q.P.O.N. Beteiligungs GmbH i.L. (Q.P.O.N.). This entity is classified as a joint venture. Since 1 November 2013, Q.P.O.N. has been accounted for by the equity method within financial assets.

At 30 September 2016, the assets of Q.P.O.N. only consisted of liquid funds in the amount of 17 thousand euros (previous year: 13 thousand euros), which are set against short-term liabilities of one thousand euros (previous year: four thousand euros). The profit and loss account for the current financial year (1 October 2015 to 30 September 2016) shows a loss of two thousand euros (previous year: six thousand euros).

4.6 Interests in associates

DBAG is invested in four companies on which it exerts significant influence, as it has the ability to participate in financial and business policy decisions without being able to control these decision processes. Based on DBAG's voting interests of between 20 to 50 percent, the following entities are considered associates:

Name	Domicile	Capital interest %	If differing, voting interest %
DBG Asset Management Ltd.	Jersey	50.00	35.00
Grohmann Engineering GmbH	Prüm	24.01	25.10
RQPO Beteiligungs GmbH	Frankfurt am Main	49.00	
RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt am Main	44.10	

As compared with the status at 30 September 2015, there were no additions to or disposals of associates.

Of the associates, Grohmann Engineering GmbH is material for DBAG. The interest held by DBAG in Grohmann Engineering GmbH is measured at fair value in accordance with IAS 28. Since Grohmann Engineering GmbH does not prepare IFRS-formatted financial statements and preparing them would not be feasible and entail undue costs, the following financial data is based on HGB-formatted (German Commercial Code) accounts:

GROHMANN ENGINEERING GMBH

Balance sheet		
€'000	**31 Dec. 2015**	31 Dec. 2014
Assets		
Non-current assets	25,622	24,679
Current assets	48,603	40,870
Total assets	**74,225**	**65,549**
Liabilities		
Equity	40,191	35,191
Provisions	16,506	15,176
Liabilities	17,528	15,182
Total liabilities	**74,225**	**65,549**

Profit and loss account		
€'000	**1 Jan. 2015 to 31 Dec. 2015**	1 Jan. 2014 to 31 Dec. 2014
Revenue	123,406	95,139
Expenses and income	(99,215)	(47,500)
Other expenses and income	(15,556)	(36,245)
Taxes	(2,434)	(3,259)
Profit for the year	**6,200**	**8,135**

The aggregate financial data for the other immaterial associates is shown in the following table:

OTHER ASSOCIATES

Balance sheet		
€'000	**31 Dec. 2015**	31 Dec. 2014
Assets		
Non-current assets	2,612	2,612
Current assets	546	136
Total assets	**3,158**	**2,748**
Liabilities		
Equity	482	74
Provisions	7	2
Liabilities	2,668	2,672
Total liabilities	**3,158**	**2,748**

Profit and loss account		
€'000	**1 Jan. 2015 to 31 Dec. 2015**	1 Jan. 2014 to 31 Dec. 2014
Revenue	61	84
Other expenses and income	(34)	(33)
Taxes	0	0
Profit for the year	**27**	**51**

4.7 Interests in unconsolidated structured entities

Within the scope of DBAG's business activity as an external capital management company or investment services provider to private equity funds, contractual arrangements exist between DBAG and structured entities of managed or advised DBAG funds which DBAG sponsored within the scope of its business activity. In particular, in the founding phase of a fund, DBAG prepays certain external third-party charges. These costs are reimbursed by the investors in a fund when that fund's investment period starts.

The following companies which DBAG sponsored within the scope of the business activity described above are structured entities that were not consolidated and recognised at 30 September 2016:

Name	Domicile	Capital/voting interest %
DBAG Fund IV International GmbH & Co. KG i.L.	Frankfurt am Main	0.00
DBAG Fund IV GmbH & Co. KG i.L.	Frankfurt am Main	0.00
DBAG Fund V GmbH & Co. KG	Frankfurt am Main	0.00
DBAG Fund V International GmbH & Co. KG	Frankfurt am Main	0.00
DBAG Fund V Co-Investor GmbH & Co. KG	Frankfurt am Main	0.00
DBAG Expansion Capital Fund GmbH & Co. KG	Frankfurt am Main	0.00
DBAG Expansion Capital Fund International GmbH & Co. KG	Frankfurt am Main	0.00
DBAG Fund VI (Guernsey) L.P.	St. Peter Port, Guernsey	0.00
DBG Fund HoldCo GmbH & Co. KG	Frankfurt am Main	0.00
DBAG Fund VI Feeder GmbH & Co. KG	Frankfurt am Main	0.00
DBAG Fund VII SCSp	Luxembourg-Findel, Luxembourg	0.00
DBAG Fund VII B SCSp	Luxembourg-Findel, Luxembourg	0.00
DBAG Fund VII Feeder GmbH & Co. KG	Frankfurt am Main	0.00
DBAG Fund VII Feeder B GmbH & Co. KG	Frankfurt am Main	0.00
European Private Equity Opportunities I LP	St. Peter Port, Guernsey	0.00

The DBAG Group does not have contractual or economic commitments to these unconsolidated structured entities to provide financing or assets. Exposure to economic risk relates exclusively to the management and advisory activity of the DBAG Group for the DBAG funds. Based on contractual arrangements, the DBAG Group receives management fees for its services as a manager of DBAG Fund IV, DBAG ECF and DBAG Fund V or advisory fees for its services as an advisor to the manager of DBAG Fund VI and DBAG Fund VII (see note 39).

Exposure to loss from these unconsolidated structured entities extends to receivables arising from the management and advisory activity of the DBAG Group for the DBAG funds.

€'000	**30 Sept. 2016**	30 Sept. 2015
Name	**Maximum exposure to loss**	Maximum exposure to loss
DBAG Fund IV GmbH & Co. KG i.L.	0	0
DBAG Fund IV International GmbH & Co. KG i.L.	0	0
DBAG Fund V GmbH & Co. KG	20	137
DBAG Fund V International GmbH & Co. KG	47	319
DBAG Fund V Co-Investor GmbH & Co. KG	0	0
DBAG Expansion Capital Fund GmbH & Co. KG	175	91
DBAG Expansion Capital Fund International GmbH & Co. KG	108	56
DBAG Fund VI (Guernsey) L.P.	157	749
DBAG Fund VII SCSp	921	0
DBAG Fund VII B SCSp	151	0
	1,578	**1,352**

There were financial commitments totalling 95 thousand euros at the reporting date to the following unconsolidated structured entities that are carried at fair value:

Name	Domicile	Capital/voting interest %
DBG Eastern Europe II L.P.	Jersey	14.88
DBG Asset Management Ltd.	Jersey	50.00

DBAG received distributions of 2,456 thousand euros from these entities in the past financial year (previous year: 1,913 thousand euros). The maximum exposure to loss for DBAG arising from these entities corresponded to the fair value recognised within financial assets of 6,349 thousand euros at the reporting date (previous year: 3,480 thousand euros).

There were no contractual or economic commitments at the reporting date arising from all other unconsolidated structured entities in which DBAG acted as a sponsor that could result in an inflow or outflow of funding or involve exposure to loss for the DBAG Group.

Disclosures on list of shareholdings pursuant to § 313 (2) HGB

The disclosures on the list of shareholdings pursuant to § 313 (2) German Commercial Code (HGB) can be found in note 43.

5. Consolidation methodology

In addition to DBAG, six of the other consolidated companies prepare their separate annual financial statements as at 30 September. The remaining consolidated companies' reporting date is concurrent with the calendar year. For consolidation purposes, these companies prepare interim financial statements as at the reporting date of DBAG.

The financial statements of consolidated companies are drawn up based on uniform accounting policies.

Capital consolidation is performed using the purchase method based on the date that DBAG obtains a controlling influence over the subsidiary in question (acquisition date). Acquisition costs are offset by the fair value of the acquired identifiable assets and assumed liabilities as well as contingent liabilities. The carrying amounts are amortised in the subsequent periods. Goodwill required to be capitalised has not yet occurred.

Intra-Group profits and losses and transactions as well as all unrealised income and expenses are eliminated when preparing the consolidated financial statements. Deferred income taxes are taken into account in consolidation procedures.

6. Accounting and valuation policies

Recognition of assets and liabilities

Non-financial assets are recognised in the consolidated statement of financial position if it is probable that the future economic benefit will flow to DBAG, and when their cost or other value can be reliably measured.

Non-financial liabilities are recognised in the consolidated statement of financial position if it is probable that the settlement of a present obligation will require an outflow of resources embodying economic benefits, and when the amount of the settlement can be reliably measured.

Regular-way purchase or sale of financial assets or financial liabilities as well as equity instruments (generally termed financial instruments under IAS 32) are consistently recognised or derecognised for all categories of financial instruments on the settlement date.

Categories of financial instruments

Classes of financial instruments as in IFRS 7 in the DBAG Group are designated in accordance with the categories defined in IAS 39. Level 3 financial instruments are also classified by co-investment vehicles, interests in portfolio companies, international fund investments and other. The classes are formed based on the valuation methodologies.

For financial assets that are measured at fair value through profit or loss, only such assets exist as are designated to this category upon initial recognition. These mainly relate to the investments. Financial assets classified as held for trading or as held to maturity do not exist.

Fair value measurement of financial assets through profit or loss

Due to the operating activities of the DBAG Group as a financial investor, the consolidated financial statements are largely characterised by the measurement of financial assets at fair value through profit or loss. Financial assets chiefly comprise:

- co-investment vehicles (subsidiaries that are no longer permitted to be consolidated, according to IFRS 10),
- interests in associates (interests in portfolio companies with a proportion of the voting rights between 20 and 50 percent),
- other interests in portfolio companies, i.e. shares in portfolio companies with a proportion of the voting rights of less than 20 percent,
- international fund investments.

The co-investment vehicles are subsidiaries of DBAG through which DBAG co-invests in DBAG funds. Due to the exemption in IFRS 10 for investment entities, these subsidiaries must no longer be consolidated. Instead, they are required to be treated as financial instruments in terms of IAS 39 and measured at fair value through profit or loss.

As a private equity firm in terms of IAS 28, DBAG makes use of the option of measuring the interests in associates in conformity with the rules of IAS 39 at fair value through profit or loss. Thus, no associates are carried at equity.

For other interests in portfolio companies and international fund investments, use is made of the option of designating these at fair value through profit or loss upon initial recognition (fair value option in accordance with IAS 39.9).

The financial assets are measured initially and at all subsequent quarterly and annual reporting dates at fair value by a Valuation Committee. The Valuation Committee includes the members of the Board of Management, the head of finance and accounting, the accounting officer and an investment controller.

Valuation procedures used in measuring fair value

The fair values for the various classes of assets are measured in accordance with consistent valuation procedures and on the basis of uniform input factors. Valuation guidelines have been adopted for fair value accounting. DBAG employs valuation procedures that are commonly used by market participants in the private equity industry to value portfolio companies. The industry standard is detailed in the recommendations of the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) dated December 2012.[1]

At initial recognition, the fair value corresponds to the transaction price. Ancillary costs of the transactions are not capitalised, but are immediately expensed. Ancillary costs attributable to a transaction include fees paid to intermediaries, consultants (e.g. legal or corporate consultants), agents and brokers, charges paid to regulatory authorities and stock exchanges as well as taxes and fees incurred in connection with the transaction. At subsequent reporting dates, the fair value is measured on a going-concern basis.

As far as possible, the fair value of a portfolio company is measured based on prices from transactions in the market that were observed on the valuation date or immediately prior to that date. This is normally possible for companies whose shares are quoted on the stock exchange. In determining prices, the principal market or the most advantageous market is used as the relevant stock exchange. These portfolio companies are valued at the closing rate on the valuation date or the closing rate on the last day of trading prior to this date. The fair value thus determined is neither reduced by discounts or premiums attaching to the sale of larger blocks of shares, nor by deductions for disposal costs.

Should the sale be subject to contractually agreed restrictions (lock-up), a risk-adjusted deduction is made on the observed transaction price. The amount of the risk-adjusted deduction is at the discretion of the Valuation Committee. For unquoted companies, a valuation methodology may be considered that is based on a signed purchase agreement or a binding purchase bid, if the completion of the purchase agreement is sufficiently assured or if the purchase bid seems sufficiently realisable. If appropriate, valuations can be based on the price at which a significant amount of new investments into the portfolio company was made (financing rounds) or on significant comparative prices of recent transactions that have taken place in the market. If the transaction price observed in the market at the valuation date or the price of the most recent investment made prior to the valuation date does not constitute a sufficiently reliable method – for instance, for reasons of lacking liquidity in the market or in the event of a forced transaction or distressed sale – the fair value is measured based on the valuation methodologies recommended by the IPEVG and applied by market participants in the private equity sector.

The following procedures are applied:

- the sum-of-the-parts procedure for the net asset value of unconsolidated subsidiaries, especially of co-investment vehicles,
- the multiples methods for established portfolio companies,
- the DCF procedure for strongly growing portfolio companies and for international fund investments.

1 The revised IPEVG of December 2015 are applicable for financial years beginning on or after 1 January 2016. Since Deutsche Beteiligungs AG basically does not make use of early application of the IFRS either, the December 2012 edition of the IPEVG will continue to be applied until 30 September 2016. The effects from the application of the revised IPEVG are currently being reviewed.

For the **SUM-OF-THE-PARTS METHOD**, individual asset and liability items are valuated separately at fair value and then aggregated to the net asset value of the unconsolidated subsidiaries. To that end, portfolio companies are generally valuated by the multiples or DCF method (see below).

The interest of DBAG in the unconsolidated subsidiaries' net asset value is based on the partnership agreements for the profit distribution. The members of the investment team have committed to take an interest in the DBAG funds DBAG Fund IV, DBAG Fund V, DBAG Fund VI, DBAG Fund VII and DBAG Expansion Capital Fund. Under certain conditions (see note 39), this can result in a disproportionate share of the profits (carried interest) for the members of the investment team. As soon as the conditions that trigger carried interest payments are met, the interest in the net asset value of a co-investment vehicle is reduced accordingly.

For the **MULTIPLES METHOD**, the enterprise value is determined by applying a multiple to an appropriate indicator of the company's value. That indicator is generally the company's earnings before interest, taxes and amortisation (EBITA) and/or earnings before interest, taxes, depreciation and amortisation (EBITDA). The indicator derives from a portfolio company's current financial metrics. To arrive at a maintainable indicator of value, these metrics are adjusted for special effects such as non-recurring expenses or discounts for risk projects. In addition, discounts or premiums are made on the applied indicators if there is current information that is not yet reflected in these financial metrics. The multiple is derived from the market capitalisation of a peer group. Companies are selected for the peer group that are comparable with the investee business to be valued as to their business model, the geographical focus of their operations as well as their size. If the company to be valued differs in certain aspects compared with features of companies in the peer group, discounts or premiums are applied to the relevant multiple. As long as these differences between the portfolio company to be valued and the peer group companies exist, these discounts or premiums are applied consistently. For reconciliation to the net asset value, which corresponds to the fair value, net liabilities are deducted from the enterprise value.

In the **DCF METHOD**, fair value is determined by discounting expected future cash flows. The portfolio company's existing budgeting is used as the basis for projecting future cash flows. This is adjusted by discounts or premiums, if current findings exist that were not yet considered in the budgets. If there is no suitable basis for transition to a terminal value at the end of the forecast period, a less detailed trend phase follows. For the time following the forecast period and, if appropriate, the trend phase, a terminal value is used that may be adjusted by a growth rate. We derive the discount rate by the WACC model (WACC = weighted average cost of capital) from the weighted cost of equity and cost of debt. In discounting equity, we derive the rate from a risk-free base rate and a risk premium to capture the business risk involved. The discount rate for debt corresponds to the refinancing rate for the company to be valued. For valuations of interests in international funds using the DCF method, the expected proceeds from the sale of portfolio companies are discounted to the present value by applying the appropriate rate.

In determining the fair value, critical judgments on the part of the Valuation Committee will become necessary to a certain extent, i.e. assumptions and estimates are required to be made. These are constructively substantiated by the Valuation Committee and documented in the valuation records. To that end, the assumptions and estimates are based on the premises of current knowledge and the experience of the Valuation Committee and are consistently applied without arbitrariness. If the portfolio company's actual performance or the underlying conditions differ from the trend expected at the preceding valuation date, the premises and, if appropriate, the fair value are adjusted at the next valuation date.

Joint ventures

Joint ventures are consolidated using the equity method. DBAG's proportionate interest in all assets, liabilities and earnings of the joint venture are recognised, with consideration to their materiality, in items "Financial assets" and "Net result of investment activity". Assets and liabilities are netted. The same applies to earnings and expenses.

Recognition of revenues

Due to the particularities arising from the operating activities of the DBAG Group as a financial investor, the net result of fund services and investment activity is presented instead of revenues in the consolidated statement of comprehensive income. It consists of "Fee income from fund management and advisory services", the "Net result of valuation and disposal of financial assets and loans and receivables" and "Current income from financial assets and loans and receivables".

FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES is recognised when the services are delivered.

The **NET RESULT OF VALUATION** comprises movements in the fair value of financial assets and loans and receivables that are derived at each valuation date using the valuation principles described above.

The **NET RESULT OF DISPOSAL** contains profits that were realised upon disposal of financial assets and loans and receivables. For regular-way sales, disposals are recognised at the settlement date. The profits achieved on the sale are therefore recorded on that date. The settlement date is the day on which the contractually agreed obligations between the selling and purchasing parties to the contract have been fulfilled. In the DBAG Group, this is usually on the day of the transference of the interests in the divested portfolio company in exchange for the receipt of cash, a purchaser's loan or other financial assets. In the event of contractually agreed retentions on the purchase price for representations and warranties or other risks, these are recognised at a future date at which claims to warranty obligations or other risks are no longer probable. This may also be done on a contractually agreed pro rata basis in partial amounts per period.

CURRENT INCOME comprises distributions from the co-investment vehicles as well as dividends and interest payments from portfolio companies. This income is recognised on the day that distributions or dividends are declared, or, for interest payments, on a pro rata temporis basis or in the period in which they accrue.

Impairment test for financial assets at fair value outside profit or loss

An impairment test for financial assets measured at fair value outside profit or loss is conducted at each reporting date. At DBAG, this relates to financial assets falling under the categories of "loans and receivables" as well as "financial assets available for sale". The impairment test is designed to identify whether there is objective evidence that an asset is impaired. Such objective evidence could be:

- significant financial difficulty on the part of the issuer or obligor,
- breach of contract, for example, default or delinquency in interest and principal payments,
- concessions by the DBAG Group to a borrower for economic or legal reasons relating to the borrower's financial difficulty,
- the probability that the borrower will enter bankruptcy or other financial reorganisation,
- the disappearance of an active market for that financial asset because of financial difficulties,
- observable data, such as the payment status of borrowers or adverse changes in national or local economic conditions, indicating that there is a measurable decrease in the estimated future cash flows from the financial asset.

Impaired financial assets are derecognised when there is objective evidence that a receivable is uncollectible or that future cash flows can no longer be expected.

Intangible assets/property, plant and equipment

Intangible assets and property, plant and equipment are valued at amortised cost.

Intangible assets were exclusively acquired against payment.

Useful life for intangible assets is determinable and extends from two to five years. For property plant and equipment, useful economic life is termed from three to thirteen years. Additions are depreciated pro rata temporis beginning in the month of acquisition. Regular depreciation is offset on a straight-line basis.

Beyond that, intangible assets and property, plant and equipment are subject to impairment review, if certain events and/or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss amounting to the difference between the carrying amount and the recoverable amount is recognised. The recoverable amount is the higher of an asset's fair value (less costs to sell) or its utility value.

Loans and receivables

Item "Loans and receivables" comprises loans, shareholder loans and receivables with a fixed term and without an embedded derivative requiring separation. These relate to financial assets within the meaning of IAS 39, which are designated to the category of "loans and receivables" at initial recognition and carried at amortised cost. Loans and receivables are subject to an impairment test at each reporting date (see also section on impairment test above). Impairment losses on loans and receivables are recognised in item "Net result of investment activity" in the consolidated statement of comprehensive income.

Securities

Securities comprise interest-bearing bonds. They are designated to the category of "available-for-sale financial assets". Designation to this category is because these may be sold at any time to cover liquidity requirements arising from DBAG's investment activity. The securities are initially recognised at fair value, which corresponds to their cost at the time of the transaction, and at fair value directly in "Other comprehensive income" at the subsequent reporting dates. The fair value measurement of securities is based on prices by dealers or price information systems (Reuters, Bloomberg, etc.). These are indicative prices, since observed transaction prices are not regularly available due to low market turnovers.

Changes in fair value are recognised in "Retained earnings and other reserves" in the consolidated statement of financial position and in "Unrealised gains/(losses) on available-for-sale securities" in the consolidated statement of comprehensive income. An impairment test is conducted at each reporting date (see also section on impairment test above). If there is objective evidence of impairment, the aggregate loss recognised in reserves is reclassified to "Other operating expenses" through profit or loss in the consolidated statement of comprehensive income, even if the securities were not derecognised. An impairment account is used to record impairments. Gains and losses realised on disposal of securities of this category are reclassified accordingly, insofar as this has not occurred at earlier reporting dates by way of an impairment test.

Other assets

"Other assets" comprise receivables from DBAG funds, other receivables as well as prepaid expenses. Where applicable, this item also contains the net asset position arising from offsetting plan assets with pension obligations. With the exception of prepaid expenses, value-added tax and the net asset position arising from offsetting plan assets with pension obligations, these relate to financial assets as defined in IAS 39.

These financial assets are allocated to the category "available-for-sale financial assets" or "loans and receivables". They are initially recognised at cost and are tested for impairment at the subsequent reporting dates (see section on impairment test). If there is objective evidence of impairment, the loss is recognised in "Other operating expenses" in the consolidated statement of comprehensive income.

Receivables

Line item "Receivables" contains receivables from portfolio companies. These relate to financial assets that are allocated to the category of "loans and receivables" upon initial recognition and valued at cost. At subsequent reporting dates, they are tested for impairment (see section on impairment test). If there is objective evidence of impairment, the loss is recognised in item "Other operating expenses" in the consolidated statement of comprehensive income.

Other financial instruments

Item "Other financial instruments" contains equity shares in companies that will shortly be sold to the management of portfolio companies. These are financial assets in terms of IAS 39. Depending on their characteristics as equity or liability instruments, they are allocated and valuated either to the category "financial assets at fair value through profit or loss" or "loans and receivables". Changes in fair value are recognised either in "Other operating income" or in "Other operating expenses" of the consolidated statement of comprehensive income. For debt instruments, an impairment test is conducted at every reporting date (see section on impairment test). Impairment losses are recognised in item "Other operating expenses" in the consolidated statement of comprehensive income.

Income tax assets

Item "Income tax assets" contains receivables from corporation and investment income tax. These relate to current taxes resulting from taxable income. Income tax assets are recognised in the relevant amount for tax purposes.

Cash and cash equivalents

"Cash and cash equivalents" relates to cash in banks, time deposits and overnight money. These are allocated to the category of "loans and receivables" and carried at amortised cost.

Deferred taxes

According to the IFRS, deferred taxes are recognised on temporary differences arising between the tax bases of assets and liabilities and their IFRS carrying amounts in the accounts (balance sheet-orientated method). Temporary differences based on the IFRS are any differences that are not of a permanent nature. The IFRS require recognition of both deferred tax assets and liabilities, if the criteria for recognition exist.

Additionally, expected tax reductions from loss carryovers are capitalised in the IFRS format, if an appropriate level of taxable income is expected to be achieved in the foreseeable future against which unused tax loss carryovers may be offset. The tax rates expected to apply at the balance sheet date are used to determine deferred taxes.

