Deutsche Beteiligungs AG

MEETING EXPECTATIONS. KEEPING PROMISES.

How we create value through experience and perseverance

ANNUAL REPORT
2016/2017

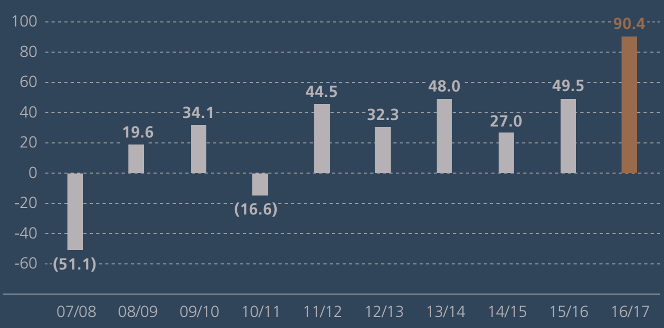
CONTENTS

ANNUAL REPORT 2016/2017

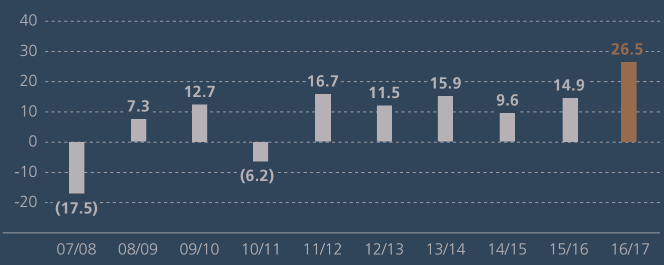
This symbol refers to a term that is defined in the glossary on pages 230f.

LONG-TERM PERFORMANCE

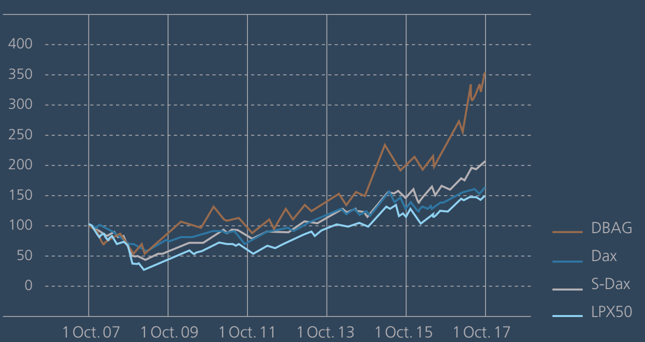
NET INCOME *(€mn)*



RETURN ON EQUITY PER SHARE *(%)*



PERFORMANCE OF DBAG SHARE AND BENCHMARK INDICES
(1 October 2007 to 30 September 2017, indexed to 1 October 2007 = 100)



FINANCIAL YEAR 2016/2017

NET INCOME

90.4

MILLION EUROS

RETURN
on equity per share

26.5

PERCENT

INCREASE IN VALUE
for the shareholders of

59.5

PERCENT

The net income of 90.4 million euros (previous year: 49.5 million euros) is the second-highest seen since the introduction of IFRS accounting 14 years ago. It is based, in particular, on the proceeds from several disposals, which were also extremely successful in a long-term comparison. Positive changes on the capital market also contributed to the result. The portfolio showed positive development overall. The Private Equity Investments segment contributed 85.7 million euros to earnings before tax (previous year: 52.3 million euros), while the Fund Investment Services segment reported net income of 4.7 million euros (previous year: -3.0 million euros) following the start of the investment period of DBAG Fund VII and the associated marked increase in income.

Further information on net income is available on page 85

NET INCOME

90.4

MILLION EUROS

Equity per share exceeds the cost of equity by far. The exceptionally good net income and what was (for the first time) clearly positive other comprehensive income push equity up to 29.57 euros per share. After a dividend of 1.20 euros was paid out in February 2017, this corresponds to an increase of 6.20 euros per share, or 26.5 percent – the third-highest return on equity reported since IFRS accounting was implemented. Over the last ten years, our average return on equity per share after taxes comes to 9.1 percent. The cost of equity in the same period came to an average of 6.9 percent.

Further information on the historical development of returns is available on page 103

RETURN
on equity per share

26.5

PERCENT

Our share price rose from 29.57 euros to 45.51 euros in the financial year 2016/2017. In addition to this increase (54 percent), the distribution of 1.20 euros per share (February 2017) also contributed to the 59.5 percent increase in value (total return) for our shareholders. This means that our shares significantly outperformed the S-Dax, which serves as a benchmark for German companies of a similar size, and the LPX50, the index for listed private equity companies. Once again, it also performed much better than the Dax.

This also applies to other periods: over a ten-year period, the increase in value for our shareholders has averaged 13.5 percent per annum. The other indices have only reported performance of between 4.0 and 7.5 percent.

Further information on DBAG's shares is available on page 52 ff.

INCREASE IN VALUE
for the shareholders of

59.5

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 of the Board of Management)

Frankfurt am Main, Germany, 15 December 2017

Dear Shareholders,

One of our key objectives is to increase the enterprise value of Deutsche Beteiligungs AG in the long term and to allow you, our shareholders, to participate in this success in the form of stable dividends that increase wherever possible. The figures in the chapter of this Annual Report that looks at our shares demonstrate how we have lived up to this goal. They illustrate how your investment in DBAG shares has developed: an increase in value of just under 60 percent within the space of twelve months and a value that has trebled over a three-year period. Even over the last ten years, DBAG shares have delivered an average return of 13.5 percent per year – quite a feat in a period in which we experienced a global financial crisis and a dramatic economic slump as a result. In virtually every period analysed, the investment that you, our shareholders, have made in DBAG has clearly outperformed the standard indices.

We made two upward adjustments to our forecast for the last financial year. The most recent expectations were once again exceeded. With net income of 90.4 million euros and a return on equity of 26.5 percent, the last financial year was one of the most profitable in the company's history. We want you to participate in this success with a dividend of 1.40 euros per share, which once again represents an attractive dividend yield that is well above both the market average and the average for other listed private equity firms.

The successful disposals that we achieved in 2016/2017 were also above-average. We ended six of our investments: each of these portfolio companies had developed further, according to their business strategies, and had realised their potential – for example, by focusing on future technology, concentrating on promising markets, making acquisitions or making their corporate governance more professional. Five of these companies had spent between four and seven years in the portfolio, while the sixth – which is admittedly an exception – had actually been in the portfolio for more than 20 years. Once again, this shows that in our business, success or failure is not something that happens overnight; our business is a long-term one. The same applies to the participation of our investment team. Following the disposals made in the last financial year from the DBAG Fund V portfolio, carried interest distributions fell due for payment to the team – they are based on the success of a chain of eleven investments that were entered into in February 2007, more than ten years ago.

We create value through our experience and perseverance, as shown by the fact that our private equity funds have a term of ten years. They use the first half of the term to invest and pursue a coordinated strategy in the process. This means that we set the strategic course when we launch a new fund. This is exactly what we did in 2016. DBAG ECF can now also acquire majority interests in companies that require less equity than we normally invest in a management buyout with DBAG Fund VII. This has enhanced both our offering on the market and the innovative structure of DBAG Fund VII, as we can use this fund to structure transactions under our own steam – in the past, we required partners to do this.

In the last financial year, we pursued avenues opened to us due to the strategic course we set in 2016; without them, we would have been unable to enter into two out of the five transactions that we used to expand our portfolio in 2016/2017 and to lay the foundation for future success stories. Our investment team initiated investment decisions worth around 345 million euros. This figure is much higher than in the previous year. We exploited the greater financial resources that we received in 2016 thanks to a capital increase and a new fund. In 2016/2017, we invested around 63 million euros from the assets of Deutsche Beteiligungs AG. This is around two-thirds more than the average value for the last five financial years.

vitronet is the first DBAG ECF management buyout. vitronet constructs broadband networks on behalf of its customers and is the third company in this sector, which we made our first investment in back in 2013. The second transaction that was only possible thanks to the changes made last year is the one concerning More than Meals. More than Meals, a merger of two family-run businesses, is emerging as a European market leader in the food industry, specifically the production of chilled convenience products. This transaction requires a total equity investment that exceeds the amount we normally invest. Once again, our expectations from the previous year were met: more transaction opportunities are arising for us than in the past. While vitronet and More than Meals stand for the expansion of our offering, other new companies show just how much we have enhanced our investment criteria in recent years.

Sustainability has been a hot topic within financial communications for some time now. Most publicly traded companies will have to submit a non-financial declaration in the future. Due to the small number of employees, this regulation does not apply to Deutsche Beteiligungs AG. We do not, however, have any catching up to do when it comes to the sustainability of our business. Our company is extremely successful, with a business model that has remained unchanged in its principles for more than five decades now. It is a tried-and-tested model that has created value – for our shareholders and also for the mid-market companies that we invest in. Success in the private equity business requires sustainable management, since a reputation as a solid shareholder of mid-sized companies is an absolute must when it comes to gaining the trust of those who run family-owned businesses. After all, when it comes to fund investment services, investors that are satisfied in the long run are a prerequisite for the growth of assets under management and of income.

Part of our success in recent years can be traced back to the increase in valuations on the capital markets. This change, which is encouraging at first glance, has a downside, however: the valuations for our new investments have increased as well. We cannot escape the higher overall price level. We are rising to this challenge using an entrepreneurial approach. We are concentrating more than ever on investment opportunities that allow us to put the size of our investment team and its particular experience in complex transactions to good use. The focus from the outset will be on the strategic and operational potential for improvement that the portfolio companies have to offer. We are securing and boosting our competitive standing by making continuous improvements to our business processes. Not least, our performance in the last financial year proves how far we have already come: we were able to announce four out of six disposals within the same three-week period. The ability to conclude so many demanding transactions at the same time requires coordinated processes throughout the entire company.

Let's return to the figures cited at the beginning of this letter. You are familiar with the past. We are confident that you can trust us in the future, too. We achieved a lot in 2016/2017, which will enable us to reach our future targets. This includes not only the substantial investments made in the last financial year but also the aforementioned reorganisation of our structures and processes and the investments made in our network and our team.

It would be unreasonable to expect a repetition of our recent results in the new financial year due to the particularities of our business model – we cannot offer that many mature companies for sale every year. Our portfolio is young, and many investments are at the start of their value development process. Nevertheless, we expect our results to be considerably higher than the average for the last five years, thanks to positive developments in both business segments.

Torsten Grede | Dr Rolf Scheffels | Susanne Zeidler

BOARD OF MANAGEMENT

TORSTEN GREDE
Spokesman of the Board of Management

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

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

Following a traineeship in banking, Torsten Grede studied business administration in Cologne, Germany, and St. Gallen, Switzerland. Directly after graduating, he started his career in 1990 at Deutsche Beteiligungs AG; he now has more than 25 years of experience in the private equity business in Germany's mid-market sector.

DR ROLF SCHEFFELS

Investment Business, Investment Team Development, Investor Relations (fund investors)

Born in 1966. Member of the Board of Management since January 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, Germany, 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.

SUSANNE ZEIDLER
Chief Financial Officer

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

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

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

OUR BUSINESS MODEL

TWO SEGMENTS – ONE OBJECTIVE: CREATING VALUE

Deutsche Beteiligungs AG creates value for its shareholders by way of two business lines: Fund Investment Services and Private Equity Investments.

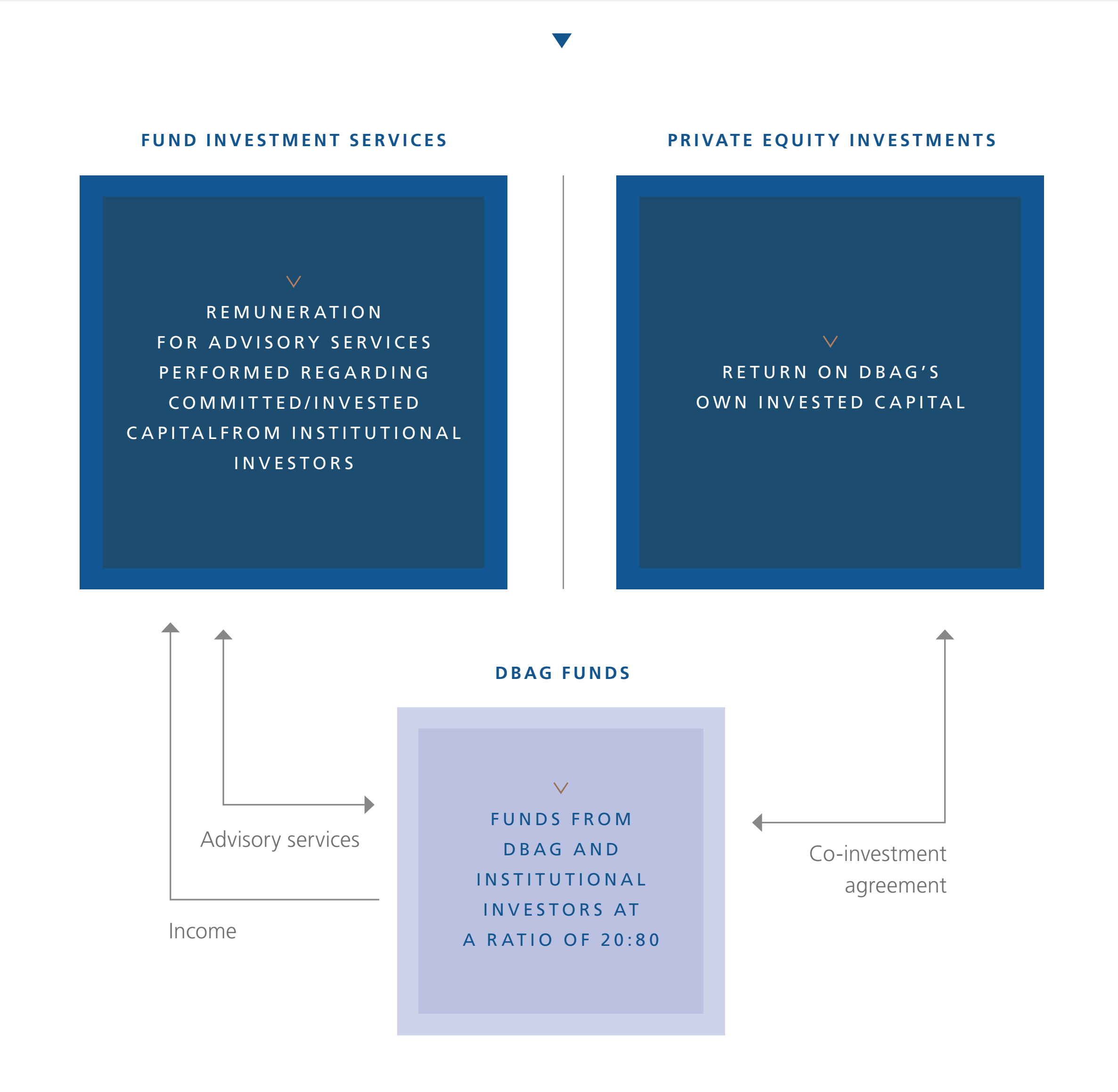
DBAG funds are at the centre of this: closed private equity funds that we launch and for which we raise funds from German and institutional investors, also using our own proprietary capital. We are seeking well-positioned mid-market companies with growth potential for these funds. We will accompany them for a time as their partner, supporting them in implementing a sustainable value-enhancing corporate strategy.

By way of the services we perform for the fund, we create value for the shareholders:

- in the Fund Investment Services segment, with regard to the remuneration that we receive from institutional investors for their committed/invested capital,
- in the Private Equity Investments segment, with regard to the value increase of the portfolio companies that the funds have invested in (and in accordance with our co-investment rate).

» We describe our business model as *integrated* because it combines two private equity concepts to form one entrepreneurial approach. «

BUSINESS MODEL DBAG



FUND INVESTMENT SERVICES

23

PEOPLE

250

YEARS
OF EXPERIENCE

Deutsche Beteiligungs AG relies on a close-knit team of creative, motivated and well-trained employees. They are our most valuable asset. With more than 250 years of combined private equity experience in Germany's mid-market sector, they are essential to the success of the Fund Investment Services segment.

They use their vast knowledge to prepare the fund's investment decisions, provide support to the portfolio companies and advise funds when they are eventually sold. Their success is a prerequisite for our ability to achieve sustainable increases in assets under management and advisement and, as a result, to achieve sustainable increases in fee income from fund management and advisory services.

But our investment team has more to offer than sophisticated analytical skills and profound industry expertise: the team members invest their own money in parallel with the funds and DBAG. This creates a high level of identity of interest and is one of the fundamental features that sets our business model apart from most others.

EXPERTISE WITHIN THE TEAM

»Our most valuable asset does not show up in any balance sheet: creative, motivated and well-trained employees are the key to our success.«

The members of the investment team have been with DBAG for an average of just under ten years.

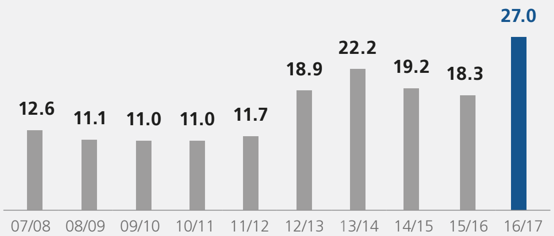
ASSETS UNDER MANAGEMENT OR ADVISEMENT

€mn

1,004	1,806
31 October 2007	*30 September 2017*

FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES

€mn



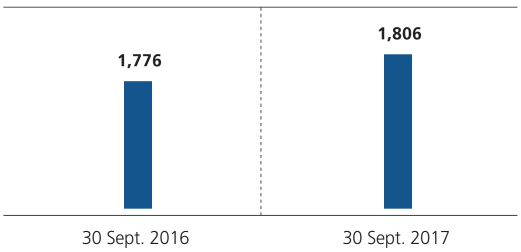
FUND INVESTMENT SERVICES

DBAG FUND VII:
MORE THAN 20 PERCENT CALLED

DBAG ECF:
COMMITMENTS FOR THE NEW INVESTMENT PERIOD

ASSETS

ASSETS UNDER MANAGEMENT AND ADVISEMENT
€mn



RATIONALE

Assets under management and advisement form the basis for fee income from Fund Investment Services. We calculate the value as the sum of the capital invested by DBAG and DBAG funds (portfolio companies at cost) and the capital commitments that can be called from the third-party investors in the DBAG funds. In place of DBAG's commitments in co-investment agreements, DBAG's available financial resources, including other financial instruments (loans granted by DBAG to intra-Group investment entities for the temporary financing of new portfolio companies), are included.

DEVELOPMENTS IN 2016/2017

- Slight increase overall, despite considerable returns to fund investors following disposals, due to further capital commitments for DBAG ECF.
- Drop in outstanding capital commitments after amounts called for new investments in the financial year 2016/2017 (DBAG Fund VII: more than 20 percent of the committed capital called in less than a year).
- Outstanding capital commitments will drop even further as investment activity progresses; they will also decline due to advisory and management expenses.
- DBAG's financial resources increased significantly following returns after very successful disposals; will also drop in the future as investment activity progresses, but also due to the distribution.

OUTLOOK

Assets under management and advisement initially reached a peak following the subscription closing date for a new investment period of DBAG ECF (DBAG ECF I). The two funds that are currently investing, DBAG Fund VII and DBAG ECF, are both at the start of an investment period that will span several years. Assets can only increase if a new fund is launched or, as in the previous financial year, following very successful disposals, which initially increased DBAG's financial resources considerably.

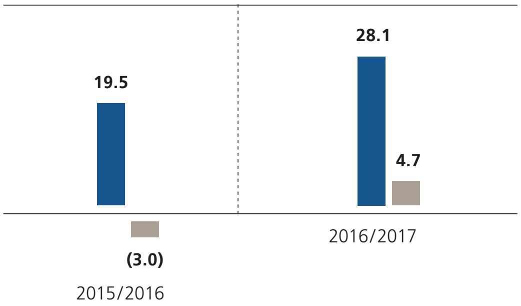
IN BRIEF

» Fund investors value the fact that the results of DBAG's funds continually rank among the best in the industry. «

INCOME

INCOME AND EARNINGS OF FUND INVESTMENT SERVICES

€mn



Fee income from fund management and advisory

Segment result

RATIONALE

Fee income from fund management and advisory services is easy to predict. It is stable but does not develop continuously. The basis for fee income declines along with disposals; it increases with the start of the investment period of a new fund, which has first been initiated and closed. The result from fund investment services contains two expense items that are also incurred by unlisted private equity companies: expenses for the investment team and expenses for the investment process. Moreover, for the years in which a new fund is launched, there are expenses pertaining to legal advice and other services in connection with the new fund.

DEVELOPMENTS IN 2016/2017

- Income from DBAG Fund VII is included for the first time but only for around nine months.
- Following the disposals from the DBAG Fund V portfolio, the income from this fund is much lower: 2.6 million euros compared with 3.9 million euros previously.
- Income from DBAG Fund VI is also lower following the disposal of Schülerhilfe and the end of the investment period: 11.3 million euros compared with 14.0 million euros.
- Due to the successful business activity, higher variable remuneration for employees and members of the Board of Management is anticipated compared to the previous year.

OUTLOOK

In 2017/2018, income will be collected from DBAG Fund VII for the first full financial year. As a result, the fee income from fund management and advisory services is likely to reach a new all-time high of 28.8 million euros. We do not expect to see any major one-off factors putting pressure on earnings. Earnings will therefore increase considerably.

PRIVATE EQUITY INVESTMENTS

PRECISE INVESTMENT CRITERIA

SELECTED INDUSTRIAL SECTORS

Deutsche Beteiligungs AG has opted to focus on industry and industry-related services:

MECHANICAL AND PLANT ENGINEERING	AUTOMOTIVE SUPPLY INDUSTRY	INDUSTRIAL SERVICES	INDUSTRIAL COMPONENTS

We are particularly well-acquainted with business models in these four core sectors. Around 70 percent of our transactions are executed in these sectors.

And this is not without good reason – after all, the industrial sector is the backbone of the German economy. Its share of the total economic output – around 30 percent – is much higher in Germany than in neighbouring European countries or the US. Its mid-market structure also sets it apart from other countries. Family-run, focused on niche markets, innovative and with global operations – these characteristics make the German mid-market sector an attractive market for private equity.

In this environment, we look for companies that offer the potential for further development. We make our decisions based on clearly defined investment criteria.

OUR INVESTMENT CRITERIA

COMPANY

MID-SIZED COMPANY WITH A STRONG MARKET POSITION…

OUTLOOK

…AND DEVELOPMENT POTENTIAL

SECTORS

FOCUS ON INDUSTRIAL BUSINESS MODELS

MANAGEMENT

TRIED AND TESTED MANAGEMENT WITH AN ENTREPRENEURIAL APPROACH THAT INVESTS IN ITSELF

In summary, there must be great development potential

PRIVATE EQUITY INVESTMENTS

5

NEW PORTFOLIO COMPANIES
WITH CLEAR PROSPECTS –
THE BASIS FOR FURTHER VALUE INCREASES

IN BRIEF

» DBAG offers equity solutions tailored to various financing situations, particularly for family-run businesses. «

9 OUT OF **22**

INVESTMENTS

in our portfolio originate from family ownership

70.6

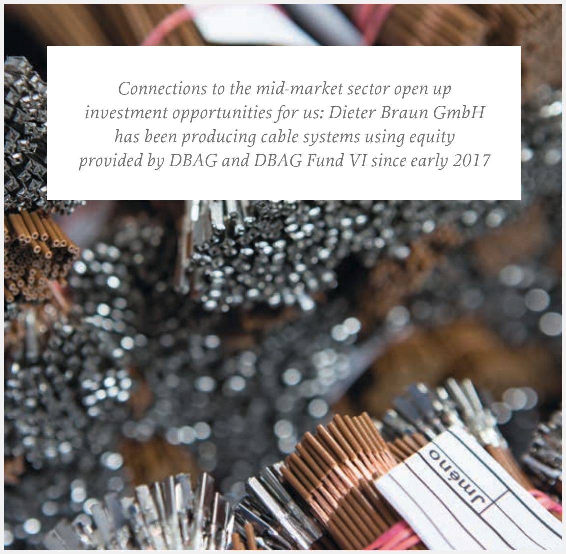
PERCENT

of the portfolio value is attributable to companies in our core sectors

62.9

MILLION EUROS

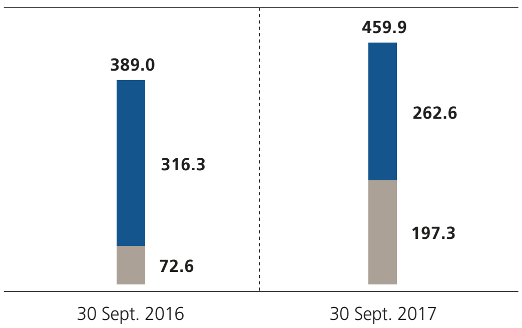
invested in new portfolio companies in 2016/2017



Connections to the mid-market sector open up investment opportunities for us: Dieter Braun GmbH has been producing cable systems using equity provided by DBAG and DBAG Fund VI since early 2017

NET ASSET VALUE

NET ASSET VALUE
€mn



Financial resources
Portfolio value

RATIONALE

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

DEVELOPMENTS IN 2016/2017

- Net asset value rose by 18.2 percent in the financial year 2016/2017 to 459.9 million euros, despite a dividend payment of 18.1 million euros; after adjustments to reflect the distribution, the increase came to 22.9 percent.
- The increase is attributable to investments of 62.9 million euros and value growth of the carried portfolio amounting to 25.1 million euros.
- Disposals made the biggest contribution to the increase in net asset value. The net results of disposal – where appropriate after deductions of carried interest – exceeded the value of the sold investments at the start of the financial year by around 67 million euros.
- Since financial resources increased considerably due to the high cash inflows after disposals, the structure of the net asset value has changed.

OUTLOOK

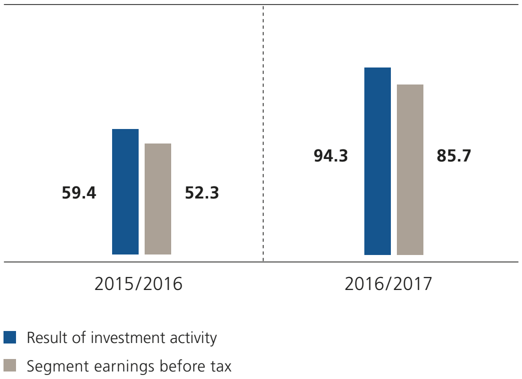
Following the latest increase, we expect to see a further slight increase in net asset value in the new year and also in the following two financial years. We have taken our dividend policy and the associated fund outflows into account in this forecast. Net asset value could be negatively impacted by a drastic decline in inputs for the portfolio valuation, such as valuation ratios in the stock market.

IN BRIEF

» Once again, we expect to achieve an above-average net result from investment activity in the new financial year. «

INVESTMENT ACTIVITY

EARNINGS AND RESULT OF PRIVATE EQUITY INVESTMENTS
€mn



RATIONALE

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

DEVELOPMENTS IN 2016/2017

- The result of investment activity and segment income from Private Equity Investments were clearly up on the previous year.
- The result of investment activity is shaped primarily by the changes in value in the financial year 2016/2017, which were also realised by disposals; the development in the value of the carried portfolio plays a minor role, however.
- Carried interest entitlements of the investment team resulting from investments made by DBAG Fund V and DBAG ECF reduced the result of investment activity by 13.8 million euros.

OUTLOOK

The result of investment activity can fluctuate considerably from year to year, as is typical given the nature of the business. Over the past five years, it reached values of between 29.2 and 94.3 million euros, or an average of 46.7 million euros – less than half of the result achieved last year. In the current financial year, we expect to generate a result from investment activity that is much higher than this average value; earnings before tax are also expected to increase, not only in 2017/2018, but also over the ensuing two years. Our projections are based on stable capital market conditions in general.

199.3

MILLION EUROS

in returns from the portfolio within one year

72

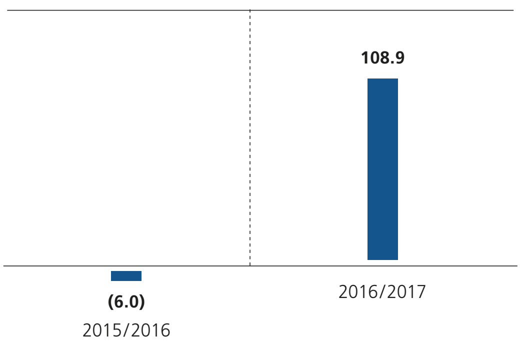
MILLION EUROS

on average to be invested in the next three financial years

CASH INFLOWS AND OUTFLOWS

CASHFLOW PORTFOLIO

€mn



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 we exit an equal number. These transactions occur irregularly; in some years, capital calls made by the intra-Group investment entities for investments may dominate, while in other years, distributions made by the companies after disinvestments are predominant. This gives rise to very irregular cash flows.

DEVELOPMENTS IN 2016/2017

- In 2016/2017, the amount of returns was much higher than in the previous year, at 199.3 million euros in total.
- The highly volatile nature of cash flow from the portfolio is partly due to factors pertaining to the reporting date: both the cash inflows and the cash outflows in the financial year 2016/2017 are also based on investment decisions made in the previous year.
- Two out of five of the investments agreed in the financial year will be initially financed (in part) using short-term loans that we have granted to intra-Group investment entities.

OUTLOOK

We also expect to receive fund inflows from the disposal of investments and to pursue recapitalisation measures in 2017/2018. These will, however, be much lower than the unusually high level seen last year. The co-investment agreements with DBAG ECF and DBAG Fund VII produce an average annual investment amount of around 60 million euros; we project that the investment volume in 2017/2018 and in the following two years will be higher than this amount, at around 72 million euros. All in all, we expect to see negative cash flow from the portfolio.

OUR PORTFOLIO

22 COMPANIES, ONE ASPIRATION: TO ADD VALUE

Our portfolio consists of companies that are considered pioneers in their industries and individual niches, all offering potential for value growth. Exploiting this potential is the core of our business; this is what investors in DBAG funds pay us to do. Our shareholders hold a direct stake in this portfolio of mid-sized companies. Most of them are "hidden champions": companies that often go unnoticed in the public eye but are nevertheless driving and helping to ensure the financial success of the German mid-market sector.

2.4

billion euros is the cumulative revenues of the companies that DBAG has invested in

66

percent of this revenue is generated by our portfolio companies outside of Germany.

63

percent of the portfolio companies expect revenue in 2017 to be up by more than five percent year-on-year.

OUR PORTFOLIO

REVENUES

9.8

PERCENT GROWTH

The revenues of the 16 companies that were already in the portfolio at the beginning of the financial year have increased by 9.8 percent. The revenue that these companies expect to report for 2017 (or for their financial year ending in 2017) were compared with the revenues achieved in 2016. Only a small part of this revenue growth can be traced back to company acquisitions that our portfolio companies used to strengthen their position. We applied weightings to the revenue growth based on the share of the portfolio value that is attributable to the company in question.

EARNINGS

8.5

PERCENT GROWTH

The earnings of our portfolio companies have improved by 8.5 percent on average. This figure is based on EBITDA, i.e. earnings before interest, taxes, depreciation and amortisation. The EBITDA that the companies expect to report for 2017 (or for their financial year ending in 2017) was compared with the EBITDA achieved in 2016. The calculation included the 16 companies that were already in the portfolio at the beginning of the financial year; we applied weightings to growth achieved in each case based on the share of the portfolio value that is attributable to the company in question.

DEBT

2.6

TIMES THE EBITDA VOLUME

On average, our portfolio companies's debt corresponds to less than 2.6 times their EBITDA.Twenty-two companies were included in the calculation of this average, having been weighted to reflect their share of the portfolio value. The calculation was based on the EBITDA and net debt that the companies expect to report for 2017 (or for their financial year ending in 2017).

VALUATION

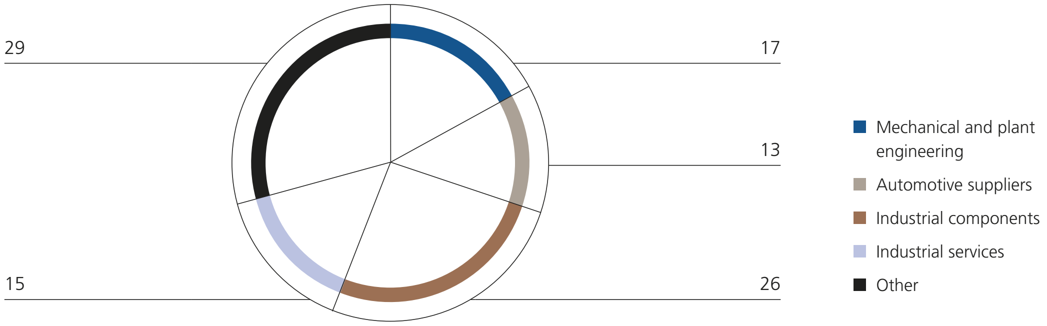
7.5

TIMES THE EBITDA VOLUME

The valuations of our portfolio companies are based, on average, on 7.5 times the EBITDA value that the companies expect to report for 2017 (or for their financial year ending in 2017). Two companies that we value using the DCF method due to their strong growth were not included. The other 20 companies were included in the calculation of this average, having been weighted to reflect their share of the portfolio value.

PORTFOLIO VALUE BY SECTOR

%



The companies in the portfolio met our expectations in 2016/2017. Average revenue and earnings growth exceed the general economic trend by far. This does not mean that (in individual cases) earnings did not fall short of the prior-year value or that the revenue target was not reached, for example because surprising market changes put pressure on incoming orders, because commodities prices rose unexpectedly and significantly or because it proved harder to find the right employees than anticipated. A portfolio of more than 20 companies rarely shows uniform development. The decisive factor is the "big picture": the key figures used to measure company success are positive. Revenue and earnings growth provide the basis that will allow us to keep our promises. We want to create value – for our shareholders and for our investors. But that's not all: when companies show positive development, other groups also reap the benefits, such as employees, customers and the tax authorities.

There were more changes to the portfolio over the last twelve months than in previous financial years. Six disposals, in some cases resulting in proceeds at a level that is well above-average, serve as testimony as to just how successfully we have tapped into the value-adding potential that these companies offer in recent years. Our investment team also succeeded in picking out five particularly promising investment opportunities from a total of more than 300. The new companies come from different sectors, including from our core sectors, such as the automotive supply industry and the industrial services segment, for example. But we have found companies in other sectors that we would like to further develop, showing endurance, diligence and commitment while pursuing a clear aim.

» The portfolio has met our expectations. Revenue and earnings growth provide the basis that will allow us to keep our promises – to create value for shareholders and investors alike. «

The table shows the DBAG portfolio at 30 September 2017; it consists of 22 investments. It also includes investments in two older international buyout funds whose investment periods ended more than five years ago; their portfolios now contain only one (Harvest Partners IV) and two (DBG Eastern Europe II) investments respectively. The portfolio also includes an investment whose acquisition had been agreed prior to the reporting date but which cannot be included in the portfolio until the new financial year. Information on the current portfolio can be found at www.dbag.de/portfolio.

The next few pages will introduce you to 23 companies: first of all, you will find the five new investments made over the last financial year. The section that follows showcases the other companies in the portfolio, in alphabetical order. Further explanatory information on the portfolio value can be found in the management report (page 97).

Company	Revenue in 2017 €mn	Employees	Core business
Cleanpart Group GmbH	63	570	Industrial services for the semiconductor industry
Dieter Braun GmbH	81	1,500	Cable systems and interior vehicle lighting
DNS:NET Internet Service GmbH	14	100	Telecommunications and IT services
duagon Holding AG	22	60	Network components for railway vehicles
Frimo Group GmbH	237	1,300	Tools and machinery for the automotive industry
Gienanth GmbH	130	875	Machine and hand-moulded castings for the automotive supply industry, production of large engine blocks
Heytex Bramsche GmbH	115	500	Manufacture of technical textiles
inexio Informationstechnologie und Telekommunikation KGaA	58	180	Telecommunications and IT services
Infiana Group GmbH	208	800	Specialised films
JCK Holding GmbH Textil KG	610	1,200	Marketer of textiles and seller of merchandise
mageba AG	97	800	Products and services for the infrastructure and construction sectors
More than Meals Europe S.à r.l.	484	3,250	Chilled ready meals and snacks
Novopress KG	N/A	100	Tool systems for the sanitary, electrotechnical and construction industries
Oechsler AG	374	2,400	Plastics technology for future industries
Pfaudler International S.à r.l.	234	1,400	Mechanical engineering company for the processing industry
Plant Systems & Services PSS GmbH	37	210	Industrial services for the energy and process industry
Polytech Health & Aesthetics GmbH	38	180	Provider of high-quality silicone implants
Rheinhold & Mahla GmbH	104	480	Interior outfitting for ships and marine installations
Silbitz Group GmbH	162	1,050	Hand-moulded and automated moulded castings with steel and iron bases
Telio Management GmbH	40	110	Communications and media systems for correctional facilities
Unser Heimatbäcker GmbH	139	2,700	Bakery chain
vitronet Projekte GmbH	36	100	Construction of fibre-optic networks
Investments in international buyout funds managed by third parties			
DBG Eastern Europe II	In the disinvestment phase since 2010; the portfolio now only contains two out of ten original investments		
Harvest Partners IV	In the disinvestment phase since 2007; the portfolio now only contains one out of nine original investments		
Investment that had not yet been completed at 30 September 2017			
Radiology Group	63	550	Radiology services and treatment

Revenue in 2017: revenue was mainly as expected for 2017; some companies have financial years that deviate from the calendar year.
duagon Holding AG, mageba AG: figures in CHF; Pfaudler Process Solutions Group: figures in USD.

DIETER BRAUN GMBH

MARKET AND ENVIRONMENT

Electrical components are rapidly becoming more and more important in automobile manufacturing. Only a handful of providers in this fragmented supplier market are able to meet the rising demands for orders, including orders involving smaller quantities.

8

PERCENT

annual demand growth expected in the market for cable sets

CABLE SYSTEMS AND INTERIOR VEHICLE LIGHTING
Bayreuth, Germany,
www.kabelkonfektion.com

MANAGEMENT BUYOUT

INVESTMENT BY DBAG FUND VI	€31.0MN
THEREOF DBAG €5.9MN	
SHAREHOLDER: DBAG FUND VI	86.8%
THEREOF DBAG 16.5%	
OTHER SHAREHOLDERS	13.2%
START OF INVESTMENT	JANUARY 2017
EMPLOYEES	1,500

IMPORTANT FACTS AT A GLANCE

› Growth drivers: increasing proportion of electrical and electronic components in vehicles

› Increase in efficiency due to new headquarters and logistics centre

› Revenues expected to be up in a year-on-year comparison

REVENUES *€mn*

PROFILE

Dieter Braun is a specialist in cable sets and interior vehicle lighting. The company's products connect a vehicle's various sub-systems with its wire harness. In addition to its main business in the automotive industry, Dieter Braun generates around 15 percent of its revenues from components for mechanical and plant engineering and for the household appliance industry. The company has experienced strong growth since it was founded in 1993. In the seven years prior to the start of the investment, it was reporting annual revenue growth averaging just under 15 percent. Dieter Braun has operations in its customers' major production locations: in addition to its head office in Bayreuth, it has factories in the Czech Republic, the Ukraine, Mexico and China.

POTENTIAL FOR DEVELOPMENT

Dieter Braun is active in the automotive market – an area that is experiencing fundamental growth. The cable sets segment is expected to witness annual demand growth of eight percent over the next few years, well ahead of the rates of growth predicted for the market as a whole. Dieter Braun is benefiting from the increasing proportion of electrical and electronic components in vehicles,

DEAL CAPTAIN'S OPINION

» In Dieter Braun GmbH, we have found a company that will reap great benefits from the increasing number of intelligent components and automotive electrification, thanks to its attractive business model. «

VOLKER BONSELS

Dieter Braun is not the first automotive supply company that Volker Bonsels has been responsible for in his role as deal captain. Another example is Otto Sauer Achsenfabrik, an investment that he managed for almost ten years. The company's MBO ranks among our most successful transactions. Volker Bonsels has been working with us since 1995 and has been a member of the Board of Management since 2001, meaning that he has more than 20 years of private equity experience. He had previously completed a degree in industrial engineering. Volker Bonsels puts to use his extensive knowledge of the construction supplies, automotive supplies, industrial services and mechanical and plant engineering sectors. The most successful transactions that he has been responsible for include the Coperion and Lewa MBOs.

The automotive construction industry is in the midst of a period of upheaval worldwide. Increasing demands from the consumers in terms of mobility are also changing their automobiles. The trend towards component digitalisation is continuing unabated. The buzzwords of the future will be internet connectivity, autonomous driving and e-mobility. Cables are a key part of this process of technological change. They can be found in multifunctional steering wheel controls and connect electrical modules with the wire harness. They link the on-board computers of vehicles with engine control units. They connect headlights, interior lighting, assistance system sensors and countless electronic components, creating increasingly complex networks.

Dieter Braun, an expert in cable sets and interior vehicle lighting, has specialised in manufacturing a vast range of quality-based components. The company is valued by its customers in the automotive supply industry for being able to deliver efficient solutions of above-average complexity, even for small- to medium-sized quantities and with variable lead times.

from their growing diversity and complexity, and from the trend towards production outsourcing among original equipment manufacturers (OEMs) and suppliers. The company has used various applications to position itself in a field that will be vital in the future: e-mobility. This means that the company is now considered a key player for its customers in the automotive supply industry.

FINANCIAL YEAR 2017

The market environment for Dieter Braun and its products remained positive in 2017. The company benefited from the strong demand among all customer groups and regions. Although growth has been held back by capacity bottlenecks, Braun is expected to generate higher revenue in 2017 than in 2016. Earnings are expected to be on par with the prior-year level.

OUTLOOK AND OBJECTIVES

In the new financial year, the sustained high level of incoming orders is expected to translate into higher revenues and better earnings. The company will also benefit from the completion of a new head office in Bayreuth and from a more efficient logistics centre, based at the same location.

DUAGON HOLDING AG

MARKET AND ENVIRONMENT

Rail transport is becoming increasingly attractive: megatrends such as population growth and increasing urbanisation worldwide are fuelling higher demand for trains. At the same time, railway vehicles are becoming increasingly sophisticated, with more and more systems now being controlled via a central network.

By 2025,

~70

PERCENT

of systems in railway vehicles will be connected to each other.

NETWORK COMPONENTS FOR RAILWAY VEHICLES
Dietikon, Switzerland, www.duagon.com

MANAGEMENT BUYOUT

INVESTMENT BY DBAG FUND VII	€50.8MN
THEREOF DBAG €11.5MN	
SHAREHOLDER: DBAG FUND VII	97.2%
THEREOF DBAG 22.0%	
OTHER SHAREHOLDERS	2.8%
START OF INVESTMENT	JULY 2017
EMPLOYEES	60

IMPORTANT FACTS AT A GLANCE

- Development to become the world's leading independent specialist in data communications solutions for railway vehicles
- Expansion of capacities in production, development and sales
- Revenues and earnings expected to exceed the prior-year level

REVENUES *CHF mn*

PROFILE

duagon AG, which has its registered office in the Swiss city of Dietikon, was established in 1995 and has since become a leading independent provider of network components for data communication in railway vehicles. The company's products allow individual railway vehicle systems, such as doors, brakes, air conditioning systems and the primary control computer, to communicate via what is known as the TCN ("train communication network"). This makes it easier to integrate these systems into the train manufacturers' networks and limits sources of errors in the process. This allows suppliers to concentrate on their core competencies, namely the development of the individual railway vehicle components. duagon products are used by virtually all train manufacturers and system suppliers.

POTENTIAL FOR DEVELOPMENT

duagon has established strong relationships with customers in China, the world's largest market for railway vehicles, over the last ten years. In order to exploit the existing growth potential, the company intends to further expand its sales network, its development capacities and its supporting functions, particularly in China and in other foreign markets. duagon aims to establish itself as a specialist in

DEAL CAPTAIN'S OPINION

» duagon has developed long-standing customer relationships and broad-based technological expertise in its niche market. Its strong competitive position and the very positive market drivers provide an ideal environment for above-average growth. «

TOM ALZIN

In over twelve years at DBAG, Tom Alzin has been involved in a large number of equity investments and divestments, as well as in the IPO of Homag Group AG. He brings his extensive experience in various sectors, such as mechanical and plant engineering and the service sector, to the table regarding the investment in duagon. The first DBAG management buyout in Switzerland is the sixth investment in total that Tom Alzin has been responsible for since he was appointed as a member of the Board of Management in 2011 (following on from FDG, Pfaudler, Schülerhilfe, Telio and Polytech). Before joining DBAG, Tom Alzin studied business administration at HEC Lausanne and at the London School of Economics.

The global market for railway vehicles has been reporting constant growth rates of between two and three percent in recent years, driven by the expansion of high-speed lines and inner-city underground railway systems. As the world's population continues to grow – particularly in densely populated regions – the demands in terms of mobility and sustainability are increasing as well. We expect this trend to continue. Railway vehicles are also becoming more technically complex as a result: the proportion of trains equipped with a TCN ("train communication network") is increasing, as is the number of systems that have to be connected to the TCN and reconciled with each other in these trains. This development offers additional growth potential for duagon in its role as a "complexity manager". Ultimately, communication between a rail vehicle's numerous subsystems relies on duagon's products.

providing solutions for data communication in railway vehicles by offering a broader product portfolio and via acquisitions in both the immediate and extended competitive environment.

FINANCIAL YEAR 2017

Given the positive development witnessed in the first half of the year and that incoming orders remain strong, duagon expects its revenues for 2017 to be up in a year-on-year comparison. Despite the push for measures to expand capacities and the associated expenses, earnings are also expected to be up on the previous year.

OUTLOOK AND OBJECTIVES

DBAG and DBAG Fund VII acquired a majority stake in duagon in July 2017. At the start of the investment, the focus of the management is on expanding the company's sales and production capacities. This will allow duagon to respond to the sustained high demand, particularly among its Chinese customers. The company's aim to expand its product range will require the reinforcement of personnel resources working in development. In the medium term, duagon's management also aims to forge ahead with establishing the company as a one-stop shop and to identify potential targets for add-on acquisitions.

MORE THAN MEALS EUROPE S.À R.L.

MARKET AND ENVIRONMENT

Ready meals and snacks are the current trend. They meet consumer needs for convenience and flexibility in a highly individualised society.

Oscar Mayer alone produces

>3

MILLION

chilled ready meals and snacks every week

CHILLED READY MEALS AND SNACKS
Luxembourg, www.oscarmayer.co.uk, www.abbelen.de

MANAGEMENT BUYOUT	
INVESTMENT BY DBAG FUND VII	€15.6MN
THEREOF DBAG €2.9MN	
SHAREHOLDER: DBAG FUND VII	99.1%
THEREOF DBAG 18.2%	
OTHER SHAREHOLDERS	0.9%
START OF INVESTMENT	APRIL 2017
EMPLOYEES	3,250

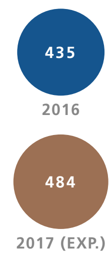
IMPORTANT FACTS AT A GLANCE

› Buy-and-build concept: establishment of one of Europe's leading platforms for chilled ready meals and snacks, also by making further acquisitions

› Initial focus: operational improvements and internationalisation

› Abbelen and Oscar Mayer, the first two companies in the group, expect revenues to exceed the prior-year level

REVENUES *€mn*



PROFILE

Two companies, which will continue to be managed independently at the beginning, operate under the umbrella of the More than Meals management holding company. Abbelen is a leading German manufacturer that is responsible for producing more than half of all rissoles and ready-made hamburgers for the own-brand ranges of major supermarket and discount chains in Germany and its neighbouring countries. The company runs a state-of-the-art factory employing around 600 people in Tönisvorst (North Rhine-Westphalia).

Oscar Mayer is the market-leading manufacturer of chilled ready meals in the United Kingdom, which is by far the biggest and most innovative market for these products in Europe. The company has four sites in England and Wales. With around 2,650 employees, it produces more than three million chilled ready meals and snacks a week for the own-brand ranges of leading retailers and discount stores.

POTENTIAL FOR DEVELOPMENT

The companies that belong to the More than Meals group plan to expand the range of innovative products they offer and to make their activities, which are currently focused largely on the individual domestic markets, more international. The focus will also be on operational improvements, for example, by automating production processes. The More than Meals platform should be expanded through the acquisition of further companies with a leading position in their national markets and whose products can also be marketed in more than one country. The concept will be implemented by two managers with long-standing management experience in the food industry. Together with these managers, DBAG has identified the growth market for chilled ready meals and snacks and has identified potential acquisition targets.

DEAL CAPTAIN'S OPINION

KAI WIESENBACH

Kai Wiesenbach can look back on more than twelve years of experience in the private equity sector. During this period, he has acquired extensive knowledge of various industries. Kai Wiesenbach has been involved in a large number of equity investments and divestments at Deutsche Beteiligungs AG, including Coperion, Heim & Haus and Lewa. He also acted as deal captain for the investment in Formel D, which was oncluded very successfully in 2016/2017. Kai Wiesenbach has been with DBAG since 2004 and was appointed as a member of the Board of Management in 2010. Before joining DBAG, he graduated in economics from Frankfurt am Main's Goethe University.

»In a market characterised by consistently rapid growth and subject to virtually no cyclical fluctuations, we are creating the first European champion for chilled ready meals and snacks.«

The number of single-person households is on the rise. At the same time, shopping habits are changing: many people are spending less time on preparing food, they tend to buy food more frequently, but in smaller quantities, and they are reaching for chilled ready meals and snacks increasingly often. The food retail sector is supporting this development: supermarket and discount chains alike are offering a growing variety of high-quality ready meals under their own brand names. This broad range, which is being updated on a continuous basis, allows them to differentiate themselves from their competitors. We believe that the companies in the More than Meals group are best positioned to exploit this potential under one roof. The idea is for them to benefit from synergies by collaborating and making use of each other's customer relationships and sales structures, learning from each other and establishing best practices. By acquiring companies with complementary product ranges in other European countries, the group should be able to further strengthen its strategic position and generate additional synergy effects. This sort of platform would be the first of its kind in Europe.

FINANCIAL YEAR 2017

Abbelen's revenues at the end of the financial year 2017 are likely to exceed the prior-year value. By contrast, the company expects to report lower earnings than in the financial year 2016. The fact that the usual renegotiations with customers prompted by the increase in commodity prices have been delayed due to transactions is putting temporary pressure on earnings.

Oscar Mayer's revenues are expected to surpass the prior-year value and expectations by a considerable margin in the financial year 2017. The company has been able to expand its business with its key customers. Oscar Mayer expects its earnings to be down on the previous year due to an increase in production costs.

OUTLOOK AND OBJECTIVES

Over the coming financial year, Abbelen and Oscar Mayer will be focusing on optimising their operational processes. The management of both companies will be working together with the heads of the production sites to develop and implement corresponding plans of action. More efficient production should lead to a decrease in costs and create additional capacities as the basis for further growth.

In the medium term, Abbelen and Oscar Mayer plan to continue with their efforts to internationalise their sales and to make use of the resulting cross-selling potential on the basis of a common strategy. The companies in the group will also work together in product development and expand their offering in the premium segment. The More than Meals management team will also be assessing options for company acquisitions on an ongoing basis.

RADIOLOGY GROUP

MARKET AND ENVIRONMENT

Medical advances and the resulting increase in life expectancy are resulting in an ageing population that is affected by more illnesses and that has more complex pathologies. Radiological diagnosis is present at the start of a patient's treatment and plays a decisive role in its success. The demand for specialist disciplines is on the rise, calling for innovative solutions in medical care.