Changes to deferred taxes are basically recognised in profit or loss, insofar as the circumstances to which they relate were recognised in profit or loss and were not charged or credited to equity.

Minority interest

"Minority interest" in the consolidated statement of financial position contains the minority share ownership belonging to other investors in companies that are fully consolidated in the Group accounts. It is recognised within liabilities, since it concerns shares in partnerships which do not meet the definition of equity in accordance with the IFRS. Minority interest is carried as a financial liability pursuant to IAS 39. Initial and subsequent valuation is at the proportionate carrying amount of minority interest in the company capital.

Pension obligations and plan assets

Pension obligations arising from defined benefit plans exist at two Group companies. Application of the plans is subject to the date at which the respective employee joined the company. The amount of retirement benefits depends on the relevant pension scheme, the employee's compensation and years of service.

Pension obligations of Group companies are set against assets of a legally independent entity ("contractual trust arrangement" in the form of a bilateral trust), which must be used exclusively to cover the pension commitments given and are not accessible to creditors (qualified plan assets).

Pension obligations arising from defined benefit plans are measured based on the projected unit credit method. For this method, future obligations are valued by the benefits proportionately accrued up to the reporting date. They show that part of pension obligations that has been recognised through profit or loss up to the reporting date. The measurement accounts for expected future trends in certain actuarial parameters, such as the life expectancy of beneficiaries, future salary and benefit increases and the discount rate. The actuarial rate is calculated based on the returns that are valid at the reporting date for long-term industrial bonds of issuers with highest credit ratings with a comparable maturity.

Plan assets are measured at fair value.

For presentation in the financial statements, the present value of pension obligations is netted against the fair value of plan assets of the respective Group company. The resulting company-related net asset or liability positions are neither aggregated nor offset. Should the fair value of plan assets exceed the present value of pension obligations, a net defined benefit asset is recognised in "Other non-current assets". A net defined benefit liability is recognised in "Provisions for pension obligations".

Service cost is recognised in personnel costs and net interest on the net defined benefit liability (asset) in interest expenses. Net interest comprises interest expenses on pension obligations and interest income on plan assets. It is calculated using the actuarial rate for pension obligations.

Remeasurements of the net defined benefit liability are recognised in other comprehensive income. They comprise actuarial gains and losses from changes in financial and demographic assumptions as well as from experience-related changes.

Other provisions

Other provisions are carried in liabilities, if a third-party obligation and the probability of an outflow of resources to settle the obligation exist. Non-current provisions are discounted.

Other liabilities

Liabilities of the Group are carried in "Other liabilities" in conformity with IAS 39. They are initially recognised at cost. Subsequent measurement for discounted loans is at amortised cost using the effective interest method.

Other financial obligations, contingent liabilities and trusteeships

Other financial obligations are recognised outside the balance sheet. They ensue to the extent that a legal or constructive third-party obligation exists for DBAG at the reporting date. This is measured on initial recognition at fair value.

Existing obligations arising from rental and lease contracts are carried as permanent debt obligations outside the balance sheet. Future payment commitments are discounted.

Contingent liabilities are disclosed at the settlement amount and trusteeships at their fair value in the notes to the consolidated financial statements.

Net result of valuation and disposal of financial assets and loans and receivables

This item contains realised gains and losses arising from disposals of financial assets and from changes in the fair value of financial assets. This caption also includes impairment losses on loans and receivables carried at amortised cost.

Other comprehensive income

In addition to net income, other comprehensive income is the second component of total consolidated comprehensive income. Through other comprehensive income, transactions are recognised outside profit or loss. Other comprehensive income is shown before taxes. Other comprehensive income is net of minority interest in the DBAG Group.

Offsetting

In preparing the consolidated statement of financial position and the consolidated statement of comprehensive income, assets and liabilities as well as income and expenses are basically not offset, unless this is stipulated or expressly permitted by a requirement.

Leases

Only operating lease commitments exist. Lease payments are recognised as an expense.

Foreign currency

Receivables and liabilities stated in foreign currency are recognised in the consolidated income statement using the closing-rate method. Since the group of consolidated companies of Deutsche Beteiligungs AG does not include entities with different functional currencies, there are no effects from currency translations in this context.

7. Judgments in applying the accounting policies

Application of the accounting policies requires making judgments which can materially influence the reported amounts in the financial statements. The consolidation as well as accounting and valuation methods applied that were based on judgments are detailed in notes 5 and 6 above. The amounts recognised in the financial statements in the past were primarily influenced by the decision to measure financial assets in accordance with IAS 39 at fair value through profit or loss (see "Fair value measurement of financial assets through profit or loss" in note 6). Since the first-time adoption of IFRS 10 at 1 November 2014, co-investment vehicles are mandatorily recognised at fair value. Consequently, the fair value measurement of co-investment vehicles is no longer subject to discretionary judgment. The fair value of co-investment vehicles is significantly determined by the fair value of the portfolio companies, which have already been carried at fair value in the consolidated financial statements in the past.

8. Future-oriented assumptions and other major sources of estimation uncertainty

Preparation of the consolidated financial statements requires the use of future-oriented assumptions and estimations. These can have a material impact on the carrying amounts of consolidated statement of financial position items as well as the level of income and expenses. What future-oriented assumptions and estimations have in common is the uncertainty about the outcomes. The Board of Management takes decisions on assumptions and estimations after careful consideration of the most recently available reliable information and past experience. Assumptions and estimations also relate to issues over which the Board of Management has no influence, for instance, economic or financial market conditions. The actual outcomes can differ from the assumptions and estimations underlying these consolidated financial statements. In the event that new data and information become available or that changes take place, the assumptions and estimations are adjusted accordingly. The effects of a change in an assumption or estimation is recognised in the financial year that the change takes place and, if appropriate, in later financial years in the carrying amount of that item in the consolidated statement of financial position as well as in the consolidated statement of comprehensive income.

Due to assumptions about the future and other major sources of estimation uncertainty, there is a risk of having to make material adjustments to the carrying amounts of assets or liabilities within the next financial year. We judge the materiality by means of the effects on net assets. We would consider an adjustment to the carrying amount in the range of three percent of total shareholders' equity as being material or when it serves the clarity of the asset, financial and earnings position. Moreover, in our materiality judgements we consider the possible effects in relation to the financial data in these consolidated financial statements as well as qualitative aspects.

A significant risk exists in financial assets and other financial instruments the fair value of which was determined using inputs not based on observable market data (hierarchy Level 3, see note 34.2). These are contained in "Financial assets" in an amount of 305,419 thousand euros (previous year: 247,343 thousand euros) and in "Other financial instruments" in an amount of 1,330 thousand euros (previous year: 2,134 thousand euros). They concern that part of financial assets and other financial instruments that is largely valued by the multiples method. The extent of possible effects in the event of an adaption of assumptions and estimations is not quantifiable. However, should the underlying multiples change by +/- 1, this would result ceteris paribus in an adjustment in the fair values recognised in the financial statements of +/- 30,824 thousand euros (previous year: 28,077 thousand euros). This equates to eight percent of total shareholders' equity.

Notes to the consolidated statement of comprehensive income

9. Net result of investment activity

€'000	2015/2016 12 months	2014/2015 11 months
Net result of valuation and disposal		
Interests in co-investment vehicles	50,180	18,588
Interests in portfolio companies	(11,212)	5,974
International fund investments	5,987	3,393
Other financial assets	(159)	(2,889)
	44,795	**25,066**
Current income		
Interests in co-investment vehicles	14,532	627
Interests in portfolio companies	821	1,159
Other financial assets	0	2,351
	15,353	**4,137**
	60,148	**29,203**

The co-investment vehicles constitute subsidiaries of DBAG through which DBAG co-invests in DBAG funds (see note 4.3). These subsidiaries are no longer permitted to be consolidated based on IFRS 10; rather, they are to be recognised at fair value. The significant assets of these co-investment vehicles are interests in and receivables from portfolio companies.

Directly held interests in portfolio companies encompass DBAG investments entered into prior to the launch of DBAG Fund V.

International fund investments pertain to two (previous year: three) investments by DBAG in international funds. International fund investments were entered into many years ago in order to geographically diversify financial assets more strongly. These funds are not managed by DBAG. In the reporting year, one investment by an international fund was divested, earning a capital gain on disposal.

Other financial assets include subsidiaries that do not provide investment-related services.

Current income from interests in co-investment vehicles and other financial assets relates exclusively to distributions. Current income from portfolio companies additionally includes interest on loans and variable capital accounts.

For further information on the net result of investment activity, we refer to the management report (see pages 64ff).

10. Fee income from fund management and advisory services

€'000	2015/2016 12 months	2014/2015 11 months
DBG Fonds I	0	1,450
DBG Fonds III	2	18
DBAG Fund IV	0	0
DBAG Fund V	3,943	4,743
DBAG ECF	249	146
Other	148	39
Management fee income	4,341	6,396
Advisory fee income (DBAG Fund VI)	14,000	12,811
	18,341	**19,207**

Management fee income stems from the management of private equity funds alongside which Deutsche Beteiligungs AG co-invests (see commentary in note 39).

Advisory fee income results from advisory services to the management company of DBAG Fund VI (see commentary in note 39).

The management of DBG Fonds I ended in the previous year. Moreover, the divestments of the past twelve months led to a reduction in fee income from DBAG Fund V.

For further information on fee income from fund management and advisory services, we refer to the management report (see page 67).

11. Personnel costs

€'000	2015/2016	2014/2015
	12 months	11 months
Wages and salaries		
Fixed salary and fringe benefits	9,061	7,472
Variable remuneration, performance-related	6,710	5,373
Variable remuneration, transaction-related	(979)	733
	14,792	**13,578**
Social contributions and expenses for pension plans		
Social contributions	642	704
Voluntary pension plans	625	560
	1,268	**1,264**
	16,060	**14,842**

Performance-related income components comprise bonuses to which the Board of Management is entitled and variable income components for DBAG staff. Please refer to the remuneration report (see pages 186ff.) for information on bonuses for the Board of Management.

The performance-related variable remuneration scheme was further developed in financial year 2014/2015. For members of the investment team it is geared more strongly to personal contributions to the Company's long-term performance (see remuneration report, pages 186f.).

Transaction-related variable remuneration relates to profit sharing schemes for investments agreed up to 31 December 2000 (return on equity bonus) and investments entered into from 2001 to 2006 (TP2001 bonus). It contains a gain that largely stems from the reversal of the TP2001 bonus, for which provisions were made in preceding years.

Of the social contributions and pension expenses, 533 thousand euros (previous year: 473 thousand euros) were attributable to pension plans. The employer's contributions to state pension plans have been allocated to social contributions, not to expenses for pension plans.

Number of employees (without Board of Management members):

	30 Sept. 2016	30 Sept. 2015
Employees (full-time)	50	51
Employees (part-time)	6	5
Apprentices	7	6

The Board of Management consisted of three members at the end of financial year 2015/2016 (previous year: three members).

In financial year 2015/2016, an average of 54 employees (previous year: 55) and six apprentices (previous year: five) were employed at Deutsche Beteiligungs AG.

12. Other operating income

€'000	2015/2016	2014/2015
	12 months	11 months
Reimbursed expenses	5,745	4,086
Income from reversals of provisions	307	1,015
Income from offices held on supervisory boards and advisory councils	268	246
Gains on disposal of long and short-term securities	13	667
Other	379	500
	6,712	**6,514**

Reimbursed expenses comprise advances on behalf of DBAG funds and/or portfolio companies. The increase in reimbursed expenses corresponds with the increase in transaction-related consultancy expenses (see note 13).

13. Other operating expenses

€'000	2015/2016	2014/2015
	12 months	11 months
Transaction-related consultancy expenses	5,896	4,029
Expenses for new contacts	1,532	1,817
Other consultancy expenses	1,488	766
Auditing and tax consultancy expenses	1,029	604
Consultancy expenses	9,947	7,216
Fund investor relations	1,930	234
Office rental	1,077	922
Travel and hospitality expenses	992	1,069
Corporate communications, investor relations, media relations	879	799
Value-added tax	794	685
Impairment losses on property, plant and equipment and intangible assets	674	508
Stock market listing	519	501
Supervisory Board remuneration	407	365
Other	1,398	1,003
	18,617	**13,301**

Consultancy expenses primarily relate to potential investment transactions, tax and general legal counselling as well as IT advisory services. The increase in transaction-related consultancy expenses corresponds with the increase in reimbursed expenses (see note 12).

The increase in expenses for fund investor relations results from the initiation of DBAG Fund VII.

"Other" consists of miscellaneous operating expenses, in particular other personnel expenses, expenses for external staff, motor vehicles, insurance and offices supplies. The increase is largely due to higher expenses for personnel recruitment and further education programmes for members of the staff.

14. Interest income

€'000	2015/2016	2014/2015
	12 months	11 months
Securities	4	331
Revenue office	17	25
Other	67	93
	88	**449**

Interest income is attributable to the following categories of financial instruments:

€'000	2015/2016	2014/2015
	12 months	11 months
Available-for-sale financial assets	4	331
Loans and receivables	70	81
Financial assets at fair value through profit or loss	14	37
	88	**449**

15. Interest expenses

€'000	2015/2016	2014/2015
	12 months	11 months
Interest expenses for pension provisions	743	603
Expected interest income on plan assets	(572)	(458)
Net interest on net defined benefit liability	171	145
Revenue office	16	0
Other	398	11
	585	**156**

Interest income on plan assets is determined using the same interest rate used to determine the present value of pension obligations. We refer to note 29 on the inputs for the two components of net interest on the net defined benefit liability.

Other interest expenses of 389 thousand euros (previous year: 11 thousand euros) relate to the annual availability fee for the new credit line totalling 50,000 thousand euros that was extended in December 2015.

16. Income taxes

€'000	2015/2016	2014/2015
	12 months	11 months
Current taxes	(165)	23
Deferred taxes	0	0
	(165)	**23**

Current taxes in financial year 2015/2016 largely result from a corporation tax refund of 159 thousand euros for the assessment period of 2013.

Deferred taxes are based on the occurrence or reversal of temporary differences between the IFRS carrying amounts and the tax purpose-based carrying amounts of assets and liabilities. Temporary differences primarily exist for financial assets and pension provisions. This financial year, the Group companies have for the most part recorded a surplus in deferred tax assets that largely originated from existing loss carryforwards. Based on the type of business activities and their applicable tax treatment, it is not probable that sufficient taxable profit will be available against which they can be utilised. These deferred tax assets were therefore not capitalised. At 30 September 2016, there were neither deferred income tax assets, nor deferred income tax liabilities taken directly to equity.

Reconciliation between the theoretically expected tax charge for an incorporated company and the current amount recognised in the consolidated financial statements of DBAG is as follows:

€'000		2015/2016	2014/2015
		12 months	11 months
Earnings before taxes		50,027	27,074
Applicable corporate tax rate	%	31,925	31,925
Theoretical tax income/expenses		**15,971**	**8,643**
Change in theoretical tax income/expenses:			
Tax-exempt positive net result of valuation and disposal		(17,755)	(12,458)
Other untaxed losses (previous year: non-capitalised gains)		2,256	4,180
Non-capitalised tax loss carryforwards for current year		2,820	0
Non-deductible negative net result of valuation and disposal		(44)	(110)
Tax-exempt current income		1,453	562
Non-deductible expenses		(4,695)	(91)
Taxes from previous years		36	63
Use of non-capitalised tax loss carryforwards		169	(11)
Tax rate differential		0	(1,168)
Other effects		(380)	413
Income taxes		**(169)**	**23**
Taxation ratio	%	(0.34)	0.08

A main pillar of DBAG's business is the acquisition and disposal of investments alongside the DBAG funds. The investments largely relate to corporate enterprises. The tax effect in accordance with § 8b German Corporation Tax Act (KStG) for the (positive) net result of valuation and disposal totals 17,755 thousand euros (previous year: 12,458 thousand euros).

Based on existing Group budgets, deferred taxes arising from temporary differences between the IFRS and tax purpose-based carrying amounts were not recognised at Group level due to lack of recoverability.

The expected tax rate for corporations is composed of corporation tax and a solidarity surcharge (15.825 percent) as well as municipal trade tax (16.10 percent). The tax rate for Deutsche Beteiligungs AG is unchanged at 15.825 percent. As an equity investment company, Deutsche Beteiligungs AG is exempt from municipal trade tax.

Notes to the consolidated statement of financial position

17. Intangible assets / property, plant and equipment

	Acquisition cost			
€'000	1 Oct. 2015	Additions	Disposals	**30 Sept. 2016**
Intangible assets	1,022	449	0	1,471
Property, plant and equipment	2,779	610	320	3,069
	3,801	**1,059**	**320**	**4,540**

	Depreciation/amortisation				Carrying amount	
€'000	1 Oct. 2015	Additions	Disposals	**30 Sept. 2016**	**30 Sept. 2016**	30 Sept. 2015
Intangible assets	406	220	0	625	846	616
Property, plant and equipment	1,588	454	208	1,834	1,235	1,191
	1,993	**674**	**208**	**2,459**	**2,081**	**1,807**

	Acquisition cost			
€'000	1 Nov. 2014	Additions	Disposals	30 Sept. 2015
Intangible assets	468	553	0	1,021
Property, plant and equipment	2,744	459	423	2,780
	3,212	**1,012**	**423**	**3,801**

	Depreciation/amortisation				Carrying amount	
€'000	1 Nov. 2014	Additions	Disposals	30 Sept. 2015	30 Sept. 2015	31 Oct. 2014
Intangible assets	317	88	0	405	616	151
Property, plant and equipment	1,434	420	265	1,589	1,191	1,310
	1,751	**508**	**265**	**1,994**	**1,807**	**1,461**

Intangible assets were exclusively acquired against payment.

Depreciation and amortisation in the reporting year exclusively relate to regular depreciation.

18. Financial assets

€'000	**30 Sept. 2016**	30 Sept. 2015
Interests in co-investment vehicles	273,695	206,347
Interests in portfolio companies	21,900	33,975
International fund investments	8,442	5,097
Other financial assets	1,735	2,276
	305,771	**247,695**

Financial assets are measured at fair value through profit or loss (see notes 6 and 9).

This item exhibited the following movements in the reporting year:

€'000	1 Oct. 2015	Additions	Disposals	Value movements	**30 Sept. 2016**
Interests in co-investment vehicles	206,347	51,096	33,928	50,180	273,695
Interests in portfolio companies	33,975	12	8,473	(3,613)	21,900
International fund investments	5,097	0	2,176	5,522	8,442
Other financial assets	2,276	13	0	(554)	1,735
	247,695	**51,120**	**44,578**	**51,534**	**305,771**

€'000	1 Nov. 2014	Additions	Disposals	Value movements	30 Sept. 2015
Interests in co-investment vehicles	119,741	90,034	22,016	18,588	206,347
Interests in portfolio companies	30,264	0	1,982	5,693	33,975
International fund investments	8,300	0	4,352	1,149	5,097
Other financial assets	5,125	55	25	(2,879)	2,276
	163,430	**90,089**	**28,375**	**22,551**	**247,695**

The additions in co-investment vehicles relate to capital calls for investment in portfolio companies (see management report, pages 59ff.).

The disposals in co-investment vehicles result from distributions stemming from disposals of portfolio companies and repayments of shareholder loans or bridge-over loans that were extended to portfolio companies.

Movements in value are recorded under the caption "Net result of investment activity" in the consolidated statement of comprehensive income (see note 9).

For further information on income from financial assets, we refer to the management report (see pages 64ff.)

19. Loans and receivables

€'000	**2015/2016**	2014/2015
	12 months	11 m onths
At start of financial year	2,494	0
Additions	2,849	2,516
Disposals	2,669	0
Value movements	22	(22)
At end of financial year	**2,695**	**2,494**

The disposals in financial year 2015/2016 relate to the repayment of a loan by a portfolio company. The additions to receivables on disposals largely contain a long-term residual purchase price receivable from the disposal of the investment in Clyde Bergemann GmbH. The value movements result from currency rate changes.

20. Other non-current assets

€'000	**30 Sept. 2016**	30 Sept. 2015
Tax assets	0	214

We refer to the commentary in note 24.

21. Receivables

€'000	**30 Sept. 2016**	30 Sept. 2015
Receivables from associates	437	141
Receivables from portfolio companies	2,405	2,936
	2,842	**3,077**

Receivables from associates mainly pertain to a co-investment vehicle (see note 4).

Receivables from portfolio companies largely relate to receivables from a clearing account with one portfolio company.

These receivables are recognised at fair value outside profit or loss and are subjected to an impairment test at every reporting date (see note 6).

22. Securities

Securities held at 30 September 2016 were exclusively acquired as investments of cash and cash equivalents not immediately required.

Classification of securities by term:

€'000	30 Sept. 2016	30 Sept. 2015
Long-term securities	21,279	26,370
Short-term securities	0	3,741
	21,279	**30,111**

Classification of securities by type:

€'000	30 Sept. 2016	30 Sept. 2015
Fixed-rate securities	21,279	30,111
	21,279	**30,111**

Classification of securities by maturity:

€'000	30 Sept. 2016	30 Sept. 2015
Due < 1 year	0	3,741
Due between 1 and 2 years	0	0
Due between 2 and 3 years	5,321	0
Due between 3 and 4 years	10,563	10,460
Due between 4 and 5 years	5,395	10,533
Due > 5 years	0	5,377
	21,279	**30,111**

All securities have been designated to the category of "available-for-sale financial assets" (see note 6).

The change in fair value of 126 thousand euros (previous year: 145 thousand euros) is recognised in the consolidated statement of comprehensive income in "Unrealised gains/(losses) on available-for-sale securities". A gain of 85 thousand euros (previous year: gain of 23 thousand euros) arising from disposals of securities from this category in the reporting year was reclassified to net income.

23. Other financial instruments

€'000	30 Sept. 2016	30 Sept. 2015
Short-term equity shares	1,330	2,134

Short-term equity shares relate to shares that are to be sold to the managements of portfolio companies within a year.

24. Tax assets, tax provisions and deferred taxes

€'000	30 Sept. 2016	30 Sept. 2015
Tax assets		
Other non-current assets	0	214
Income tax assets	2,447	5,554
Tax provisions	0	0

Tax assets contain imputable taxes and corporation tax assets of Deutsche Beteiligungs AG capitalised at net present value. The major portion of income tax assets results from imputable investment income tax arising from the current and preceding assessment periods of 2,030 thousand euros (previous year: 4,015 thousand euros) as well as corporation tax credits of Deutsche Beteiligungs AG of 231 thousand euros (previous year: 446 thousand euros).

Deferred tax assets and liabilities are offset in conformity with IAS 12.74. There were no deferred tax liabilities in 2015/2016 or in the preceding year.

Tax loss carryforwards have been recognised in deferred taxes as follows:

€'000	30 Sept. 2016	30 Sept. 2015
Tax loss carryforward, corporation tax	81,223	63,606
thereof usable	0	0
Tax loss carryforward, trade tax	23,200	9,341
thereof usable	0	0

Based on the type of business activities and their tax treatment, it is unlikely that the Group companies concerned will achieve sufficient future taxable profits against which the loss carryforwards can be used.

25. Other current assets

€'000	30 Sept. 2016	30 Sept. 2015
Receivables from reimbursable costs	4,492	2,034
Fees receivable for management services	350	622
Fees receivable for advisory services	1,228	3
Receivables from DBAG funds	6,072	2,659
Value-added tax	781	546
Lease security deposit	405	414
Loans	201	433
Interest receivable on securities	165	449
Purchase price retention	37	288
Other receivables	1,228	1,055
	8,890	**5,844**

Value-added tax pertains to outstanding refunds of input tax credits.

Loans chiefly result from deferred purchase price payments extended to managers of portfolio companies from disposals of short-term holdings in incorporated companies.