9

BILLION

euros were spent on radiology examinations and treatment in Germany in 2015

RADIOLOGY SERVICES AND TREATMENT
Unna, Germany, www.ranova.de, www.radiologieherne.de

MANAGEMENT BUYOUT	
INVESTMENT BY DBAG FUND VII	Investment not yet completed
THEREOF DBAG	–
SHAREHOLDER: DBAG FUND VII	–
THEREOF DBAG	–
OTHER SHAREHOLDERS	–
START OF INVESTMENT	1st quarter 2018[1]
EMPLOYEES	550

1 Expected

IMPORTANT FACTS AT A GLANCE

- Merger of established radiology practices to improve the quality of care and the care concept
- Growth thanks to organic development, takeover of additional practices and cooperation projects with hospitals
- Revenues and earnings expected to exceed the prior-year value

REVENUES *€mn*

PROFILE

Two established medical care centres form the core of the Radiology Group, which will operate in 15 locations in various neighbouring towns and cities in North Rhine-Westphalia at the start of the investment. With around 100 doctors, the practices have been providing both outpatient and inpatient treatment for more than 40 years, and they act as partners to both registered doctors and hospitals alike. They cover the full range of radiology and nuclear medical examinations, treatment forms and medical interventions. The extensive range of services is not limited to radiology and nuclear medicine. In addition to the required technology, specialists from areas such as neuroradiology, cardiac radiology, oncological radiology and paediatric radiology are on hand to deal with difficult and rare issues, as well as with specific groups of patients.

POTENTIAL FOR DEVELOPMENT

The two original radiology practices, with their 15 locations, already offer high quality standards and, thanks to their size, can offer services in a cost-efficient manner, e.g. because they can ensure better device utilisation by pooling their appointments systems, achieve lower procurement prices and optimise their staff deployment. The idea is for the group to continue to build upon these economies of scope

DEAL CAPTAIN'S OPINION

» The practices in the Radiology Group have shown very dynamic development and deliver on their healthcare mandate, providing high-quality services in this capital-intensive area of medicine. The group will be even better placed to do this in the future as it increases in size. «

LUCAS HERBERT

Despite being one of the younger deal captains in Deutsche Beteiligungs AG's investment team, Lucas Herbert already has ten years of private equity experience. Since joining the Company in 2007, he has amassed extensive knowledge of industrial component manufacturers and the automotive supply industry, in particular. Lucas Herbert has been involved in a large number of equity investments and divestments. In the current portfolio, he is not only responsible for managing the investment in the Radiology Group but also has joint responsibility for the two foundries Gienanth and Silbitz. He studied international business at Maastricht University and completed a Master of Science in Business Administration at the Rotterdam School of Management, Erasmus University.

Favourable structural trends form the basis for this transaction: digitalisation is opening up new opportunities for radiological care, for example by creating networks between medical specialists and locations to create a virtual campus. This allows the best experts to be involved as and when they are required. Digital tools also increase the quality of the findings. However, new opportunities for examination and treatment require substantial investments, which, with increasing frequency, exceed the financial capacities of individual practices. They also, however, respond to rising demand: in an ageing, more affluent society that is witnessing more medical conditions with increasing complexity, patients are opting for radiology services more often. The market for these services is growing at a faster rate than gross national product. Furthermore, hospitals are increasingly opting not to have their own radiology departments, instead transferring these services to specialised providers, due to more intense cost pressure and rising quality requirements.

by achieving further organic development, taking over more practices and embarking on additional cooperation projects with hospitals.

FINANCIAL YEAR 2017

The practices in the future Radiology Group continue to develop in line with expectations, unfazed by the organisational changes. Revenues and earnings are predicted to exceed the prior-year values. Another practice had already been taken over by the summer of 2017.

OUTLOOK AND OBJECTIVES

An agreement on the investment was reached at the end of March 2017, though the transaction has yet to be completed. Initial efforts focused on meeting the special regulatory requirements that apply in this field. The management of the Radiology Group expects that the final few outstanding authorisations will be granted in the first few months of the new calendar year. Focus will then be on continuing the measures to integrate the existing locations and develop the group, which now has greater financial strength as a result of the MBO. This will allow it to make its planned investments, with the aim being to achieve both organic and inorganic growth and to further improve the quality of care.

VITRONET PROJEKTE GMBH

MARKET AND ENVIRONMENT

Digitalisation is opening up a whole host of new opportunities for the economy and society. In order to be able to grasp these opportunities, however, a high-performance fibre-optic infra-structure with nationwide coverage is an absolute must.

According to the OECD,

<2

PERCENT

of all fixed broadband connections in Germany used fibre-optic cables by the end of 2016.

CONSTRUCTION OF FIBRE-OPTIC NETWORKS
Essen, Germany, www.vitronet.de

MANAGEMENT BUYOUT

INVESTMENT BY DBAG ECF	€15.0MN
THEREOF DBAG €7.2MN	
SHAREHOLDER: DBAG ECF	92.2%
THEREOF DBAG 43.8%	
OTHER SHAREHOLDERS	7.8%
START OF INVESTMENT	JUNE 2017
EMPLOYEES	100

IMPORTANT FACTS AT A GLANCE

- Substantial revenue growth expected; availability of qualified employees as a limiting factor
- Expansion of capacities thanks to company acquisition shortly after the start of investment
- Revenues and earnings in line with expectations

REVENUES *€mn*

PROFILE

vitronet Projekte GmbH is a one-stop shop for all services associated with the setting up of broadband networks. This includes not only planning and, further down the line, providing services but also the construction of the networks using subcontractors. The company focuses on new fibre-optic networks and technical upgrades to existing networks. The company's main customers include utility companies and municipalities. Around 50 employees are based at the company's head office in Essen, with a further 50 working at five other locations in Germany.

POTENTIAL FOR DEVELOPMENT

vitronet is a fast-growing company that is also expected to continue reporting double-digit revenue growth in the coming years. The main opportunities will arise from the considerable demand for high-performance internet connections, demand which is expected to increase even further in the future. Network expansion is one of the state's preferred infra-structure projects, and considerable funds have been earmarked to make it happen. Further market drivers include the upgrading of the mobile networks (LTE will be followed by 5G) and of the networks of cable providers. vitronet can offer all of the services required to develop larger fibre-optic networks from a single source.

DEAL CAPTAIN'S OPINION

» vitronet is a well-known company that benefits from its excellent reputation as a telecommunications service provider. The company is well positioned to participate in the expansion of the digital infrastructure in the long run. «

RAGNAR GEERDTS

Ragnar Geerdts can look back on more than ten years of private equity and M&A experience. He has extensive knowledge of the automotive supply and telecommunications industries, as well as the mechanical and plant engineering sector. He has been involved in a large number of equity investments and divestments, for example DNS:NET, Frimo, Formel D, inexio and Oechsler. vitronet is the first investment to be added to the portfolio under his direction. Before joining Deutsche Beteiligungs AG in 2012, he worked in M&A at Bayer AG and Deutsche Post AG.

Digitalisation is the fundamental technological trend of our times. It is giving rise to new business models and forms of communication, making products more customised, improving medical diagnoses and treatment, enhancing traffic safety, reducing energy consumption and making our day-to-day lives more convenient on the whole. There is virtually no area of our lives that has not been affected by digital transformation in some way or another.

But without a high-performance digital infrastructure across the country, it will be impossible to exploit the full potential offered by digital transformation. Compared with other European countries, Germany is lagging far behind when it comes to fibre-optic connections. This is why, in addition to the market-driven expansion of broadband in Germany, various subsidy programmes have been launched to accelerate nationwide expansion of the broadband network. In light of the limited capacities available, it will take ten to 15 years to establish the necessary infrastructure.

With several investments behind it, DBAG has broad experience in the telecommunications sector. Over the next few years, it will be helping vitronet's management team to adapt the company's internal processes and structures to make it fit for the substantial growth that the market offers.

FINANCIAL YEAR 2017

Only a few months after the start of the investment, DBAG and DBAG ECF financed the acquisition of two companies by vitronet. Dankers Bohrtechnik GmbH and Dankers Projektierung GmbH will provide vitronet with additional capacities, will expand its product range to include civil engineering for fibre-optic networks and will broaden the company's customer base. The capacity expansion, in particular, will open up new opportunities, as the company's growth is being hindered by a short supply of personnel resources. Dankers will increase vitronet's revenues by around one-third to around 50 million euros (2017). All in all, revenues and earnings are in line with expectations. They are likely to exceed the prior-year values considerably.

OUTLOOK AND OBJECTIVES

In light of the solid market environment, vitronet's management team once again projects higher revenues and earnings in 2018.

CLEANPART GROUP GMBH

12

PERCENT

average annual revenue growth in the first two years after the start of the investment

INDUSTRIAL SERVICES FOR THE SEMI-CONDUCTOR INDUSTRY
Asperg, Germany, www.cleanpart.de

MANAGEMENT BUYOUT

INVESTMENT BY DBAG FUND VI	€58.9MN
THEREOF DBAG €11.2MN	
SHAREHOLDER: DBAG FUND VI	94.6%
THEREOF DBAG 18.0%	
OTHER SHAREHOLDERS	5.4%
START OF INVESTMENT	APRIL 2015
EMPLOYEES	570

IMPORTANT FACTS AT A GLANCE

› Market opportunities in the US should be exploited

› Focus on the semiconductor industry – healthcare business line sold

› Encouraging development within the semiconductor business line in Europe; revenues and earnings up considerably year-on-year

REVENUES *€mn*

PROFILE

Cleanpart is a services company for the semiconductor industry. The company maintains process-critical components in machines that are primarily used in the production of logic chips, memory chips and comparable components. These machine components become contaminated during the production process and wear out. They must therefore be regularly decontaminated, cleaned and given a new coating, to ensure that they meet the extreme purity and performance requirements in the production processes of chip manufacturers. This also extends the components' useful lives. The components are serviced at the company's own facilities, which are located near major customers in Germany and France, as well as in the US.

POTENTIAL FOR DEVELOPMENT

In recent years, Cleanpart has generated around three-quarters of its revenues in the semiconductor industry. The market environment in this core business is very positive and offers attractive growth opportunities with both existing and new customers. This is due to the sustained high level of investment in the development of new semiconductor manufacturing facilities and the good capacity utilisation levels of existing production facilities. Cleanpart is a well-positioned company that enjoys a leading market position in Europe. It intends to expand its market position in the US based on its strong technological differentiation.

FINANCIAL YEAR 2017

At the end of 2017, the company's second business line, healthcare, was sold to a strategic buyer following a very successful development process. Up until then, Cleanpart had been the largest independent provider of services covering all aspects involved in the preparation of reusable medical products. By way of example, Cleanpart assumed responsibility for manual and mechanical instrument cleaning and sterilisation/repair and maintenance of instruments on behalf of hospitals and other medical institutions. The healthcare business has shown very positive development over the last two years: revenues trebled – internally, thanks to measures to broaden the service portfolio, and externally, thanks to the acquisition of a competitor. The company had also invested in a new location to expand its capacities.

Business with the semiconductor industry was very successful in Europe, in particular. Revenues and earnings in both business lines were up considerably on the prior-year values.

OUTLOOK AND OBJECTIVES

Further revenue and earnings growth is expected in the semiconductor business in 2018. In addition to the ongoing growth on the European market, the management also expects to see positive development for the business in the US.

DNS:NET INTERNET SERVICE GMBH

4

TIMES

as many households reached since the investment by DBAG ECF

TELECOMMUNICATIONS AND IT SERVICES
Berlin, Germany, www.dns-net.de

GROWTH FINANCING	
INVESTMENT BY DBAG ECF	€12.0MN
THEREOF DBAG € 5.0MN	
SHAREHOLDER: DBAG ECF	35.7%
THEREOF DBAG 14.9%	
OTHER SHAREHOLDERS	64.3%
START OF INVESTMENT	SEPTEMBER 2013
EMPLOYEES	100

IMPORTANT FACTS AT A GLANCE

- Objective: growth in broadband expansion and as a cable network provider
- Expansion of the fibre-optic network continued
- Clear increase in the number of new customers each month; marked increase in revenues from private customers

REVENUES *€mn*

PROFILE

DNS:NET was founded in 1998 in Berlin. Today, the company provides telecommunication and internet services for private and business customers using proprietary and leased fibre-optic network infrastructures. Its data centre services for business customers also make use of proprietary and leased infrastructures in high-security sites at key internet nodes.

POTENTIAL FOR DEVELOPMENT

Back in 2010, DNS:NET began investing in the expansion of broadband in thriving regions in the areas surrounding Berlin. Today, the company is the second-largest provider of VDSL connections in Brandenburg, where it is present in more than 300 locations and industrial estates. Since 2012, DNS:NET has also acted as a cable network operator and has provided its own fibre-optic network to numerous new-build residences in Berlin. DNS:NET intends to grow both of its business lines: the expansion of broadband into communities where this has been neglected until now; its offering to the housing industry, in the form of fitting fibre-optic connections in the home. Since capital was invested by DBAG ECF, DNS:NET has been able to quadruple the number of households that have used its services.

FINANCIAL YEAR 2017

In 2017, DNS:NET expanded its regional presence beyond the boundaries of Berlin and Brandenburg. The company won tenders to connect around 70,000 households and more than 1,000 companies and institutions to a high-performance fibre-optic network in Saxony-Anhalt. This allows it to benefit from state subsidies for broadband expansion in rural areas. DNS:NET expects revenues from private customers to be 40 percent higher than in the previous year. Earnings development is being hit by significant advance payments made in connection with sales.

OUTLOOK AND OBJECTIVES

In the coming financial year, the number of new customers attracted every month should increase considerably; the substantial investments made in the fibre-optic network in the past few years are to form the basis for this. Revenues and earnings are expected to exceed the level in 2017 considerably.

FRIMO GROUP GMBH

The average annual increase in Frimo's overall performance came to

12

PERCENT

in the period from 2013 to 2016

TOOLS AND MACHINERY FOR THE AUTOMOTIVE INDUSTRY
Lotte, Germany, www.frimo.de

MANAGEMENT BUYOUT	
INVESTMENT BY DBAG FUND VI	€78.1MN
THEREOF DBAG €14.8MN	
SHAREHOLDER: DBAG FUND VI	76.3%
THEREOF DBAG 14.5%	
OTHER SHAREHOLDERS	23.7%
START OF INVESTMENT	NOVEMBER 2016
EMPLOYEES	1,300

IMPORTANT FACTS AT A GLANCE

- Diversity of models in the automotive industry as a driver for growth
- A focus on further international growth, expansion of the service and spare parts business
- Overall performance expected to be well above previous year's value

OVERALL PERFORMANCE *€mn*

PROFILE

Frimo is one of the world's leading providers of tools and machinery used to manufacture plastic parts for car interiors, for example car dashboards, door trims and arm rests. Its customers are mainly automotive suppliers but it also delivers its products directly to automotive manufacturers. The group has a decentralised structure and is a full-service supplier of tools, machines and automated production lines. Frimo's product portfolio covers almost the entire process chain of its customers.

As the technology required to manufacture interiors must be updated or adapted for almost every new car model due to changes in design, this means that Frimo's business is not determined by the number of vehicles produced, but rather by the number of new car models. The company benefits from the trend towards high-quality and individually designed vehicle interiors, which allows automotive manufacturers to set themselves apart from the competition. Apart from the automotive industry (85 percent of its revenues), Frimo also serves customers in the aviation and chemical industries.

POTENTIAL FOR DEVELOPMENT

Key drivers 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 benefits from its good technology base. Deutsche Beteiligungs AG will support the company in the areas of strategy and organisation, in particular. To this end, we can rely on our in-depth knowledge of business models in mechanical and plant engineering as well as in global market structures, which has been gained from investing in 16 companies in this industry sector in the past 20 years, among other experience.

FINANCIAL YEAR 2017

Thanks to the consistently large number of different models in the automotive industry, Frimo once again recorded an excellent order intake in the financial year 2017. As a result, overall performance and earnings are expected to exceed the prior-year values. Frimo took over B+R Steuerungstechnik GmbH in April 2017. As one of the most important customers of B+R to date, Frimo's acquisition will provide it with key development resources in control technology for its own products.

OUTLOOK AND OBJECTIVES

The measures to realise the development potential agreed on with management at the start of the investment were initiated in the financial year 2017. The main challenge facing Frimo over the next few months will be expanding its production capacities in light of the sustained high order intake. The company has already initiated measures to tackle this issue. It will also be focusing on expanding its service and spare parts business.

GIENANTH GMBH

~30

PERCENT

of the worldwide market share in engine blocks that are produced from hand-moulded castings

MACHINE AND HAND-MOULDED CASTINGS FOR THE AUTOMOTIVE SUPPLY INDUSTRY, PRODUCTION OF LARGE ENGINE BLOCKS
Eisenberg, Germany, www.gienanth.com

MANAGEMENT BUYOUT

INVESTMENT BY DBAG FUND VI	€ 20.4MN
THEREOF DBAG €3.9MN	
SHAREHOLDER: DBAG FUND VI	51.9%
THEREOF DBAG 9.9%	
OTHER SHAREHOLDERS	48.1%
START OF INVESTMENT	MARCH 2015
EMPLOYEES	875

IMPORTANT FACTS AT A GLANCE

- Objective: growth based on strong customer relationships and a good competitive position
- Capital increase and new minority partners
- Measures to achieve operational improvements bearing fruit, revenue and earnings expected to exceed prior-year level

REVENUES *€mn*

PROFILE

Gienanth probably has the longest tradition of any company in the portfolio: at one of its two sites in Germany, it has been casting iron since 1735, while the other goes all the way back to a hammer mill that opened for business in 1449. Today, Gienanth is an important partner for the automotive industry and big engine manufacturers worldwide. As the fourth largest customer market for iron castings worldwide, Germany is a key target market for Gienanth. Accordingly, the company generates about 40 percent of its revenues there.

It also produces hand-moulded castings of highly sophisticated engine blocks (cylinder crankcases) for large diesel and gas engines. The crankcases are used in engines installed in generators for decentralised energy supply (but also for data centres belonging to Facebook and Google), and as energy supply or power units on ships, in locomotives and in other large-scale vehicles. For these crankcases, Gienanth is the leading provider worldwide, with a global market share of around 30 percent. The company also leads the market for machine moulding, its second line of business. Gienanth manufactures high-strength cast parts on a large scale, primarily clutch and brake components for the automotive and commercial vehicle industries; this means that in the area of clutch components, it accounts for more than 25 percent of the global market.

POTENTIAL FOR DEVELOPMENT

Gienanth stands out thanks to its outstanding technological and process expertise, particularly in hand-moulded castings. The company has a good competitive position and stable, long-standing customer relationships. Gienanth should grow on this basis, possibly through the acquisition of further foundries. In doing so, it can benefit from our experience, since DBAG has been intensively involved in this sector over the last few years and has already invested in foundries in the past.

FINANCIAL YEAR 2017

At the beginning of 2017, Sistema Finance S.A., a subsidiary of the Russian conglomerate JFSC Sistema, which is listed on the London and Moscow stock exchanges, acquired a minority stake in Gienanth GmbH and also subscribed to a capital increase. DBAG Fund VI continues to hold the majority of the shares. Sistema boasts an excellent network in Russia, boosting Gienanth's business opportunities.

Gienanth expects significantly improved earnings in 2017, alongside a small increase in revenues. In the machine moulding line of business, the company has acquired new customers; in the hand-moulded casting line of business, the most recent investments in plant are bearing fruit, allowing the company to achieve shorter throughput times and better process quality overall.

OUTLOOK AND OBJECTIVES

The management team is confident that it can benefit from the improved market situation for large engines in 2018. Revenues and earnings are expected to exceed the 2017 level.

HEYTEX BRAMSCHE GMBH

15

PERCENT

average annual revenue growth between 2013 and 2016

MANUFACTURE
OF TECHNICAL TEXTILES
Bramsche, Germany, www.heytex.com

MANAGEMENT BUYOUT

INVESTMENT BY DBAG FUND V	€ 31.7MN
THEREOF DBAG €6.3MN	
SHAREHOLDER: DBAG FUND V	86.3%
THEREOF DBAG 16.8%	
OTHER SHAREHOLDERS	13.7%
START OF INVESTMENT	DECEMBER 2012
EMPLOYEES	500

IMPORTANT FACTS AT A GLANCE

- Growth through internationalisation
- Ongoing optimisation of production; investments in new coating facility at main factory
- Revenue and earnings development on track

REVENUES *€mn*

PROFILE

Heytex Bramsche GmbH manufactures laminated and coated technical textiles and textile print media. The latter are used in the advertising industry and in exhibition construction, for example as banners on façades or translucent advertising media. Their manufacture is Heytex's core business; with its broad product range, the company is the technological and European market leader in this sector and is widely known as a brand name. One of the defining features of Heytex's technical textiles is their functionality, i.e. that they are of low inflammability, are water-resistant or scratch-proof. They are used as truck tarpaulins, tents or stadium roofs, but also as oil barriers, for example in open bodies of water, as conveyor belts and in outdoor advertising. Thanks to its broad product range, Heytex is relatively independent of economic developments in certain end-customer sectors and is certainly not reliant on individual customers. In addition, this gives the company the opportunity to set itself apart from other suppliers. DBAG also liked the fact that Heytex can manufacture technologically sophisticated products, such as those that are in demand in the industrial sector, and can do this even in small batch sizes while remaining profitable.

POTENTIAL FOR DEVELOPMENT

The plan at the start of the investment was to expand the company's sales activities considerably. The focus was on forging ahead with internationalisation. The acquisition of the US company Bondcote, which offers a similar product portfolio, allowed a key component of this strategy to be implemented. The sales organisation has also been reorganised. It turned out that there was a larger backlog than originally expected. The company now has its own sales teams in Italy, France and Spain; in the US, sales activities are now organised via the subsidiary Bondcote. The location in China has been successfully restructured; operational improvement measures have made considerable progress in both German locations.

The plan is to increase Heytex's market share for technical textiles. Heytex is to use the high degree of market fragmentation to achieve above-average growth with its high-quality products. Operational improvement measures will serve to boost profitability.

FINANCIAL YEAR 2017

Heytex's revenues and earnings will be slightly above budget in 2017. This development is being driven by strong sales figures on the Chinese market and at the US company Bondcote, which was taken over in 2015. The commissioning of a new production line at the company's main factory in Bramsche in October 2017 was designed to combat the sustained high level of capacity utilisation.

OUTLOOK AND OBJECTIVES

Heytex plans to continue to systematically implement the growth strategy that it has mapped out. This includes developing innovative product solutions and global moves to optimise production. The company is planning to achieve further revenue and earnings growth in 2018.

INEXIO INFORMATIONSTECHNOLOGIE UND TELEKOMMUNIKATION KGAA

>1,000

new private customers per month

TELECOMMUNICATIONS AND IT SERVICES
Saarlouis, Germany, www.inexio.net

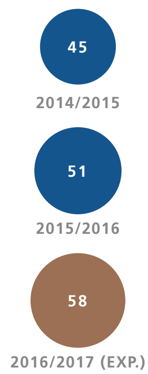
GROWTH FINANCING

INVESTMENT BY DBAG ECF	€18.0MN
THEREOF DBAG €7.5MN	
SHAREHOLDER: DBAG ECF	16.4%
THEREOF DBAG 6.9%	
OTHER SHAREHOLDERS	83.6%
START OF INVESTMENT	MARCH 2013
EMPLOYEES	180

IMPORTANT FACTS AT A GLANCE

- Growth in private and business customers
- Growth accelerated due to acquisitions
- Revenues and earnings up considerably again year-on-year

REVENUES *€mn*



PROFILE

inexio Informationstechnologie und Telekommunikation KGaA invests in the development and expansion of an efficient telecommunications infrastructure in several federal states in Germany. In addition to the federal states of Saarland and Rhineland-Palatinate, the company focuses on Bavaria, Baden-Württemberg, Lower Saxony and the former East German states. inexio has a proprietary and steadily growing fibre-optic and municipal network covering more than 6,500 kilometres, as well as six company-owned data centres. The company offers the full spectrum of telecommunications and IT services, from carrier services to assuming all telecommunications, IT and data centre services. Although the company's original focus was on business customers, this has since been surpassed by faster revenue growth in high-speed internet connections for private customers; this area of the business is growing at an annual rate running into the double digits.

POTENTIAL FOR DEVELOPMENT

inexio is continuously growing its customer base by investing in fast fibre-optic networks, i.e. in an increasingly available and increasingly adopted infrastructure with long-term availability, to secure attractive sources of future revenue that are also predictable. The barriers to entering the market in which inexio operates are typically high. inexio also has a highly motivated and experienced management team, as well as the structures and capacities needed to take advantage of current market opportunities.

An additional key success factor is the speed at which inexio can expand its own network, since particularly in rural areas, the first to invest invariably gets access to the customers. The capital invested by DBAG and the fund allows inexio to maintain the brisk pace at which it invests and to accelerate growth by acquiring further companies. Thus, in recent years, inexio has already acquired several smaller companies with a network and customers in Bavaria and has continued its regional expansion.

FINANCIAL YEAR 2016/2017

In the financial year 2016/2017 (as at 30 September), inexio's sustainable and profitable customer business developed very positively. The company achieved its forecast growth. Private customer contracts increased to more than 80,000 and are increasing by more than 1,000 per month. inexio also gained new business customers in all of its newly acquired network areas. Revenues and earnings will significantly exceed the prior-year values once again. Profitability also improved because, after a period of strong growth, inexio is now making use of economies of scale. In addition to organic growth, inexio was able to acquire and integrate two additional companies, Komnexx (Lower Saxony) and smartDSL (Bavaria), in the last financial year.

OUTLOOK AND OBJECTIVES

As far as 2017/2018 is concerned, inexio plans to continue growing its infrastructure and customer numbers. Revenues and earnings should grow accordingly and should again exceed the previous year's figures. As well as expanding its own network, the acquisition of other companies will remain a key issue on the telecommunications market, which is in the process of consolidating.

INFIANA GROUP GMBH

75

PERCENT

of products are developed based on specific customer requirements

SPECIALISED FILMS

Forchheim, Germany, www.infiana.com

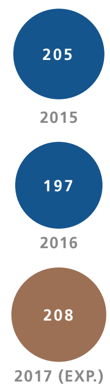
MANAGEMENT BUYOUT

INVESTMENT BY DBAG FUND VI	€21.4MN
THEREOF DBAG €4.1MN	
SHAREHOLDER: DBAG FUND VI	91.4%
THEREOF DBAG 17.4%	
OTHER SHAREHOLDERS	8.6%
START OF INVESTMENT	DECEMBER 2014
EMPLOYEES	800

IMPORTANT FACTS AT A GLANCE

- Growth drivers: product innovation, substitution of paper release liners with plastic film
- Expansion of production capacities in Germany and in the US
- Revenues expected to be up in a year-on-year comparison

REVENUES *€mn*



PROFILE

The Infiana Group develops and produces specialised films for the consumer goods market and for industry. They 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 composite materials; this area should be expanded in the coming years. The large number and variety of final applications, combined with extremely flexible production, ensure a highly diversified product range.

Infiana has production sites in Germany, the US and Thailand. In its core markets, the company is the 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. Three-quarters of its film solutions are developed based on specific customer requirements.

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. As a result, Infiana is investing in expanding its production capacities in the US and at its location in Forchheim, as well as in developing film solutions for new areas of application.

FINANCIAL YEAR 2017

The revenues of the Infiana Group will exceed the prior-year value before the end of the financial year 2017. On the other hand, unfavourable exchange rate developments and short-term fluctuations in commodities prices, which are typical for Infiana's business model, will put pressure on the company's earnings. In addition, Infiana invested in the reorganisation of its global sales structure and in expanding capacities in Germany and the US in the financial year 2017. It also already recruited the additional staff required within this context in 2017. The expanded capacities should contribute to revenues and earnings in 2018. Until just recently, Infiana's production had reached its capacity limit.

OUTLOOK AND OBJECTIVES

The capacity expansion measures taken in 2017 should allow Infiana to fully participate in sustained positive market developments once more. Based on this, the company expects its positive financial development to continue. At the same time, the management plans to forge ahead with measures to optimise the company's operational processes. The strategy agreed at the start of the investment is to be pursued further; this includes expanding the additional areas of application named above. The management also plans to establish the company more broadly and on an international level by making acquisitions.

JCK HOLDING GMBH TEXTIL KG

JCK now generates

>30

PERCENT

of its revenue with products not related to textile trading, for example with merchandising articles

MARKETER OF TEXTILES
AND SELLER OF MERCHANDISE
Quakenbrück, Germany, www.jck.de

GROWTH FINANCING

INVESTMENT BY DBAG ECF	€14.8MN
THEREOF DBAG €8.8MN	
SHAREHOLDER: DBAG ECF	16.0%
THEREOF DBAG 9.5%	
OTHER SHAREHOLDERS	84.0%
START OF INVESTMENT	JAN. 1992 / JUNE 2015
EMPLOYEES	1,200

IMPORTANT FACTS AT A GLANCE

- › Successful expansion of the business outside of textile trading
- › Acquired companies showing positive development
- › Revenues and earnings expected to be down on the prior-year level

REVENUES *€mn*

2015	628
2016	637
2017 (EXP.)	610

PROFILE

The JCK group, based in Quakenbrück, Germany, evolved from a textile retail business that has been family-owned since its inception. Through organic and external growth, the business has developed to become one of the largest German textile trading companies. JCK is a one-stop shop for large-scale retail companies, especially discount supermarkets, that do not want to design their own textile ranges. The JCK group analyses the market, designs textiles, organises their production and ensures on-time delivery. JCK is the German market leader in this field of business. Around two-thirds of its revenues are attributable to textile trading. The company generates the rest of its revenues as a distributor of merchandising articles and from other activities.

POTENTIAL FOR DEVELOPMENT

Over the last few years, JCK has already expanded its successful textiles business by purchasing smaller companies in the attractive merchandising business. These companies now use the JCK platform, allowing them to exploit economies of scale in procurement and distribution. The plan is to continue pursuing this strategy.

FINANCIAL YEAR 2017

JCK's revenues and earnings have increased considerably in recent years (between 2012 and 2016, revenues alone were growing at a rate of more than seven percent per year). The current year is characterised by the initial consolidation of new equity investments and by investments in personnel and structures with regard to younger, fast-growing investments. Higher testing and certification expenses in the textile segment are also putting pressure on earnings, which are therefore likely to fall short of the 2016 level at the end of 2017 – though they will remain at a high level.

OUTLOOK AND OBJECTIVES

For the year 2018, the company expects the growth-related expenses incurred and investments made in the present year to lead to higher revenues and earnings contributions.

MAGEBA AG

16

PERCENT

average annual revenue growth between 2012 and 2016

PRODUCTS AND SERVICES FOR THE INFRASTRUCTURE AND CONSTRUCTION SECTORS
Bülach, Switzerland, www.mageba.ch

GROWTH FINANCING

INVESTMENT BY DBAG ECF	€13.8MN
THEREOF DBAG €6.6MN	
SHAREHOLDER: DBAG ECF	41.6%
THEREOF DBAG 19.8%	
OTHER SHAREHOLDERS	58.4%
START OF INVESTMENT	FEBRUARY 2016
EMPLOYEES	800

IMPORTANT FACTS AT A GLANCE

- Growth through further internationalisation
- In focus: operational improvements, further development of the management organisation and reporting
- Positive growth outlook thanks to sustained solid order intake

REVENUES *CHF mn*

PROFILE

mageba is a global leading supplier of structural bearings, expansion joints as well as other products and services for the infrastructure and building construction sectors. The family-owned company therefore serves an attractive and growing niche market. Structural bearings ensure the load transmission between a bridge's superstructure and its pillars; expansion joints balance out 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 largest 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

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

FINANCIAL YEAR 2017

As part of its strategic orientation, mageba implemented numerous measures to further develop its reporting system and to improve its operational performance. These projects tied up capacities and put pressure on earnings. As a result, part of the sustained positive order intake has not yet been reflected in the figures for the financial year 2017. As a result, the management expects to achieve revenues on par with the prior-year level in 2017, as well as seeing declining earnings.

OUTLOOK AND OBJECTIVES

The market outlook remains positive: mageba will benefit from state infrastructure programmes, such as Germany's Federal Transport Infrastructure Plan (Bundesverkehrswegeplan). The company is to achieve further growth on the basis of the sustained positive order intake and will continue to work on the projects that were agreed on at the beginning of the investment. These include, in particular, expanding its presence on key growth markets and the development of new products. As far as the coming financial year is concerned, the management team expects to see positive effects resulting from operational improvements, which will largely have been completed by then, the completion of a project to optimise procurement and the new management structure that was introduced in 2017.

NOVOPRESS KG

Novopress now generates

50

PERCENT

of its revenues outside of Germany

TOOL SYSTEMS FOR THE SANITARY, ELECTROTECHNICAL AND CONSTRUCTION INDUSTRIES
Neuss, Germany, www.novopress.de

GROWTH FINANCING	
INVESTMENT BY DBAG ECF	€4.8MN
THEREOF DBAG €2.3MN	
SHAREHOLDER: DBAG ECF	39.8%
THEREOF DBAG 18.9%	
OTHER SHAREHOLDERS	60.2%
START OF INVESTMENT	JUNE 2015
EMPLOYEES	100

IMPORTANT FACTS AT A GLANCE

- Strong growth through internationalisation
- Investments in larger production space to expand capacity
- Revenues and earnings above previous year's figures

PROFILE

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.

Novopress has experienced strong growth in recent years as a result of consistently implementing its internationalisation strategy. Its growth has also been driven by the increasing popularity of compression technology, including outside of Europe. Compression is superior to other pipe connection techniques such as welding or screwing, both technologically and in terms of cost. Due to ongoing considerable investments in research and product development, Novopress has managed to achieve and further build on its market position as a 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.

FINANCIAL YEAR 2017

Novopress once again showed positive development in 2017; revenue growth continued, based on the company's successful internationalisation. Business was driven, in particular, by the strong market growth in North America, where compression technology is becoming more and more popular. The company therefore once again expects to see revenues and earnings increase considerably year-on-year.

OUTLOOK AND OBJECTIVES

Novopress will be making further investments to allow it to continue to meet growing demand and to continue supplying its customers reliably. After investments in the assembly line automation and in a fully automatic small component warehouse in the last two years, the coming years will require investments in the buildings at the Neuss location in order to expand production capacities.

Novopress expects to see further positive development in 2018. Revenues and earnings are set to increase even further on the basis of the company's stable customer relationships and the high demand for its products.

OECHSLER AG

Average annual revenue growth of

>10

PERCENT

over the last five years

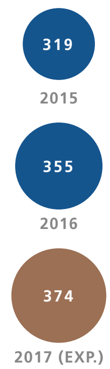
PLASTICS TECHNOLOGY
FOR FUTURE INDUSTRIES
Ansbach, Germany, www.oechsler.com

GROWTH FINANCING	
INVESTMENT BY DBAG ECF	€26.7MN
THEREOF DBAG €11.2MN	
SHAREHOLDER: DBAG ECF	20.0%
THEREOF DBAG 8.4%	
OTHER SHAREHOLDERS	80.0%
START OF INVESTMENT	MARCH 2015
EMPLOYEES	2,400

IMPORTANT FACTS AT A GLANCE

- Expansion of global production; further growth in the medium term attributable to sports shoe business
- Optimisation of development and production continued
- Revenues expected to outstrip previous year and budget once again; earnings also higher than expected

REVENUES *€mn*



PROFILE

With more than 150 years of experience, Oechsler is now a sought-after, long-standing partner for pioneering solutions in plastics technology. The company's product portfolio ranges from precision single parts to complex modules and systems, for example for the automotive supplier industry, for sports shoe production and for 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 its revenues from the automotive supply industry. One key product is the electronic parking brake, which combines mechanical and electronic components with injection-moulded plastic parts.

In the fast-growing area of high-tech sports shoe production, Oechsler combines its expertise in injection moulding and in automation. The company has commissioned a highly automated "speed factory" in Ansbach. This is Oechsler's way of creating a revolutionary and promising production model that offers considerable growth potential, which allows the company to react to changes in demand within an extremely short space of time. At the same time, the company is positioning its production facilities so that they are located in close proximity of its key sales markets – to begin with, through the new factory in Ansbach for the European market, and then through a factory in the US for the North American market.

The revenues of the mainly family-owned company have grown by an average of more than ten percent per year over the past five years. Oechsler maintains five production sites on three continents (Europe, Asia, North America).

POTENTIAL FOR DEVELOPMENT

Oechsler believes that there are further growth opportunities for its successful business model and will be expanding its German sites as well as 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.

FINANCIAL YEAR 2017

In 2017, Oechsler continued on the positive trajectory seen in previous years. Since the company has generated additional business with key customers, revenues are expected to exceed the original projections and to exceed the prior-year value once again. Earnings are also expected to exceed the budgeted level.

OUTLOOK AND OBJECTIVES

The projects initiated at the start of the investment to enhance the company's strategy and optimise operations will be pursued further. In 2018, Oechsler will continue to invest in the expansion of the profitable sports shoe business, for example in the Ansbach speed factory. In addition, efforts to develop further new products on the basis of Oechsler's core technologies and to optimise the company's sales organisation will continue. Together with the ongoing encouraging performance of the company's core business in the automotive industry, this indicates a positive outlook for 2018.

PFAUDLER INTERNATIONAL S.À R.L.

Pfaudler accounts for

25

PERCENT

of the global market volume

MECHANICAL ENGINEERING COMPANY FOR THE PROCESSING INDUSTRY
Luxembourg, www.pfaudler.de

MANAGEMENT BUYOUT	
INVESTMENT BY DBAG FUND VI	€64.3MN
THEREOF DBAG €12.2MN	
SHAREHOLDER: DBAG FUND VI	86.6%
THEREOF DBAG 16.5%	
OTHER SHAREHOLDERS	13.4%
START OF INVESTMENT	DECEMBER 2014
EMPLOYEES	1,400

IMPORTANT FACTS AT A GLANCE

- Challenging market conditions persist
- Operating processes optimised at European sites
- Integration of Montz starting to bear fruit; earnings up on prior year and budget

REVENUES *US $mn*

2014/2015[1]	127
2015/2016	216
2016/2017[2]	234

1 Truncated financial year 2 Provisional

PROFILE

The companies in the Pfaudler Group manufacture glass-lined vessels and other glass-lined components for the chemical and pharmaceutical industries at nine locations in seven countries (Germany, Italy, the UK, the US, Brazil, China and India). Pfaudler also provides spare parts and repair services as well as the planning and construction of complete production facilities. Pfaudler is one of the few manufacturers that can develop and produce process-critical equipment that is compliant with the high quality standards for glass linings, based on its own knowledge and experience. The vessels and components are used as reactors for chemical processes and as storage tanks, columns and piping in chemical facilities. Its many years of experience in preparing the frit for glass lining and, not least, its employees' expertise give the company a competitive edge, because key steps of the process are performed manually. At the same time, these advantages create high market entry barriers for potential competitors. Pfaudler accounts for some 25 percent of the market volume worldwide.

POTENTIAL FOR DEVELOPMENT

Pfaudler is a market leader in a global niche market. It has supplied countless components over the past decades, and this history is a solid foundation for the planned expansion of its services and spare parts business. Shortly after the start of investment, Pfaudler grew its product portfolio by acquiring a majority interest in Julius Montz GmbH. Montz manufactures plant components for use in the chemical and pharmaceutical industries and is a specialist in distillation technology, which can be used to break down different liquids and gases into their individual components or to purify them. Montz holds a leading position in the market for bioethanol, for example by developing state-of-the-art methods to manufacture bioethanol from cellulose. Montz and Pfaudler have a large number of customers in common, which they previously supplied separately from each other with different but complementary technologies. By acquiring Montz, the Pfaudler Group can now offer its customers a broader product portfolio from a single source.

FINANCIAL YEAR 2016/2017

Despite sustained weak market conditions, Pfaudler's revenues are likely to be higher than originally planned in the financial year 2016/2017. The company was able to achieve a year-on-year increase in incoming orders. The integration of Montz's products into Pfaudler's sales process, which has now been completed, and the associated expansion into foreign markets are starting to bear fruit: in the financial year 2016/2017, Montz already contributed to earnings, which also outstrip the latest expectations.

OUTLOOK AND OBJECTIVES

In response to the challenging market conditions, Pfaudler is still forging ahead with measures to optimise operating processes at its European sites. This also involves the gradual relocation of its German production site, a project that is scheduled for completion by the end of 2018. Given the weak demand in the company's core business, measures to develop and expand the service business also remain a key objective. In order to achieve this, Pfaudler is planning to open additional service centres in Europe and in the US.

PLANT SYSTEMS & SERVICES PSS GMBH

The new "Service" core business area is likely to contribute

98

PERCENT

to total revenues in 2017

INDUSTRIAL SERVICES
FOR THE ENERGY
AND PROCESS INDUSTRY
Bochum, Germany, www.eta-bochum.de

GROWTH FINANCING	
INVESTMENT BY DBAG ECF	€5.6 MN
THEREOF DBAG €2.3MN	
SHAREHOLDER: DBAG ECF	49.0%
THEREOF DBAG 20.5%	
OTHER SHAREHOLDERS	51.0%
START OF INVESTMENT	NOVEMBER 2012
EMPLOYEES	210

IMPORTANT FACTS AT A GLANCE

› Tapping into new sectors

› Successful completion of the business model transformation from a new construction project business into a service business

› Good level of orders; earnings expected to exceed prior-year level in 2017

REVENUES *€mn*

PROFILE

Plant Systems & Services PSS GmbH (PSS) is the holding company for a group of specialised companies that provide services for the energy and process industry, such as for power plants and chemical and steel companies, waste incineration plants and district heating suppliers. The group is composed of four companies, including Etabo Armaturentechnik GmbH, which has its headquarters in Bochum, Germany and has more than 40 years of experience in construction and maintenance of pipelines for power plants and industrial sites in Germany. The group also comprises three smaller companies in other locations in North Rhine-Westphalia and in eastern Germany. The range of services includes engineering, plant assembly and commissioning, servicing, repair and maintenance, and the retrofitting and conversion of existing facilities. One of the group companies specialises in installing pipelines in storage tanks and in providing maintenance for entire tank farms.

POTENTIAL FOR DEVELOPMENT

Factors driving PSS's business include the age of existing power plants, plans to decommission power plants and the general trend toward outsourcing industrial services to external specialists. Similar opportunities for the provision of services can be found in the oil and chemical industries, which are faced with ever stricter safety requirements. The buy-and-build strategy pursued at the start of the investment has now been implemented: the product portfolio has been expanded and the company's regional coverage has been enhanced; the service business has virtually replaced the new construction business.

FINANCIAL YEAR 2017

PSS operates in a highly competitive market environment. Customers in key industries are faced with substantial cost pressure and are placing fewer orders. This has resulted in the consolidation of the market and the restructuring of larger major competitors. Although PSS is benefitting from this situation thanks to its flexibility as a mid-market company, it is also facing price pressure. The postponement of a major order means that the company is unlikely to achieve revenues on par with the previous year in 2017. Current projections suggest that earnings will nevertheless outstrip the prior-year level.

OUTLOOK AND OBJECTIVES

In 2018, PSS intends to benefit from the successful implementation of its market entry in eastern and southern Germany over the last two years. An improved cost base should translate into higher profitability; the company expects its revenues and earnings to rise.

POLYTECH HEALTH & AESTHETICS GMBH

30

PERCENT

average annual revenue growth between 2013 and 2016

PROVIDER OF HIGH-QUALITY SILICONE IMPLANTS

Dieburg, Germany, www.polytechhealth.com

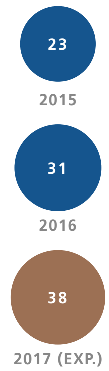
MANAGEMENT BUYOUT

INVESTMENT BY DBAG FUND VI	€63.8MN
THEREOF DBAG €12.1MN	
SHAREHOLDER: DBAG FUND VI	97.2%
THEREOF DBAG 18.5%	
OTHER SHAREHOLDERS	2.8%
START OF INVESTMENT	OCTOBER 2016
EMPLOYEES	180

IMPORTANT FACTS AT A GLANCE

- Plans to forge ahead with internationalisation
- Expansion of manufacturing capacities and sales organisation
- Strong market growth; revenues expected to be well above prior-year level

REVENUES *€mn*



PROFILE

Polytech is a leading player in Europe in the development and production of silicone implants and is 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 the 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 sales activities. At the moment, the company generates around 40 percent of its revenues in Germany and in other western European countries. However, its implants are increasingly being distributed worldwide, currently in over 70 countries. Polytech serves a growth market that is expected to develop worldwide at an annual rate of around six percent in the next few years. A number of factors act as drivers for this, including growing prosperity and demographic change in industrialised countries. Prior to DBAG's investment, Polytech was a family-run business, and is now at a new stage in its development.

FINANCIAL YEAR 2017

DBAG and DBAG Fund VI acquired a majority stake in Polytech in the fourth quarter of 2016. The company continued to pursue its strategy in the first year of the investment, reporting a sustained growth dynamic. Polytech is expecting its revenues to be up considerably in a year-on-year comparison. This positive development will be based on the expansion of the company's capacities for clean-room production, a project that was completed in 2017. The resulting costs are reflected in earnings, which are likely to be slightly below budget.

OUTLOOK AND OBJECTIVES

In 2018, Polytech plans to push forward with the measures agreed at the start of the investment, focusing on the further expansion of its international sales organisation, for example. The aim is to further improve the company's competitive position on both new and existing markets. Polytech expects the demand for its products to remain high and plans to achieve further growth based on its additional production capacities.

RHEINHOLD & MAHLA GMBH

Rheinhold & Mahla generates

~60

PERCENT

of its revenues in the growth market for cruise ships and ferries

INTERIOR OUTFITTING FOR SHIPS AND MARINE INSTALLATIONS
Hamburg, Germany, www.rm-group.de

GROWTH FINANCING

INVESTMENT BY DBAG ECF	€25.2MN
THEREOF DBAG €12.0MN	
SHAREHOLDER: DBAG ECF	33.0%
THEREOF DBAG 15.7%	
OTHER SHAREHOLDERS	67.0%
START OF INVESTMENT	SEPTEMBER 2016
EMPLOYEES	480

IMPORTANT FACTS AT A GLANCE

› Growth drivers: construction of passenger ships

› Strengthening of the market position in Asia thanks to joint venture with Chinese shipyard group

› Following weak order intake in 2017: all-time high in orders on hand as the basis for rising revenues in 2018

REVENUES *€mn*

PROFILE

Rheinhold & Mahla 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 renovated 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. wet rooms). 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 purpose vessels and freighters, and the offshore market. R&M has production sites in Germany (Wismar) and in China (Kunshan), as well as project offices and service centres worldwide. In recent years, it has broadened its product portfolio and extended its regional presence in strategically important markets, such as the US, by acquiring smaller companies.

POTENTIAL FOR DEVELOPMENT

R&M mainly serves the cruise ship market, which is experiencing structural growth. The company's strong market position and growth opportunities through geographical expansion and the expansion of the service business constitute a good basis for successful development. The industrial services business is one of the key sectors in which DBAG has extensive investment experience.

FINANCIAL YEAR 2017

In the current financial year, R&M has further improved its strategic position by being awarded a large-scale contract from the ferry operator Stena Line in collaboration with the Chinese shipyard group AVIC. Within this context, the company is setting up a joint venture with AVIC that will hopefully allow R&M to participate in the fast-growing passenger ship construction business in China, even beyond the initial order. Revenues and earnings in 2017 were impacted by the low amount of incoming orders at the end of 2016 and at the beginning of this year, meaning that they will remain below the target value.

OUTLOOK AND OBJECTIVES

R&M's order intake has increased considerably since mid-2017, rising to what is currently an unprecedented high in orders on hand. Based on this solid amount of orders on hand, the company is aiming to achieve revenue growth and improved earnings in 2018. Its focus in 2018 will be on the Chinese joint venture, another large-scale order at its site in Finland, and a large-scale order at its site in Miami. Miami will be the site responsible for driving the company's service business, i.e. cruise ship remodelling and renovation.

SILBITZ GROUP GMBH

Silbitz generates

>50

PERCENT

of its revenues in the wind energy sector

HAND-MOULDED AND AUTOMATED MOULDED CASTINGS WITH STEEL AND IRON BASES
Silbitz, Germany, www.silbitz-group.com

MANAGEMENT BUYOUT

IINVESTMENT BY DBAG FUND VI	€27.3MN
THEREOF DBAG €5.2MN	
SHAREHOLDER: DBAG FUND VI	87.0%
THEREOF DBAG 16.5%	
OTHER SHAREHOLDERS	13.0%
START OF INVESTMENT	AUGUST 2015
EMPLOYEES	1,050

IMPORTANT FACTS AT A GLANCE

- Objective: growth by expanding business with existing customers and by way of acquisitions
- Investments in capacity expansion
- Strong demand from the wind energy sector; revenues and earnings exceed expectations

REVENUES *€mn*

2015	128
2016	151
2017 (EXP.)	162

PROFILE

The Silbitz Group operates three foundries, which each have their own product range. At its headquarters in Silbitz (Thuringia, Germany), various materials based on iron and steel are cast in hand-moulded and automated moulding processes; this allows the company to react flexibly to changes in its customer markets. The complex moulded parts produced there are mainly used in engine construction and in energy technology. In Zeitz (Saxony-Anhalt, Germany), the company hand-moulds products mainly for wind farms, rotor hubs and machine carriers – usually in small quantities but with heavy unit weights of up to 45 tonnes. This allows the company to participate in the energy transition and in the resultant sustained enthusiasm for investing in wind farms. At its third production site in Košice (Slovakia), the company uses a range of processes to cast various materials, making highly customised products.

In addition to wind energy technology, Silbitz products are also used, among other applications, in drive technology (planetary carriers, bearing housings) and in engine technology outside of the automotive construction, for example, in pistons and cylinder covers for marine and train engines. Its customers include market leaders in their respective sectors. Silbitz supplies its products primarily to customers in Germany, Austria and Switzerland as well as in Scandinavia.

POTENTIAL FOR DEVELOPMENT

The Silbitz Group is the second foundry in the portfolio, accompanying the iron foundry Gienanth. Both companies can benefit from DBAG's experience in this sector. DBAG has been involved in this sector intensively over the last few years and has already invested in foundries in the past.

The Silbitz Group should continue to develop independently. Expanding its business with existing customers should contribute towards this. Non-organic growth through acquisitions of other companies is also being considered; back in 2016, for example, the group acquired the company formerly known as Achslagerwerke Stassfurt, with a revenue volume of around €15 million.

FINANCIAL YEAR 2017

The company showed better development than planned in 2017; revenues and earnings are likely to exceed both the prior-year level and the budget. Silbitz has benefited from the high demand from the wind energy sector, among other factors. The demand for cast steel products has also increased.

OUTLOOK AND OBJECTIVES

The investments made in expanding the company's capacities at its Zeitz site will start to have a positive impact in the new financial year. The company expects its revenues and earnings to increase in a year-on-year comparison.

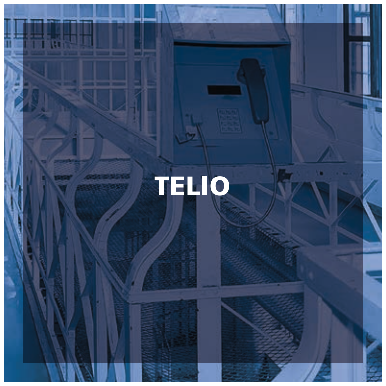
TELIO MANAGEMENT GMBH

Telio now generates

80

PERCENT

of its revenues outside of Germany



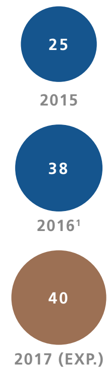
COMMUNICATIONS AND MEDIA SYSTEMS FOR CORRECTIONAL FACILITIES
Hamburg, Germany, www.tel.io

MANAGEMENT BUYOUT	
INVESTMENT BY DBAG FUND VI	€67.7MN
THEREOF DBAG € 12.9MN	
SHAREHOLDER: DBAG FUND VI	78.5%
THEREOF DBAG 14.9%	
OTHER SHAREHOLDERS	21.5%
START OF INVESTMENT	APRIL 2016
EMPLOYEES	110

IMPORTANT FACTS AT A GLANCE

- Growth through further internationalisation
- Acquisition in Spain enhances European market coverage
- Measures to achieve operational improvements starting to bear fruit; revenues expected to exceed prior-year value

REVENUES *€mn*



1 Pro forma

PROFILE

Telio develops, installs and operates communications and media systems for correctional facilities. It installs telephones and related systems, allowing inmates to make monitored calls from communal areas or directly from their cells. Telio's product range also includes comprehensive multimedia systems, which comprise, for example, TVs, DVD players, radios and PCs with restricted internet access. In addition to the corresponding installations (cables and end devices), Telio also offers software that monitors telephone calls and handles the related billing. The software relieves prison officers of some of their responsibilities, thereby simplifying everyday life at correctional facilities.