The purchase price retention covers possible representation and warranty risks from the divestment of a portfolio company. Other receivables contain prepaid expenses.

26. Equity

Subscribed capital/number of shares outstanding

€'000	2015/2016	2014/2015
	12 months	11 months
At start of financial year	48,533	48,533
Additions	4,853	0
At end of financial year	**53,387**	**48,533**

All shares in Deutsche Beteiligungs AG are no-par value registered shares in financial year 2015/2016. Each share is entitled to one vote.

The shares are admitted for trading on the Frankfurt Stock Exchange (Prime Standard) and the Dusseldorf Stock Exchange. Shares in the Company are also traded on the Open Market of the Berlin, Hamburg-Hanover, Munich and Stuttgart Stock Exchanges.

Within the scope of a capital increase on 15 September 2016, 1,367,635 new shares were issued from Authorised Capital. The number of shares outstanding has therefore increased at the end of financial year 2015/2016 to 15,043,994 (previous year: 13,676,359).

Arithmetically, the capital attributable to each share equals approximately 3.55 euros per share.

Sale of own shares to employees and retirees

The Company offers employees and retirees of Deutsche Beteiligungs AG and of a subsidiary an employee share purchase plan at preferential terms, which is orientated around tax legislation and limits. The following depicts the transactions involving own shares in financial year 2015/2016:

	Purchase/sales price per share	Number of shares	Share of subscribed capital	
	€		€'000	‰
At 1 Oct. 2015		0	0	0.0
Purchase	26.28	5,820	21	0.4
Transfer	18.20	4,126	15	0.3
Sale	30.30	1,694	6	0.1
At 30 Sept. 2016	**0.00**	**0**	**0**	**0.0**

Authorised Capital

Shareholders at the Annual Meeting on 24 March 2015 authorised the Board of Management to raise the share capital of the Company, with the consent of the Supervisory Board, until 23 March 2020 by up to a total of 12,133,330.89 euros through one or more issues of new no-par registered shares in exchange for cash or non-cash contributions (Authorised Capital 2015). The number of shares in that context must be increased proportionately to the share capital. Use was made of this Authorisation in financial year 2015/2016 with the consent of the Supervisory Board in the amount of 4,853,330.23 euros. The Authorised Capital thereupon remaining amounts to 7,280,000.66 euros.

Purchase of own shares

The Board of Management is authorised, with the consent of the Supervisory Board, to purchase own shares in the period until 24 February 2021 of up to ten percent of the share capital at the time of the Annual Meeting on 25 February 2016

(48,533,334.20 euros) – or, in the event that this value is lower – of the share capital at the time the authorisation is exercised, for purposes other than trading in own shares.

Conditional Capital

The Board of Management is authorised, with the consent of the Supervisory Board, to issue, by one or in several issues, bearer or registered warrant-linked bonds and/or convertible bonds (jointly referred to as "bonds") in the period until 23 March 2020 with or without a maturity cap for a total nominal amount of up to 110,000,000.00 euros. It is also authorised to grant holders of warrant-linked bonds warrants, and the holders or creditors of convertible bonds conversion rights (or conversion obligation, if applicable), to registered shares in the Company with a proportionate share in the share capital of up to 12,133,330.89 euros under the conditions specified for the warrant-linked bonds or convertible bonds (jointly referred to as "bond conditions").

In addition to euros, the bonds may also be denominated in an official currency of an OECD country, limited to the equivalent amount in euros.

The bonds may also be issued by affiliates in which the Company directly or indirectly holds a majority. In such an event, the Board of Management shall be authorised, with the consent of the Supervisory Board, to guarantee for the bonds and to grant the holders and/or creditors of such bonds option or conversion rights to no-par registered shares in the Company.

Capital reserve

€'000	**2015/2016**	2014/2015
	12 months	11 months
At start of financial year	141,394	141,394
Additions	32,368	0
At end of financial year	**173,762**	**141,394**

Through the capital increase on 15 September 2016, 1,367,635 new shares were issued at a price of 28.25 euros each. After deducting transaction costs of 1,415 thousand euros, the sum of 32,368 thousand euros was allocated to capital reserve. The capital reserve comprises, unchanged, amounts achieved in the issuance of shares in excess of the nominal value.

Retained earnings and other reserves

Retained earnings and other reserves comprise:

- the legal reserve, as stipulated by German stock corporation law,
- first-time adopter effects from the IFRS opening balance at 1 November 2003,
- provisions for actuarial gains/losses arising from defined benefit pension obligations/plan assets (see note 29) and
- unrealised gains/losses on available-for-sale securities (see note 22).

Retained profit

At the Annual Meeting on 25 February 2016, shareholders voted to use the retained profit for the 2014/2015 financial year of 67,123,093.85 euros to pay a dividend of 1.00 euro per no-par value share on the 13,676,359 dividend-carrying shares. The residual amount of 53,224,734.85 euros was carried forward to new account.

€'000	**2015/2016**	2014/2015
Dividend paid	6,838,179.50	5,470,543.60
Surplus dividend paid	6,838,179.50	21,882,174.40
Total distribution	**13,676,359.00**	**27,352,718.00**

In its separate accounts consistent with the German Commercial Code (HGB), the retained profit of Deutsche Beteiligungs AG amounts to 55,614,059.39 euros (previous year: 67,123,093.85 euros).

At the forthcoming Annual Meeting, the Board of Management and the Supervisory Board will recommend paying a dividend of 1.20 euros per share for financial year 2015/2016.

In Germany, dividends paid to shareholding corporations are subject to a corporation tax rate of five percent plus a solidarity surcharge and, to the same extent, municipal trade tax, insofar as these do not relate to free-floating investments (i.e. interest of less than 15 percent). Dividends earned by natural persons are subject to a flat rate withholding tax ('Abgeltungssteuer') of 25 percent plus a solidarity surcharge and, if applicable, church tax, which the dividend-paying company pays directly to the taxation authority.

27. Minority interest

€'000	2015/2016	2014/2015
	12 months	11 months
At start of financial year	121	113
Additions	0	0
Disposals	23	24
Profit share	30	32
At end of financial year	**127**	**121**

Minority interest relates to DBG Managing Partner GmbH & Co. KG, DBG Management GP (Guernsey) Ltd. and DBG Fund VI GP (Guernsey) LP. For a commentary on minority interest, please refer to the information on DBAG funds in note 39.

Minority interest attributable to DBG Managing Partner GmbH & Co. KG (DBAG Fund V) developed as follows:

€'000	2015/2016	2014/2015
	12 months	11 months
At start of financial year	25	25
Additions	0	0
Disposals	0	0
Profit share	0	0
At end of financial year	**26**	**25**

Minority interest attributable to DBG Management GP (Guernsey) Ltd. (DBAG Fund VI) developed as follows:

€'000	2015/2016	2014/2015
	12 months	11 months
At start of financial year	83	64
Additions	0	0
Disposals	0	0
Profit share	19	19
At end of financial year	**102**	**83**

Minority interest attributable to DBAG Fund VI GP (Guernsey) LP (DBAG Fund VI) developed as follows:

€'000	2015/2016	2014/2015
	12 months	11 months
At start of financial year	13	24
Additions	0	0
Disposals	23	24
Profit share	10	13
At end of financial year	**0**	**13**

28. Other provisions

28.1 Current other provisions

€'000	1 Oct. 2015	Reclassi-fications	Utilisation	Reversals	Additions	30 Sept. 2016
Consul-tancy expenses	0	1,240	1,146	94	2,250	2,250
Personnel-related commit-ments	11,121	38	5,428	1,315	8,074	12,490
Financial assets	1,735	(1,447)	0	251	0	37
Other	1,183	207	1,141	213	2,148	2,184
	14,039	**38**	**7,714**	**1,874**	**12,472**	**16,961**

Provisions for personnel-related commitments chiefly consist of performance-linked emoluments of 11,005 thousand euros (previous year: 10,751 thousand euros). These pertain to members of the Board of Management and staff of Deutsche Beteiligungs AG. For more information on the Board of Management's remuneration, please refer to the remuneration report, which is an integral part of the management report. Since financial year 2014/2015, the performance-linked compensation scheme for members of the investment team has been oriented around new investments entered into, portfolio performance and profitable realisations. For other staff, the scheme is oriented around the Company's performance and personal performance. At 30 September 2016, provisions of 6,970 thousand euros (previous year: 5,267 thousand euros) pertain to performance-related emoluments for the past financial year. Another 4,035 thousand euros (previous year: 5,484 thousand euros) relate to variable income components for active and former members of the investment team (including Board of Management members) based on older schemes that no longer apply, for which provisions have been made since the 2005/2006 financial year (for a description of these schemes, see remuneration report, pages 186f.). In the reporting year, 469 thousand euros thereof were paid out and an amount totalling 1,007 thousand euros was reversed, since the conditions for entitlement were no longer fulfilled (see commentary in note 11).

Provisions for financial assets are allocable to the Private Equity Investment business. These include representation and warranty commitments, transaction costs that incur on disposals of portfolio companies as well as consultancy expenses.

"Other" contains provisions of 446 thousand euros (previous year: 478 thousand euros) for auditing and review expenses, consultancy and other advisory services, as well as 281 thousand euros (previous year: 321 thousand euros) for the Annual Meeting in February 2017 and preparation of the current Annual Report.

28.2 Non-current other provisions

€'000	1 Oct. 2015	Reclassifications	Utilisation	Reversals	Additions	30 Sept. 2016
Personnel-related commitments	121	(38)	83	0	0	0

Non-current personnel-related other provisions contain obligations arising from early retirement agreements. The reclassification was performed because the residual term of the obligation was less than a year at the period end.

29. Pension obligations and plan assets

The disclosure in the statement of financial position has been derived as follows:

€'000	30 Sept. 2016	31 Oct. 2015
Present value of pension obligations	43,887	36,200
Fair value of plan assets	(28,354)	(27,503)
Provisions for pension obligations	**15,533**	**8,697**

The present value of pension obligations developed as follows:

€'000	2015/2016	2014/2015
	12 months	11 months
Present value of pension obligations at start of financial year	36,200	37,454
Interest expenses	743	603
Service cost	442	405
Benefits paid	(1,092)	(970)
Actuarial (gains)/losses	7,593	(1,292)
Present value of pension obligations at end of financial year	**43,887**	**36,200**

The present value of pension obligations is determined by means of an actuarial appraisal. The appraisal was based on the following actuarial assumptions:

		30 Sept. 2016	31 Oct. 2015
Actuarial rate	%	0.80	2.08
Salary trend rate (incl. career trend)	%	2.50	2.50
Benefit trend rate	%	2.00	2.00
Life expectancy based on modified actuarial charts by Dr Klaus Heubeck		2005G	2005G
Increase in income threshold for state pension plan	%	2.00	2.00

The actuarial rate is based on the i-boxx corporate AA10+ index, which is determined by interest rates for high-quality long-term bonds.

The life expectancy assumptions are based on the 2005 G actuarial life tables by Dr Klaus Heubeck. They were modified as per 31 October 2013 to account for the particularities of the beneficiaries of the DBAG Group's defined benefit plans and individual defined benefit commitments. A comparison with similar groups of individuals revealed an average longer life expectancy of three years for the DBAG scheme members and beneficiaries.

At 30 September 2016, the weighted average term of defined benefit obligations was 15.7 years (previous year: 14.6 years).

Plan assets developed as follows over the past financial year:

€'000	2015/2016	2014/2015
	12 months	11 months
Fair value of plan assets at start of financial year	27,503	28,069
Expected interest income	572	458
Gains/(losses) from difference between actual and expected returns on plan assets	279	(1,024)
Fair value of plan assets at end of financial year	**28,354**	**27,503**

The following amounts were recognised in net income:

€'000	2015/2016	2014/2015
	12 months	11 months
Service cost	443	405
Interest expenses	743	603
Expected interest income on plan assets	(572)	(458)
	614	**550**

The net amount of interest expenses and expected interest income on plan assets is recognised in item "Interest expenses".

"Gains/(losses) on remeasurements of the net defined benefit liability (asset)" recognised in other comprehensive income developed as follows in financial year 2015/2016:

€'000	2015/2016	2014/2015
	12 months	11 months
Actuarial gains/(losses) at start of financial year	(21,006)	(21,273)
Gains/(losses) from difference between actual and expected returns on plan assets	279	(1,024)
Gains/(losses) from experience-related changes	(7,593)	1,291
Actuarial gains/(losses) at end of financial year	**(28,321)**	**(21,006)**

The gain of 279 thousand euros in financial year 2015/2016 (previous year: loss of 1,024 thousand euros) results from the increase in the fair value of plan assets as well as application of the same discount rate that is used in determining the present value of pension obligations (see also note 3).

The loss from experience-related changes of 7,593 thousand euros (previous year: gain of 1,291 thousand euros) largely results from the significant decline in the actuarial rate as compared with the previous year.

Amount, timing and uncertainty of future cash flows

The DBAG Group is exposed to risk arising from pension obligations for defined benefit plans and individual defined benefit commitments. Risk exposure particularly extends to changes in the present value of pension obligations and in the fair value trend of plan assets.

Changes in the present value of pension obligations result in particular from changes in actuarial assumptions. The actuarial rate and life expectancy exert a significant influence on the present value. The actuarial rate is subject to (market) interest rate risk. A change in average life expectancy impacts the length of pension payments and, consequently, the liquidity risk. Based on reasonable estimates, possible changes in these two actuarial parameters would have the following impact on the present value of pension obligations:

	30 Sept. 2015	31 Oct. 2014
Actuarial rate		
Increase by 50 bps	(3,233)	(3,591)
Decrease by 50 bps	3,654	4,002
Average life expectancy		
Increase by 1 year	1,679	1,817
Decrease by 1 year	(1,691)	(1,510)

The sensitivity analysis shown above is based on a change in one parameter, while all others remain constant.

Since February 2015, the plan assets have been invested in a special fund. This special fund has an unlimited term and is administrated based on a capital investment strategy with a long-term orientation and capital preservation. The change in the investment strategy is aimed at generating returns that at least correspond to the actuarial rate.

Depending on the asset class, the performance of the special fund is exposed to (market) interest rate risk (interest-bearing securities) or (market) price risk (shares). If the market interest rate for interest-bearing securities rises (falls), the return on plan assets will rise (fall). If the market price for shares rises (falls), the return on plan assets will rise (fall).

As for interest-bearing securities, the present value of pension provisions is subject to (market) interest rate risk. If the market interest rate for interest-bearing securities rises (falls), the present value of pension obligations will fall (rise).

As for the past two prior years, current budgetary planning for the 2016/2017 financial year does not provide for allocations to plan assets.

30. Other current liabilities

Other current liabilities of 2,391 thousand euros (previous year: 1,082 thousand euros) relate to liabilities arising on wage tax, payment obligations and other liabilities. The increase compared to the prior year largely results from open accounts in connection with the launch of DBAG Fund VII.

31. Other financial commitments

Other financial commitments are detailed by call commitments and permanent debt obligations in the following nominal amounts:

€'000	**30 Sept. 2016**	30 Sept. 2015
Call commitments	2,546	3,406
Permanent debt obligations	3,588	4,353
	6,134	**7,759**

Possible call commitments relate to international fund investments and to DBAG funds, which may draw down additional funding for investments and costs, as well as contractually agreed potential investments in portfolio companies.

The following provides an overview of the due dates of permanent debt obligations at 30 September 2016:

€'000	< 1 year	1-5 years	> 5 years	**Total**
Permanent debt obligations	873	2,714	0	**3,587**
thereof rental contracts	720	2,640	0	**3,360**

Permanent debt obligations pertain, in particular, to office rental for the premises on Börsenstrasse 1 in Frankfurt am Main. The non-terminable office rental contract began on 1 August 2011 and runs until 31 July 2021. Deutsche Beteiligungs AG is entitled to renew the rental contract twice for a period of five years each time.

As in the previous year, there were no **CONTINGENT LIABILITIES** at 30 September 2016.

TRUST ASSETS totalled 8,777 thousand euros at 30 September 2016 (at start of financial year: 7,144 thousand euros). Of that amount, 7,292 thousand euros (previous year: 6,971 thousand euros) are attributable to interests in two portfolio companies that are held by Group companies for two managed funds. Trust liabilities exist in an equivalent amount. DBAG does not achieve income from trustee activities.

32. Notes to the consolidated statement of cash flows

The objective of consolidated statements of cash flows based on IAS 7 is to report on and create transparency in a group's relevant flows of cash. Cash flows are differentiated according to operating activities as well as investing and financing activities. The indirect presentation method was applied for cash flows from operating activities. Cash flows from investment activities are presented by the direct method.

Proceeds and payments relating to financial assets and to loans and receivables are recorded in cash flows from investing activities instead of in cash flows from operating activities, since this classification gives a truer representation, from our point of view.

Proceeds and payments arising on interest are presented in cash flows from operating activities.

There were no cash flows to be reported based on changes in the group of consolidated companies.

Cash funds at the beginning and end of the period existed in the form of cash deposits in banks.

Since financial year 2007/2008, a part of the financial resources not needed in the near term has been invested in securities. The securities serve, as do cash and cash equivalents, to meet the Group's payment obligations. According to IAS 7, these securities do not constitute financial resources, since their maturity has so far always been longer than three months from the date of acquisition. IAS 7.16 requires the purchase and sale of these securities to be recognised as cash flows from investing activities.

Other disclosures

33. Financial risk disclosures

The DBAG Group is exposed to financial risks that arise from its investment activities in portfolio companies and from other financial instruments. Due to the risk exposure attached to these financial instruments, the value of assets and/or profits may be reduced. There are no hedging relationships between financial instruments. Consequently, a basis for the application of hedge accounting does not exist.

The following describes in conformity with IFRS 7 the financial risks arising from financial instruments to which the DBAG Group is exposed. The objectives and the methods used to manage these risks are also discussed. There has been no change compared with the previous year.

33.1 Market risk

The fair value of financial instruments or future cash flows of financial instruments may fluctuate due to changes in market prices. Based on IFRS 7, market risk comprises the components of currency risk, interest risk and other price risk. The Board of Management assesses these risks before taking investment decisions or before accessing other financial instruments. Exposure to market risk is regularly monitored in its entirety.

33.1.1 Currency risk

The DBAG Group's exposure to currency risk relates to investments that are denominated in US dollars and in which future returns will be made in US dollars. Currency risk exposure arising from these investments concerns future proceeds from these portfolio companies and, consequently, also their fair value. Changes in exchange rates also have an influence on the operations and competitiveness of our portfolio companies in respect of their procurement and customer markets. The extent of that impact would depend in particular on the portfolio companies' individual value-creation structure and degree of internationalisation.

Currency risk management

Individual transactions denominated in foreign currency are not hedged, since both the holding periods of and the proceeds from these investments are uncertain. The portfolio held in US dollars will decline with the receipt of returns from the remaining fund investments in this currency.

Extent of currency risk

Item "Financial assets" contains financial instruments amounting to 4,423 thousand euros (previous year: 23,961 thousand euros) that are exposed to US dollar currency rate risk. The effects on income arising from exchange rate-related changes in the fair value of financial assets amounted to 20 thousand euros (previous year: 2,603 thousand euros).

Exchange rate sensitivity

An increase/decrease in the euro/US dollar exchange rate by ten percent would result in an exchange rate-related decrease/increase in net income for the year and in the equity of the DBAG Group of 1,102 thousand euros (previous year: 2,396 thousand euros).

33.1.2 Interest rate risk

Changes in market interest rates directly affect income from investments of financial resources and the valuations of our portfolio companies measured by the discounted cash flow method. Changes in market interest rates also have an influence on the profitability of portfolio companies.

Interest rate risk management

Financial resources are principally invested with a short-term horizon. Interest derivatives to hedge a certain interest rate level are not used, since the amount of financial resources is subject to strong fluctuations and not reliably predictable.

Extent of interest rate risk

Financial resources (the sum of cash funds and interest-bearing securities) totalled 78,575 thousand euros (previous year: 58,345 thousand euros). Interest income from the investment of these resources was four thousand euros (previous year: 331 thousand euros).

Based on the capital structure of DBAG, interest rate risk arising on debt instruments does not exist (securities; see also note 35, "Capital management").

Interest rate sensitivity

In relation to the portfolio companies valued by the discounted cash flow method, an increase/decrease of 100 basis points in the reference interest rate would result in a decrease/increase in net income for the year and in the equity of the DBAG Group of 1,394 thousand euros (previous year: 1,914 thousand euros). At 30 September 2016, the DBAG Group did not hold variable-interest securities (previous year: 0 thousand euros); a change in the reference interest rate of 100 basis points therefore had no effect on variable-interest securities (previous year: 0 thousand euros).

33.1.3 Other price risk

Exposure to other price risk primarily exists in future valuations of the interests in co-investment vehicles and portfolio companies. These are measured at fair value. Valuation changes are recognised directly in the consolidated statement of comprehensive income. For details on the risk management system, we refer to the commentary in the combined management report in section "Opportunities and risks".

Other price risk management

The Board of Management constantly monitors the market risk inherent in the portfolio companies held directly or through co-investment vehicles. Towards that end, the DBAG Group receives reports on the portfolio companies' course of business on a timely basis. Board of Management members or other members of the investment team hold offices on supervisory or advisory boards of portfolio companies. Additionally, the responsible investment team members monitor the progress of portfolio companies through formally implemented processes.

Extent of other price risk

Based on the measurement of financial assets at fair value through profit or loss, valuation movements in a period are directly recognised in the consolidated statement of comprehensive income. In financial year 2015/2016, the net result of valuation was 51,534 thousand euros (previous year: 22,532 thousand euros).

Other price risk sensitivity

The valuation of portfolio companies is influenced by a number of factors that relate to the financial markets on the one hand, and to the markets in which the portfolio companies operate on the other. These influential factors include valuation multiples, earnings and debt of the portfolio companies. The sensitivity to valuation is largely determined by the multiples used to measure the fair value of financial instruments categorised in Level 3. A change in the multiples of +/- 0.1 would have an effect ceteris paribus of 3,069 thousand euros (previous year: 2,808 thousand euros) on the fair value of Level 3 financial instruments (see note 34.2 and note 8, based on a change of +/- 1).

33.2 Liquidity risk

There is currently no recognisable exposure to liquidity risk for the DBAG Group. Free cash funds amounted to 57,296 thousand euros (previous year: 28,234 thousand euros). Together with general government securities or securities of issuers with highest ratings totalling 21,279 thousand euros (previous year: 30,111 thousand euros) and an existing credit facility of 50,000 thousand euros, the DBAG Group has 128,575 thousand euros (previous year: 58,345 thousand euros) at its disposal. This amount clearly exceeds total liabilities of 35,012 thousand euros (previous year: 24,060 thousand euros). The surplus is available for future co-investments alongside DBAG funds.

Beyond that, the DBAG Group regularly receives cash inflows from realisations of portfolio companies, which are available to meet ongoing co-investment agreements with DBAG funds.

It is assumed that the securities are saleable at short notice, if necessary, and without any appreciable price loss, due to the issuers' very good ratings and the securities' short duration. Other current liabilities fall due within one year.

33.3 Credit/default risk

Extent of credit/default risk

The following balance sheet items are basically exposed to a one-hundred percent credit/default risk:

€'000	30 Sept. 2016	30 Sept. 2015
Financial assets	305,771	247,695
thereof hybrid financial instruments	0	0
thereof primary financial instruments	305,771	247,695
Loans and receivables	2,695	2,494
Receivables	2,842	3,077
Securities	21,279	30,111
Cash and cash equivalents	57,296	28,234
Other financial instruments	1,330	2,134
Other current assets, if financial instruments	7,879	4,919
	399,093	**318,664**

Credit/default risk management

Financial assets: Deutsche Beteiligungs AG addresses the risk of default through a comprehensive risk monitoring system, which is described in the review of individual risk factors in the combined management report.