POTENTIAL FOR DEVELOPMENT

The business is driven by efforts to ensure easier reintegration of the prisoners into society 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. There is additional potential for value growth from adapting the structures of this fast-growing company to reflect its new size. This includes strengthening the second level of management at Telio.

FINANCIAL YEAR 2017

Telio expects revenues to exceed the prior-year level and the budget in the financial year 2017. The company is continuing with its international expansion: the new business in the Czech Republic, for example, has already shown very positive development in the first year after the company won the tender. The acquisition of the inmate telephony business line of the Spanish telecommunications company Telefónica allowed the company to further expand its market-leading position in Europe. The expansion of the business and investments in new products are reflected in the earnings for the financial year 2017, which are expected to be on par with the previous year.

OUTLOOK AND OBJECTIVES

The measures launched by Telio to optimise its operational processes have already had a positive impact in 2017. Further potential for operational improvement is to be exploited over the next few months. Telio plans to achieve further organic growth, which is why it is taking part in tenders worldwide. The company also plans to acquire further companies in the market and is constantly looking into possible acquisition targets.

UNSER HEIMATBÄCKER GMBH

Unser Heimatbäcker now has

>400

OUTLETS

BAKERY CHAIN
Pasewalk, Germany,
www.unserheimatbaecker.de

MANAGEMENT BUYOUT

INVESTMENT BY DBAG FUND VI	€53.1MN
THEREOF DBAG €10.1MN	
SHAREHOLDER: DBAG FUND VI	66.3%
THEREOF DBAG 12.6%	
OTHER SHAREHOLDERS	33.7%
START OF INVESTMENT	MAY 2014
EMPLOYEES	2,700

IMPORTANT FACTS AT A GLANCE

› Aim: further organic growth

› Focus on attracting qualified employees

› Shortage of staff hindering business; revenues and earnings down on the previous year and below budget

REVENUES *€mn*

2015	133
2016	141
2017 (EXP.)	139

PROFILE

With more than 400 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 north-east 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 retail stores and cafés. In addition, the company delivers a range of bakery products to around 1,500 customers (supermarkets, hotels, petrol stations) via a wholesaler, partly from its own frozen baked goods production.

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 supermarkets. As a high-quality bakery chain with innovative production processes and a holistic marketing concept, Unser Heimatbäcker is nonetheless 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 for organic growth, by making use of economies of scale through the implementation of its "Lila Bäcker" concept. As well as a uniform design for all retail spaces, this concept incorporates a special price differentiation strategy and a customer loyalty programme, among other features. A focus on premium-quality products forms the basis for the implementation of the strategy.

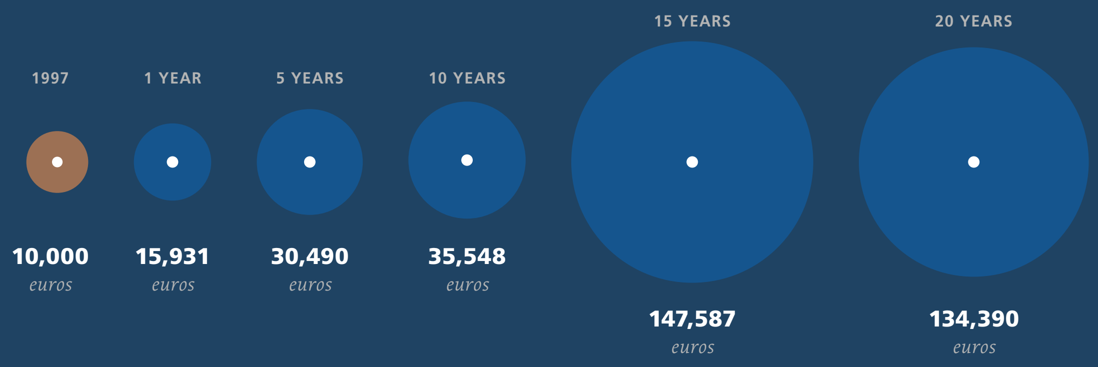
FINANCIAL YEAR 2017

Unser Heimatbäcker expects its revenues in the financial year 2017 to be below budget and down slightly on the previous year. Due to a shortage of staff in rural areas of north-east Germany, the company has closed more outlets than it has opened. Unser Heimatbäcker's earnings in 2017 will also remain below budget and will be lower than in the previous year. Earnings have been hit, in particular, by higher personnel expenses, for example due to the increase in the minimum wage and special incentive programmes.

OUTLOOK AND OBJECTIVES

Recruiting qualified staff is a prerequisite for Unser Heimatbäcker's further growth but is also the greatest challenge currently facing the company. Over the next few months, the management's main objective will therefore be to close the personnel gaps that have arisen – both in the outlets and in administrative functions. This will serve as a basis for the implementation of measures to improve the revenue and earnings situation of the company. Unser Heimatbäcker is planning to open more new outlets again and to introduce a new resource planning and cash register system.

SHARES



»Our dividend is to remain stable and increase whenever this is possible. The dividend yield is to remain attractive.«

PERFORMANCE OF
DBAG PORTFOLIO

The DBAG share – access to the attractive private equity asset class at the price of a share

Private equity is designed primarily for mid-sized companies as a means of financing their growth or of organising their succession. It enhances their capacity to innovate, improves their competitive standing and creates growth potential in the process. Their improved market position allows them to generate higher returns on the capital employed and thus increases their enterprise value.

Comparisons with listed or family-owned companies bear impressive testimony to this: companies financed using private equity have better financing structures, pursue clearer strategies and achieve stronger growth. As well as generating higher returns for their investors, this improves their ability to secure existing jobs and also to create additional ones.

Thus, investments in the private equity asset class often result in higher returns than other forms of equity investment. This is why private equity is also a fixed component of institutional investment strategies, which are the source of the capital commitments made to the DBAG funds, for example.

Deutsche Beteiligungs AG offers investors the opportunity to participate in this attractive asset class even if they have only small volumes of capital to invest, all while providing an investment form that can be traded on a daily basis and complies with internationally recognised transparency standards.

Reap twice the benefits from the potential offered by the private equity business with DBAG shares

DBAG shares allow investors to participate in a unique integrated business model: they are given access to ongoing earnings contributions made by the advisory services provided to private equity funds and, at the same time, participate in the performance of a portfolio of top-performing mid-sized companies that are not listed themselves. Our shareholders have benefited from this business model, achieving above-average performance on their shares.

Capital market communication – a focus on proactive communication

We have traditionally sought to maintain intensive dialogue with investors and financial analysts. In the financial year 2016/2017, we once again used a range of communication channels in order to achieve this – in particular, face-to-face meetings, analyst conferences and selected capital market conferences. We spent a total of 15 days on the road and spoke to 80 companies in five European countries to present our shares, provide information on current business developments and to explain our further strategic development. In the previous year, the capital increase implemented in September 2016 formed a focal point of our activities, accounting for nine out of a total of 22 investor days.

Further information on the current status of our IR activities: www.dbag.de/IR

Further information on these memberships can be found on page 59.

In the reporting year, our talks concentrated on matters including portfolio transactions and the capital gains generated as a result, as well as the development potential offered by the new and existing companies in our investment portfolio. The presentations can be accessed on our website. Last but not least, we also used our membership of various associations to underscore our commitment to an open dialogue with the capital market.

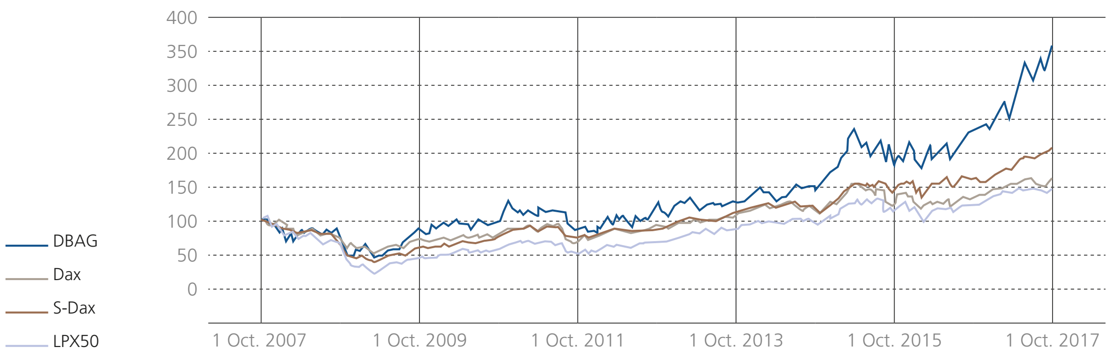
Our investor relations activities were met with a positive response on the market: in October 2017, our capital market communication received a particularly positive rating from the Leipzig Graduate School of Management and the magazine "manager magazin" for the third time in a row. Out of the 50 companies listed on the S-Dax, our Annual Report and our IR presentation received top marks. Out of all 160 Dax, M-Dax, S-Dax and Tec-Dax stocks, we once again made it into the ranks of the best 10 percent of the evaluated companies.

Share price performance and development in analyst estimates

Encouraging 2016/2017 marks the continuation of a very positive long-term trend

PERFORMANCE OF DBAG SHARES AND BENCHMARK INDICES

(1 October 2007 – 30 September 2017, indexed to: 1 October 2007 = 100)



During the first five months of the financial year, our shares developed largely in tandem with the market as a whole. The end of March then brought a pronounced upward trend that continued until the end of May 2017. During this period, DBAG shares gained 36 percent, with some periods characterised by large daily trading volumes. This phase was characterised by significant new developments in our portfolio. Between the end of February and the end of May alone, our investment team, with its long-standing experience, concluded eight transactions, five of which were – in some cases exceptionally – successful disposals.

This prompted us to lift our annual forecast on 2 May 2017. From June onwards, our shares started on a sideways trend before once again rising considerably in September, the last month of the financial year. This was also due to the further details on our forecast released on 8 August

2017, in which we informed the market that we were expecting a further improvement in net income for the financial year 2016/2017 on the net income at 30 June 2017.

Our shares touched on their annual low very early on in the financial year, decreasing in value to 29.59 euros on 13 October 2016. On the last trading day of the financial year, they then reached their annual high of 45.51 euros, which was also the highest closing price ever reached since the stock was first listed on 19 December 1985.

This means that, all in all, our shares made substantial gains during the financial year, clearly outperforming the Dax (+20.9 percent) and S-Dax (+27.9 percent) as in the previous years with an increase of 53.9 percent. Our shares have shown performance that is well above-average compared in particular with the sector index for international listed private equity companies: during the same period, the LPX50 only increased by 20.2 percent. As a result, DBAG's shareholders once again benefited from above-average performance from a longer-term perspective: the annual total return over the last ten years, based on share price performance and distributions, comes to 13.5 percent, which is well in excess of the return achieved by the benchmark indices. Our shares also have a considerable lead based on other comparative periods.

PERFORMANCE[1] (P.A. %) OVER ...

	DBAG shares	Dax	S-Dax	LPX50[2]
1 year (financial year 2016/2017)	59.3	20.9	27.9	20.2
3 years (financial years 2014/2015 to 2016/2017)	33.4	11.0	20.5	14.7
5 years (financial years 2012/2013 to 2016/2017)	25.0	11.9	18.9	17.0
10 years (financial years 2007/2008 to 2016/2017)	13.5	4.9	7.5	4.0

1 Adjusted for dividends
2 Index including the 50 biggest international listed private equity companies in terms of market capitalisation; DBAG shares are included in this index

Liquidity: considerable increase in trading volume on the regulated market

Trading activity in our shares has traditionally been particularly high – in terms of the number of shares traded – in the second quarter of the financial year, when our dividend is paid out. In 2016/2017, the average daily trading volume was more than 100 percent higher than in the previous quarter in the months from January to March 2017. In the third quarter, however, the trading volume was also almost as high as in the second quarter. In terms of our business developments, this three-month period was notable due to the large investment portfolio transaction volume and the corresponding decision to improve our forecast.

All in all, this meant that the trading volume on Xetra and on the regional stock exchanges rose by more than a quarter to a total of almost 8.66 million shares in the financial year 2016/2017. The daily average for all trading venues rose sharply, from just under 27,000 to almost 34,000 shares.

Thus, the liquidity of our shares has increased significantly of late, meaning that we met another one of the objectives set as part of our most recent capital increase. After all, one of the reasons behind this encouraging development is likely to be the higher market capitalisation. Surpassing the 500 million euro threshold makes DBAG shares interesting for a larger group of institutional investors. The appointment of a third designated sponsor in May 2017 will certainly have also contributed to this trend.

Including OTC trading, almost 11.4 million shares changed hands in the financial year under review, up by around 6 percent year-on-year. This marks a turnaround in the trend seen in the previous year, when less than half of the total transactions were executed on Xetra for the first time. With a 34 percent increase in the volume traded on Xetra, Xetra trading now accounts for more than 58 percent of trading.

The analyst estimates that we become aware of are documented on a regular basis and in a timely manner on our website under Investor Relations/Shares/Analysts' ratings.

Research: analysts give DBAG shares a positive rating overall

At the end of the financial year 2016/2017, seven research companies and banks were in contact with us, observing our shares and publishing their estimates. In their most recent studies and updates, they particularly praised the large number of portfolio reallocations and the resulting boost to the value of our portfolio and to the net asset value.

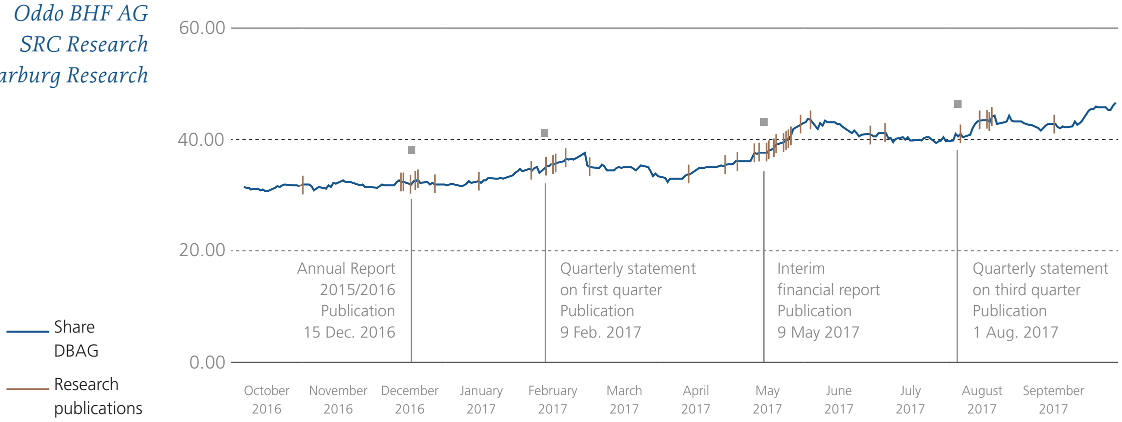
The following research companies analyse our corporate development and issue valuations of our shares on a regular basis:

Baader-Helvea Equity Research
Bankhaus Lampe
Edison Investment Research
J.P. Morgan Cazenove
Oddo BHF AG
SRC Research
Warburg Research

The high frequency at which the research companies publish company studies and update estimates regarding DBAG shares throughout the stock market year is also worth mentioning. They do this not only in line with our regular reporting on the individual quarters of the financial year and on the overall financial year, but also in connection with important company news, such as portfolio transactions. Given the large number of transactions executed in the financial year 2016/2017, a correspondingly large number of commentaries were published.

RESEARCH PUBLICATIONS IN THE FINANCIAL YEAR 2016/2017

DBAG share price in €



Appropriation of profits

Dividend policy takes investment activity requirements into account

We want our shareholders to participate in the Company's success by enjoying dividends that are as regular as possible. This is one of our financial objectives. In line with this objective, DBAG's dividend yield has been attractive, both in general terms and compared to other listed private equity firms. We want it to remain attractive, irrespective of how our business model develops, and we are now generating much higher fund inflows from fund advisory and management services. Our investment portfolio is now larger, which will stabilise inflows from disposals. Both of these aspects allow us to pay a stable dividend. We have, however, also increased the co-investment capital commitments we have made to the DBAG funds. This requires the corresponding financial resources: we always want to keep sufficient financial resources available to be able to finance co-investments alongside the DBAG funds using our proprietary capital, in line with our financing strategy.

This forms the basis of our dividend policy: our dividend is to remain stable and increase whenever this is possible; the dividend yield is to be attractive.

Proposed distribution: dividend of 1.40 euros per share

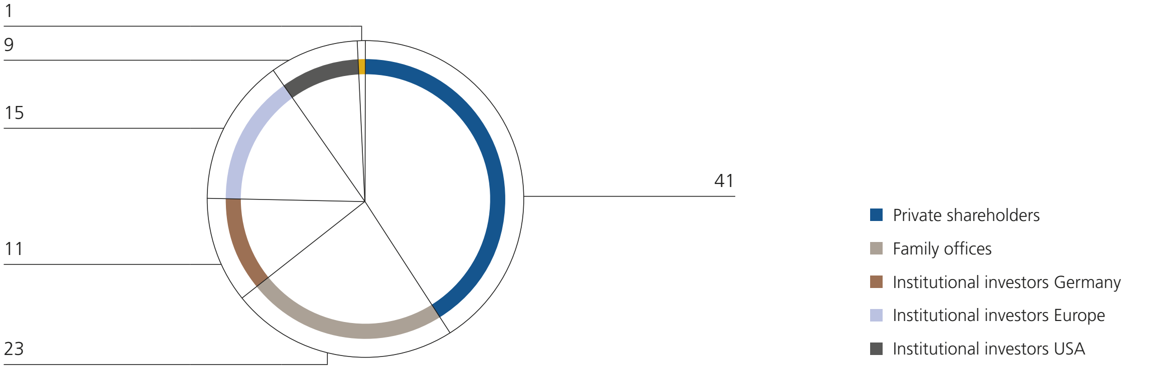
The Supervisory Board and the Board of Management recommend paying a dividend of 1.40 euros per share from the retained profit of 181.9 million euros for the financial year 2016/2017, or a total of 21.1 million euros. This represents an increase of 0.20 euros per share, or 16.7 percent, year-on-year. In relation to the average share price in the financial year 2016/2017, this represents a dividend yield of 3.9 percent.

Shareholder profile

Lower proportion of private individual shareholders

SHAREHOLDER PROFILE AT 15 SEPTEMBER 2017)

%



Private individuals still form the largest group of DBAG shareholders, despite the fact that they now account for a smaller number of shares than in recent years. At 15 September 2017, the most recent disclosure date for the share register, approximately 15,250 private individuals and shareholder associations were registered, holding just under 41 percent of the shares or almost 400 shares per securities account on average. One year earlier (30 September 2016), 45 percent of the shares were in the hands of around 14,900 private individuals with around 440 shares held in each securities account. The proportion of shares held by family offices is unchanged at 23 percent; this also includes the two shareholders that hold more than 5 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, held 19.9 percent in DBAG at that time. Based on comparable information, Anpora Patrimonio, a family office based in Spain, holds approximately 5 percent of the shares. 82 percent of DBAG shares were in free float ownership at the reporting date, as defined by Deutsche Börse and according to the voting rights notifications we have received.

DBAG is 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

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BASIC DATA

ISIN:	DE000A1TNUT7
Ticker symbol	DBANn.DE (Reuters)/DBAN (Bloomberg)
Listings	Frankfurt (Xetra and trading floor), Berlin-Bremen, Dusseldorf, Hamburg, Hanover, Munich, Stuttgart
Stock market segment	Regulated Market (Prime Standard)
Index affiliation (selection)	S-Dax (rank 35[1]); Classic All Share; C-Dax; Prime All Share; Deutsche Börse sector indices: DAXsector All Financial Services, DAXsubsector Private Equity & Venture Capital; Other indices: LPX Buyout, LPX Europe, LPX50; Stoxx Private Equity 20
Designated sponsors	Bankhaus Lampe KG, Oddo BHF 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 listing	19 December 1985

1 At 30 September 2017, measured by market capitalisation (liquidity measure ranking: 44)

KEY INDICATORS

		2016/2017	2015/2016	2014/2015
Closing rate at the end of the financial year[1]	€	45.51	29.57	24.90
Financial year high[1]	€	45.51	30.31	33.94
Financial year low[1]	€	29.59	23.53	21.96
Financial year average[1]	€	35.76	27.21	27.88
Annual performance[2]	%	55.1	23.0	20.9
Market capitalisation[1, 3]	€mn	684.7	444.9	340.5
thereof in free float[4]	€mn	560.7	344.0	255.4
Average daily trading volume[5]	€mn	1.240	0.726	1.532
Dividend per share[6]	€	1.40	1.20	1.00
Distribution sum[6]	€mn	21.1	18.1	13.7
Dividend yield[7]	%	3.9	5.7	5.0
Earnings per share[8]	€	6.01	3.63	1.98
Equity per share[3]	€	29.57	24.57	22.16
Price/equity per share[3]		1.54	1.20	1.12

1 Xetra closing rates
2 Adjusted for dividends
3 At the end of the financial year
4 As defined by Deutsche Börse AG
5 According to data provided by Deutsche Börse AG
6 Recommended for 2016/2017
7 Relative to equity per share at the beginning of the financial year (less the distribution for the previous year)
8 Based on the weighted average number of shares

SUSTAINABILITY

Deutsche Beteiligungs AG has committed itself to the principles of sustainable corporate behaviour. The focus is on the criteria of corporate governance, business ethics, employment and social affairs, as well as the environment. When it comes to the investment process and the future disposal of our portfolio companies, as well as managing our company, taking responsibility for the impact that our decisions have on others, both now and in the future, is consistent with the long-term nature of our business.

CORPORATE GOVERNANCE

BUSINESS ETHICS

EMPLOYMENT & SOCIAL AFFAIRS

ENVIRONMENT

TAKING SUSTAINABLE ACTION
MAKING RESPONSIBLE INVESTMENTS

CORPORATE GOVERNANCE

CONVICTION AND VALUES: APPLYING EVEN BEYOND OUR COMPANY

As a company with firmly established ethical and social principles, we attach a great deal of importance to ensuring that our portfolio companies also meet our high standards and that any negative impact on nature is kept to a minimum. Due to the allocation of roles between our portfolio companies and DBAG, we exert our influence when directly selecting an investment. During the holding period, we have an indirect influence by taking offices on advisory councils and supervisory boards.

IN BRIEF

» By appointing a sustainability officer who reports directly to the Board of Management, we can ensure that compliance with our values and guidelines is reviewed on a regular basis as opposed to just existing on paper. «

COMMITMENT: SUSTAINABILITY GUIDELINES AND GERMAN CORPORATE GOVERNANCE CODE

Development can only be deemed sustainable when it not only meets our current needs but also meets those of future generations. For us as a private equity company, this commitment encompasses both the integration of the principles for responsible investment into our investment process, as well as providing support to our portfolio companies, including when they are sold in the future, and corporate governance issues. We have set out our sustainability principles in a separate Sustainability Guideline.

In addition, we have consistently followed nearly all of the recommendations and suggestions of the German Corporate Governance Code since its introduction.

Before the investment is made, we examine opportunities and risks linked to compliance or non-compliance with ESG criteria using a due diligence process. Even afterwards, we keep the ESG development of our companies in full view and we work in close cooperation with them to improve the relevant criteria.

BUSINESS ETHICS

THE DBAG COMPLIANCE SYSTEM

COMPLIANCE IN TRANSACTION PROCESSES

COMPLIANCE WITHIN DBAG

»100% COMPLIANCE«

HOSPITALITY

BUSINESS TRIPS

GIFTS/PERQUISITES

EMPLOYEE TRANSACTIONS

EQUAL TREATMENT

IT/DATA SECURITY

ORGANISATION

CONTROL

FURTHER DEVELOPMENT

EMPLOYEE INFORMATION

COMPLIANCE AT PORTFOLIO COMPANIES

COMPREHENSIVE COMPLIANCE SYSTEM: ZERO TOLERANCE FOR NON-COMPLIANCE

Ensuring that statutory provisions are adhered to within Deutsche Beteiligungs AG itself and in the portfolio companies we lend our support to is an absolute must for us. This is an area in which we pursue a zero tolerance approach. We are strictly against all forms of corruption or other unethical business practices. In order to meet these high compliance standards both within our Company and in our dealings with our portfolio companies, we have introduced an extensive compliance system that documents and regulates our commitment to compliance. Our aim, as a private equity company, is not just to ensure adherence to set compliance standards by our employees. Rather, DBAG is also committed to cooperating with advisory councils and supervisory committees in order to establish and enhance compliance systems at its portfolio companies.

Our code of conduct sets out our central values and guiding principles. Our Compliance Guideline includes detailed regulations and implementing provisions on individual areas of compliance, such as expenditure on business trips, hospitality, dealing with gifts and invitations, employee transactions, equal treatment and IT. There are clear regulations in place governing the organisation and monitoring of the compliance system; this includes the further development of the system and ensuring that employees are provided with information on a regular basis.

There are similarly clear regulations in place governing compliance in the investment process. When new investments are evaluated, these provisions apply in the due diligence process. We have also set out clear guidelines on what we expect from the compliance systems established at portfolio companies and do everything in our power to ensure that these standards are met.

EMPLOYMENT & SOCIAL AFFAIRS

EMPLOYEES: THE BEST POSSIBLE WORK ENVIRONMENT FOR ALL EMPLOYEES

We want to offer all DBAG employees the best possible working environment. After all, we acknowledge that our employees are our most important resource. We put the same amount of emphasis on our culture of respect, openness and flat hierarchies as we do on our professionalism, stable processes and ongoing professional development. Our remuneration system ensures that all employees participate in the Company's success.

In relation to the size of the Company, DBAG invests an above-average amount in training. We had six apprentices working for us at the most recent reporting date; this corresponds to around 9 percent of our workforce.

FOUNDATION: SOCIAL AND CULTURAL COMMITMENT

The charitable foundation "Gemeinnützige Stiftung der Deutschen Beteiligungs AG" forms the basis of DBAG's ongoing social and cultural commitment. The foundation aims to support active and former employees of current and previous portfolio companies and their relatives in times of need. The DBAG foundation also promotes the arts and cultural projects in the greater Frankfurt area.

Gemeinnützige Stiftung der **Deutschen Beteiligungs AG**

ENVIRONMENT

CARBON DISCLOSURE PROJECT: CONTINUOUS REDUCTION IN GREENHOUSE GAS EMISSIONS

DBAG has been involved in the Carbon Disclosure Project (CDP) surveys since 2011. The CDP is a global non-profit organisation that represents major institutional investors. It collects data on company greenhouse gas emissions (among other things) on behalf of institutional investors. Participating in the CDP allows us to meet the investors' and the general public's demands for transparency. The annual survey provides us with a good pool of data to facilitate continuous improvements in our level of CO_2 emissions.

Our business model means that our carbon footprint is relatively small. It is influenced primarily by the operation of our business premises, as well as by the use of company vehicles and by the business trips that our employees make. As in previous years, the CDP has also confirmed our above-average emissions management for the financial year 2016/2017.

CO_2 EMISSIONS

Average CO_2 emissions (in tonnes) per employee in the financial year (excl. business trips)

COMBINED MANAGEMENT REPORT

on Deutsche Beteiligungs AG
and Deutsche Beteiligungs AG Group
for financial year 2016/2017

COMBINED MANAGEMENT REPORT

Business overview

Deutsche Beteiligungs AG (DBAG) can look back on an exceptional 2016/2017 financial year. With net income of 90.4 million euros and a return on equity of 26.5 percent, the last financial year was one of the most successful in the Company's history. It was also a year characterised by very intensive investment and divestment activity. The very positive level of net income is due to the success stories associated with six divestments. The proceeds generated as a result reflect the solid strategic further development of these companies, but also the high level of demand for companies like these at present.

After years in which changes in the actuarial rate for pension obligations had put pressure on earnings, the higher interest rate level in 2016/2017 had a positive impact on consolidated comprehensive income, which came to 93.3 million euros. This corresponds to earnings per share of 6.01 euros and a return on equity per share – our key performance mark – of 26.5 percent.

DBAG's portfolio has rarely changed as much as it did in 2016/2017: around one quarter of the companies that were in the portfolio at the beginning of the financial year were sold within the next twelve months. Six new investments were added to the portfolio and another has already been agreed. All in all, the carried portfolio showed positive development in the course of the last year.

The Private Equity Investments segment reported earnings before tax of 85.7 million euros in 2016/2017, almost two-thirds higher than in the previous financial year. The earnings before tax reported by the Fund Investment Services segment (4.7 million euros) includes the positive effect associated with the beginning of the investment period of DBAG Fund VII, Germany's biggest private equity fund, which was closed at the start of the 2016.

The Group's parent company posted a (HGB-formatted) profit for the year of 144.3 million euros, which is also a record high. Out of the retained profit totalling 181.9 million euros, 1.40 euros per share is to be distributed to the shareholders, i.e. a total of 21.1 million euros.

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 initiates closed-end private equity funds ("DBAG funds") for investment in equity or equity-like instruments predominantly in unlisted companies, and provides advice regarding these funds. 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 advisor, is on mid-market German companies.

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 portfolio companies subsequently continue their development under a different constellation, for example, alongside a strategic partner, a new financial investor or as a listed company.

List of shareholdings: Notes to the consolidated financial statements, page 204

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. This transparency makes us particularly predictable for our partners – for entrepreneurs and managements operating in the mid-market 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. This 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.

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 Unternehmensbeteiligungsgesellschaften – UBGG) and is therefore exempt from municipal trade tax. It is also registered as a capital management company (Kapitalverwaltungsgesellschaft – KVG) in accordance with the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB). Since 1 July 2017, a Group company that is also registered as a capital management company has been responsible for fund management; as a result, subject to a corresponding resolution passed by the 2018 Annual Meeting, DBAG will no longer be making use of its own registration, which it intends to cancel.

Group structure: Notes to the consolidated financial statements, page 149ff.

Integrated business model: two business segments 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.

Fund details: Notes to the consolidated financial statements, page 190ff.

Raising capital for DBAG funds is advantageous for DBAG and its shareholders, as well as for the investors in the funds. First of all, shareholders will participate as a one-off in the fee income from the advisory services provided to DBAG funds (Fund Investment Services). But most importantly, 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 (MBOs) 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.

The two funds that are currently investing, DBAG Fund VII and DBAG Expansion Capital Fund (DBAG ECF), cover a wide section of the German private equity market with equity investments of between 10 and 100 million euros for management buyouts and growth financing. Currently, there is a total of five DBAG funds that are in different phases of their life cycles:

- The DBAG Fund IV buyout fund has sold all of its portfolio companies and is currently in liquidation.
- Its follow-on fund DBAG Fund V is in the disinvestment phase. Of the eleven original portfolio companies, ten had been sold by 30 September 2017.
- DBAG Fund VI ended its investment phase in December 2016 and still holds investments in ten out of a previous total of eleven MBOs.
- DBAG ECF ended its original investment period in May 2017. It has made growth financing available to eight companies and entered into an MBO in the previous financial year. June 2017 saw the start of the first new investment period (DBAG ECF I), which will run until the end of 2018. The fund has not made any investments so far.

Further development of DBAG ECF page 85

- DBAG had initiated the DBAG Fund VII in 2016. The fund's investment period started in December 2016; between then and the cut-off date, the fund structured three MBOs.

Fund		**Target**	**Start of investment period (Vintage)**	**End of investment period**	Size	Thereof DBAG	**Share of DBAG's co-investments**
DBAG Fund IV (in liquidation)	Managed by DBG New Fund Management	Buyouts	September 2002	February 2007	€322mn	€94mn	29%
DBAG Fund V	Managed by DBG Managing Partner	Buyouts	February 2007	February 2013	€539mn	€105mn	19%
DBAG Expansion Capital Fund (DBAG ECF)	Managed by DBG Managing Partner	Expansion financings	May 2011	May 2017	€212mn	€100 mn	47%
DBAG ECF First new vintage (DBAG ECF I)	Managed by DBG Managing Partner	Expansion financings and smaller buyouts	June 2017	December 2018	€85mn	€35mn	41%
DBAG Fund VI	Advised by DBG Advising	Buyouts	February 2013	December 2016	€700mn[1]	€133mn	19%
DBAG Fund VII	Advised by DBG Advising	Buyouts	December 2016	December 2022 (at the latest)	€1,010mn[2]	€200mn[3]	23%[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 that exceeds the principal fund's concentration limit for a single transaction
3 DBAG has committed €183mn to the principal fund and €17mn to the top-up fund
4 DBAG's co-investments alongside the top-up fund account for 8 percent of the fund size

Fund investment services business segment

Fees for services to DBAG funds as a source of income

Advisory services provided to DBAG funds are bundled in the Fund Investment Services business segment.

The range of services in the Fund Investment Services 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.

Fee income from investment services to funds page 86ff.

DBAG receives volume-related fees for these investment services, which constitute a continual and readily forecastable source of income. For DBAG Fund V, DBAG Fund VI and DBAG Fund VII, fees during the investment phase are based on the committed capital (DBAG Fund VI in the current financial year leading up to December 2016 and DBAG Fund VII[1] since then). After that, they are measured by the invested capital (DBAG Fund VI and DBAG Fund V since December 2016). The fees for DBAG ECF are based on the invested capital. Since June 2017, we have also received one-off fees based on individual transactions.[2]

It follows from the fee methodology that fee income will decline with every exit from a fund's portfolio. In principle, an increase can only again be achieved when a new fund is raised.

1 *Fees for the top-up fund (see page 85) are based on the invested capital during the investment phase as well.*

2 *For further details on the terms of DBAG ECF, see "Business review of the Group /Business and portfolio review", page 85*

Advisory services by the investment team

The advisory services provided to the funds can be split into three material processes: first, the identification and assessment of investment opportunities ("investing"); second, supporting the portfolio companies' development process ("developing"); third, then realising the value appreciation ("realising") upon a portfolio company's well-timed and well-structured disinvestment.

We manage these processes with our own resources in tried-and-tested workflows, primarily through the investment team. It consists of 23 investment professionals[3] 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. The auxiliary functions for the investment process and the administrative activities, which are collectively referred to as the "corporate functions", are bundled under the Chief Financial Officer, whose responsibilities also include portfolio valuation and risk management.

3 *Including Board of Management members*

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

The members of the investment team with greater experience in investing (16 out of 23, including both Board of Management members) personally co-invest their own money in the DBAG funds, generally investing 1 percent of the capital raised by the fund investors and DBAG. This is in compliance with fund investors' expectations (and is common in the industry), who, for reasons of identity of interest, expect such a private investment. The co-investing members of the investment team receive an incentive (which is, once again, standard practice in the industry) for generating the best possible financial performance for the funds: they receive a profit share that is disproportionate to their capital commitment ("carried interest") after the fund has fulfilled certain conditions. DBAG must have realised its invested capital plus a minimum return.

Investment team supported by widespread network

The investment team can rely on an extensive network, the nucleus of which is an "Executive Circle" consisting of 55 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 industry experts, including partners of previous investment transactions. The members have the industry experience that is relevant to DBAG. The network is supplemented by an extended group of bank representatives, consultants, lawyers and auditors.

Private Equity Investments business segment

Value creation on investments as a source of income

Investment ratios of DBAG to DBAG funds page 68

The Private Equity Investments business segment largely encompasses interests in mid-sized companies; DBAG's investments are held through internal Group investment entities. DBAG co-invests via these companies on the same terms, in the same companies and in the same instruments as a fund's other entities. 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. These agreed ratios also apply upon an investment's disposal. Income derives from the value appreciation and sale of these investments.

Investment criteria page 74f.

DBAG's investment strategy derives from the strategies of the current funds. This strategy can be adapted to reflect the Company's development or market changes, generally when a new fund is launched. In 2011, for example, we launched DBAG ECF, a fund for growth financing, i.e. exclusively for minority financing. It aimed to build on the long-term success of numerous comparable investments. Since the beginning of 2017, this fund has also been able to structure MBOs with equity investments of between 10 and 30 million euros, meaning that it invests in transactions that are too small for DBAG Fund VII. This fund in turn differs from its predecessor DBAG Fund VI in the sense that it can also engage in minority or non-minority investments larger than those generally possible in the past, in individual cases. This means that DBAG is now able to cover an even larger area of the demand for private equity in Germany's mid-market.

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 financing, on the other hand, are made by way of a minority interest or by providing equity-like funding.

Portfolio profile: largely MBOs and growth financing

The largest part of DBAG's portfolio[4] (56 percent) is attributable to co-investments in 14 MBOs. In addition, there were eight expansion capital investments (42 percent of portfolio value) as well as investments in two international buyout funds (2 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: page 98f.

Our statement of financial position confirms the success of our investment activity: since 1997, DBAG has financed 42 MBOs together with DBG Fund III and DBAG Fund IV, DBAG Fund V and DBAG Fund VI, as well as with DBAG Fund VII since 2017. We have increased the value of the invested shareholders' equity to 2.3 times[5] the original amount. 29 of these investments had been realised completely or for the most part by the end of the previous financial year. These realisations have generated 2.9x the invested capital.

Growth financing 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 rate of return is therefore lower than the rate of return for MBOs, while earnings in absolute terms are comparable.

4 *All disclosures concerning the composition of the portfolio, or which pertain to the portfolio volume and the portfolio value, relate to the value of the investments held directly and indirectly through intra-Group investment entities at 30 September 2017 totalling 251.7 million euros; see also pages 98/99.*

5 *This considers all buyouts structured up to 30 September 2017; it does not consider agreed but not yet completed transactions.*

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. The structure of its statement of financial position attests to the special nature of the private equity business, with investments and realisations that cannot be scheduled. The Company maintains sufficient liquidity in order to take advantage of investment opportunities and to meet co-investment agreements 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 117

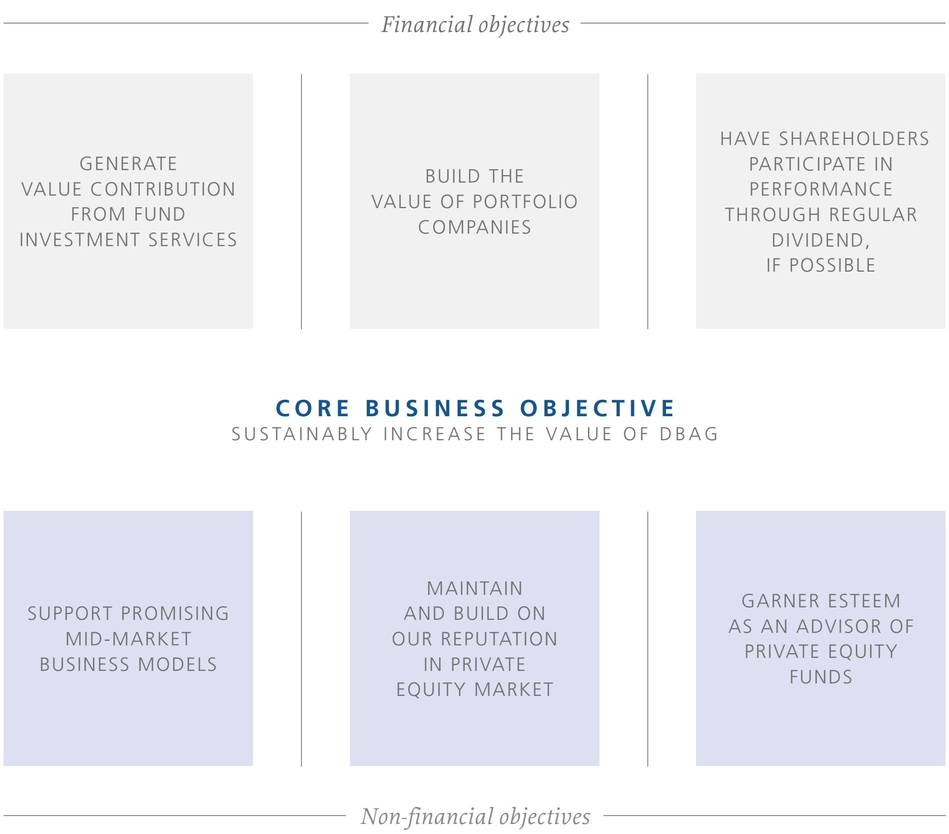
Objectives and strategy

Objective: to sustainably increase the value of DBAG through growth in both business segments

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 business segments, 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 segment 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 growth financing, this takes place during the holding period by way of current distributions.

OBJECTIVES OF DEUTSCHE BETEILIGUNGS AG



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 of a portfolio company (IRR) is approximately 20 percent for growth financing and 25 percent for MBOs.

The performance of the Fund Investment Services business segment 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, our performance is measured over 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 initiation of new funds, which occurs approximately every five years, while the lifetime of a fund generally 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 103

We intend to have our shareholders participate in DBAG's ability to generate financial gains by paying stable dividends that will increase whenever possible. By the nature of our business model, investments may predominate in some years, and disinvestments in others. Future liquidity requirements for co-investments and securing the dividend capacity in the long run 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 portfolio companies 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 German private equity market on average, we structure twice as many buyouts of companies originating from family ownership in our market segment. 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.

Financial and non-financial performance indicators: page 103ff.

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 is why it is important for investors in this asset class to value us as an advisor. This is evident, for example, from the large proportion of fund investors who also subscribe to the successor fund, or who are already subscribing to their third or fourth DBAG fund. 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.

Strategy: investments in mid-market German companies with potential for development

Broad spectrum of investment criteria

DBAG invests in established companies with a proven business model. This approach excludes investments in early-stage companies and companies with a strong restructuring need. Moreover, we attach importance to seasoned and dedicated managements who are able to realise objectives that have been mutually agreed upon.

Target companies should exhibit promising potential for development. This can involve enhancing their strategic positioning, for example by introducing a wider range of products, covering a larger geographical area or expanding the spare parts and service business. Earnings growth can also be stimulated by improving operational processes, for example through more efficient production.

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 mid-market companies can be found in Germany, for example, in mechanical and plant engineering, in the automotive supply industry and among industrial support services providers, as well as among industrial component manufacturers.

We see these as our core sectors. The DBAG investment team has focused on industry and industry-related services and has a particular wealth of experience and expertise in this area. Around 70 percent of all transactions in the past 20 years stem from these industries. That is why we are capable of structuring even complex transactions in these core sectors, such as the acquisition of companies from conglomerates or companies facing operational challenges. We also identify companies in other sectors that offer convincing development potential, for example, in the telecommunications or food industry sectors, which are relatively non-cyclical. Geographically, we concentrate on companies domiciled or whose business is centred in German-speaking regions.

The DBAG funds provide for equity investments in an individual transaction of between 10 and 100 million euros, irrespective of the type of investment. When it comes to structuring larger transactions with equity investments of up to 200 million euros, the top-up fund of DBAG Fund VII is included. For DBAG, this equates to equity investments of between 5 and 20 million euros, and for transactions involving the top-up fund, equity investments of up to 34 million euros.

DBAG co-investment ratio with the DBAG funds: page 68

Depending on the business model of the future portfolio company, the equity invested by the DBAG funds corresponds to an enterprise value of between 20 and 400 million euros. Furthermore, the focus is on investments in companies with an enterprise value of between 50 and 250 million, i.e. companies at the upper end of the mid-market segment. This segment comprises almost 10,000 companies in Germany.

We endeavour to achieve a diversified portfolio. For investments in several companies operating in the same industry, we ensure 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, but also to their production sites.

Some 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 segments

In our business segment of Fund Investment Services, our aim is to achieve sustainable growth in managed and advised assets. This will be achieved by launching further DBAG funds with new investment strategies that we have not pursued to date, or by ensuring that a successor fund exceeds the size of its predecessor. The distribution of a higher fund volume among DBAG and the other investors determines the change in the basis for the fee income from investment services to funds, but first and foremost, it determines the growth opportunities open to the Private Equity Investments business segment.

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 run, the portfolio value and, consequently, the earnings basis for value appreciation from the portfolio will only grow if the co-investment capital commitments made by DBAG increase and DBAG can invest more assets alongside the funds. For that reason, the investment performance also determines the growth in the business segment of Private Equity Investments.

Steering and control

Key performance mark: return on capital employed

Our business policy is geared towards 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 in 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) once a year on the reporting date, 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 2017, this value was 1.4 percent (previous year: 0.5 percent).

The market premium used remains unchanged at 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 0.62 (at 30 September 2017), which we consider appropriate due to the long-term nature of the business model.

The cost of equity for DBAG thus derived as at the reporting date is 5.6 percent (previous year: 4.7 percent). This calculated result is strongly influenced by the extremely low interest rate level and the low risk position of DBAG in view of its capital structure. In order to reduce the impact of the interest rate level regarding the reporting date, we apply the average cost of equity calculated from the previous ten reporting dates as a measure of our long-term success. This figure comes to 6.6 percent for the financial years from 2007/2008 to 2016/2017; over the previous ten-year period, the cost of equity had averaged 6.9 percent.

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: portfolio companies are influenced by industry-related cycles and valuation levels on the capital markets influence our valuations. 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 deemed 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 reporting period.

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 earnings before tax that we achieve in our business segment of Private Equity Inves Cash inflows from investing activities tments.

At the portfolio company level, traditional indicators, on the other hand, play a direct role: when making 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 segment 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, earnings before tax generated by Fund Investment Services is significantly influenced by the cost of identifying investment opportunities, of supporting the portfolio companies and of their ultimate disinvestment. These costs are incurred in the form of personnel expenses for our investment team and Corporate Functions, as well as the expenses for our Executive Circle and for legal and other advisors.

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. Fund Investment Services and the investment business). They are particularly involved in generating investment opportunities (deal flow) as well as in 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.

A key instrument in ensuring performance is the investment controlling system which, by way of example, identifies deviations from the investment theory or provides information that may be useful for managing an investment portfolio, e.g. pointing to the potential negative impact that economic developments could have on the portfolio companies.

Business review of the Group

Macroeconomic and sector-related underlying conditions

Real economy: growth forecasts for 2017 and 2018 lifted, medium-term risks remain

The International Monetary Fund (IMF) has made upward revisions to its forecast for the development of the global economy in 2017 several times: given the positive developments on the financial markets and the emerging recovery in manufacturing and trade, particularly in highly developed economies, the IMF expects to see global growth of 3.6 percent in 2017 and 3.7 percent in 2018. According to the IMF's calculations, the global economy grew at a rate of 3.2 percent in 2016. In particular, the growth opportunities open to countries in the eurozone have improved in the course of 2017, according to the IMF. As a result, the outlook for the German economy is also much more positive than in October 2016, with the IMF predicting growth of 2.0 percent in 2017 and 1.8 percent in 2018. At best, however, this would signal only a marginal change in growth momentum as against 2016, when economic output (GDP) grew by 1.9 percent.[6]

6 *"World Economic Outlook", International Monetary Fund; Washington D.C. (USA), October 2017*

The IMF also expects the economic conditions to stabilise in China, Russia and Brazil. The growth forecasts for these countries were lifted several times in 2017. As far as other emerging markets (such as India or South Africa) are concerned, however, the IMF is now less confident than it was this time last year.

Despite an emerging recovery, the global economy is still exposed to considerable risks in the medium term, in particular. These are associated, among other things, with potential economic policy decisions in China and in the United States, which stem from protectionist trends, but also with non-economic developments such as ongoing geopolitical crises and domestic tension in individual countries.

Our portfolio consists of companies that are subject to different market or economic cycles; it contains 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). This means that changes in the overall conditions, which also include fluctuations in the prices of key commodities, vary in their impact on our portfolio and sometimes counteract each other. Consumer-oriented companies are benefiting from the strong domestic demand fuelled by rising incomes in Germany. Companies with more of an international focus were able to benefit from positive developments on key foreign markets in the current financial year. Overall, the underlying conditions for our portfolio companies this past financial year were good.

Financial markets: attractive financing conditions despite interest rate turnaround in the US

The global financial markets showed positive development in the financial year 2016/2017 on the whole. Promising macroeconomic data and improved consumer sentiment translated into more optimistic earnings expectations on the stock markets of the industrialised nations. This had a generally positive impact on the valuation of our portfolio companies.

The economic upswing in the United States also had an impact on the country's monetary policy. In March 2017, the US Federal Reserve first of all raised its key rate to the range between 0.75 and 1 percent, with the federal funds rate rising to between 1 and 1.25 percent in June 2017. By contrast, the European Central Bank is sticking to its low interest rate policy and has left its key rate at close to 0 percent for the time being.

Lending to the corporate sector has increased further in Germany in tandem with economic developments. In July 2017, the total volume of loans granted to companies was 4.1 percent higher than a year earlier.[7]

7 *"Schlaglichter der Wirtschaftspolitik Oktober 2017", Federal Ministry for Economic Affairs and Energy, Berlin, October 2017*

This means that, compared with the previous financial year 2015/2016, the underlying conditions for the financing of our portfolio companies have improved further. Mid-sized companies are disproportionately reliant on loans because they only have a limited number of alternative refinancing options open to them, for example on the capital markets. This is why we take the likely funding needs into account in the structure of the statement of financial position when we acquire an investment. The supply of acquisition finance remained good in 2016/2017.

Currency rates: weak euro results in value losses

The direct impact that exchange rate fluctuations have on the value of our portfolio is small on the whole. Nevertheless, it increased in 2016/2017: two of our new investments were not entered into in euro terms. This means that the valuations of four investments in portfolio companies (duagon, mageba, More than Meals, Pfaudler) and in the Harvest Partners buyout fund, which is managed by a third party, are subject to currency risks.

Analysis of earnings sources page 89ff.

In 2016/2017, the US dollar, the Swiss franc and the British pound depreciated against the euro; at 30 September 2017, the exchange rates were slightly lower than they were at the prior-year reporting date/when the investment was entered into. This resulted in total value losses of 1.6 million euros. In the previous year, there were slight exchange rate gains of 0.1 million euros.

Beyond that, exchange rate fluctuations have a direct influence on the business activities of our portfolio companies in their respective international markets. This is partly compensated for by the fact that the companies have manufacturing operations in several currency areas.

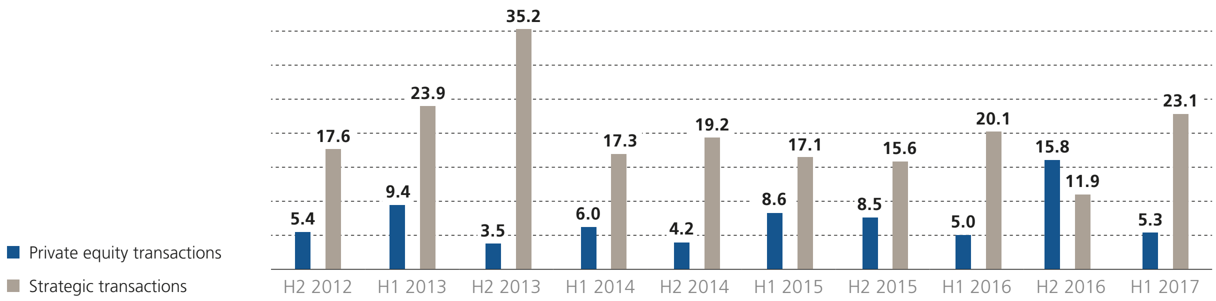
Private equity market: no fundamental change

In the second half of 2016, the total value of private equity transactions in Germany had more than trebled compared with first half of the year, reaching the highest value for a six-month period seen in five years. The number of transactions also increased considerably and came to 125 at the end of 2016 (first half of 2016: 65)[8]. A look at the data for the first half of 2017 and a comparison with the first six months of previous years, however, shows that there have been no fundamental changes to the German M&A market. Again and again, individual major transactions create distortions on a market that is characterised by a small number of transactions on the whole. The proportion of private equity transactions is also fluctuating within a narrow range – with the exception of the second half of 2016.