Loans and receivables: Debtors are either current portfolio companies or parts of former portfolio companies. Deutsche Beteiligungs AG is kept informed regularly and promptly about the course of business of debtor companies. If there is evidence that debtors may fail to meet obligations, they are asked to promptly propose and implement measures that will put them in a position to meet their obligations.

Receivables: See previous statement on loans and receivables.

Securities: This item contains German public sector bonds and Pfandbrief bonds with a rating based on Moody's or Standard and Poor's of at least A. Based on the issuers' credit rating and the securitised mortgages, we assume that the credit risk to which these securities are exposed is small.

Cash and cash equivalents: Cash funds of Deutsche Beteiligungs AG are held in deposits with German banking institutions. To spread the risk, cash funds are generally disseminated over a number of banks. The deposits are integrated in the respective banks' protection systems.

Other financial instruments: Other financial instruments of Deutsche Beteiligungs AG relate to shares that are to be sold to the managements of portfolio companies within one year.

Other current assets: Debtors are regularly the DBAG funds of Deutsche Beteiligungs AG and managers of portfolio companies. Payment obligations by DBAG funds can be met by capital calls directed to their investors.

34. Financial instruments

The key items in the statement of financial position of Deutsche Beteiligungs AG containing financial instruments (financial assets and long and short-term securities) are carried completely at fair value. Financial instruments carried at amortised cost are largely recognised in current assets or current liabilities. Their term is less than one year. For these instruments, we assume that the carrying amount reflects their fair value.

34.1 Classes of financial instruments

Classes of financial instruments according to IFRS 7 in the DBAG Group are designated in accordance with the categories defined in IAS 39. For financial assets that are measured at fair value through profit or loss, only such assets exist as were designated to this category upon initial recognition. These mainly relate to the investments. Financial assets classified as held for trading or as held to maturity do not exist.

Financial instruments have been designated to the following categories:

VALUATION CATEGORY

€'000	Carrying amount 30 Sept. 2016	Fair value 30 Sept. 2016	Carrying amount 30 Sept. 2015	Fair value 30 Sept. 2015
Financial assets at fair value through profit of loss				
Financial instruments[1]	305,771	305,771	247,695	247,695
thereof hybrid instruments[1]	0	0	0	0
thereof equity instruments[1]	305,771	305,771	247,695	247,695
Other instruments[1]	1,330	1,330	2,134	2,134
	307,102	**307,102**	**249,829**	**249,829**
Available-for-sale financial assets				
Long-term securities	21,279	21,279	26,370	26,370
Short-term securities	0	0	3,741	3,741
	21,279	**21,279**	**30,111**	**30,111**
Loans and receivables				
Loans and receivables	2,695	2,695	2,494	2,494
Receivables	2,842	2,842	3,077	3,077
Cash and cash equivalents	57,296	57,296	28,234	28,234
Other current assets, if financial instruments[2]	7,323	7,323	4,919	4,919
	70,156	**70,156**	**38,724**	**38,724**
Other financial liabilities				
Minority interest	127	127	121	121

1 Designated as at fair value through profit or loss on initial recognition
2 Does not include prepaid expenses, value-added tax receivables and other totalling 5,567 thousand euros (previous year: 926 thousand euros)

There were no impairments to financial assets designated as loans and receivables recognised in the reporting year nor in the previous year.

Financial instruments in "Receivables", and "Other current assets" chiefly relate to portfolio companies and DBAG funds. Due to close relationships to obligors, due dates are negotiated in individual instances and mutually agreed. Quantitative data on past due financial instruments is therefore not disclosed. These financial instruments are mostly not hedged.

Impairments are recognised when there is objective evidence that the obligor will not be able to meet his payment obligations in the future (see note 6). An assessment of obligors' credit quality is derived from a regular exchange of information with the obligors.

34.2 Disclosures on hierarchy of financial instruments

All financial instruments are categorised in conformity with IFRS 13 according to the following three levels, regardless of whether they are measured at fair value or not:

LEVEL 1: Use of prices in active markets for identical assets or liabilities.

LEVEL 2: Use of inputs that are observable, either directly (as prices) or indirectly (derived from prices).

LEVEL 3: Use of inputs that are not materially based on observable market data (unobservable inputs). The materiality of these inputs is judged on the basis of their influence on fair value measurement.

34.2.1 Hierarchy of financial instruments measured at fair value on a recurring basis

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Financial assets	305,771	0	352	305,419
Other financial instruments	1,330	0	0	1,330
	307,102	**0**	**352**	**306,750**
Available-for-sale financial assets				
Long-term securities	21,279	0	21,279	0
Short-term securities	0	0	0	0
	21,279	**0**	**21,279**	**0**
	328,381	**0**	**21,631**	**306,750**

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2015	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Financial assets	247,695	0	352	247,343
Other financial instruments	2,134	0	0	2,134
	249,829	**0**	**352**	**249,477**
Available-for-sale financial assets				
Long-term securities	26,370	0	26,370	0
Short-term securities	3,741	0	3,741	0
	30,111	**0**	**30,111**	**0**
	279,940	**0**	**30,463**	**249,477**

Level 2 financial assets pertain to an investment which is measured at a purchase price indication in an illiquid market.

Level 2 securities relate to German public sector bonds and securities of issuers with highest credit ratings, the liquidity of which is limited due to their trading in the secondary market.

For all financial instruments recognised in the statement of financial position at fair value at 30 September 2016 and the preceding financial year, fair value measurement is recurring. Over that period of time, there were no assets or liabilities in the DBAG Group that were valued by non-recurring fair value measurement.

For the classes as in IFRS 13, the valuation categories according to IAS 39 have been defined for Level 1 and 2 financial instruments in the DBAG Group.

Level 3 financial instruments are attributable to the following classes:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Interests in co-investment vehicles	Interests in portfolio companies	International fund investments	Other	**Total**
30 Sept. 2016					
Financial assets	273,695	21,548	8,442	1,735	305,419
Other financial instruments	0	1,330	0	0	1,330
	273,695	**22,878**	**8,442**	**1,735**	**306,750**
30 Sept. 2015					
Financial assets	206,347	33,623	5,097	2,276	247,343
Other financial instruments	0	2,134	0	0	2,134
	206,347	**35,757**	**5,097**	**2,276**	**249,477**

Reconciliation of Level 3 financial instruments:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	1 Oct. 2015	Additions	Disposals	Gains/losses through profit or loss	**30 Sept. 2016**
Financial assets					
Interests in co-investment vehicles	206,347	51,096	33,928	50,180	273,695
Interests in portfolio companies	33,623	12	8,473	(3,613)	21,548
International fund investments	5,097	0	2,176	5,522	8,442
Other	2,276	13	0	(554)	1,735
	247,343	**51,120**	**44,578**	**51,534**	**305,419**
Other financial instruments					
Interests in portfolio companies	2,134	31	1,096	261	1,330
	249,477	**51,151**	**45,673**	**51,795**	**306,750**

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	1 Nov. 2014	Additions	Disposals	Gains/losses through profit or loss	30 Sept. 2015
Financial assets					
Interests in co-investment vehicles	119,741	90,034	22,016	18,588	206,347
Interests in portfolio companies	29,912	0	1,982	5,693	33,623
International fund investments	8,300	0	4,352	1,149	5,097
Other	5,125	55	25	(2,879)	2,276
	163,078	**90,089**	**28,375**	**22,551**	**247,343**
Other financial instruments					
Interests in portfolio companies	2,245	552	726	63	2,134
	165,323	**90,641**	**29,101**	**22,614**	**249,477**

The transfer dates between Levels 1 to 3 correspond to the date of the event or of the change in circumstances that caused the transfer.

There were no transfers between Levels in the reporting period.

Of the gains through profit or loss totalling 51,795 thousand euros (previous year: 22,614 thousand euros), 51,534 thousand euros (previous year: 22,551 thousand euros) were recognised in "Net result of investment activity" (thereof net result of disposal: 0 thousand euros, previous year: 0 thousand euros), and net result of valuation 51,534 thousand euros (previous year: 22,551 thousand euros) relating to financial instruments held at the end of the reporting period) and 261 thousand euros (previous year: 63 thousand euros) in "Other operating income".

For Level 3 financial instruments at fair value, the possible ranges for unobservable inputs are as follows:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016	Valuation method	Unobservable inputs	Range
Financial assets				
Interests in co-investment vehicles	273,695	Net asset value[1]	Average EBITDA/EBITA margin	2% to 35%
			Net debt[2] to EBITDA	-1 to 6
			Multiples discount	0% to 30%
Interests in portfolio companies	21,548	Multiples method	Average EBITDA/EBITA margin	6% to 10%
			Net debt[2] to EBITDA	1 to 3
			Multiples discount	0% to 0%
International fund investments	8,442	DCF	n.a.	n.a.
Other	1,735	Net asset value	n.a.	n.a.
	305,419			
Other financial instruments				
Interests in portfolio companies	1,330	Multiples method	Average EBITDA/EBITA margin	7% to 11%
			Net debt[2] to EBITDA	1 to 2
			Multiples discount	0% to 15%
	306,750			

1 The net asset value of co-investment vehicles is largely determined by the fair value of the interests in portfolio companies as well as by other assets and liabilities. Insofar as the multiples method is used for the interests in portfolio companies, the same unobservable inputs are applied that are used in measuring the fair value of "Interests in portfolio companies" (see commentary in note 6).

2 Net debt of portfolio company

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2015	Valuation method	Unobservable inputs	Range
Financial assets				
Interests in co-investment vehicles	206,347	Net asset value[1]	Average EBITDA/EBITA margin	4% to 24%
			Net debt[2] to EBITDA	-1 to 4
			Multiples discount	0% to 15%
Interests in portfolio companies	33,623	Multiples method	Average EBITDA/EBITA margin	5% to 11%
			Net debt[2] to EBITDA	1 to 4
			Multiples discount	0% to 33%
International fund investments	5,097	DCF	n.a.	n.a.
Other	2,276	Net asset value	n.a.	n.a.
	247,343			
Other financial instruments				
Interests in portfolio companies	2,134	Multiples method	Average EBITDA/EBITA margin	5% to 11%
			Net debt[2] to EBITDA	1 to 2
			Multiples discount	0% to 10%
	249,477			

1 See footnote 1 in preceding table
2 See footnote 2 in preceding table

By reasonable estimate, **CHANGES IN UNOBSERVABLE INPUTS** would have the following effects on fair value measurement of Level 3 financial assets:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in co-investment vehicles	273,695	EBITDA and EBITA	+/- 10%	26,102
		Net debt	+/- 10%	8,151
		Multiples discount	+/- 5 percentage points	6,464
Interests in portfolio companies	21,548	EBITDA and EBITA	+/- 10%	2,399
		Net debt	+/- 10%	370
		Multiples discount	+/- 5 percentage points	0
International fund investments	8,442		n.a.	n.a.
Other	1,735		n.a.	n.a.
	305,419			
Other financial instruments				
Interests in portfolio companies	1,330	EBITDA and EBITA	+/- 10%	39
		Net debt	+/- 10%	5
		Multiples discount	+/- 5 percentage points	0
	306,750			

1 For financial assets that were acquired within the past twelve months, a change in the unobservable inputs has no effect on the fair value, inasfar as these were valued at their transaction price at the valuation date, in accordance with the IPEVG.

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2015	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in co-investment vehicles	206,347	EBITDA and EBITA	+/- 10%	17,456
		Net debt	+/- 10%	4,086
		Multiples discount	+/- 5 percentage points	2,227
Interests in portfolio companies	33,623	EBITDA and EBITA	+/- 10%	6,095
		Net debt	+/- 10%	3,014
		Multiples discount	+/- 5 percentage points	2,974
International fund investments	5,097		n.a.	n.a.
Other	2,276		n.a.	n.a.
	247,343			
Other financial instruments				
Interests in portfolio companies	2,134	EBITDA and EBITA	+/- 10%	115
		Net debt	+/- 10%	48
		Multiples discount	+/- 5 percentage points	48
	249,477			

1 See footnote 1 in preceding table

The difference between the unobservable inputs EBITDA and EBITA is depreciation on property, plant and equipment. The key factors influencing income have an effect on both unobservable inputs; consequently, there is an interrelationship between EBITDA and EBITA. For that reason, the change in fair value is shown together in the sensitivity analysis for the two unobservable inputs, with all other inputs remaining constant.

34.3 Net gains/losses on financial instruments recognised at fair value in the statement of financial position

Net gains and losses on financial instruments at fair value recognised in the statement of financial position comprise fair value movements through profit or loss, realised gains or losses on disposal of financial instruments, impairment losses, reversals through profit or loss and currency rate changes.

The following net gains/losses on financial instruments recognised at fair value in the statement of financial position are contained in the consolidated statement of comprehensive income:

NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

€'000	**2015/2016 12 months**	**Level 1**	**Level 2**	**Level 3**	2014/2015 11 months	Level 1	Level 2	Level 3
Net result of investment activity	60,062	0	0	60,062	29,161	(6)	0	29,167
Other operating income	38	0	0	38	245	0	0	245
Other operating expenses	(44)	0	0	(44)	0	0	0	0
	60,056	**0**	**0**	**60,056**	**29,406**	**(6)**	**0**	**29,412**

NET GAINS/(LOSSES) ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

€'000	**2015/2016 12 months**	**Level 1**	**Level 2**	**Level 3**	2014/2015 11 months	Level 1	Level 2	Level 3
Other operating income	67	0	67	0	667	0	667	0
Other operating expenses	(21)	0	(21)	0	(3)	0	(3)	0
Total other income/expenses	**46**	**0**	**46**	**0**	**664**	**0**	**664**	**0**
Unrealised gains/(losses) on available-for-sale securities	126	0	126	0	145	0	145	0
thereof transfers from other comprehensive income to profit or loss	(85)	0	(85)	0	(23)		(23)	
Net result of valuation and disposal	**211**	**0**	**211**	**0**	**168**	**0**	**168**	**0**
Interest income	**4**	**0**	**4**	**0**	**331**	**0**	**331**	**0**

Net gains/(losses) on financial assets at fair value through profit or loss result in their full amount from financial assets that were designated as at fair value through profit or loss on initial recognition.

34.4 Net gains/losses on financial instruments recognised at amortised cost in the statement of financial position

Net gains and losses on financial instruments recognised at amortised cost in the statement of financial position largely comprise fee income from fund management and advisory services, consultancy expenses and reimbursable costs as well as interest.

€'000	**2015/2016 12 months**	**Level 1**	**Level 2**	**Level 3**	2014/2015 11 months	Level 1	Level 2	Level 3
Net result of investment activity	(277)	0	0	(277)	42	0	0	42
Fee income from fund management and advisory services	18,341	0	0	18,341	19,207	0	0	19,207
Total net result of fund services and investment activity	**18,064**	**0**	**0**	**18,064**	**19,249**	**0**	**0**	**19,249**
Other operating income	5,745	0	0	5,745	4,086	0	0	4,086
Other operating expenses	(7,066)	0	0	(7,066)	(5,536)	0	0	(5,536)
Net interest	35	0	0	35	56	0	0	56
Total other income/expenses	**(1,286)**	**0**	**0**	**(1,286)**	**(1,394)**	**0**	**0**	**(1,394)**

35. Capital management

The objective of DBAG's capital management is to ensure the Group's long-term capital requirement and augment the equity per share by a rate that at least exceeds the cost of equity on a long-term average.

For longer planning horizons, the amount of equity is managed by dividend distributions and share repurchases and, if appropriate, capital increases.

Overall, the capital of DBAG is composed of the following:

€'000		30 Sept. 2016	30 Sept. 2015
Liabilities			
Minority interest		127	121
Provisions		32,494	22,857
Other liabilities		2,391	1,082
		35,012	**24,060**
Equity			
Subscribed capital		53,387	48,533
Reserves		162,369	137,190
Retained profit		153,863	117,381
		369,619	**303,104**
Equity as a percentage of total capital	%	91.35	92.65

In addition to the capital requirement as stipulated by the German Stock Corporation Act, DBAG is subject to capital restrictions under the German Special Investment Company Act (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG). To maintain the status of a special investment company, DBAG must have a paid-in capital contribution of 1,000 thousand euros to its capital stock. This amount was fully paid in, both in the reporting year and the preceding year.

36. Earnings per share based on IAS 33

		2015/2016	2014/2015
Net income for the year	€'000	50,159	27,019
Shares issued at reporting date		15,043,994	13,676,359
Shares outstanding at reporting date		15,043,994	13,676,359
Weighted average number of shares		13,736,146	13,676,359
Basic and diluted earnings per share	€	3.65	1.98

Basic earnings per share are computed by dividing the net income for the year attributable to Deutsche Beteiligungs AG by the weighted average number of shares outstanding during the financial year.

So-called potential shares can dilute earnings per share within the scope of stock option programmes. Deutsche Beteiligungs AG does not have a stock option programme. There were no stock options outstanding at the reporting date. Diluted earnings were therefore equal to basic earnings.

37. Segment information

The business policy of Deutsche Beteiligungs AG is geared to augmenting the value of DBAG over the long term through successful investments in portfolio companies in conjunction with sustainable income from management and advisory services to funds. The investments are always entered into alongside DBAG funds, either as majority investments by way of management buyouts (MBOs) or minority investments aimed at financing growth.

At the beginning of financial year 2014/2015, the Board of Management jointly decided to extend the internal reporting in order to separately manage the two described business lines of DBAG. The conversion entails disclosure of an operating net income (segment net income) for each of the business lines of investments and fund management and advisory services. For that reason, the business lines of Private Equity Investments and Fund Investment Services are presented as reportable segments.

SEGMENTAL ANALYSIS FOR FINANCIAL YEAR 2015/2016

€'000	Private Equity Investments	Fund Investment Services	Reconciliation Group	Group 2015/2016
Net result of investment activity	60,148	0	0	60,148
Fee income from fund management and advisory services[1]	0	19,536	(1,196)	18,341
Net result of fund services and investment activity	**60,148**	**19,536**	**(1,196)**	**78,489**
Other income/expenses	(7,083)	(22,575)	1,196	(28,462)
Net income before taxes (segment net income)	**53,066**	**(3,039)**	**0**	**50,027**
Income taxes				165
Net income after taxes				**50,192**
Minority interest (gains)/losses				(33)
Net income				**50,159**
Financial assets and loans and receivables	**308,467**			
Financial resources[2]	**78,575**			
Managed assets[3]		**1,781,839**		

1 A synthetic internal administration fee is calculated for the Investmentsegment and taken into account when determining segment net income. The fee is based on DBAG's co-investment interest.

2 The financial resources serve DBAG for investments in financial assets and loans and receivables. They contain line items "Cash and cash equivalents", "Long-term securities" and "Short-term securities".

3 Managed assets comprise financial assets, loans and receivables, the financial resources of DBAG as well as the investments and callable capital commitments to DBAG-managed private equity funds. The investments and loans and receivables are recognised at cost.

SEGMENTAL ANALYSIS FOR FINANCIAL YEAR 2014/2015

€'000	Private Equity Investments	Fund Investment Services	Reconciliation Group	Group 2014/2015
Net result of investment activity	29,203	0	0	29,203
Fee income from fund management and advisory services[1]	0	20,500	(1,293)	19,207
Net result of fund services and investment activity	**29,203**	**20,500**	**(1,293)**	**48,410**
Other income/expenses	(4,308)	(18,321)	1,293	(21,336)
Net income before taxes (segment net income)	**24,895**	**2,179**	**0**	**27,074**
Income taxes				(23)
Net income after taxes				**27,051**
Minority interest (gains)/losses				(32)
Net income				**27,019**
Financial assets and loans and receivables	**250,189**			
Financial resources[2]	**58,345**			
Managed assets[3]		**1,075,356**		

1 See commentary in footnote 1 in preceding table

2 See commentary in footnote 2 in preceding table

3 See commentary in footnote 3 in preceding table

Products and services

DBAG invests as a co-investor in companies alongside DBAG funds by way of majority takeovers or minority investments. We basically structure majority takeovers as so-called management buyouts (MBOs). Expansion capital financings are made by way of a minority investment, for example, via a capital increase. Within the scope of its investment activity, DBAG achieved a net result of valuation and disposal as well as current income from financial assets and loans and receivables totalling 60,148 thousand euros (previous year: 29,202 thousand euros). Fee income for management and advisory services to funds amounted to 18,341 thousand euros in the financial year (previous year: 19,207 thousand euros).

Geographical activities and sector focus

Geographically, we concentrate our co-investments primarily on companies domiciled in German-speaking regions. Of the net result of investment activity, 66,871 thousand euros are attributable to companies domiciled in German-speaking regions and -6,723 thousand euros to companies located in the rest of the world.

DBAG prefers to co-invest alongside the DBAG funds in companies operating in the sectors of automotive suppliers, industrial services, industrial components as well as mechanical and plant engineering, but also invests in other sectors such as services, information technology, media and telecommunication as well as consumer goods. The net result of valuation and disposal as well as current income from financial assets and loans and receivables are distributed over these sectors as follows:

€'000	Automotive suppliers	Industrial services	Industrial components	Machine and plant engineering	Other	**Total**
30 Sept. 2016						
Interests in co-investment vehicles	18,328	1,201	13,073	21,107	11,003	64,711
Interests in portfolio companies	0	0	0	(11,766)	1,375	(10,391)
International fund investments	0	0	0	0	5,987	5,987
Other	0	0	0	0	(159)	(159)
	18,328	**1,201**	**13,073**	**9,340**	**18,207**	**60,148**
30 Sept. 2015						
Interests in co-investment vehicles	3,108	(1,558)	2,409	4,315	10,946	19,220
Interests in portfolio companies	0	0	620	5,726	0	6,346
International fund investments	0	0	0	0	3,393	3,393
Other	0	0	0	0	244	244
	3,108	**(1,558)**	**3,029**	**10,041**	**14,583**	**29,203**

For more information on the composition of the portfolio and its development, we refer to the management report, "Portfolio profile", pages 73ff.

Significant customers

DBAG's customers are the investors in DBAG funds. The funds raised by DBAG bundle the assets committed by German and international organisations, especially by pension funds, funds-of-funds, banks, foundations, insurance companies or family offices.

DBAG generates its fee income for advisory and management services from investors of whom none account for more than ten percent of total income.

38. Declaration of Conformity pursuant to the German Corporate Governance Code

A 'Declaration of Conformity' pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz – AktG) was submitted by the Board of Management and the Supervisory Board of Deutsche Beteiligungs AG and is permanently accessible to shareholders at DBAG's website.

39. Information on related parties consistent with IAS 24

Remuneration based on employment or service contracts for key management staff

Key management personnel in terms of IAS 24 are the Board of Management members, senior executives and the Supervisory Board members of Deutsche Beteiligungs AG. The basic principles of the remuneration system and the total remuneration paid to the members of the Board of Management, former Board of Management members and the members of the Supervisory Board are presented in the remuneration report. The remuneration report is an integral part of the combined management report. Personalised information in conformity with § 314 (1) no. 6 of the German Commercial Code (Handelsgesetzbuch – HGB) is also disclosed there.

Total payments to key management personnel consist of cash and non-cash remuneration. Total cash payments amounted to 10,845 thousand euros in the reporting year (previous year: 7,567 thousand euros). Non-cash remuneration primarily consists of the amounts recognised in accordance with the tax basis for the use of company cars.

In the reporting year, a total of 503 thousand euros was allocated to pension provisions (previous year: 639 thousand euros) as defined by the IFRS for key management staff (service cost and interest cost), thereof service cost of 408 thousand euros (previous year: 391 thousand euros). Defined benefit obligations for key management staff amounted to 15,154 thousand euros (previous year: 11,821 thousand euros) at the reporting date.