8 *"Der Transaktionswert in Deutschland – 1. Halbjahr 2017", Ernst & Young, July 2017*

M&A MARKET GERMANY – TRANSACTION VALUE

€bn



DBAG largely focuses 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. The number and total value of transactions increased in this defined market segment in 2016 as well. All in all, financial investors had structured 34 buyouts in the German mid-market segment by the end of 2016 – a level last seen back in 2007. The total volume of the transactions came to around 3.6 billion euros, which is also the highest value seen since 2007.[9]

Despite the peak in numbers and total volume of private equity transactions in 2016, we do not believe at the moment that there has been any fundamental change in the key factors influencing our business. There is still a lot of competition for attractive investment opportunities. Strategic buyers are competing with financial investors. Both groups of buyers have sufficient liquidity. Furthermore, a substantial volume of acquisition finance is still available at attractive conditions. 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: in a survey conducted at the end of 2016, 86 percent of the investment managers surveyed described the valuation level on the German private equity market as "expensive". The individuals surveyed felt that the biggest risk of a bubble forming was in the medical technology and technology sector. Wholesale and retail companies, automotive suppliers and mechanical and plant engineering companies were considered to be the least overvalued.[10] Other indicators are pointing towards relatively high entry prices; one market indicator is showing the worst value for buyouts in four years, which is when data collection for this indicator commenced.[11]

9 *The underlying survey conducted by the industry magazine FINANCE on behalf of DBAG includes majority takeovers in the form of MBOs, MBIs and secondary/tertiary buyouts involving a financial investor with a transaction volume of between 50 and 250 million euros.*

10 *"MidMarket Private Equity Monitor"; survey of investment managers working for more than 50 private equity companies conducted by the industry magazine FINANCE on behalf of DBAG*

11 *"German Private Equity Barometer, 2. Quartal 2015 und 2. Quartal 2017", KfW Research, KfW Bank; Frankfurt am Main, August 2015 and August 2017*

Business and portfolio review

Private Equity Investments: very successful divestments and intensive investment activity result in marked changes to the portfolio

Investment decisions worth 345 million euros initiated

The portfolio of Deutsche Beteiligungs AG changed significantly in 2016/2017. Six companies had been added to the portfolio by 30 September 2017, with the same number of companies being sold and removed from the portfolio over the same period.[12] Two of the six new companies – all management buyouts – had already been agreed in 2015/2016, but the transactions were not completed until the most recent financial year. Another MBO was agreed upon in 2016/2017, but is not yet part of the portfolio because not all of the legal requirements had been met at the reporting date to render the purchase agreement effective.

12 The investment in Broetje-Automation, the sale of which had already been agreed in 2015/2016, also left the portfolio in the 2016/2017 financial year following the execution of the sale agreement.

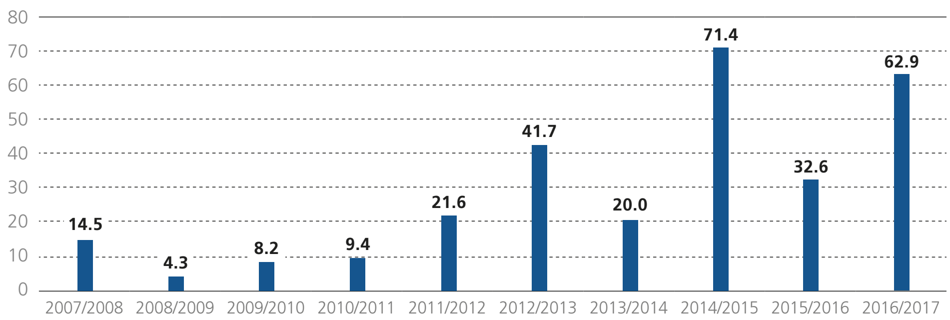
In 2016/2017, DBAG invested 62.9 million euros from its statement of financial position (previous year: 32.6 million euros); this amount includes not only the six new investments, but also increases in existing investments – for example, because these investments, in turn, acquired smaller companies.

In its role as a fund manager and advisor, DBAG initiated investment decisions on equity investments in the financial year 2016/2017 of around 345 million euros, considerably more than in the previous year (278 million euros). 73.0 million euros of this amount was attributable to DBAG's co-investments alongside DBAG Fund VI, DBAG Fund VII and DBAG ECF, namely for new investments (68.4 million euros) and to increase existing investments (4.6 million euros).

Detailed information on all portfolio companies pages 20 to 51 www.dbag.de/portfolio

INVESTMENT IN THE PORTFOLIO

€mn



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 start of the financial year 2016/2017. The **FRIMO GROUP** develops and manufactures tools and facilities for the production of plastic components used in a variety of applications. Its clients largely comprise automotive suppliers but also include automobile manufacturers. **POLYTECH** is a leading player in Europe in the development and production of silicone implants. The sole German manufacturer of such products, Polytech specialises in breast implants used in reconstructive and aesthetic plastic surgery.

With the MBO of Dieter Braun GmbH, a company operating in the automotive supply industry, the establishment of the DBAG Fund VI portfolio was completed. The fund's investment period came to an end in December 2016; there are still sufficient funds available to support both the agreed growth strategies of the portfolio companies, also through company acquisitions. **DIETER BRAUN** is a specialist and solutions provider for cable systems and interior vehicle lighting in the automotive industry. The company is benefiting from the growing proportion of electrical and electronic components in vehicles and from the trend among original equipment manufacturers (OEMs) and suppliers towards outsourcing parts of their production. Investments in site expansion measures and further production facilities are designed to satisfy the rising demand and further strengthen the Company's position on a fragmented market.

The first investment made by DBAG Fund VII was agreed in March 2017, only two months or so after the start of its investment period. As part of an MBO, the fund will acquire the majority of the shares in the Radiology Group practices Radiologische Gemeinschaftspraxis Herne GbR and Ranova Überörtliche Gemeinschaftspraxis für Radiologie und Nuklearmedizin GbR. The two Radiology Group practices, present at 15 locations in neighbouring towns and cities in North Rhine-Westphalia, will be bundled to form one company, turning them into a leading regional provider of radiology examinations and treatment. The aim is to use the merger to further improve the range of services on offer. The idea is for the **RADIOLOGY GROUP** to continue to build upon economies of scope by achieving organic development, taking over more practices and embarking on additional cooperation projects with hospitals.

MORE THAN MEALS is celebrating the success of a strategic decision we had made in 2016: the special structure of DBAG Fund VII allowed the implementation of a concept for the establishment of a group of companies that requires more shareholders' equity than DBAG funds generally invest in a transaction. Two acquisitions agreed in parallel with each other will create a European market leader for chilled convenience products. In order to achieve this, DBAG Fund VII used the top-up fund to acquire the shares in Abbelen GmbH (Abbelen) and Oscar Mayer Limited (Oscar Mayer) via a management holding company. The top-up fund allows DBAG Fund VII to make equity investments in excess of 100 million euros. Abbelen is Germany's biggest manufacturer of chilled rissoles and ready-made hamburgers; the products are largely offered under supermarket chain brand names. Oscar Mayer is one of the UK's leading manufacturers of ready meals and snacks for major supermarket chains and discount stores. Both companies will continue to be managed independently, but now operate under the umbrella of the same management holding company. The aim is to expand the companies' product range and to further internationalise their sales activities. Other company acquisitions are to be used to contribute to this development. More than Meals has been in the portfolio since April 2017.

duagon AG develops network components for data communication in railway vehicles. This third investment made by DBAG Fund VII is the first MBO of a DBAG fund in Switzerland. **DUAGON** products allow individual railway vehicle systems, such as doors, brakes, air conditioning systems and the primary control computer, to communicate with each other. Almost all train manufacturers and system suppliers use the Company's products. Duagon (start of investment: July 2017) aims to establish itself as an all-round supplier of solutions for data communication in railway vehicles by offering a broader product portfolio and also via acquisitions in the extended competitive environment.

The investment in vitronet Projekte GmbH is also the result of a strategic decision: the **VITRONET** MBO marks the first time that DBAG ECF has entered into a majority investment. After the investment criteria were expanded in 2016, the fund also makes funds available for select MBOs that require less of an equity investment than those made by DBAG Fund VI or DBAG Fund VII. Previously, DBAG ECF had only made minority investments in family-run businesses in order to finance their growth. vitronet offers its customers all services associated with the construction of broadband networks. The company focuses on new fibre-optic networks and upgrading existing networks. Opportunities will arise from the considerable demand for fast, high-performance internet connections, which is still on the rise.

In 2016/2017, six companies strengthened their strategic position in the competitive landscape by making acquisitions. In one case, DBAG made further shareholders' equity available to finance the acquisition (0.6 million euros). The acquired companies account for combined revenues of around 60 million euros and employ 250 people.

Divestments based on above-average capital multipliers

The earnings for the financial year 2016/2017 are characterised, to a significant degree, by the success stories associated with the sale of five MBOs and an older growth financing investment. The investments in FDG, Formel D, ProXES and Romaco (DBAG Fund V), as well as in Schülerhilfe (DBAG Fund VI), were sold based on capital multipliers[13] of between 2.3 and 5.4. The average (unweighted) capital multiplier comes to 3.8 – considerably higher than the long-term average of the multiples achieved in the context of past divestments.

13 *The capital multiple describes the ratio of total fund inflows from an investment (proceeds on disposal and, for example, profit distributions and interest income) to the original acquisition costs.*

GROHMANN ENGINEERING was one of the most successful investments, and also the oldest investment, in the portfolio: a predecessor company to DBAG had invested in the company in 1987, and the investment was transferred to DBAG in 1997. DBAG had held a stake of 25.1 percent in the company. In January 2017, Grohmann Engineering, one of the pioneers in the field of engineering for electromobility, was sold to a strategic buyer. Despite the exceptionally long holding period, the investment generated an annual rate of return that surpasses our expectations of a growth financing investment.

The **FDG GROUP**, a French service company operating in the wholesale and retail trade, had been in the portfolio since June 2010. It was sold to a French financial investor in April 2017. DBAG and DBAG Fund V had purchased the group from its founding families. In the period that followed, the company achieved both organic growth and growth based on the acquisition of individual product lines, brands and distribution networks. DBAG and the fund had also acquired **FORMEL D** from the latter's founders back in May 2013. The service provider for automotive companies was sold to a financial investor after four years (in July 2017), with average annual revenue growth in excess of 20 percent. **PROXES** is a provider of machinery and processing lines for the food industry; the company was established in June 2013 from four smaller mechanical engineering companies based on a buy-and-build concept and became the market leader for process technology in the food industry. ProXES was sold to a financial investor in July 2017. In June 2017, a strategic buyer acquired three-quarters of the shares in **ROMACO**; the remaining shares in the specialist supplier of processing and packaging technology for the pharmaceutical industry were to have been transferred to the same buyer by 2020. Since the start of the investment in April 2011, the company had transformed itself, also by acquiring other companies, into a "full liner" that is able to offer its customers system-based solutions.

SCHÜLERHILFE was the first MBO to be sold from the DBAG Fund VI portfolio in July 2017. Schülerhilfe was the first of a total of four companies in the fund portfolio that do not operate in one of DBAG's core sectors. This meant that the very successful completion of the exit for DBAG was also of strategic significance. The company, which joined the portfolio in October 2013, had expanded its market-leading position, reporting average annual revenue growth of just under 10 percent. This development was helped along by the addition of further learning offerings and a company acquisition.

DBAG's portfolio has become younger. At the reporting date (30 September 2017), it contained (not including the two international buyout funds) 22 active investments (previous year: 23). Nine out of 22 of the active investments are less than two years old. They account for around 47 percent of the cost for the investments but only 31 percent of the current value. The twelve portfolio companies that have been held for more than two and less than five years (one investment by DBAG Fund V, six investments by DBAG Fund VI and five by DBAG ECF) further account for just under 60 percent of the portfolio value. One year ago, around 20 percent the portfolio value was still attributable to investments that had been in the portfolio for more than five years.

VINTAGE PROFILE OF PORTFOLIO

	Number of investments	*Cost €mn*	*IFRS value €mn*	*IFRS value %*
< 2 years	9	85.8	77.9	31.0
2 – 5 years	12	81.3	146.6	58.3
> 5 years	3	9.6	18.5	7.3
Other[1]	–	5.0	8.7	3.5
	24	**181.6**	**251.7**	

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

Fund Investment Services: sufficient capital resources and additional capital commitments secure basis for further investment activity

In the financial year 2016/2017, DBAG invested alongside DBAG Fund VI, initiated in 2012, and DBAG ECF, which was launched in 2011. DBAG Fund VI ended its investment period in December 2016 with its eleventh MBO (Dieter Braun). DBAG Fund VII had reached an agreement on three investments by 30 September 2017. This means that, in less than one year following the start of the investment period, the fund has called more than 20 percent of the committed capital and is around 22 percent invested.

DBAG ECF has been in its first new investment period, which is set to run until the end of 2018, since June 2017 (DBAG ECF I). The idea is that, starting on 1 January 2019, a new investment period running for ten years in each case will be launched every two years. This structure allows DBAG to offer investments of a correspondingly long duration, which responds to the demand among family-run businesses for a long-term partnership. The fundraising activity for the first new investment period of DBAG ECF was completed in January 2017: investors committed total capital of 85 million euros, with 35 million euros attributable to co-investments made by DBAG and the investment team.[14]

14 *Projected over a period of five years, the 85 million euros committed for a 19-month investment period correspond to a fund volume of around 270 million euros.*

The investors in DBAG Fund VII pay an advisory fee rate for the principal fund (808 million euros, of which 183 million euros is from DBAG) 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 (202 million euros, of which 17 million euros are from DBAG); similar to the advisory 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 – a one-off fee on new investments.

Assets under management or advice by DBAG totalled 1,806 million euros at the period end (previous year: 1,776 million euros). In addition to the invested assets from DBAG's statement of financial position and from the funds, this comprises the capital commitments that can be called from the fund investors and the financial resources of DBAG.

Development of managed and advised assets page 103

Comparability with the previous year

Comparability with the prior-year figures reported is limited due to the amendments to IFRS 10 "Consolidated Financial Statements". Due to the amendments which were to be applied for the first time in 2016/2017, a subsidiary (Deutsche Beteiligungsgesellschaft mbH) can no longer be consolidated. Financial assets increased by 7.9 million euros because the subsidiary is now included at its net asset value. Financial resources are 5.9 million euros lower; this liquidity now forms part of the net asset value. The information below relates to prior-year figures that were calculated in a comparable manner. The change in consolidation has no impact on total shareholders' equity.

Earnings position

Overall assessment: net income up by more than 80 percent on the previous year

Net income in 2016/2017 came to 90.4 million euros, up considerably on the amount of 49.5 million euros reported in the financial year 2015/2016 and marking the second-highest level seen since IFRS reporting was introduced at 31 October 2004. Earnings from investment activity is the main factor in this development: due, in particular, to several divestments that were very successful in a long-term comparison, it came to 94.3 million euros, more than 50 percent higher than in the previous year. As expected, fee income from fund management and advisory services reached a record high. (Negative) net expenses ("Other income/expenses" in the condensed consolidated statement of comprehensive income below) increased by 2.4 million euros to 30.9 million euros because higher provisions were set up for performance-related remuneration due to the successful business developments. Nevertheless, net expense fell considerably in a year-on-year comparison due to the higher fee income from fund management and advisory services.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000	**2016/2017**	2015/2016
		restated[1]
Net result of investment activity	94,272	59,429
Fee income from fund management and advisory services	27,047	18,341
Net result of fund services and investment activity	**121,319**	**77,769**
Personnel costs	(20,743)	(16,055)
Other operating income	4,605	6,672
Other operating expenses	(14,349)	(18,549)
Net interest	(402)	(516)
Other income/expenses	**(30,889)**	**(28,448)**
Net income before taxes	**90,430**	**49,321**
Income taxes	(1)	168
Net income after taxes	**90,430**	**49,489**
Minority interest	(37)	(33)
Net income	**90,392**	**49,455**
Other comprehensive income	2,925	(6,485)
Total comprehensive income	**93,318**	**42,971**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

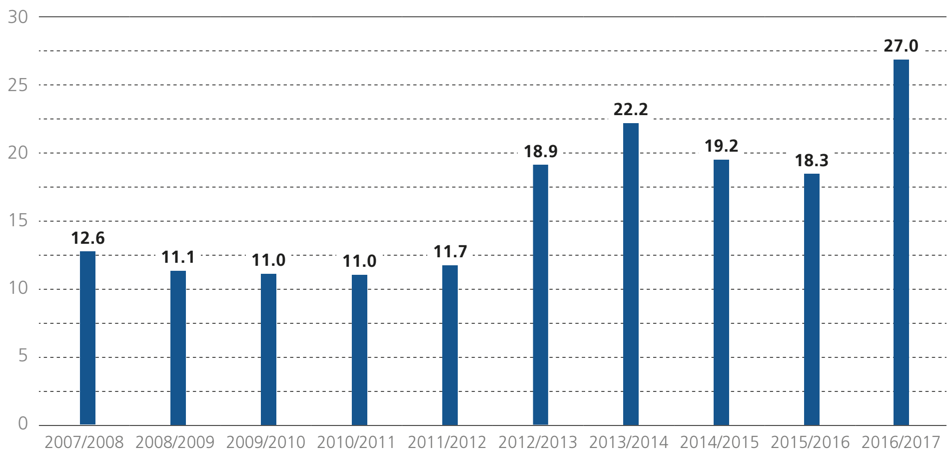
Overview: much higher income from investment activity and Fund Investment Services

The **NET RESULT OF FUND SERVICES AND INVESTMENT ACTIVITY** came to 121.3 million euros, considerably more than in the previous year (77.8 million euros). It is still determined to a considerable degree by the *net result of investment activity*, both in terms of its absolute amount and in terms of its volatility (for details, please refer to the information under "Net result of investment activity").

The *fee income from fund management and advisory services* was also more than 50 percent higher than in the previous year at 27.0 million euros (previous year: 18.3 million euros). The start of the investment period of DBAG Fund VII made the calculation base for fee income from Fund Investment Services much broader; the impact of the divestment of the DBAG Fund V investments was more than compensated for.

FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES

€mn



Other income/expenses: drop in net cost ratio despite higher expense items

Net expenses within **TOTAL OTHER INCOME/EXPENSES**, i.e. the net amount of personnel costs, other operating income and expenses as well as net interest, increased by 2.4 million euros as against the prior-year value.

As far as *personnel costs* are concerned, there were two year-on-year changes that are worth mentioning: spending on wages and salaries increased, among other things, due to the higher number of employees; we expanded the investment team and strengthened the corporate functions within the Company due to mounting regulatory requirements. The additions to the provisions for performance-related variable remuneration for employees and the Board of Management mentioned above came to 9.9 million euros (previous year: 5.7 million euros). This amount comprises two larger elements: first, it includes 1.8 million euros relating to the remuneration from the successful disposal of the investment in Grohmann Engineering; in line with the remuneration system that was in place at the start of the investment, this remuneration takes into account the overall success of the investment over a period of almost 20 years. There was no remuneration to speak of based on this system in the previous year. 8.1 million euros (previous year: 6.7 million euros) relate to the provisions for variable remuneration for employees and the Board of Management. This remuneration is calculated, among other things, based on the number of new investments, the development of existing investments and the success of divestments, and is also determined to a considerable degree by net income and the associated return on equity.

Remuneration system pages 104 and 224ff.

The development in *other operating income* also put pressure on the net amount of total other income/expenses. This income was 2.1 million euros lower because we were able to pass on fewer costs from our investment activity to the DBAG funds. This is, however, offset by much lower expenses of 4.4 million euros (previous year: 7.4 million euros) for transaction-related advice. This also took pressure off *other operating expenses*, as did the fact that one-off expenses incurred in the previous year, in the amount of 1.9 million euros for fundraising (DBAG Fund VII) and 0.5 million euros for arranging the credit line, were not incurred in the year under review. The item includes costs of 0.4 million euros associated with the support provided in connection with the random sample examination conducted by the German Financial Reporting Enforcement Panel (FREP) and incurred in the further course of the enforcement procedure.

Pension obligations and plan assets: Notes to the consolidated financial statements, page 160f.

OTHER COMPREHENSIVE INCOME improved considerably, by 9.4 million euros, year-on-year. Whereas 6.6 million euros in actuarial losses from the remeasurement of pension obligations had to be taken into account in the previous year, the increase in the underlying actuarial rate from 0.80 percent (30 September 2016) to 1.55 percent (30 September 2017) resulted in a positive actuarial effect of 3.5 million euros in 2016/2017. The item also includes 0.6 million euros in realised losses from the disposal of securities and negative changes in the value of the securities portfolio, which can also be attributed to the recent increase in interest rates.

Net result of investment activity: biggest contribution made by gains on disposal

Portfolio valuation procedure page 155ff.

The net result of investment usually largely mirrors the value growth of the interests in the portfolio companies, which are mostly held via intra-Group investment entities. This means that it depends not only on the expectations of the portfolio companies, but also – due to their valuation based on multipliers of listed reference companies (peer groups) – on developments on the capital markets. In this financial year, the net result of investment activity was shaped to a considerable degree by the changes in value in the financial year 2016/2017 that were actually realised through disposals. The net result also includes current income from the portfolio and the net amount of expenses and income of the intra-Group investment entities. It also includes the profit-sharing entitlements attributable to minority partners in intra-Group investment entities.

NET RESULT OF INVESTMENT ACTIVITY

€'000	2016/2017	2015/2016 restated[1]
Gross result of valuation and disposal portfolio	106,890	68,904
Minority interest in investment entity subsidiaries	(14,354)	(12,453)
Net result of valuation and disposal portfolio	**92,536**	**56,452**
Current income portfolio	8,813	6,506
Net result portfolio	**101,350**	**62,958**
Net result other assets and liabilities of investment entity subsidiaries	(6,685)	(4,002)
Net result other financial assets	(392)	473
Net result of investment activity	**94,272**	**59,429**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

The **GROSS RESULT OF VALUATION AND DISPOSAL** of the portfolio exceeded that of the preceding year by 38.0 million euros, or by around 55 percent. We had made ongoing investments in the previous years, which meant that we were able to sell six portfolio companies – more than one-quarter of the portfolio at the start of the financial year – on a receptive market in 2016/2017. Particularly in the second half of the financial year, we realised valuations that were much higher than the fair values on the previous reporting date; findings derived from the sales processes had already resulted in significant increases in value on the reporting dates in the first half of the year. The sale prices particularly reflect the companies' good strategic further development in recent years. They also, however, reflect capital market sentiment that was positive on the whole, which also favoured the value of the other portfolio companies. By contrast, operational developments at the companies had less of an impact than in the previous year.

SOURCE ANALYSIS 1: At the period ending 30 September 2017, we calculated the fair value of 14 portfolio companies using the multiples method. We based this calculation (largely) on the expected result for 2017 and the company debt levels expected at the end of the year, as well as on capital market valuations and exchange rates at the reporting date. We applied uncertainty discounts to the expected results of some companies because the information provided by the portfolio companies largely related to the data at 30 June 2017. Six companies are included at the original transaction price (where appropriate, after adjustments to reflect changes in exchange rates). We valued two companies that showed particularly strong growth using the DCF procedure. Our valuations of the foreign buyout funds were based on the valuation of the fund managers.

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 1

€'000	2016/2017	2015/2016
Fair value of unlisted investments		
Change in earnings	11,434	45,751
Change in debt	(3,847)	644
Change in multiples	18,540	17,909
Change in currency rates	(1,214)	159
Change in other	3,446	1,655
	28,359	66,118
Realised gains/(losses) on disposals	81,803	(4,318)
Acquisition cost	(362)	32
Other	(2,909)	7,072
	106,890	**68,904**

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 2

€'000	2016/2017	2015/2016
Positive movements	128,025	95,367
Negative movements	(21,135)	(26,463)
	106,890	**68,904**

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 3

€'000	2016/2017	2015/2016
Net valuation movements	25,087	60,374
Unrealised disposal gains on imminent sales basis	0	12,848
Realised gains/(losses) on disposals	81,803	(4,318)
	106,890	**68,904**

The contribution made by the change in the result and in debt can be used as an indicator of operational improvements at the portfolio companies or as an indicator of their strategic further development.

Let's start with the increase in value due to higher results: it was much lower than in the previous year. This is, first of all, due to the fact that more companies were valued using the multiples method in the previous year – 17 instead of 14. These included FDG, Formel D, Grohmann, ProXES, Romaco and Schülerhilfe, six companies at a very advanced development stage which have since been sold; in the financial year 2015/2016, these companies were responsible for 20.9 million euros, or almost half of the value contribution made by changes in results. Second, a current total of two out of the 17 companies valued using the multiples method are likely to report earnings for 2017 that are considerably lower than the prior-year value. In one case, this is due to unexpectedly weak order intake in the current financial year, while in the other, it is due to a lack of availability of suitable employees and higher expenses incurred as a result. This does not call our investment theory into question in either case; nevertheless, earnings contributions will be delayed as a result or will initially require further expenses. Due to their earnings development, these two companies alone have an impact of 13.2 million euros on the net result of valuation. Finally, and third, our portfolio is young overall. Nine companies have been added over the past two years. No fewer than seven of them are former family-run businesses in which we are supporting the company succession process. In such situations, it is often, for example, necessary to start by putting structures in place to exploit the development potential resulting from revenue growth and an increase in margins. Six of these companies have been in the portfolio for less than one year, meaning that they are carried at their transaction value.

We do not receive any ongoing distributions during the term of our investment as a general rule, at least not in cases involving an MBO. This allows the portfolio companies to use any surpluses to reduce their debt. This is particularly the case for companies that have been in the portfolio longer. Nevertheless, our portfolio companies sometimes finance their company acquisitions and usually finance the expenses required to initiate further development at the start of the investment, in particular, using their own results. This means that debt levels at individual companies can also increase. This explains why the value contribution from the development in debt levels at the portfolio companies was negative overall in 2016/2017.

The biggest contribution made to the net result of valuation of the carried portfolio can be attributed to the impact of higher valuation multiples. The valuations of listed peer group companies improved virtually across the board over the course of the year. This is why the valuation at the current reporting date is predominantly based on higher multiples than those used a year earlier. On average, our portfolio was valued for all investments at the reporting date at 7.5x the portfolio companies' expected EBITDA for 2017 (previous year: 7.7x – it is important to remember that the portfolios, as assessed on the two reporting dates, vary considerably following numerous disposals and new investments).