Loans in the amount of 390 thousand euros (previous year: 539 thousand euros) were granted at standard market conditions to key management staff. No loans or advances were granted to members of the Supervisory Board or the Board of Management. The DBAG Group has not entered into any guarantees for members of the Board of Management or the Supervisory Board.

No member of the Supervisory Board or the Board of Management holds shares, share options or other derivatives representing one percent or more of the subscribed capital.

For financial year 2015/2016, the members of the Supervisory Board received fixed fees and bonuses totalling 388 thousand euros (previous year: 355 thousand euros).

Regarding transactions and balances of key management personnel in their capacity as minority partners in consolidated companies, please refer to note 27.

Participation in carried interest schemes by key management staff

Key management personnel have committed to invest in the DBAG Fund IV, DBAG Fund V, DBAG Fund VI, DBAG Fund VII and DBAG Expansion Capital Fund. For those participating, this can result in a superior profit share, if superior results are realised from the investments in a specified investment period. Carried interest is only paid if the Deutsche Beteiligungs AG Group and the investors in the respective DBAG fund have realised their invested capital plus a minimum return. This minimum return amounts to 8.0 percent annually for the DBAG funds DBAG Fund IV, DBAG Fund V, DBAG Expansion Capital Fund, DBAG Fund VI and DBAG Fund VII. The structure of the carried interest schemes, their implementation and performance conditions are in conformity with common practice in the private equity industry and constitute a prerequisite for the placement of DBAG funds. For the individuals participating, their partnership status constitutes a privately carried investment risk and is aimed at promoting the staff's initiative and dedication to the success of the investment.

Carried interest is recognised in the valuation of DBAG's interest in the co-investment vehicles of the respective funds at fair value ("net asset value"). The interest in a co-investment vehicle is reduced as soon as it can be assumed that the conditions that trigger carried interest payments have been met (see note 6, "Valuation procedures used in measuring fair value"). In financial year 2015/2016, the net asset value of the co-investment vehicles was reduced by arithmetical carried interest of 26,491 thousand euros (previous year: 22,669 thousand euros). This reduced the result of investment activity and, consequently, net income by 11,944 thousand euros (previous year: 22,669 thousand euros) (see management report, page 64). Carried interest considered in the valuations may become payable in subsequent periods based on disposals of investments from the respective funds' portfolios.

DBAG Fund IV

DBAG Fund IV consists of the following fund companies that jointly enter into investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team *(%)*	Max. profit share of investment team *(%)*
DBAG Fund IV GmbH & Co. KG i.L.	Related party	1	20.8
DBAG Fund IV International GmbH & Co. KG i.L.	Related party	1	20.8
DBG Fifth Equity Team GmbH & Co. KGaA i.L.	Related party	0.67	approx. 30
DBG Fourth Equity Team GmbH & Co. KGaA	Unconsolidated subsidiary	0	0

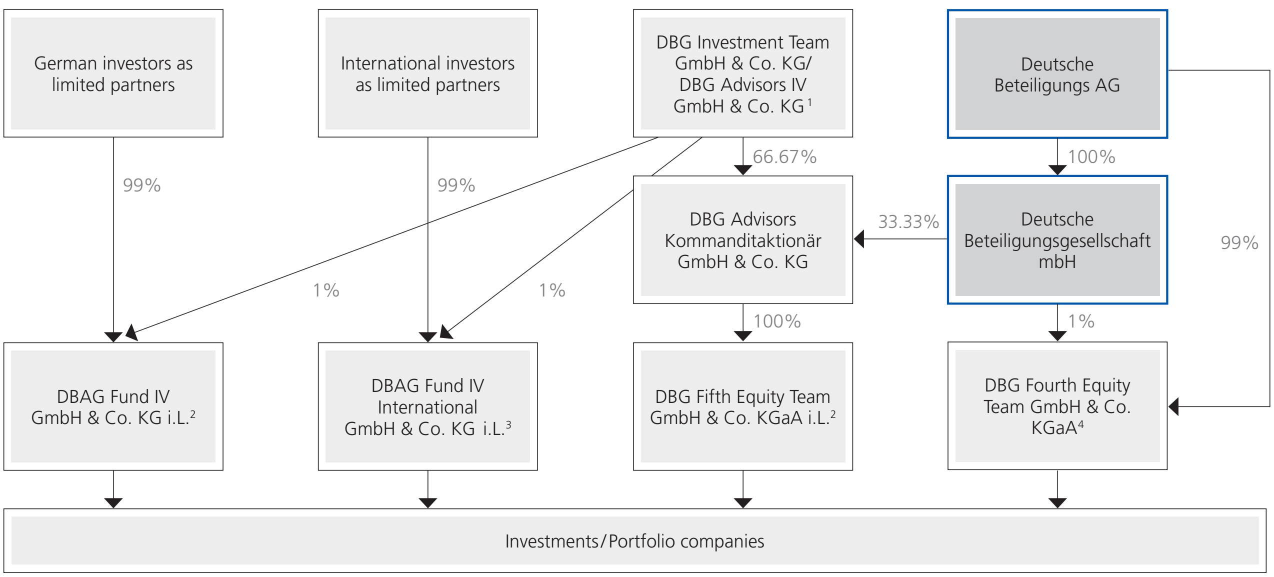
For DBAG Fund IV, a group of key management personnel and former key management personnel have invested their own money at a fixed ratio in the companies listed above. DBG Advisors IV GmbH & Co. KG, which is a related party and not included in the consolidated accounts of DBAG, acts as an intermediary for investments in the first two fund companies named above. Key management personnel are invested directly in DBG Advisors IV GmbH & Co. KG, or indirectly through DBG Investment Team GmbH & Co. KG.

Interests in DBG Fifth Equity Team GmbH & Co. KGaA are held indirectly through DBG Advisors Kommanditaktionär GmbH & Co. KG. DBAG indirectly holds a 33.33 percent interest in DBG Advisors Kommanditaktionär GmbH & Co. KG, the other 66.67 percent are held by key management personnel. Key management personnel have not yet provided capital contributions amounting to 69 thousand euros (previous year: 69 thousand euros) in DBG Advisors Kommanditaktionär GmbH & Co. KG.

Apart from that, no outstanding balances exist between DBG Advisors Kommanditaktionär GmbH & Co. KG and related parties.

OVERVIEW INVESTMENT STRUCTURE OF DBAG FUND IV

The percentages relate to the equity share



1 Investment vehicle for Board of Management and senior executives
2 Investment vehicle for German investors
3 Investment vehicle for international investors
4 Unconsolidated co-investment vehicle, fair valued

Consolidated company

The key management personnel involved as well as former key management personnel received the following repayments in financial year 2015/2016 from parties related to **DBAG FUND IV**:

	Investments in the period		Aggregate investment at reporting date		Repayments in the period	
€'000	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Oct. 2015 to 30 Sept. 2016 (12 months)						
DBG Advisors IV GmbH & Co. KG	0	0	430	0	433	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0	84	0	0	0
DBG Investment Team GmbH & Co. KG	0	0	325	740	282	611
Total 2015/2016	**0**	**0**	**839**	**740**	**715**	**611**
Period from 1 Nov. 2014 to 30 Sept. 2015 (11 months)						
DBG Advisors IV GmbH & Co. KG	0	0	430	0	588	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0	84	0	971	0
DBG Investment Team GmbH & Co. KG	0	0	325	740	1,258	2,731
Total 2014/2015	**0**	**0**	**839**	**740**	**2,817**	**2,731**

DBAG Fund V

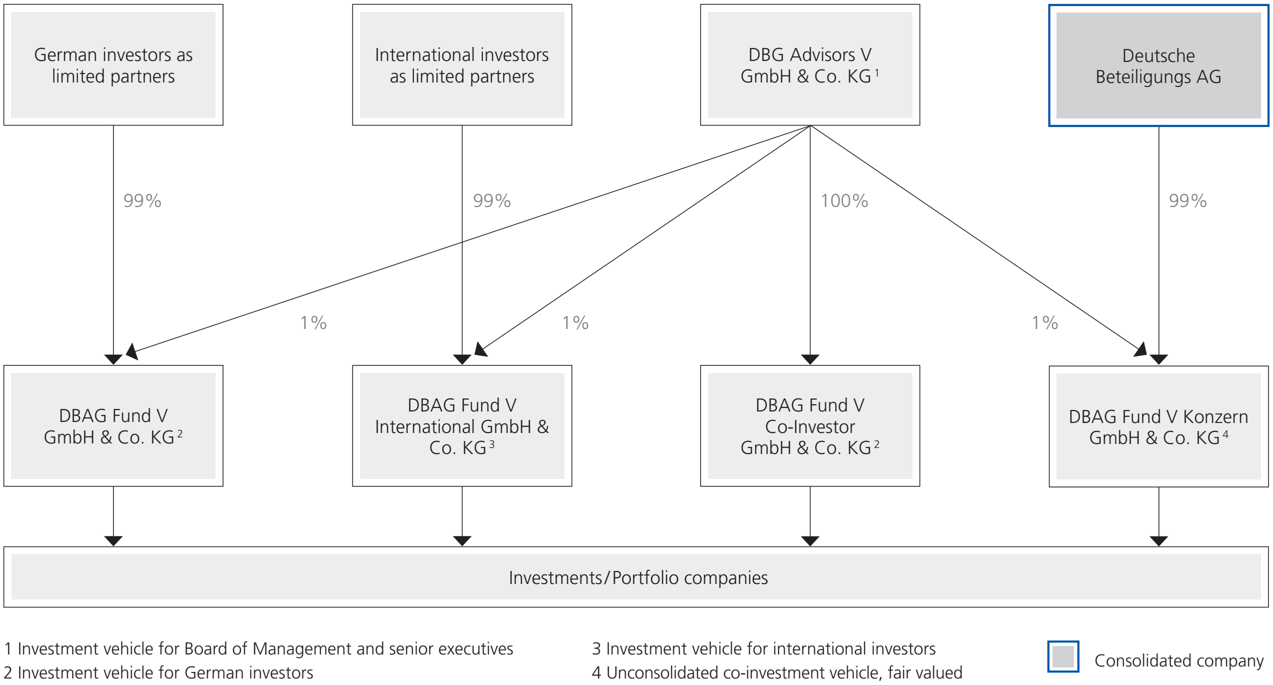
DBAG Fund V consists of the following fund companies that jointly enter into investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team *(%)*	Max. profit share of investment team *(%)*
DBAG Fund V GmbH & Co. KG	Related party	1	20.8
DBAG Fund V International GmbH & Co. KG	Related party	1	20.8
DBAG Fund V Co-Investor GmbH & Co. KG	Related party	1	approx. 45
DBAG Fund V Konzern GmbH & Co. KG	Unconsolidated subsidiary	0	20.8

For DBAG Fund V, a group of key management personnel as well as individual former key management personnel and other members of the investment team have invested their own money at a fixed ratio in all of the four fund companies listed above. The interests in DBAG Fund V GmbH & Co. KG and DBAG Fund V International GmbH & Co. KG are transacted through the investing general partner of these fund companies, DBG Advisors V GmbH & Co. KG, which is a related party to DBAG. DBG Advisors V GmbH & Co. KG acts as the sole limited partner of DBAG Fund V Co-Investor GmbH & Co. KG. DBG Advisors V GmbH & Co. KG is the sole general partner of DBAG Fund V Konzern GmbH & Co. KG.

OVERVIEW INVESTMENT STRUCTURE OF DBAG FUND V

The percentages relate to the equity share



1 Investment vehicle for Board of Management and senior executives
2 Investment vehicle for German investors
3 Investment vehicle for international investors
4 Unconsolidated co-investment vehicle, fair valued

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from investment activity attributable to them:

	Investments in the period		Aggregate investment at reporting date		Repayments in the period	
€'000	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Oct. 2015 to 30 Sept. 2016 (12 months)						
DBG Advisors V GmbH & Co. KG	66	48	3,408	2,527	20,948	16,355
Period from 1 Nov. 2014 to 30 Sept. 2015 (11 months)						
DBG Advisors V GmbH & Co. KG	114	80	3,342	2,479	243	171

DBAG Expansion Capital Fund

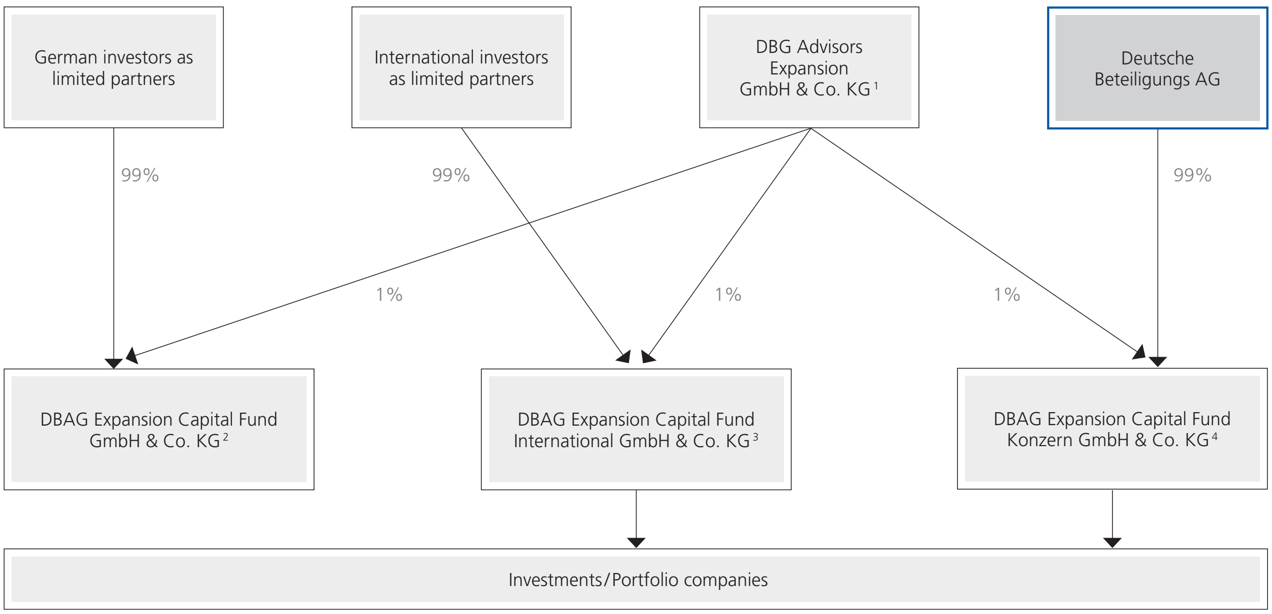
DBAG Expansion Capital Fund consists of the following fund companies that jointly enter into investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team *(%)*	Max. profit share of investment team *(%)*
DBAG Expansion Capital Fund GmbH & Co. KG	Related party	1	20.8
DBAG Expansion Capital Fund International GmbH & Co. KG	Related party	1	20.8
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Unconsolidated subsidiary	1	20.8

For the DBAG Expansion Capital Fund, a group of key management personnel as well as individual former key management personnel and other members of the investment team have invested their own money at a fixed ratio in all of the three fund companies listed above. The interests in DBAG Expansion Capital Fund GmbH & Co. KG and DBAG Expansion Capital Fund International GmbH & Co. KG are transacted through the investing general partner of these fund companies, DBG Advisors Expansion GmbH & Co. KG, which is a related party to DBAG. DBG Advisors Expansion GmbH & Co. KG is the sole general partner of DBAG Expansion Capital Fund Konzern GmbH & Co. KG.

OVERVIEW INVESTMENT STRUCTURE OF DBAG EXPANSION CAPITAL FUND

The percentages relate to the equity share



1 Investment vehicle for Board of Management and senior executives
2 Investment vehicle for German investors
3 Investment vehicle for international investors
4 Unconsolidated co-investment vehicle, fair valued

Consolidated company

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from investment activity attributable to them:

€'000	Investments in the period: Management board	Investments in the period: Senior executives	Aggregate investment at reporting date: Management board	Aggregate investment at reporting date: Senior executives	Repayments in the period: Management board	Repayments in the period: Senior executives
Period from 1 Oct. 2015 to 30 Sept. 2016 (12 months)						
DBG Advisors Expansion GmbH & Co. KG	78	280	247	913	9	32
Period from 1 Nov. 2014 to 30 Sept. 2015 (11 months)						
DBG Advisors Expansion GmbH & Co. KG	107	360	169	633	3	9

DBAG Fund VI

DBAG Fund VI consists of the following fund companies that jointly make co-investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team[1] *(%)*	Max. profit share of investment team *(%)*
DBAG Fund VI (Guernsey) L.P.	Related party	0.01	20.0
DBAG Fund VI Konzern (Guernsey) L.P.	Unconsolidated subsidiary	0.01	20.0

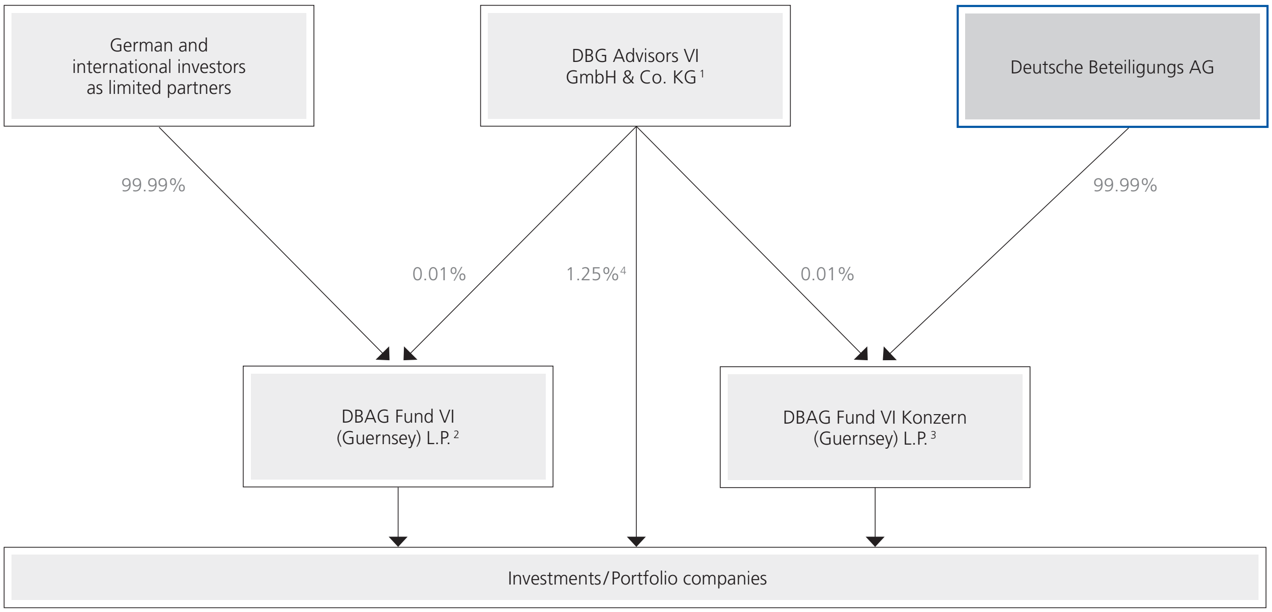
1 Without proportional direct investment by DBAG Advisors VI GmbH & Co. KG in investments of DBAG Fund VI

For DBAG Fund VI (consisting of DBAG Fund VI (Guernsey) L.P. and DBAG Fund VI Konzern (Guernsey) L.P.) through DBG Advisors VI GmbH & Co. KG, a group of key management personnel and individual former key management personnel as well as other members of the investment team are entitled to 20 percent of the profits of DBAG Fund VI, payable upon achieving a full repayment to German and international investors (limited partners). The full repayment is considered achieved when the limited partners of DBAG Fund VI receive cash or non-cash distributions in the amount of their paid-in capital in addition to a preferred return.

DBG Advisors VI GmbH & Co. KG is a related party to DBAG and serves the investment team as an investment vehicle. Supplemental to the 20 percent share of profits (after full repayment) of DBAG Fund VI, DBG Advisors VI GmbH & Co. KG makes a proportional direct investment in the investees of 1.25 percent. DBAG Fund VI Konzern (Guernsey) L.P. is a Group company of DBAG (see note 4).

OVERVIEW INVESTMENT STRUCTURE OF DBAG FUND VI

The percentages relate to the equity share



1 Investment vehicle for Board of Management and senior executives
2 Investment vehicle for investors
3 Unconsolidated co-investment vehicle, fair valued
4 Co-investment rate on total fund volume

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from investment activity attributable to them:

	Investments in the period		Aggregate investment at reporting date		Repayments in the period	
€'000	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Oct. 2015 to 30 Sept. 2016 (12 months)						
DBG Advisors VI GmbH & Co. KG	134	194	2,082	3,008	162	246
Period from 1 Nov. 2014 to 30 Sept. 2015 (11 months)						
DBG Advisors VI GmbH & Co. KG	1,418	2,050	1,948	2,814	205	296

DBAG Fund VII

The entities of DBAG Fund VII were founded in the past financial year (see note 4). The fund consists of the following fund companies that jointly make co-investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team[1] *(%)*	Max. profit share of investment team *(%)*
DBAG Fund VII SCSp	Related party	0.01	20.0
DBAG Fund VII B SCSp	Related party	0.01	10.0
DBAG Fund VII Konzern SCSp	Unconsolidated subsidiary	0.01	20.0
DBAG Fund VII Konzern B SCSp	Unconsolidated subsidiary	0.01	10.0

1 Without proportional direct investment by DBG Team VII GmbH & Co. KG in investments of DBAG Fund VII

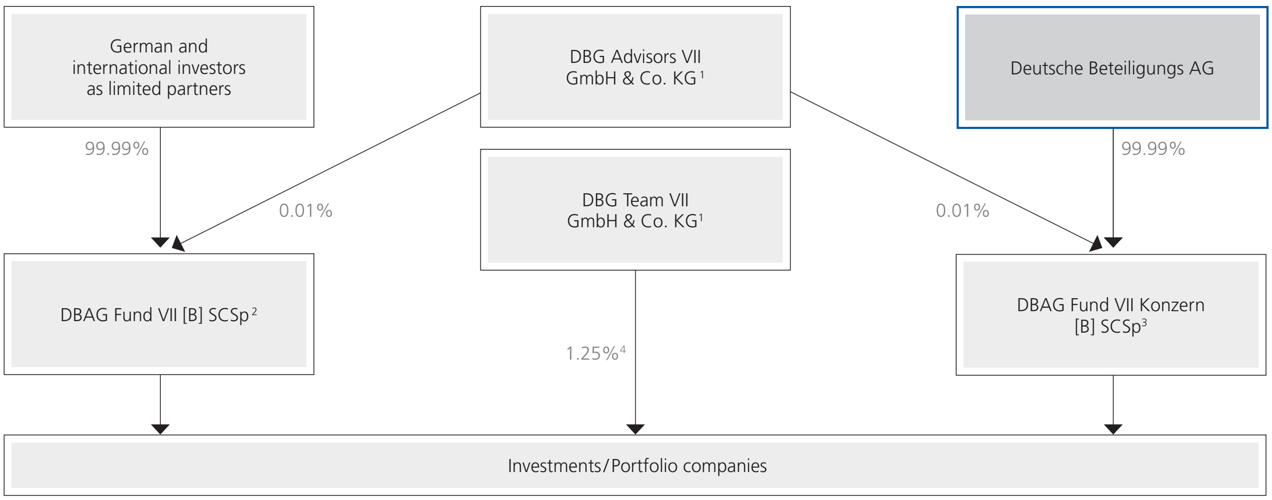
For DBAG Fund VII through DBG Advisors VII GmbH & Co. KG, a group of key management personnel and individual former key management personnel as well as other members of the investment team are entitled to 20 percent of the profits of DBAG Fund VII, payable upon achieving a full repayment to German and international investors (limited partners). The full repayment is considered achieved when the limited partners of DBAG Fund VII receive cash or non-cash distributions in the amount of their paid-in capital in addition to a preferred return. Supplemental to that, DBG Team VII GmbH & Co. KG makes a proportional direct investment in the investees.

DBG Advisors VII GmbH & Co. KG and DBG Team VII GmbH & Co. KG are related parties to DBAG. DBG Team VII GmbH & Co. KG serves the investment team as an investment vehicle.

DBAG Fund VII Konzern SCSp and DBAG Fund VII Konzern B SCSp are Group companies of DBAG (see note 4).

OVERVIEW INVESTMENT STRUCTURE OF DBAG FUND VII

The percentages relate to the equity share



1 Investment vehicle for Board of Management and senior executives
2 Investment vehicles DBAG Fund VII SCSp and DBAG Fund VII B SCSp for investors
3 Unconsolidated co-investment vehicles DBAG Fund VII Konzern SCSp and DBAG Fund VII Konzern B SCSp, fair valued
4 Co-investment rate in relation to capital commitments of investors in DBAG Fund VII Scsp

€'000	Investments in the period		Aggregate investment at reporting date		Repayments in the period	
	Management board	Senior executives	Management board	Senior executives	Management board	Senior executives
Period from 1 Oct. 2015 to 30 Sept. 2016 (12 months)						
DBG Advisors VII GmbH & Co. KG	8	0	8	0	0	0
DBG Team VII GmbH & Co. KG	2	0	2	0	0	0
Total 2015/2016	**10**	**0**	**10**	**0**	**0**	**0**
Period from 1 Nov. 2014 to 30 Sept. 2015 (11 months)						
DBG Advisors VII GmbH & Co. KG	0	0	0	0	0	0
DBG Team VII GmbH & Co. KG	0	0	0	0	0	0
Total 2014/2015	**0**	**0**	**0**	**0**	**0**	**0**

In the reporting year, the investments by the key management personnel involved exclusively comprise incorporation costs for DBG Advisors VII GmbH & Co. KG and DBG Team VII GmbH & Co. KG of ten thousand euros.

Other related parties

DBAG manages or advises the following funds, alongside of which it co-invests:

Funds	Status
DBG Fonds I	End of investment period: 31 Dec. 1997
DBG Fonds III	End of investment period: 31 Oct. 2001
DBAG Fund IV	End of investment period: 15 Feb. 2007
DBAG Fund V	End of investment period: 15 Feb. 2013
DBAG Expansion Capital Fund	Start of investment period: 27 Jan. 2011 (first vintage)
DBAG Fund VI	Start of investment period: 16 Feb. 2013
DBAG Fund VII	Start of investment period: presumably January 2017

DBAG earned the following fee income for management services to the DBG Fonds and the DBAG Funds IV, V and ECF as well as for advisory services to the management company of DBAG Fund VI (see also note 10):

€'000	**2015/2016**	2014/2015
	12 months	11 months
DBG Fonds I	0	1,450
DBG Fonds III	2	18
DBAG Fund IV	0	0
DBAG Fund V	3,943	4,743
DBAG Expansion Capital Fund	349	146
DBAG Fund VI	14,000	12,811
DBAG Fund VII	0	0
Other	47	39
	18,341	**19,207**

Until 30 June 2015, DBG Fonds I consisted of the fund management company Deutsche Beteiligungsgesellschaft mbH & Co. Fonds I KG. DBG Fonds III comprises the fund management company Deutsche Beteiligungsgesellschaft Fonds III GmbH. DBAG Fund IV, DBAG Fund V and DBAG Expansion Capital Fund (ECF) consist of several entities that are shown in the overviews of fund structures.

DBG Fonds I, DBG Fonds III and DBAG Fund IV are directly managed by subsidiaries of DBAG. At 30 June 2015, the interest in DBG Fonds I was divested to DBAG ECF. This ended the management of DBG Fonds I by DBAG. Since then, DBAG has therefore no longer received fees for the management of DBG Fonds I.

The contractual term of DBAG Fund VI ended on 15 September 2016. The fund companies of DBAG Fund IV, which comprise DBAG Fund IV GmbH & Co. KG, DBAG Fund IV International GmbH & Co. KG and DBG Fifth Equity Team GmbH & Co. KG, are being liquidated in accordance with statutory requirements and under company law. The full liquidation of these fund companies will presumably be completed in 2019.

The fund companies DBAG Fund V GmbH & Co. KG and DBAG Fund V International GmbH & Co. KG (DBAG Fund V) are managed by the managing general partner, DBG Managing Partner GmbH & Co. KG, a DBAG subsidiary. DBAG Fund V Co-Investor GmbH & Co. KG is managed through the subsidiary DBG Management GmbH & Co. KG.

The fund companies DBAG Expansion Capital Fund GmbH & Co. KG and DBAG Expansion Capital Fund International GmbH & Co. KG are also managed by the managing general partner, DBG Managing Partner GmbH & Co. KG.

Deutsche Beteiligungs AG is the managing limited partner of DBG Managing Partner GmbH & Co. KG. Deutsche Beteiligungs AG itself holds a 20 percent interest in this company, and Mr Grede and Dr Scheffels each hold a 40 percent interest. Deutsche Beteiligungs AG receives 80 percent of this company's profits for the management of the company as a profit priority share. After deducting the liability charges of the general partner and expenses for interest paid on balances in shareholders' accounts, Deutsche Beteiligungs AG is also entitled to the company's residual profits. The general partner of DBG Managing Partner GmbH & Co. KG can terminate the management agreement with DBAG at three months' notice to the end of a quarter. In this case, Deutsche Beteiligungs AG would also be entitled to the total residual profits of DBG Managing Partner GmbH & Co. KG, after deducting the general partner's liability charges, expenses for interest paid on balances in shareholders' accounts and, if appropriate, expenses for setting up own operations for the management of DBAG funds. Expenses for setting up own business operations would incur if management services were no longer rendered by Deutsche Beteiligungs AG and were performed by DBG Managing Partner GmbH & Co. KG itself.

The interests in the general partner of DBG Managing Partner GmbH & Co. KG are held by DBG Managing Partner GmbH & Co. KG itself; the principals of the general partner of DBG Managing Partner GmbH & Co. KG are Mr Grede and Dr Scheffels. Deutsche Beteiligungs AG is entitled to annual income for the management services described above for several of the DBAG Fund V and DBAG Expansion Capital Fund companies. For DBAG Fund V, this income, pursuant to the partnership agreement, amounts to 2.0 percent of the historical cost of the fund companies' investments after the investment period has ended. An adaption of the management fee for the DBAG Expansion Capital Fund was agreed with the partners in financial year 2014/2015. As of 1 January 2015, DBG Managing Partner GmbH & Co KG receives a fee for its services amounting to 0.875 percent of the acquisition cost of the DBAG Expansion Capital Fund's investments.

The fund company DBAG Fund VI (Guernsey) L.P. is managed by the managing partner DBG Fund VI GP (Guernsey) LP. DBG Managing Partner GmbH & Co. KG advises the management company of fund manager DBAG Fund VI (Guernsey) L.P. Fee income from advisory services to DBAG Fund VI is based on a share of the profits of the management company, DBG Fund VI GP (Guernsey) LP. For the management company and/or the fund manager of DBAG Fund VI, the income amounts to 2.0 percent of the capital commitments of 700 million euros, or 2.0 percent of the historical cost for the fund's investments after the investment period has ended.

Concurrently, DBAG pays a fee through DBAG Fund VI Konzern (Guernsey) L.P. for the management of its co-investment. The advisory fee corresponds to 2.0 percent of the capital commitments totalling 133 million euros of DBAG Fund VI Konzern (Guernsey) L.P. as the co-investment vehicle of DBAG, or 2.0 percent of the historical cost for the fund's investments after the investment period has ended.

The fund companies DBAG Fund VII SCSp and DBAG Fund VII B SCSp (together: DBAG Fund VII) are managed by the managing partner DBG Fund VII GP S.à r.l. DBG Managing Partner GmbH & Co. KG advises the management company of fund manager DBAG Fund VII. Fee income from advisory services to DBAG

Fund VII is based on a share of the profits of the management company, DBG Fund VII GP S.à r.l. For the management company and/or the fund manager of DBAG Fund VII, fees earned during the investment period will amount to 2.0 percent of the capital commitments of 625 million euros to DBAG Fund VII SCSp., and for DBAG Fund VII B SCSp 1.0 percent of cost, but no more than 1.0 percent of the capital commitments of 185 million euros. After the end of the investment period, fees will amount to 2.0 percent of the cost for the investments of DBAG Fund VII SCSp, and 1.0 percent of the cost for the investments, but no more than 1.0 percent of the capital commitments to DBAG FundVII B SCSp.

Concurrently, DBAG pays a fee through DBAG Fund VII Konzern SCSp and DBAG Fund VII Konzern B SCSp for the management of its co-investment. The advisory fee amounts to 2.0 percent of the capital commitment of 183 million euros to DBAG Fund VII Konzern SCSp, and 1.0 percent of the cost, but no more than 1.0 percent of the capital commitment of 17 million euros to DBAG Fund VII Konzern B SCSp. After the end of the investment period, fees amount to 2.0 percent of the cost for the investments of DBAG Fund VII Konzern SCSp, and 1.0 percent of the cost, but no more than 1.0 percent of the capital commitment to DBAG Fund VII Konzern B SCSp.

A requirement for raising the fund commitments was that Mr Grede and Dr Scheffels would be available for the management of the fund companies over the long term, irrespective of whether they remain appointed as members of the Board of Management of Deutsche Beteiligungs AG. For that reason, the two individuals named have dormant employment contracts with DBG Managing Partner GmbH & Co. KG.

Key management personnel of DBAG serve on a number of supervisory bodies of companies in the portfolio of DBAG as well as of the funds stated above. For the period from 1 October 2015 to 30 September 2016, they were entitled to compensation totalling 251 thousand euros (previous year: 246 thousand euros) for these services, which has been transferred in full to DBAG and recognised in “Other operating income”.

Metzler Trust e.V. is a related party that acts as a trustee within the scope of a bilateral contractual trust arrangement for pension-related plan assets. The company receives an annual net fee of eight thousand euros for administration services.

In October 2010, DBAG established an incorporated foundation under civil law named “Gemeinnützige Stiftung der Deutschen Beteiligungs AG”. It was initially endowed with assets of 100 thousand euros in cash. In financial year 2015/2016, another 20 thousand euros (previous year: 50 thousand euros) were allocated to the Foundation’s endowment to pursue its tax-privileged objectives. At 30 September 2016, total allocations to the Foundation’s endowment amounted to 210 thousand euros (previous year: 190 thousand euros). The purpose of the Foundation is to support charitable causes. A further aim is to promote the arts and cultural projects in the greater Frankfurt area. The Foundation is considered a related party in terms of the IFRS.

40. Risk management

For information on risk management objectives and methods, please refer to note 33 and the discussion in the combined management report.

41. Audit fees and audit-related services

Total fees paid to the auditor are comprised of the following:

	2015/2016			2014/2015		
	12 months			11 months		
€'000	**Parent company**	**Subsidiaries**	**Total**	Parent company	Subsidiaries	Total
Audit consolidated/separate financial statements	753	29	782	279	40	319
Tax advisory services	76	37	113	89	19	108
Other consultancy services (not reimbursable)	2	16	18	72	103	175
	831	**82**	**913**	**440**	**162**	**602**
Other consultancy services (reimbursable)	0	101	101	0	248	248
	831	**183**	**1,014**	**440**	**410**	**850**

The rise in audit fees relate to an ongoing random sample examination of the consolidated financial statements at 30 September 2015 by the Financial Reporting Enforcement Panel (FREP).

Consultancy services were partially charged to DBAG funds and/or the portfolio companies.

42. Members of the Supervisory Board and Board of Management

Supervisory Board*

ANDREW RICHARDS,
Bad Homburg v. d. Höhe (Chairman)

Executive Director of PARE-Unternehmensberatung GmbH, Bad Homburg v. d. Höhe

No statutory or comparable offices in Germany and internationally

GERHARD ROGGEMANN,
Hanover (Vice Chairman)

Corporate consultant

Statutory offices
- Bremer AG, Paderborn (since 16 August 2016)
- Deutsche Börse AG, Frankfurt am Main (until 11 May 2016)
- Fresenius SE & Co. KGaA, Bad Homburg v. d. Höhe (until 13 May 2016)
- GP Günter Papenburg AG, Hanover (Chairman)
- WAVE Management AG, Hanover (Vice Chairman)

SONJA EDELER,
Hanover (since 25 February 2016)

- Head of Finance and Accounting of Dirk Rossmann GmbH, Burgwedel

No statutory or comparable offices in Germany and internationally

ROLAND FROBEL,
Isernhagen (until 25 February 2016)

Director of Rossmann Europe B.V., Renswoude, Netherlands

Statutory offices
- GBK AG, Hanover (since 20 May 2015)
- SIMONA AG, Kirn (Vice Chairman)

Comparable offices in Germany and internationally
- Saxonia Holding GmbH, Wolfsburg (Chairman)

WILKEN FREIHERR VON HODENBERG,
Hamburg

Lawyer

Statutory offices
- Schloss Vaux AG, Eltville
- SLOMAN NEPTUN Schiffahrts-AG, Bremen
- PNE Wind AG, Cuxhaven (Vice Chairman since 23 October 2015)

PHILIPP MÖLLER,
Hamburg

Managing Partner of Möller & Förster GmbH & Co. KG, Hamburg

No statutory offices or comparable offices in Germany and internationally

DR HENDRIK OTTO,
Dusseldorf

Member of the Board of Management of WEPA Industrieholding SE, Arnsberg

No statutory offices or comparable offices in Germany and internationally

* Statutory offices: offices held on other statutory supervisory boards; comparable offices in Germany and internationally: offices held on comparable domestic and international supervisory bodies of commercial enterprises, at 30 September 2016

Board of Management*

TORSTEN GREDE,
Frankfurt am Main (Spokesman)

Comparable offices in Germany and internationally
- Clyde Bergemann Power Group, Inc., Delaware, DE, USA (until 13 April 2016)
- Treuburg Beteiligungsgesellschaft mbH, Ingolstadt
- Treuburg GmbH & Co. Familien KG, Ingolstadt

DR ROLF SCHEFFELS,
Frankfurt am Main

Statutory offices
- Preh GmbH, Bad Neustadt a.d. Saale (Vice Chairman, until 31 March 2016)

Comparable offices in Germany and internationally
- FDG Group S.A.S., Orly, France
- Financière FDG S.A., Paris, France
- JCK Holding GmbH Textil KG, Quakenbrück
- Romaco Pharmatechnik GmbH, Karlsruhe

SUSANNE ZEIDLER,
Bad Homburg v. d. Höhe

Comparable offices in Germany and internationally
- DBG Fifth Equity Team GmbH & Co. KGaA, Frankfurt am Main (Vice Chairwoman)

* Statutory offices: offices held on other statutory supervisory boards; comparable offices in Germany and internationally: offices held on comparable domestic and international supervisory bodies of commercial enterprises, at 30 September 2016

43. List of subsidiaries and associates pursuant to § 313 (2) HGB

Name	Domicile	Equity share %	Equity capital €'000	Operating result of past financial year €'000
43.1 CONSOLIDATED COMPANIES				
43.1.1 Consolidated companies				
DBG Management GmbH & Co. KG	Frankfurt am Main	100.00	637	256
DBG New Fund Management GmbH & Co. KG	Frankfurt am Main	100.00	3	(7)
Deutsche Beteiligungsgesellschaft mbH	Königstein/Taunus	100.00	7,034	2,743
DBG Managing Partner GmbH & Co. KG	Frankfurt am Main	20.00	5,057	13,905
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey	3.00	569	192
DBG Fund VI GP (Guernsey) LP	St. Peter Port, Guernsey	0.00	0	0
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00	0	(1,843)
DBG Fund VII GP S.à r.l.	Luxembourg-Findel, Luxembourg	100.00	13	(5)
European PE Opportunity Manager LP	St. Peter Port, Guernsey	0.00	0	0
43.1.2 Non-consolidated companies				
Bowa Geschäftsführungsgesellschaft mbH i.L.	Frankfurt am Main	100.00	63	0
Change Management Verwaltungs GmbH	Frankfurt am Main	100.00	25	1
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Frankfurt am Main	99.00	48,804	1,755
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt am Main	99.00	46,092	22,410
DBAG Fund VI Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99	89,622	10,796
DBAG Fund VII Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99	3	(201)
DBAG Fund VII Konzern B SCSp	Luxembourg-Findel, Luxembourg	99.99	3	(10)
DBG Beteiligungsgesellschaft mbH	Frankfurt am Main	100.00	104	0
DBG Epsilon GmbH	Frankfurt am Main	100.00	22	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	Frankfurt am Main	33.33	3,088	(7)
DBG Fifth Equity Team GmbH & Co. KGaA i.L.	Frankfurt am Main	33.33	3,029	(1,000)
DBG Fourth Equity Team GmbH & Co. KGaA	Frankfurt am Main	100.00	1,499	1,417
DBG Fourth Equity International GmbH	Frankfurt am Main	100.00	36	1
DBG My GmbH i.L.	Frankfurt am Main	100.00	135	0
DBV Drehbogen GmbH	Frankfurt am Main	100.00	32	0
DBG Alpha 5 GmbH	Frankfurt am Main	100.00	25	0
DBG Managing Partner Verwaltungs GmbH	Frankfurt am Main	100.00	14	(2)

Name	Domicile	Equity share %	Equity capital €'000	Operating result of past financial year €'000
43.2 JOINT VENTURES				
Q.P.O.N. Beteiligungs GmbH i.L.[1]	Frankfurt am Main	49	17	(2)
43.3 ASSOCIATES				
DBAG ECF Präzisionstechnik Beteiligungs GmbH	Frankfurt am Main	41.78	7,654	631
DBAG ECF Fonds I Beteiligungs GmbH	Frankfurt am Main	47.54	10,905	4,666
DBAG ECF Pontis GmbH & Co. KG	Frankfurt am Main	47.54	1	1
DBG Asset Management, Ltd.	Jersey	50.00	447	33
ECF Breitbandholding GmbH	Frankfurt am Main	41.78	15,140	40
Grohmann Engineering GmbH	Prüm	24.01	42,136	5,705
Plant Systems & Services PSS GmbH	Bochum	20.47	679	(25)
Rana Beteiligungsgesellschaft mbH	Frankfurt am Main	47.54	20	(5)
RQPO Beteiligungs GmbH	Frankfurt am Main	49.00	35	1
RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt am Main	44.10	0	-7
Tridecima Grundstücksverwaltungsgesellschaft mbH	Neubiberg	20.46	1,561	-35

1 Proportionately consolidated (equity method)

43.4 OTHER COMPANIES

Based on its investments, DBAG holds more than five percent of the voting rights in the following corporations:

Broetje-Automation GmbH	Rastede
Coveright Surfaces Beteiligungs GmbH i.L.	Frankfurt am Main
FDG Holding S.à r.l.	Luxembourg
Formel D GmbH	Troisdorf
Heytex Bramsche GmbH	Bramsche
JCK Holding GmbH Textil KG	Quakenbrück
Romaco Holding GmbH	Karlsruhe
Mageba Holding AG	Bülach

Frankfurt am Main, 29 November 2016

The Board of Management

Torsten Grede Dr Rolf Scheffels Susanne Zeidler

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the Deutsche Beteiligungs AG, Frankfurt am Main, comprising consolidated statement of financial position, statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes to the consolidated financial statements, together with its combined management report for the financial year from October 1st, 2015 to September 30th, 2016. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB (Handelsgesetzbuch, „German Commercial Code") are the responsibility of the parent company`s management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB (Handelsgesetzbuch, „German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 30 November 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Bertram
Wirtschaftsprüfer
(German Public Auditor)

Dr Faßhauer
Wirtschaftsprüfer
(German Public Auditor)

STATEMENT OF RESPONSIBILITY

We confirm to the best of our knowledge and consistent with the applicable reporting principles for financial reporting that the consolidated financial statements give a true and fair view of the asset, financial and earnings position of the Group and that management's report presents a true and fair view of the business development and the position of the Group, including a discussion of the material risks and opportunities associated with the Group's expected development.

Frankfurt am Main, 29 November 2016

The Board of Management

Torsten Grede | Dr Rolf Scheffels | Susanne Zeidler

CORPORATE GOVERNANCE

REPORT OF THE SUPERVISORY BOARD

ANDREW RICHARDS
Chairman of the Supervisory Board

Deutsche Beteiligungs AG has set the course for future growth in both of its business lines this past financial year: the successful corporate actions show how highly regarded DBAG is among equity investors and investors in closed-end private equity funds.

In financial year 2015/2016 (1 October 2015 to 30 September 2016), we dealt with the position and progress of the Company in depth. We consistently and conscientiously discharged the duty of overseeing the managerial activities of the Board of Management required of us by law, the Articles of Association and the rules of procedure. The Board of Management regularly provided the Supervisory Board with comprehensive and prompt information, both in writing and verbally, about the Company's course of business, its asset, financial and earnings position, the competitive environment and the prospects, as well as the risk management and compliance systems installed at DBAG. We discussed these issues in detail. Any divergences from the planned course of business were elucidated and substantiated by the Board of Management. The Board of Management also reported on strategic and major operational decisions as well as on the business policies it intends to pursue.

In the past financial year, the Supervisory Board held eleven meetings, eight of which were telephone conferences. The telephone conferences largely served informational purposes on imminent investment projects as well as the passing of resolutions regarding the amount of variable income components for the Board of Management and in conjunction with the capital increase. In several instances, the Supervisory Board met without the attendance of the Board of Management.

An integral part of all our Board meetings were detailed reports on current developments in individual portfolio companies. We received comprehensive quarterly reports in writing on those issues from the Board of Management. We were informed promptly and comprehensively about investments that were not performing as expected.

At our first regular meeting, held as a telephone conference, on **2 NOVEMBER 2015**, we discussed the 2015/2016 budget and the Company's medium-term planning. We took note of the report on the new trustee's investment strategy for the contractual trust arrangement (CTA); by way of the CTA, the assets designated to cover pension obligations are administered. At the November meeting, we were involved in the Corporate Governance Statement (§ 289a German Commercial Code – HGB) and submitted the Declaration of Conformity as well as the joint report by the Board of Management and the Supervisory Board on the corporate governance practised at DBAG. We also discussed the regularly recurring general election of all Supervisory Board members to be held at the 2016 Annual Meeting.

At our scheduled meeting on **9 DECEMBER 2015**, the auditors reported on the results of their audit of the separate financial statements and the consolidated financial statements at 30 September 2015. We adopted the separate financial statements of Deutsche Beteiligungs AG and approved the consolidated financial statements for the truncated 2014/2015 financial year (1 November to 30 September). We adopted the joint dividend recommendation by the Board of Management and the Supervisory Board, and included it in the agenda for the 2016 Annual Meeting, which we also adopted. We followed the Board of Management's proposal of subjecting the 2015/2016 half-yearly financial statements to a review by the auditors. We comprehensively dealt with the financing strategy of DBAG. The Board of Management expounded on several variants within the scope of its basically unchanged financing strategy, according to which DBAG finances its activities in the long term exclusively by way of the stock market. We approved the Board of Management's proposal of obtaining a credit facility of 50 million euros. At that meeting, the Board of Management also reported on preparations for DBAG Fund VII, particularly on its planned legal and economic structure. The Board of Management informed us about its assessment of future investment opportunities and the expectations of investors in the fund; we subsequently agreed to the fund's planned structure.

At our constitutive meeting following the Annual Meeting on **25 FEBRUARY 2016**, we elected the Chairperson of the Executive Committee, the Vice Chairperson and the third committee member; we also elected the members and Chairperson of the Audit Committee. We again discussed DBAG's financing strategy. The Board of Management reported in detail on the preparations for DBAG Fund VII. We subsequently approved the proposed co-investment by DBAG to this fund. The legal consultants attending the meeting informed us about the effects of changed underlying conditions for DBAG's regulatory status.

At our meeting on **16 JUNE 2016**, we again dealt extensively with DBAG's regulatory situation and possible changes to DBAG's structure. A particular focus was on the new market abuse and insider dealing regimes: the Board of Management informed us about the changes and its effects in practice. We comprehensively discussed the future dividend policy. Additionally, the 2016/2017 budget and the updated medium-term planning up to financial year 2018/2019 were presented. Further items on the agenda related to information on DBAG shares and the progress of talks with fund investors.

Between meetings, the Spokesman of the Board of Management promptly informed the Chairperson of the Supervisory Board about significant business issues, after which the complete Supervisory Board was briefed accordingly. We were involved in all material decisions.

We unanimously granted our approval to the Board of Management's proposed resolution on the agreement for a line of credit, the structure of DBAG Fund VII including a top-up fund, the co-investment agreement with the fund and the internal reorganisation of the DBAG Group, as well as to the proposed resolution on a capital increase and the attached details. There were no other transactions requiring our consent in financial year 2015/2016.

This past financial year, the Supervisory Board and the Audit Committee met in the presence of all of its members, with one exception in each case. Mr Möller was unable to attend a meeting of the Supervisory Board and Dr Otto a meeting of the Audit Committee. At the meeting of the Executive Committee, held as a telephone conference, all members were dialled in.

Corporate governance

We regularly evaluate the efficacy of our work on the Supervisory Board. We also follow the developments in corporate governance practices taking place in Germany on an on-going basis. Management's report on the Company's corporate governance is also presented on behalf of the Supervisory Board; we publish that report in the Annual Report (see pages 183 to 185) and also make it accessible to the general public at the Company's website together with the Corporate Governance Statement. The Board of Management and the

Supervisory Board jointly submitted their yearly Declaration of Conformity in October 2016 based on the German Corporate Governance Code as amended on 5 May 2015 (§ 161 German Stock Corporation Act – AktG), which is permanently accessible to any interested party at the Company's website.

In accordance with the recommendations of the Code, every Supervisory Board member is required to disclose to the Supervisory Board any conflict of interest that may possibly arise. There was no notice of a conflict-of-interest issue this past financial year.

To disseminate its responsibilities and increase efficiency, the Supervisory Board formed an Executive Committee, which also performs the functions of a Nominations Committee, as well as an Audit Committee. We charged a temporarily installed Transaction Committee with the decision on the approval of the issue price for the new shares issued in conjunction with the cash capital increase on 15 September 2016, which only met once for this purpose.

Work of the Executive Committee (also acts as Nominations Committee)

The Executive Committee convened once this past financial year: at its meeting on 15 October 2015, it determined the short-term performance-related and the long-term remuneration component for the members of the Board of Management for the truncated 2014/2015 financial year. The Supervisory Board approved the recommendation following an in-depth discussion during a telephone conference on 20 October 2015. This financial year, there were no meetings of the Executive Committee in its capacity as a Nominations Committee; the candidates for the regular elections to the Supervisory Board in February 2016 had already been nominated in July 2015.

Work of the Audit Committee

In five meetings held during the past financial year, the Audit Committee addressed issues concerning the separate and consolidated financial statements, the half-yearly financial report and the quarterly statements, all of which were discussed with the Board of Management prior to their publication. Additionally, we dealt with the reorganisation of the risk management system at DBAG. The Board of Management informed us on an ongoing basis about the progress of a random sample examination of the consolidated financial statements at 30 September 2015 by the Financial Reporting Enforcement Panel (FREP). We monitored the accounting process as well as the effectiveness of the internal control and auditing system. From our point of view, there were no grounds for objections to the Company's current practice.

We reviewed the required independence and objectivity of the Company's auditors and the additional services the auditors provide. We also discussed the determination of the audit's focal points and audit fees. At our meeting on 10 May 2016, we were informed in detail about the new requirements set out under the audit reform legislation. At the following meeting on 10 August 2016, we adopted guidelines concerning the assignment of non-audit services and passed a recommendation to the Supervisory Board to put out a tender for the statutory audit of DBAG and the DBAG Group as at 30 September 2019. At the same meeting, the auditors presented their audit plan.

We continue to comply in multiple ways with the requirements under §§ 100 (5), 107 (4) of the German Stock Corporation Act (Aktiengesetz – AktG), which stipulate that at least one independent member of the Supervisory Board or Audit Committee must have expert knowledge of accounting or auditing. Gerhard Roggemann, the Chairman of the Audit Committee, who is also Vice Chairman of the Supervisory Board and beyond that is an independent member of the Supervisory Board in terms of the German Corporate Governance Code, has profound knowledge of and experience in the application of accounting principles and internal control processes.

The committees' chairpersons regularly reported to the Supervisory Board on the work of their committees.

Changes on the Supervisory Board

One item on the agenda for the Annual Meeting on 25 February 2016 was the regular election of all members to the Supervisory Board. Five members were re-elected; Sonja Edeler, Head of Finance and Accounting at Dirk Rossmann GmbH, succeeded Roland Frobel, who did not stand for re-election. The Supervisory Board and the Board of Management of DBAG express their gratitude to Roland Frobel for his service, outstanding commitment and dedication to the Company.

This change also entailed changes in the composition of the committees. Gerhard Roggemann remains Chairman of the Audit Committee (and "financial expert"); the other members of this committee are Dr Hendrik Otto, Andrew Richards and – new – Wilken von Hodenberg. The Executive Committee, which also acts as a Nominations Committee, consists of the Chairman of the Supervisory Board, Andrew Richards, in addition to Gerhard Roggemann (Vice Chairman of the Supervisory Board) and Philipp Möller.

Separate and consolidated financial statements endorsed

Prior to recommending KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Frankfurt am Main, for election as auditors for financial year 2015/2016 to shareholders at the Annual Meeting, the Supervisory Board requested and received an independence statement from KPMG. Subsequent to the 2016 Annual Meeting, at which our recommendation was adopted, the Chairman of the Supervisory Board commissioned KPMG with the audit. The auditors were required to immediately report all major findings and occurrences to us that might come to light during the audit. At a meeting of the Audit Committee on 10 August 2016, the auditors presented their audit plan.

KPMG audited the separate financial statements of Deutsche Beteiligungs AG for financial year 2015/2016 and the combined management report on Deutsche Beteiligungs AG and the Group, including the underlying accounting, and endorsed them with an unqualified certificate. The same applies to the consolidated financial statements for financial year 2015/2016. The consolidated financial statements were drawn up in conformity with the International Financial Reporting Standards (IFRS). The auditors confirmed that the consolidated financial statements comply with the IFRS, as adopted by the European Union, and the additional requirements of German commercial law pursuant to § 315a (1) of the German Commercial Code (Handelsgesetzbuch – HGB) and that the consolidated financial statements in their entirety present a true and fair view of the position of the Group as well as the opportunities and risks involved in its future development.

The Supervisory Board received the audited and certified financial statements of Deutsche Beteiligungs AG for the year ended 30 September 2016 and the combined management report on the state of Deutsche Beteiligungs AG and the Group in due time, reviewed them in conjunction with the report of the Chairman of the Audit Committee and the auditors, and discussed these documents in detail with the Board of Management in the presence of the auditors. The same applies to the consolidated financial statements as well as to the recommendation for the appropriation of profits.

The auditors explained the findings gathered within the scope of the pre-audit at our meeting on 27 October 2016. At our meeting of 14 December 2016 as well as the meeting of the Audit Committee on the same day, the auditors reported on the results of their audit. There were no grounds for objections. The auditors also reported on the services they rendered in addition to performing the audit. The auditors provided detailed answers to our inquiries. After its own in-depth review of all documents, the Supervisory Board found no grounds for objection. We approved the results of the audit. On 14 December 2016, we followed the Audit Committee's recommendation and approved the consolidated financial statements and adopted the separate financial statements of Deutsche Beteiligungs AG.

The Supervisory Board reviewed the Board of Management's recommendation on the appropriation of the retained profit. After its review, the Supervisory Board agreed to the Board of Management's recommendation to distribute the sum of 18.1 million euros to shareholders and carry forward the residual retained profit of 37.6 million euros to new account.

This past financial year, DBAG has set the course for future growth in both of its business lines: the successful corporate actions show how highly regarded DBAG is among equity investors and investors in closed-end private equity funds. The outstanding achievements, however, are also the result of dedicated work. The Supervisory Board wishes to express its greatest appreciation and special thanks to the Board of Management and all staff who contributed with maximum effort and commitment to that performance this year again.

Frankfurt am Main, 14 December 2016

Andrew Richards
Chairman of the Supervisory Board

CORPORATE GOVERNANCE REPORT

Corporate governance refers to the way a company is responsibly managed and overseen. The Supervisory Board and the Board of Management acknowledge and endorse the principles of good corporate governance. We have therefore set out the central values and guiding principles of our Company in a Code of Conduct. Our intention is to give every member of our staff a set of fundamental rules and to communicate to our business partners and investors that our dealings are firmly rooted in ethical principles and that we will always interact fairly in good partnership. Our guiding principles also encompass the avoidance of conflicts of interest and acknowledgement of our social responsibility. We act politically neutral, but support social projects and commit to fair competition.

Our Corporate Governance Statement sets out the basic principles behind the conduct of our business; it is published on the Internet and is accessible there together with this report.

Consistent with the recommendation of the German Corporate Governance Code, the following is a combined report by the Supervisory Board and the Board of Management on the corporate governance practised at Deutsche Beteiligungs AG. Further information can be found in the Corporate Governance Statement and the Report of the Supervisory Board (see page 179ff.); the information contained therein is an integral part of our combined Corporate Governance Report. We will refer to other sections of this Annual Report on particular issues, if appropriate.

Compliance: Employees, transaction process, portfolio companies

Compliance by the management and staff with all legal requirements applicable to Deutsche Beteiligungs AG and its subsidiaries and with all internal rules has long been a company objective and an integral part of our corporate culture. However, as a private equity firm, that objective extends not just to our own Company. DBAG also endorses the installation and ongoing development of compliance schemes at current and future portfolio companies. The compliance system of DBAG therefore consists of three components:

- compliance by DBAG staff,
- compliance in the transaction process,
- compliance at portfolio companies.

A Compliance Manager oversees adherence by **DBAG STAFF** to the Code of Conduct and the rules set out in the Compliance Guideline. He is independent in his role and reports directly to the Spokesman of the Board of Management; he reports to the complete Board of Management four times a year. The Compliance Guideline sets out the rules for receiving and giving gifts, for hospitality and invitations to events, for example.

DBAG acts as a responsible investor. Compliance aspects have therefore also been integrated into the **TRANSACTION PROCESS**, specifically in the due diligence process and in purchase agreements. An examination of compliance issues is an integral part of every due diligence process. The basis for this is a questionnaire which, depending on the situation, can be integrated into the due diligence process in collaboration with the legal consultant for the transaction or with the assistance of a specialised compliance adviser, who may be commissioned additionally, if required. To minimise the liability risk for DBAG in compliance issues, warranty clauses to that effect will be included in every purchase agreement for a portfolio company.

DBAG employees who hold offices on a supervisory board or an advisory council at a **PORTFOLIO COMPANY** or act on behalf of a shareowner of a portfolio company are required to firmly endorse the introduction or ongoing development of a compliance system within the portfolio company. The DBAG Compliance Standard for Portfolio Companies serves as guidance. Nearly all our portfolio companies have introduced a compliance system or are in the process of developing and launching such a system.

Composition of the Supervisory Board: Operability is key objective

The German Corporate Governance Code recommends that the Supervisory Board specify concrete objectives regarding its composition and report on these and on their implementation.

The Supervisory Board of DBAG consists of six members elected by shareholders at the Annual Meeting. The key objective in its composition is the Supervisory Board's operability; this objective is best addressed when the majority of its members are independent and not exposed to conflicts of interest, and when its members are broadly experienced in the multifaceted operations of DBAG and have expert knowledge of applicable accounting principles. The Supervisory Board is of the opinion that the majority – or four – of its members should be independent, and the Chairperson of the Supervisory Board should be one of them.

The current composition of the Supervisory Board reflects this objective.

The members of the Supervisory Board do not have business or personal relationships to the Company or its Boards, or to a controlling shareholder or a company with which that shareholder is affiliated, which could constitute a significant and not merely temporary conflict of interest. Should, contrary to expectations, conflicts of interest arise in individual instances, these are disclosed and dealt with appropriately by the Supervisory Board. The members of the Supervisory Board bring with them a wide range of professional and personal experience, including management responsibility abroad or in international companies in Germany. The members of the Supervisory Board in their entirety are very familiar with the sector in which DBAG operates.

The age limit of 72, moreover, means that the Company can benefit as much as possible from these skills on the one hand; on the other hand, an age limit is conducive to introducing changes in the Board's composition. Also promotive of that is the regular limitation of the term of office for Supervisory Board members for a maximum of three full terms, in addition to any partial term of office, insofar as that election to the Supervisory Board took place at a different time to the regularly recurring general elections. The specified target for the proportion of female members on the Supervisory Board ("at least one woman") on which we have reported in the Corporate Governance Statement has been reached. Within the context of preparing for the regular election of all six members to the Supervisory Board at the Annual Meeting in February 2016, the Supervisory Board satisfied itself that the candidates were in a position to devote the required amount of time to their prospective offices.

Independence of corporate bodies: No conflicts of interest

Conflicts of interest on the part of members of the Board of Management and the Supervisory Board requiring immediate disclosure to the Supervisory Board did not come to our attention.

Principle of equal treatment: Timely information to all interested parties

The principle of directing information on an event promptly and simultaneously to all interested parties ranks high in our communication policy. All major reports, announcements and presentations are accessible on the Internet synchronously with the respective event. The key presentations we prepare for meetings with investors can also be viewed on our website. Any interested individual can take note of the dates and locations of road shows and investors' conferences that we attend.

Our complete Annual Meeting is webcast live on the Internet. Shareholders may elect to exercise their voting rights personally or through a proxy of their choice or through a proxy appointed by the Company, who is bound by their directives. Postal voting is also possible. All documents and information on the Annual Meeting are accessible in German and in English on our website.

Remuneration: For the Board of Management, linked to corporate performance

The remuneration paid to the Board of Management is composed of fixed and performance-related components, most of which have a long-term incentive. We issue an individualised statement of emoluments paid to the members of the Board of Management. Shareholders at the 2011 Annual Meeting approved the remuneration scheme with a vote of approximately 92 percent.

The remuneration paid to Supervisory Board members is solely composed of a fixed fee.

Details on the remuneration for the members of the Board of Management and the Supervisory Board are presented in the remuneration report (see pages 186 to 189).

Strict rules on share ownership

Apart from participating in the annual employee stock ownership plan (see page 81), members of the staff and the corporate bodies may only purchase shares in Deutsche Beteiligungs AG within a limited frame. Shares may only be purchased or sold during specified periods of time and exclusively after receiving approval for each transaction. Trading periods start on the day after publication of (when indicated, also preliminary) quarterly or annual financial reports and end at the following quarterly reporting date. In the event that these trading periods overlap with the statutory prohibition of trading for individuals in leadership positions ("directors' dealings"), the trading period for DBAG staff will also be curtailed correspondingly.

Based on the nature of our business operations, there are further rules that apply to trading in securities for DBAG staff. Irrespective of the trading restrictions for DBAG shares, it is not permitted for members of the staff to deal in shares of portfolio companies of Deutsche Beteiligungs AG, or of companies undergoing the due diligence process or whose portfolio contains companies in which we are considering an investment.

Reportable securities transactions ("directors' dealings")

The members of the Board of Management and the Supervisory Board of DBAG as well as related parties are required to report transactions in DBAG shares and related financial instruments.

Reporting individual	Corporate body	Date of transaction	Transaction	Number of shares	Price €
Susanne Zeidler	Board of Management	20 Sept. 2016	Purchase	5,000	29.65

At 30 September 2016, the members of the Board of Management held a total of 39,613 no-par value shares and members of the Supervisory Board a total of 4,000 no-par value shares, or less than one percent of the subscribed capital of Deutsche Beteiligungs AG.

Declaration of Conformity pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz – AktG)

The Board of Management and the Supervisory Board declare that, since issuance of the last Declaration of Conformity, Deutsche Beteiligungs AG has complied with the recommendations of the German Corporate Governance Code as amended on 5 May 2015 in their entirety and will continue to follow all of the recommendations in the Code.

We have, moreover, followed all of the suggestions in the Code and will continue to do so in the future.

Frankfurt am Main, October 2016

Deutsche Beteiligungs AG

The Board of Management The Supervisory Board

REMUNERATION REPORT

The remuneration report summarises the principles applied in fixing the remuneration for the members of the Board of Management and the Supervisory Board of Deutsche Beteiligungs AG. It presents the structure and amount of remuneration paid to the members of the Board of Management and the Supervisory Board. The remuneration report is an integral constituent of the combined management report.

Management remuneration: Geared to assignment, personal and company performance

The remuneration framework for the members of the Board of Management depicted in the following was approved by shareholders at the 2011 Annual Meeting; it has not changed materially since then. Total remuneration for the members of the Board of Management consists of

- a fixed annual salary,
- one-year variable remuneration,
- multi-year variable remuneration,
- fringe benefits, and
- where applicable, pension benefits.

Criteria for the appropriateness of remuneration levels are, in particular, the responsibilities of the respective Board of Management member, his/her personal performance, and the economic position, performance and prospects of DBAG. To that end, the structure and level of schemes common to the private equity industry, which are required to attract and retain qualified key personnel, are considered.

Insofar as the members of the Board of Management receive emoluments for offices held in other companies, these are transferred to DBAG. A severance pay cap is provided for in the service contracts of all Board of Management members. The D&O (directors' and officers') liability insurance which the Company has taken out contains a deductible for the Board of Management members. No advances or loans have been granted to them.

NON-PERFORMANCE-LINKED REMUNERATION consists of a fixed base salary paid on a monthly basis and fringe benefits. Fringe benefits largely pertain to the amounts based on applicable tax rules for the use of a company car.

ONE-YEAR VARIABLE REMUNERATION is linked to the personal performance of the Board of Management members over the past financial year and can reach a maximum of half the fixed base salary. Personal performance is determined by the Supervisory Board at its equitable discretion.

MULTI-YEAR VARIABLE REMUNERATION is based on the Company's performance over the reference period. It comprises the reporting year and the two prior financial years. The Supervisory Board determines the Company's performance based on the return on equity. Eligibility for this component starts when the return reaches a minimum of the average cost of equity over a three-year period; the maximum amount of remuneration falls due at a return on equity of 20 percent.

In its meeting on 19 October 2016, the Executive Committee of the Supervisory Board discussed the amount of both variable remuneration components for financial year 2015/2016 and recommended them to the Supervisory Board. The Supervisory Board approved the recommendation and fixed the variable remuneration for the Board of Management at a total of 1,360 thousand euros. Of that amount, 785 thousand euros are attributable to one-year variable remuneration and represent the maximum amount possible for each Board of Management member. The multi-year variable remuneration was fixed uniformly at approximately 73 percent of the maximum amount possible and totals 575 thousand euros.

Allowing the investment team to share in the long-term **PERFORMANCE OF INVESTMENTS** is standard in the private equity industry. To that end, the profit effects of a pool of investments made over a specific investment period are considered. This procedure therefore also reflects downside developments. In the past years, the design of these variable components for Board of Management members who are concurrently members of the investment team was adapted in conformity with the changed practice in our industry. Currently, there are two models in place that are only relevant with a view to the small number of investments in the portfolio that were entered into prior to 2007:

- The profit-sharing scheme for investments entered into up to 31 December 2000 is geared to the return on equity of DBAG. Profit-sharing awards are only granted if the return on equity for the reporting year exceeds the mark of 15 percent before taxes and bonuses. The computation base of equity relates exclusively to these investments. The remuneration for 2015/2016 is based on the profit distributions of the relevant investments in JCK Holding and Grohmann.
- For investments made from 2001 to 2006, profit-sharing awards are granted beginning at a minimum return on the investments of eight percent annually after calculatory costs of two percent. They are exclusively paid from realised profits. Two-thirds of these entitlements are paid after the close of the respective financial year. Entitlement to the remaining one-third is subject to a final review after the disinvestment phase of all investments involved has been completed, and is paid out in the amount of the remaining final entitlement.

There are no comparable components of this kind for co-investments entered into since 2007, i.e., the commencement of the investment period of DBAG Fund V. The Board of Management members who are also members of the investment team have since then been sharing in the performance of these investments through a private co-investment. This is detailed in note 39 to the consolidated financial statements "Information based on IAS 24, carried interest investments by key management staff".

PENSION COMMITMENTS to members of the Board of Management are based on two models. Commitments to Board of Management members initially appointed to the Board up to 1 January 2001 for the first time provide for defined annual pension benefits. Members appointed later to the Board participate in a contribution plan. This plan is also applicable to other staff of Deutsche Beteiligungs AG; it has been closed to employees exempt from collective agreements and members of the corporate bodies since the beginning of financial year 2004/2005. Board of Management members appointed for the first time to the Board since then do not receive defined pension benefits; this is applicable for Ms Zeidler.

Pension arrangements for Torsten Grede provide for defined annual pension benefits; they amount to 87 thousand euros. At 30 September 2016, the present value of this pension obligation was 2,265 thousand euros (30 September 2015: 1,475 thousand euros). Dr Rolf Scheffels participates in a contribution plan: for each year of service, a one-time pension contribution is paid that is measured by a percentage of the fixed salary for that year. The annual retirement benefit component amounts to 0.75 percent of these emoluments, and six percent on those parts of the emoluments exceeding the income threshold set by the state pension plan, each multiplied by an age factor that decreases with increasing age. The accrued pension capital for Dr Scheffels is capped at a contribution that corresponds to an annual pension entitlement of 87 thousand euros. At 30 September 2016, the cap did not have an effect. The present value of pension commitments to Dr Scheffels at 30 September 2016 amounted to 1,399 thousand euros (previous year: 1,183 thousand euros).

The **REMUNERATION GRANTED** to Board of Management members in financial year 2015/2016 totalled 3,126 thousand euros (previous year: 2.808 thousand euros); of that amount, 143 thousand euros are attributable to pension expenses (previous year: 107 thousand euros).

Remuneration granted	Torsten Grede Spokesman of the Board of Management				Dr Rolf Scheffels Member of the Board of Management				Susanne Zeidler Chief Financial Officer			
€'000	2014/ 2015 (11 mos)	2015/2016 (12 mos)			2014/ 2015 (11 mos)	2015/2016 (12 mos)			2014/ 2015 (11 mos)	2015/2016 (12 mos)		
			min.	max.			min.	max.			min.	max.
Fixed salary (not linked to performance)	513	560	560	560	513	560	560	560	413	450	450	450
Fringe benefits	11	12	12	12	12	13	13	13	15	16	16	16
Total	**524**	**572**	**572**	**572**	**525**	**573**	**573**	**573**	**427**	**466**	**466**	**466**
Performance-linked component (one-year variable remuneration)	257	280	0	280	257	280	0	280	206	225	0	225
Component with long-term incentive effects (multi-year variable remuneration)												
Bonus for Company's long-term performance	107	205	0	280	107	205	0	280	86	165	0	225
Profit-sharing up to 2000	14	6	0	840	14	6	0	840	0	0	0	0
Profit-sharing 2001 to 2006	110	0	0	840	66	0	0	840	0	0	0	0
Total	**1,012**	**1,063**	**572**	**2,812**	**969**	**1,064**	**573**	**2,813**	**720**	**856**	**466**	**916**
Pension service costs	57	85	85	85	50	58	58	58	0	0	0	0
Total remuneration	**1,069**	**1,148**	**657**	**2,897**	**1,019**	**1,122**	**631**	**2,871**	**720**	**856**	**466**	**916**

Follow-on remuneration to former Board of Management members arising from performance-linked profit-sharing schemes for older investments (investments agreed up to 31 December 2000 or entered into from 2001 to 2006) amounted to seven thousand euros (previous year: 193 thousand euros).

The following disbursals were paid out to the members of the Board of Management

Remuneration disbursed	Torsten Grede Spokesman of the Board of Management		Dr Rolf Scheffels Member of the Board of Management		Susanne Zeidler Chief Financial Officer	
€'000	2015/ 2016	2014/ 2015 (11 mos)	2015/ 2016	2014/ 2015 (11 mos)	2015/ 2016	2014/ 2015 (11 mos)
Fixed salary (not linked to performance)	560	513	560	513	450	413
Fringe benefits	12	11	13	12	16	15
Total	**572**	**524**	**573**	**525**	**466**	**427**
Performance-linked component (one-year variable remuneration)	280	257	280	257	225	206
Component with long-term incentive effects (multi-year variable remuneration)						
Bonus for Company's long-term performance[1]	205	107	205	107	165	86
Profit-sharing up to 2000	17	503	14	503	0	0
Profit-sharing 2001 to 2006	73	155	44	93	0	0
Other	0	0	0	0	0	0
Total	**1,147**	**1,546**	**1,116**	**1,485**	**856**	**719**
Pension service costs	85	57	58	50	0	0
Total remuneration	**1,232**	**1,603**	**1,174**	**1,535**	**856**	**719**

1 The previous year's amounts were adjusted pursuant to a clarification of the rules on disclosure of the Board of Management's remuneration in the German Corporate Governance Code.

This past financial year, the sum of 923 thousand euros (previous year: 843 thousand euros) was paid to former Board of Management members or their surviving dependents. The present value of pension obligations to former Board of Management members or surviving dependents totalled 26,198 thousand euros at the end of the reporting period (previous year: 22,074 thousand euros).

Supervisory Board compensation: Two components

The remuneration for members of the Supervisory Board is geared to the resolution passed by shareholders at the Annual Meeting on 26 March 2013 and consists of two components: an annual fixed fee of 50 thousand euros and bonuses for the Chair, Vice Chair and committee membership. The Chairperson of the Supervisory Board receives a maximum of twice the fixed fee, irrespective of his/her membership on various committees. The Vice Chairperson of the Supervisory Board and the Chairperson of the Audit Committee receive a maximum of one and a half times the fixed fee. Membership on the Executive Committee is compensated by one-quarter of the fixed fee.

Remuneration paid to members of the Supervisory Board totalled 388 thousand euros in financial year 2015/2016 (previous year: 355 thousand euros).

€'000	Fixed fee	Bonus	**Total**
Andrew Richards (Chairman)	50	50	100
Sonja Edeler (since 25 February 2016)	30		30
Roland Frobel (until 25 February 2016)	20		20
Wilken Freiherr von Hodenberg	50		50
Philipp Möller	50	13	63
Dr Hendrik Otto	50		50
Gerhard Roggemann (Vice Chairman)	50	25	75
Total	**300**	**88**	**388**

In financial year 2015/2016, members of the Supervisory Board did not receive fees for consultancy services.

TAKEOVER-RELATED DISCLOSURES (§ 289 (4) AND § 315 (4) GERMAN COMMERCIAL CODE – HGB)

The takeover-related disclosures are an integral constituent of the combined management report.

At 30 September 2016, the share capital of Deutsche Beteiligungs AG amounted to 53,386,664.43 euros. It is denominated into 15,043,994 no-par value registered shares with an arithmetic nominal amount of 3.55 euros (rounded). There is only one class of shares. All shares carry the same rights and obligations. In conformity with § 67 (2) German Stock Corporation Act (Aktiengesetz – AktG), only shareholders who are listed in the share register are considered shareholders in the Company. With the exception of any possible own shares on which the Company is not entitled to exercise rights, each no-par value share carries one vote. The right to vote begins when the shares are paid in full. Rights and obligations attached to the shares ensue from the statutory provisions, in particular §§ 12, 53ff., 118ff., and 186 German Stock Corporation Act (AktG).

In April 2015, the Company was notified in accordance with § 21 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that 19.93 percent of the voting rights were held directly by Rossmann Beteiligungs GmbH, Burgwedel, Germany. A decontrol agreement has existed between DBAG and this company since March 2013, which has a term of five years. According to the agreement, Rossmann Beteiligungs GmbH undertakes to exercise, for resolutions concerning the election or dismissal of Supervisory Board members, the voting rights attached to shares in DBAG attributable to the Rossmann group as a whole, now and in the future, within a scope of no more than 45 percent of the voting capital present at an Annual Meeting. The Board of Management knows of no other restrictions relating to voting rights or the vesting of shares.

In accordance with the Articles of Association of DBAG, the Board of Management consists of at least two individuals. Appointments of members to the Board of Management require a simple majority of the votes cast by the Supervisory Board members. In the event of an equality of votes, the Chairman has the casting vote (§ 11 (4) of the Articles of Association). The Supervisory Board may exempt all or individual members of the Board of Management, in general or in individual cases, from the restrictions in § 181 German Civil Code (Bürgerliches Gesetzbuch – BGB). To date, no use has been made of these provisions.

Amendments to the Articles of Association may be adopted pursuant to the provisions of §§ 179, 133 of the German Stock Corporation Act (AktG) and to § 5 (3) and (4) and § 17 of the Articles of Association. The Supervisory Board may adopt amendments to the Articles of Association that relate merely to the wording. The Articles of Association provide that resolutions at the Annual Meeting shall be adopted with a simple majority of the votes in principle, or insofar as a majority of the share capital is required, by a simple majority of the share capital, except where the law or the Articles of Association demand otherwise.

At the Annual Meeting on 25 February 2016, the Board of Management was authorised, in accordance with § 71 (1) no. 8 German Stock Corporation Act (AktG), to purchase own shares of up to ten percent of the share capital existing at the time of the Annual Meeting (48,533,334.20 euros) up to and including 24 February 2021. The Board of Management may choose to acquire shares via the stock exchange or via a tender offer to all shareholders or an invitation to submit such a tender.

The Board of Management is authorised, subject to consent by the Supervisory Board, to resell own shares, for example, as consideration in conjunction with corporate acquisitions or mergers or acquisitions of investments in enterprises under exclusion of shareholders' subscription rights in other ways than via the stock exchange or by a public offer to all shareholders. In the past financial year, the Board of Management did not make use of these authorisations.

Pursuant to the resolution adopted at the Annual Meeting on 24 March 2015, the Board of Management was authorised, with the consent of the Supervisory Board, to raise the share capital until 23 March 2020 by up to a total of 12,133,330.89 euros (Authorised Capital 2015) through one or several issues of new registered no-par shares in exchange for cash and/or non-cash contributions. Shareholders shall principally be granted subscription rights. The Board of Management is, however, authorised to exclude shareholders' subscription rights in certain instances and within a certain capital range. Partial use was made of this authorisation in September 2016 by way of a capital increase through issuance of 1,367,635 new no-par value shares from Authorised Capital 2015 in exchange for cash and under exclusion of shareholders' subscription rights; the share capital was increased by 4,853,330.23 euros and gross issue proceeds of 38.6 million euros were achieved. Following the partial use of this authorisation, the remaining Authorised Capital 2015 amounts to 7,280,000.66 euros.

In conjunction with the authorisation adopted at the Annual Meeting on 24 March 2015 concerning the issuance of warrant-linked bonds and/or convertible bonds for a total of up to 110,000,000.00 euros until 23 March 2020 with the option of excluding shareholders' subscription rights in certain instances and within a certain capital range, the share capital of the Company may be conditionally raised by up to 12,133,330.89 euros through the issuance of 3,419,089 euros new registered shares (Conditional Capital 2015/I). The conditional capital increase will only be executed insofar as holders or creditors of warrant-linked bonds and/or convertible bonds exercise their option or conversion rights or fulfil their conversion obligation, or to the extent that the Company exercises its right of choice to service the entitlements by delivering shares in the Company instead of a cash settlement. In the past financial year, the Board of Management did not make use of this authorisation.

These authorisations are detailed in the respective resolutions passed at the Annual Meetings mentioned above. Information on Authorised and Conditional Capital and on repurchases of own shares can also be found in the notes to the consolidated financial statements in section "Notes to the consolidated statement of financial position".

The members of the Board of Management do not have a special right to terminate their service contracts in the event of a change of control at Deutsche Beteiligungs AG. In this event, they are also not entitled to severance payments based on compensation agreements.

GLOSSARY

B

Bridge-over financings Interim financing for the acquisition of a new investment. Occasionally, DBAG initially uses proprietary capital when making an acquisition to bridge the time until the acquisition financing can be secured. When this is arranged after completion of a transaction, it replaces part of the capital employed, which is then returned to the investors.

Buyout fund A private equity fund focused on > MBOs.

C

Capital management company (Kapitalverwaltungsgesellschaft – KVG) Company with its registered office and headquarters in Germany whose business operations are aimed at managing domestic investment assets, EU investment assets or foreign alternative investment funds. Only one capital management company can be responsible for each investment fund category, which is also answerable for compliance with the rules of the German Capital Investment Code (KAGB). DBAG is a registered capital management company under the KAGB.

Carbon Disclosure Project (CDP) Non-profit organisation whose objective is worldwide transparency regarding environmental data. Within the scope of the CDP, DBAG issues detailed annual reports on its greenhouse gas emissions.

Carried interest Disproportionate profit share on the part of investment managers in the performance of a managed or advised fund, if certain conditions (realisation of the investors' invested capital plus a minimum return of eight percent) are met.

Co-investment DBAG invests in portfolio companies alongside the DBAG funds. The ratio of DBAG's co-investment and the other investors in a fund is fixed for the fund's entire term; DBAG holds a minority interest in the respective investment.

Cost of equity Calculatory return on the equity employed. Similar to providers of borrowings, equity providers (shareholders) expect a return on their invested capital. This is usually achieved through share price increases and distributions. The cost of equity can be determined by various models and generally exceeds that for borrowings, since equity capital entails greater risk. DBAG uses the capital asset pricing model (CAPM) to determine the cost of equity. For this method, a company-specific risk premium calculated using a mathematical formula is added to a risk-free interest rate.

D

DBAG ECF Short for DBAG Expansion Capital Fund, which is managed by DBAG and alongside which DBAG co-invests in growth financings.

DBAG funds Funds that are managed and/or advised by Deutsche Beteiligungs AG, alongside which DBAG co-invests. The principle: investors commit a certain amount of capital that is drawn down stepwise as soon as suitable investment opportunities arise. Upon an investment's ultimate disposal, the proceeds are distributed to the investors.

Deal flow Investment opportunities available to an investment company such as DBAG.

Deal sourcing The process of seeking and selecting potential portfolio companies.

Discounted cash flow method Procedure used to measure the value of an enterprise, determined by the sum of discounted cash flows expected in the future. Discounting is performed using an interest rate for a long-term risk-free investment plus a risk premium.

Due diligence Systematic and detailed collection, investigation and analysis of data on a target company preceding a commitment to invest. The purpose is to determine the strengths and weaknesses of that company as well as the risks involved.

E

ESG Short for "Environmental, Social and Governance". DBAG regularly reports on these aspects.

Exit Disposal of an investment from a financial investor's portfolio. Principally, there are three exit routes: trade sale (sale to a company), initial public offering (stock market listing) or secondary buyout (sale to another financial investor). DBAG considers all three variants in realising its investments.

Expansion financing Minority stake in a company – the majority remains with the past owner. Both early-stage and established companies may seek expansion capital to finance their next phase of growth. More information: http://www.dbag.de/expansion-capital-investment.

F

Fair value The current amount for which an investment could be exchanged between knowledgeable, willing and independent parties. According to > IFRS accounting rules, financial assets such as corporate investments are to be valued based on this concept.

G

German Corporate Governance Code Lists key statutory rules and regulations on the management and oversight of German listed companies and contains internationally and nationally recognised standards of good responsible corporate governance by way of recommendations and suggestions.

German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB) Legal framework for managers of open and closed-end funds.

German Special Investment Company Act (Gesetz über Unternehmensbeteiligungsgesellschaften – UBGG) In 1985, Deutsche Beteiligungs AG was the first firm to be recognised as a special investment company. This law, for example, exempts companies – subject to certain conditions – from municipal trade tax and is aimed at creating indirect access to the capital market for mid-sized companies.

I

IFRS Short for "International Financial Reporting Standards" (formerly IAS). Accounting rules that have been obligatory for the consolidated accounting of listed companies in the European Union since 2005.

Investment entity (as in IFRS 10) According to the pronouncement by the International Accounting Standards Board (IASB), a company which, by definition, is an investment entity must not consolidate its subsidiaries, but must carry them at fair value through profit or loss. Subsidiaries that provide services related to the investment activities of the parent company are required to be consolidated. As a parent company, DBAG meets the typical characteristics of an investment entity in terms of IFRS 10.

IRR Short for "Internal Rate of Return". Financial mathematic method of determining the return on an investment.

J

Joint venture A specific cooperative arrangement in which two or more parties establish a legally independent business in which each of the participants has a right to net assets. The parties jointly bear the financial risk of the investment and jointly exercise control over the enterprise.

M

M&A Short for "mergers and acquisitions". General term for such transactions in the corporate sector.

Management buyout (MBO) The takeover of a company by its management with the support of one or more financial investors who largely finance the transaction and assume the majority of the voting rights or share capital.

Mezzanine capital Hybrid capital ranking between voting capital and first lien debt.

Mid-market segment The market for investment transactions is divided into three segments: transactions with a value of less than 50 million euros are considered "small"; the mid-market segment comprises transactions valued from 50 to 300 million euros; transactions with a value of more than 300 million euros form the upper market segment.

Multiples method Procedure used to value an enterprise. Expressed as the product of an indicator (e.g. earnings) and a multiple derived from current market prices. That multiple is based on the quotient of the market prices for a group of similar companies and their respective performance indicators.

N

Net asset value Sum of the portfolio's fair value at the valuation date, less minority interest in the co-investment vehicles (primarily carried interest), other assets/liabilities of these vehicles (such as capital drawn down, but not yet invested), other non-current assets and financial resources, less (any) bank liabilities.

P

Peer group A group of companies similar in terms of industry, structure, products and revenues, used for comparison purposes.

Portfolio All of the investments of DBAG.

R

Rating Method of measuring the creditworthiness or credit quality of debt issuers or securities. Credit ratings are usually issued by credit rating agencies.

Recapitalisation Replaces part of the relatively expensive equity tied in a company by lower-cost debt. The aim is to optimise the capital structure. The free funds are then distributed to the shareowners.

Refinancing For transactions in the corporate sector, an existing loan is substituted for a new loan. For example, in an acquisition a shareholder loan can be replaced – or refinanced – by acquisition financing.

Return on equity per share Key target and performance indicator of DBAG. The closing return on equity per share at the end of the financial year is set against the opening equity per share at the beginning of the financial year, less the dividend paid in the course of that year.

S

Secondary buyout An investment that is sold by a financial investor to another financial investor.

Structured entity Term used in the IFRS. An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

T

Top-up fund Will invest together with the principal fund DBAG Fund VII in larger transactions (investment amounts that exceed ten percent of the assets of DBAG Fund VII).

U

Unitranche A type of credit facility in which first-lien and second-lien components are combined in one tranche.

Information for shareholders

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Forward-looking statements

This report contains forward-looking statements related to the prospects and progress of Deutsche Beteiligungs AG. These statements reflect the current views of the management of Deutsche Beteiligungs AG and are based on projections, estimates and expectations. Our assumptions are subject to risks and uncertainties, and actual results may vary materially. Although we believe these forward-looking statements to be realistic, there can be no guarantee.

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As at 14 December 2016

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Disclaimer

The amounts in this Annual Report are generally presented in thousands and millions of euros. Rounding differences can occur between the amounts presented and their exact value; these, of course, are not of a significant nature.

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TEN-YEAR FINANCIAL SUMMARY

€mn	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013[6]	2013/2014	2014/2015	2015/2016
									11 months	
Development of portfolio and value										
New investment in the portfolio	40	14	4	8	9	22	42	20	71	33
"Portfolio value" (at reporting date)[1]	189	127	123	118	84	143	173	153	256	303
Number of investments (at reporting date)	30	21	19	17	16	18	20	19	24	25
Earnings position										
Segment net income Private Equity Investments								40.4	24.9	53.1
Segment net income Fund Investment Services								8.0	2.2	(3.0)
Net income	136.5	(51.1)	19.6	34.1	(16.6)	44.5	32.3	48.0	27.0	50.2
Retained profit	118.2	29.2	52.6	73.1	37.3	70.8	86.7	117.7	117.4	153.9
Liquidity position										
Cash flows from operating activities	(2.6)	3.0	(3.5)	(12.8)	0.9	(9.6)	(12.0)	0.0	7.2	1.1
Cash flows from investing activities	65.4	11.2	28.8	36.3	34.1	(17.8)	18.7	67.9	(61.6)	(3.4)
thereof proceeds from disposals of financial assets and loans and receivables	106.1	25.7	33.0	44.5	43.6	3.8	60.4	90.6	30.9	47.2
thereof purchase of financial assets and loans and receivables	(40.7)	(14.5)	(4.3)	(8.2)	(9.4)	(21.6)	(41.7)	(22.7)	(92.5)	(50.7)
Cash flows from financing activities	(71.4)	(57.3)	(5.5)	(13.7)	(19.1)	(10.9)	(16.4)	(16.4)	(27.4)	23.5
Change in cash funds[2]	(9.0)	(50.5)	10.6	(70.9)	14.9	(38.8)	(9.8)	50.8	(82.4)	37.8
Asset position										
Non-current assets	211.3	147.2	161.2	244.3	228.6	238.7	233.6	246.3	278.6	331.8
thereof long-term securities	0.0	0.0	14.5	102.9	123.1	83.0	50.5	81.0	26.4	21.3
Current assets	183.0	125.1	127.1	71.8	51.3	59.5	77.1	86.3	48.6	72.8
thereof cash and short-term securities	155.8	105.2	109.5	37.8	32.5	27.8	47.8	59.8	32.0	57.3
Equity	353.6	244.8	256.8	273.9	238.9	266.2	278.4	303.0	303.1	369.6
Liabilities	40.8	27.4	31.5	42.2	41.0	32.8	32.2	29.6	24.1	35.0
Total assets	394.4	272.3	288.3	316.1	279.9	299.0	310.7	332.6	327.2	404.6
Key indicators										
Return on equity per share after taxes[3] *(%)*	56.2	(17.5)	7.3	12.7	(6.2)	16.7	11.5	15.9	10.0	16.0
Equity as a percentage of total assets *(%)*	89.7	89.9	89.1	86.7	85.3	89.0	89.6	91.1	92.6	91.3
Information on shares[4]										
Earnings per share *(€)*	9.20	(3.73)	1.44	2.50	(1.22)	3.25	2.36	3.51	1.98	3.65
Equity per share *(€)*	25.09	17.90	18.77	20.03	17.47	19.46	20.36	22.16	22.16	24.57
Dividend per share (€; 2015/2016: recommended)	3.50	0.40	1.00	1.40	0.80	1.20	1.20	2.00	1.00	1.20
thereof surplus dividend/bonus per share (€; 2015/2016: recommended)	2.50	–	0.60	1.00	0.40	0.80	0.80	1.60	0.50	-
Total amount distributed[5] (2015/2016: recommended)	47.9	5.5	13.7	19.1	10.9	16.4	16.4	27.4	13.7	18.1
Number of shares (end of FY)	14,403,864	13,676,359	13,676,359	13,676,359	13,676,359	13,676,359	13,676,359	13,676,359	13,676,359	15,043,994
thereof held by the Company	313,367									
Share price (€; end of FY)	24.10	10.45	15.55	20.79	15.50	19.49	19.36	21.83	24.90	29.57
Market capitalisation (end of FY)	347.1	142.9	212.7	284.3	212.0	266.6	264.8	298.6	340.5	444.9
Number of employees	47	48	49	51	53	54	55	56	62	63

The table above contains data as originally reported in the respective annual consolidated financial statements.

1 Without interests in shelf companies and companies that are mainly attributable to third parties
2 Cash as well as short and long-term securities
3 Change in equity per share relative to opening equity per share at beginning of reporting period, less dividends per share
4 Partly adjusted; earnings and cash flow per share relative to weighted average number of shares outstanding
5 Relates to respective financial year
6 Data restated based on change in accounting (IFRS 10)

TEN-YEAR FINANCIAL SUM

€mn
Development of portfolio and value
New investment in the portfolio
"Portfolio value" (at reporting date)[1]
Number of investments (at reporting date)
Earnings position
Segment net income Private Equity Investments
Segment net income Fund Investment Services
Net income
Retained profit
Liquidity position
Cash flows from operating activities
Cash flows from investing activities
thereof proceeds from disposals of financial assets and loans and rec
thereof purchase of financial assets and loans and receivables
Cash flows from financing activities
Change in cash funds[2]
Asset position
Non-current assets
thereof long-term securities
Current assets
thereof cash and short-term securities
Equity
Liabilities
Total assets
Key indicators
Return on equity per share after taxes[3] *(%)*
Equity as a percentage of total assets *(%)*
Information on shares[4]
Earnings per share *(€)*
Equity per share *(€)*
Dividend per share (€; 2015/2016: recommended)
thereof surplus dividend/bonus per share (€; 2015/2016: recomm
Total amount distributed[5] (2015/2016: recommended)
Number of shares (end of FY)
thereof held by the Company
Share price (€; end of FY)
Market capitalisation (end of FY)
Number of employees

The table above contains data as originally reported in the respective ann
1 Without interests in shelf companies and companies that are mainly att
2 Cash as well as short and long-term securities
3 Change in equity per share relative to opening equity per share at begi
4 Partly adjusted; earnings and cash flow per share relative to weighted a
5 Relates to respective financial year
6 Data restated based on change in accounting (IFRS 10)

FINANCIAL CALENDAR

15 DECEMBER 2016
Publication of 2015/2016 consolidated financial statements (2015/2016 Annual Report)

15 DECEMBER 2016
Analysts' conference,
Frankfurt am Main

5/6 JANUARY 2017
Oddo Forum, Oddo Seydler Bank, Lyon

24 JANUARY 2017
Press conference,
Frankfurt am Main

1/2 FEBRUARY 2017
Road show London/Dublin

9 FEBRUARY 2017
Report on the first quarter 2016/2017
Analysts' conference call

15 FEBRUARY 2017
Small & Mid Cap Conference, Oddo Seydler Bank,
Frankfurt am Main

22 FEBRUARY 2017
Annual Meeting 2017,
Frankfurt am Main

27 FEBRUARY 2017
Dividend payment

28/29 MARCH 2017
Deutschlandkonferenz, Bankhaus Lampe,
Baden-Baden

9 MAY 2017
Report on the second quarter 2016/2017
Analysts' conference call

MAY 2017
Road show USA

1 AUGUST 2017
Report on the third quarter 2016/2017
Analysts' conference call

JUNE 2017
LPEQ Investor Conference 2017, London

AUGUST/SEPTEMBER 2017
Road show London/Dublin

19–21 SEPTEMBER 2017
Baader Investment Conference,
Munich