All in all, changes in exchange rates had a slightly negative impact on the valuation of two portfolio companies (mageba, Pfaudler). The sustained positive financial development of the portfolio companies valued using the DCF procedure resulted in higher budgets. The resulting higher valuations contributed 3.4 million euros to the "Other influences".

The net result of disposal also includes the success of the partial sale of the investment in Gienanth.

The negative effect resulting from the portfolio companies recognised at cost can be traced back to changes in exchange rates (duagon, More than Meals).

SOURCE ANALYSIS 2: The positive value changes are attributable – in addition to the divestments – to eleven active investments. As mentioned, six investments are recognised at their transaction price because they have been held for less than twelve months. Five equity investments and the two investments in international buyout funds managed by third parties made a negative contribution to the net result of valuation and disposal. Two companies, through which retentions for representations and warranties and assets remaining from previous investments were settled, were given a lower valuation than in the previous year.

SOURCE ANALYSIS 3: The disposal of the investments in FDG, Formel D, Grohmann Engineering, Romaco, ProXES and Schülerhilfe has been completed; the success of these disposals is the main determining factor in the net result of disposal. The success of the partial sale of the investment in Gienanth is also taken into account. In the previous year, one disposal (Broetje-Automation) had been agreed on the reporting date though the transaction had yet to be completed; as a result, the value contribution from the transaction had been reported as "unrealised disposal gains on imminent sales basis".

GAINS ATTRIBUTABLE TO MINORITY INTEREST OF THE INTRA-GROUP INVESTMENT ENTITIES reduced the result of investment activity by 14.4 million euros (previous year: 12.5 million euros). 0.6 million euros of this amount (previous year: 0.5 million euros) relates to the share of the investment managers in the current profits of the intra-Group investment entities, while 13.8 million euros (previous year: 12.0 million euros) is attributable to their carried interest from their private investments in the corresponding companies in DBAG Fund V and DBAG ECF. The arithmetical carried interest noted in the current financial statement mirrors the net value appreciation of the funds' investments in the financial year 2016/2017 as well as – in the case of DBAG Fund V – the realised gains on disposals (Broetje-Automation, FDG, Formel D, ProXES and Romaco). The arithmetical carried interest changes in line with the further development of the fund investments. Corresponding to the realisation of value gains on individual investments, carried interest payments will extend over a number of years.

The investment period of DBAG Fund VI ended in December 2016. Based on the capital that has flowed back to the investors to date, for example following the disposal of the investment in Schülerhilfe, we believe that the requirements for the recognition of carried interest have not yet been met.

The IFRS-compliant consideration of carried interest in the measurement of the intra-Group investment entities and the related reporting in the notes to the consolidated financial statements are the subject of an enforcement procedure that the Federal Financial Supervisory Authority (BaFin) has been leading since January 2017. DBAG had previously objected to the outcome (identification of an error) of a random sample examination of the consolidated financial statements at 30 September 2015 conducted by the German Financial Reporting Enforcement Panel (FREP); this examination had commenced in January 2016. If BaFin concurs with the opinion that resulted in the identification of the error, then arithmetical carried interest of 8.4 million euros would have to be included for the first time, with a value-reducing effect, in the valuation of the intra-Group investment entity of DBAG Fund VI at 30 September 2017. If BaFin shares the view on which our current method for taking carried interest into consideration is based, then this amount would not have to be included in the consolidated financial statements at 30 September 2017 with a value-reducing effect. As we still consider our method to be appropriate, and given that the enforcement procedure is still ongoing, we have continued to apply our method to the consolidated financial statements at 30 September 2017. Regarding the inclusion of carried interest in the valuation of the intra-Group investment entities of DBAG Fund V, DBAG ECF and DBAG Fund VII, both methods produce the same result.

The **CURRENT INCOME FROM THE PORTFOLIO** relates mainly to interest from shareholder loans, and, to a lesser extent, to distributions made by portfolio companies.

TEN-YEAR SUMMARY OF EARNINGS

€mn	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	**2016/2017**
								11 months	restated[1]	
Net result of investment activity[2]	(53.4)	31.8	53.2	(4.5)	51.3	41.0	50.7	29.2	59.4	94.3
Fee income from fund management and advisory services	–	–	–	–	–	–	22.2	19.2	18.3	27.0
Other income/expenses[3]	(1.9)	(9.4)	(15.5)	(15.4)	(4.0)	(7.3)	(24.5)	(21.3)	(28.4)	(30.9)
EBT	(55.3)	22.4	37.6	(19.9)	47.0	33.8	48.4	27.1	49.3	90.4
Net income	(51.1)	19.6	34.1	(16.6)	44.5	32.3	48.0	27.0	49.5	90.4
Other comprehensive income[4]	–	(2.3)	(3.3)	0.7	(6.2)	(3.7)	(6.4)	0.4	(6.5)	2.9
Consolidated comprehensive income	–	17.3	30.8	(15.9)	38.3	28.6	41.6	27.4	43.0	93.3
Return on equity per share %	(17.5)	7.3	12.7	(6.2)	16.7	11.5	15.9	9.6	14.9	26.5

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)
2 Net result of valuation and disposal as well as current income from financial assets
3 Net amount of other income and expense items; up to and including FY 2007/2008 "Other comprehensive income", up to FY 2012/2013 incl. income from fund investment services
4 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

The Group's financial resources consist of cash in the amount of 128.0 million euros and 33.7 million euros from interest-bearing securities of German issues with a rating based on Standard & Poor's of "A" or better. On the current reporting date, they exceeded the prior-year value considerably, namely by 89.0 million euros. The increase is due to an unusually large number of unusually successful divestments in a long-term comparison. In addition, the intra-Group investment entities have financial resources totalling 14.5 million euros. These funds are also available for investments. On the reporting date, they included securities worth 5.3 million euros and cash and cash equivalents of 9.2 million euros.

Our financing strategy aims to keep financial resources available, namely roughly in an amount corresponding to an average one-year investment programme. DBAG finances its activities in the long term by way of the stock market and not by bank debt. It aims to always be in a position to fulfil the requirements set out in the co-investment agreements with the DBAG funds. Outstanding co-investment commitments alongside DBAG Fund VII and the DBAG ECF amounted to approximately 250 million euros at 30 September 2017. Based on the investment progress planned for the new financial year and the two following years, DBAG will have an average liquidity requirement of around 70 million euros annually; the actual requirement may fluctuate strongly.

The following statement of cash flows based on the IFRS shows the changes in cash funds.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

€'000	**2016/2017**	2015/2016 restated[1]
Net income	90,392	49,455
Valuation (gains)/losses and (gains)/losses on disposals of financial assets and loans and receivables	(92,035)	(53,380)
Other non-cash-relevant changes	1,183	3,289
Cash flows from operating activities	**(460)**	**(635)**
Proceeds from disposals of financial assets and loans and receivables	199,286	44,711
Acquisition of investments in financial assets and loans and receivables	(54,697)	(50,662)
Acquisition of investments in other financial instruments	(35,649)	0
Proceeds from/(acquisition of) long and short-term securities	(13,384)	8,785
Other inflows and outflows	(430)	(963)
Cash flows from investing activities	**95,127**	**1,870**
Proceeds from capital increase	0	37,221
Payments to shareholders (dividends)	(18,053)	(13,676)
Cash flows from financing activities	**(18,053)**	**23,545**
Change in cash funds from cash-relevant transactions	76,614	24,780
Cash funds at start of period	51,361	26,582
Cash funds at end of period	**127,976**	**51,361**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

In the financial year 2016/2017, **FINANCIAL RESOURCES** based on the statement of cash flows (only includes cash funds pursuant to the IFRS) increased by 76.6 million euros to 128.0 million euros (at the period ending 30 September 2016: 51.4 million euros).

CASH INFLOWS FROM INVESTING ACTIVITIES can be attributed mainly to distributions made by the intra-Group investment entity for DBAG Fund V. In 2016/2017, five investments were sold from the fund portfolio (Broetje-Automation, FDG, Formel D, ProXES and Romaco), generating inflows of 122.1 million euros. The intra-Group investment entity for DBAG Fund VI distributed 43.2 million euros following the disposal of the investment in Schülerhilfe, the partial disposal of the investment in Gienanth and the refinancing of Infiana. The disposal of DBAG's investment in Grohmann Engineering resulted in cash inflows of a further 29.1 million euros. **CASH OUTFLOWS FROM INVESTING ACTIVITIES** were attributable primarily to capital calls from the intra-Group investment entities for new investments made by DBAG Fund VI (26.0 million euros, mainly for Dieter Braun and Frimo), DBAG Fund VII (12.9 million euros, mainly duagon, More than Meals, Radiology Group) and DBAG ECF (15.5 million euros, mainly Rheinhold & Mahla, vitronet). We granted larger-scale short-term loans to an intra-Group investment entity in the last financial year as part of the structuring of an investment in new portfolio companies (More than Meals, duagon). Once the final capital structure has been set, the loans will be refinanced by way of acquisition financing and shareholders' equity. This approach will optimise the return on the capital invested for DBAG Fund VII. The resulting cash outflow of 35.6 million euros is also reflected in the statement of cash flows ("Payments for investments in other financial instruments").

All in all, investment activity generated cash inflows of 108.9 million euros in 2016/2017. In the previous financial year, the use of funds totalling 6.0 million euros was required. With regard to the valuation, it is important to bear in mind that both the cash inflows and the cash outflows in the financial year 2016/2017 are based, to a considerable degree, on investment decisions made in the previous year. This means that the high level of volatility is partly due to reporting-date factors and is also due to lower cash flows, albeit very considerable ones in terms of amount, in the transaction business, meaning that it is typical for our business model.

Securities transactions resulted in a payout balance of 13.4 million euros.

The payout of the dividend at the end of February 2017 (18.1 million euros) reduced the financial resources

TEN-YEAR SUMMARY OF CASH POSITION

€mn	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	**2016/2017**
								11 months	restated[1]	
Cash flows from operating activities	3.0	(3.5)	(12.8)	0.9	(9.6)	(12.0)	0.0	7.1	(0.6)	(0.5)
Cash flows from investing activities	3.8	19.6	(44.4)	33.1	(18.2)	18.7	67.9	20.1	1.9	95.1
Cash flows from financing activities	(57.3)	(5.5)	(13.7)	(19.1)	(10.9)	(16.4)	(16.4)	(27.4)	23.5	(18.1)
Change in financial resources[2]	(50.5)	10.6	(70.9)	14.9	(38.8)	(9.8)	50.9	(0.1)	24.8	76.6

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)
2 Financial resources: cash and cash equivalents and long-term securities; without Financial resources in intra-Group investment entities

Asset position

Overall assessment: considerable gain in assets following several successful disposals

Total assets at 30 September 2017 are 68.2 million euros higher than at the start of the financial year, mainly due to the increase in cash funds and shareholders' equity. The increase can be traced back to the cash inflows following successful disposals; the cash funds correspond to more than one-quarter of the Group assets, which otherwise consist largely of the investment portfolio.

CONDENSED STATEMENT OF FINANCIAL POSITION

€'000	**30 Sept. 2017**	30 Sept. 2016 restated[1]
Financial assets incl. loans and receivables	262,605	316,341
Long-term securities	33,659	21,279
Other non-current assets	1,822	2,081
Non-current assets	**298,086**	**339,701**
Other financial instruments	35,649	0
Receivables and other assets	4,072	4,414
Cash and cash equivalents	127,976	51,361
Other current assets	6,624	8,682
Current assets	**174,320**	**64,457**
Total assets	**472,405**	**404,158**
Equity	444,884	369,619
Non-current liabilities	11,471	15,203
Current liabilities	16,050	19,335
Total shareholders' equity and liabilities	**472,405**	**404,158**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

Asset and capital structure: significant changes in asset structure, capital structure largely unchanged

Seven sold companies that had accounted for around one-quarter of total assets on the previous reporting date left the portfolio in the financial year 2016/2017. The proceeds generated in connection with these disposals were once again significantly higher than the values stated for these companies at the start of the financial year. This resulted in the extension of the statement of financial position and a considerable change in the **ASSET STRUCTURE**. Financial assets dropped considerably, while financial resources increased considerably at the same time. At the period ending 30 September 2017, 56 percent (previous year: 78 percent) was invested in financial assets. 34 percent of total assets (previous year: 18 percent) related to financial resources and were available for investment. Short-term loans that DBAG had granted to an intra-Group investment entity as part of the restructuring of the investment in new portfolio companies (More than Meals, duagon) are recognised in current assets as other financial instruments with a value of 35.6 million euros at the reporting date.

The ratio of financial assets to financial resources changed considerably: it came to 1.6 to 1 at 30 September 2017 (30 September 2016: 4.4 to 1).

Shareholders' equity increased by 75.3 million euros as against the reporting date of the previous year to 444.9 million euros, thanks to the net income. Equity per share rose from 24.57 euros to 29.57 euros. In relation to the equity (including deductions for the amount earmarked for distribution) at the beginning of the financial year, this equates to an increase of 26.5 percent.

There were only slight changes in the capital structure. The equity ratio, which was very high to begin with, rose from 91.5 to 94.2 percent. Shareholders' equity covers the non-current assets – as at the previous reporting date – in full and covers current assets at a rate of 84 percent (previous year: 46 percent). Liquidity that was not required in the short term was partly invested in securities. These securities are to be reported under non-current assets in line with the IFRS.

A temporary drawdown of 10 million euros was made against the credit line of 50 million euros, which has been in place since the beginning of 2016, in the third quarter of the year because inflows from disposals were delayed and new investments had to be financed. The credit line had not been drawn as at the reporting date.

Financial assets and loans and receivables: portfolio value lower following disposals

Financial assets including loans and receivables are largely determined by the **PORTFOLIO VALUE**; despite the brisk investment activity, they fell mainly due to the disposal of six equity investments.

Change in portfolio value page 98

The **MINORITY INTEREST IN INTRA-GROUP INVESTMENT ENTITIES** fell by 15.9 million euros in total compared with the level at the start of the financial year. Following the conclusion of the disposal of the investments alongside DBAG Fund V, carried interest entitlements of 29.5 million euros were paid out; the payouts exceeded the increase in the value of the investments of DBAG ECF and the remaining investment of DBAG Fund V.

Possible carried interest from DBAG Fund VI page 92

The drop in the **OTHER ASSETS AND LIABILITIES OF THE INTRA-GROUP INVESTMENT ENTITIES** is due primarily to the drop in cash and cash equivalents, as the funds called in September 2016 were invested in Polytech at the beginning of October 2016.

FINANCIAL ASSETS INCL. LOANS AND RECEIVABLES

€'000	**30 Sept. 2017**	30 Sept. 2016
		restated[1]
Portfolio value (incl. loans and receivables)		
gross	251,722	302,597
Minority interest in investment entity subsidiaries	(12,904)	(28,847)
net	238,818	273,751
Other assets / liabilities of investment entity subsidiaries	22,373	40,132
Other non-current assets	1,415	2,458
Financial assets incl. loans and receivables	**262,605**	**316,341**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

Portfolio and portfolio value: 22 active equity investments

At 30 September 2017, the DBAG **PORTFOLIO** consisted of 22 equity investments and two investments in international private equity funds managed by third parties that we entered into in 2000 and 2002 respectively with the aim of diversifying our portfolio. Following the sale of the directly held investment in Grohmann Engineering, the investments are now held indirectly via intra-Group investment entities with only one exception. They include 14 investments in management buyouts and eight investments aimed at growth financing. The international buyout funds are currently at the end of their disinvestment phase and only hold one and two remaining investments, respectively.

At 30 September 2017, the value of the 24 investments, including loans to and receivables from portfolio companies, amounted to 245.6 million euros (30 September 2016: 297.0 million euros); in addition, there were entities with a value of 6.1 million euros (30 September 2016: 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. This brought the portfolio value to a total of 251.7 million euros at the reporting date (30 September 2016: 302.6 million euros).

Since the beginning of the financial year, the **PORTFOLIO VALUE** has dropped by a gross value of 50.9 million euros. The additions (in chronological order, mainly Frimo, Polytech, Dieter Braun, More than Meals, vitronet, duagon) totalling 62.9 million euros and the changes in value of 25.1 million euros are offset by seven disposals (Broetje-Automation[15], FDG, Formel D, Grohmann Engineering, ProXES, Romaco and Schülerhilfe) worth 138.9 million euros in total.

15 *The sale of the investment in Broetje-Automation had already been agreed in the financial year 2015/2016, but was not completed until after the reporting date at 30 September 2016. At this reporting date, the investment had already been valued at the sales price, meaning that the disposal of the investment no longer made a contribution to earnings.*

Portfolio profile: 15 investments account for 81 percent of portfolio value

At 30 September 2017, the 15 biggest investments accounted for around 81 percent of the portfolio value.

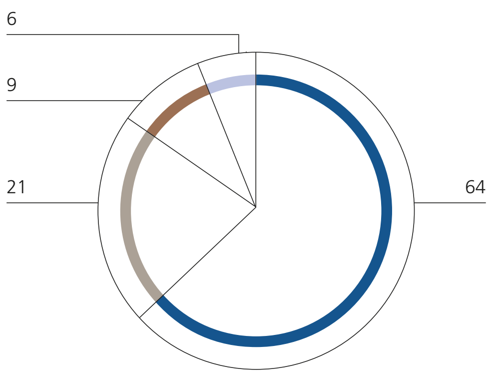
A full list of the portfolio companies can be found on the DBAG website and on page 23 of this report.

Company	Cost	Equity share DBAG	Investment type	Sector
	€mn	%		
Cleanpart Group GmbH	11.2	18.0	MBO	Industrial services
DNS:NET Internet Service GmbH	5.0	14.9	Expansion capital	Information technology, media and telecommunication
duagon Holding AG	11.5	22.0	MBO	Industrial components
Frimo Group GmbH	14.8	14.5	MBO	Mechanical and plant engineering
Gienanth GmbH	3.9	9.9	MBO	Industrial components
Heytex Bramsche GmbH	6.3	16.8	MBO	Industrial components
inexio Informationstechnologie und Telekommunikation KGaA	7.5	6.9	Expansion capital	Information technology, media and telecommunication
Infiana Group GmbH	4.1	17.4	MBO	Industrial components
JCK Holding GmbH Textil KG	8.8	9.5	Expansion capital	Consumer goods
Novopress KG	2.3	18.9	Expansion capital	Mechanical and plant engineering
Oechsler AG	11.2	8.4	Expansion capital	Automotive supplier
Pfaudler International S.à r.l.	12.2	18.2	MBO	Mechanical and plant engineering
Polytech Health & Aesthetics GmbH	12.1	18.5	MBO	Industrial components
Silbitz Group GmbH	5.2	16.5	MBO	Industrial components
Telio Management GmbH	12.9	15.1	MBO	Information technology, media and telecommunication

The following portfolio information is based, in general, on the valuations and resulting portfolio value at 30 September 2017. The category "Other" includes investments in companies through which retentions for representations and warranties from exited investments are held, as well as the investments in two international buyout funds. The net debt of the portfolio companies relates to the expected debt at the end of the financial year 2017 and the EBITDA of the portfolio companies that is expected for 2017, or for 2016/2017 if the reporting date falls during the year.

PORTFOLIO VALUE BY VALUATION METHOD

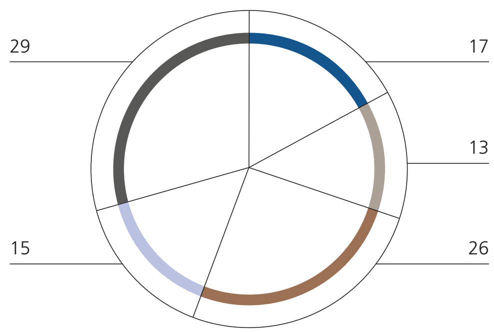
%



- Multiples method
- Transaction price
- DCF
- Other

PORTFOLIO VALUE BY SECTORS

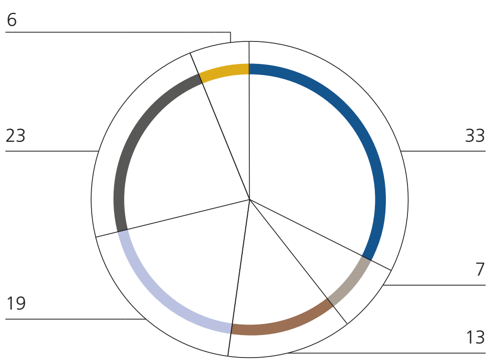
%



- Mechanical and plant engineering
- Automotive suppliers
- Industrial components
- Industrial services
- Other

PORTFOLIO VALUE BY NET DEBT/EBITDA OF PORTFOLIO COMPANIES

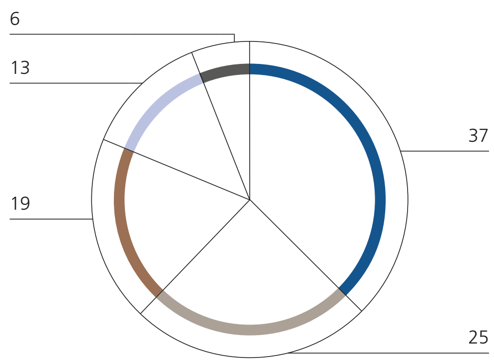
%



- < 1.0
- 1.0 to < 2.0
- 2.0 to < 3.0
- 3.0 to < 4.0
- > 4.0
- Other

CONCENTRATION OF PORTFOLIO VALUE

Size categories %



- Top 1 to 5
- Top 6 to 10
- Top 11 to 15
- Top 16 to 24
- Other (including externally managed international buyout funds)

TEN-YEAR SUMMARY OF FINANCIAL POSITION

€mn	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	**30 Sept. 2017**
									restated[1]	
Financial assets including loans and receivables	138.3	137.2	129.9	93.5	150.7	166.8	163.4	247.7	316.3	262.6
Securities/cash	105.2	124.0	140.7	155.6	105.8	98.3	140.7	58.3	72.6	161.6
Other assets	28.7	27.0	45.5	30.8	42.5	45.6	28.5	21.2	15.2	48.2
Equity	244.8	256.8	273.9	238.9	266.2	278.4	303.0	303.1	369.6	444.9
Liabilities	27.4	31.5	42.2	41.0	32.8	32.3	29.6	24.1	34.5	27.5
Total assets	272.3	288.3	316.1	279.9	299.0	310.7	332.6	327.2	404.2	472.4

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

Comparison of actual and projected business performance

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

	Actual 2015/2016[1]	**Projected 2016/2017**	**Actual 2016/2017**	
Net income	€50.2mn	On comparable basis (€37.8mn) moderately lower than prior year	€90.4mn	Valuation does not make sense due to an unusually high number of disposals that were made based on values that were much higher than planned in some cases
Return on Group equity per share	14.9%	Return on equity will significantly exceed cost of equity	26.5%	Valuation does not make sense for the reason referred to above
Net result of investment activity	€60.1mn	Significantly below prior year on a comparable basis (€54.4mn) and without taking strategic premiums into account	€94.3mn	Valuation does not make sense for the reason referred to above
Fee income from fund management and advisory services	€18.3mn	Significantly in excess of the prior year	€27.0mn	Target reached
Net expenses	€28.5mn	On a comparable basis (€27.9mn), slightly lower than in prior year	€30.9mn, thereof €2.1mn unplanned	Target reached
Financial resources	€78.6mn	Slightly higher	€161.6mn	Valuation does not make sense for the reason referred to above
FUND INVESTMENT SERVICES SEGMENT				
Income	€19.5mn	Much higher	€28.1mn	Target reached
Net expenses	€22.6mn	Slightly higher	€23.4mn	Target reached
Pre-tax net income	€(3.0)mn	Much higher	€4.7mn	Target reached
PRIVATE EQUITY INVESTMENTS SEGMENT				
Income	€60.1mn	Much lower	€94.3mn	Valuation does not make sense for the reason referred to above
Net expenses	€7.1mn	Slightly lower	€8.5mn, thereof €1.8mn unplanned	Target reached
Pre-tax net income	€53.1mn	Much lower	€85.7mn	Valuation does not make sense for the reason referred to above

1 Actual figures for 2015/2016 as reported as the basis for the projections for 2016/2017

The financial year 2016/2017 was characterised by an unusually large number of, and in some cases disproportionately successful, disposals; some of the gains on disposal that we realised considerably exceeded the figures that we had projected – be it as the net result of disposal or the net result of valuation. These marked deviations affect the net result of investment activity, net income and the Group's financial resources, as well as the income and pre-tax result of the Private Equity Investments segment. Given the impact in terms of amount, which once again highlights how difficult it is to project future successes in the private equity business, we do not believe that it makes sense to evaluate the target achievement level. With net income of 90.4 million euros and a return on equity per share of 26.5 percent, the financial year 2016/2017 was one of the most successful in the Company's history. The prior-year result was exceeded by 80 percent.

We met all of our targets with regard to those key financial indicators for which a projected/actual comparison makes sense. For the purposes of the comparison, we made adjustments to reflect expense items that we did not plan. These include the performance-based remuneration resulting from the sale of the investment in Grohmann Engineering (1.8 million euros) and the expenses associated with regulatory advice (0.3 million euros).

Business performance by segments

Private Equity Investments segment: result up considerably on the prior year

SEGMENT INCOME STATEMENT PRIVATE EQUITY INVESTMENTS

€'000	**2016/2017**	2015/2016
		restated[1]
Net result of investment activity	94,272	59,429
Other income/expenses	(8,547)	(7,089)
Net income before taxes	**85,726**	**52,340**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

Pre-tax net income in the Private Equity Investments segment came to 85.7 million euros, 33.4 million euros more than a year earlier. The increase can be attributed to the result of investment activity; we refer to the information on this item provided in the section entitled "Earnings position". 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 1.4 million euros in a year-on-year comparison. This is due mainly to the performance-based remuneration resulting from the sale of the investment in Grohmann Engineering as mentioned above, which is included in the amount of 1.8 million euros. The fact that costs associated with the agreement on the credit line were no longer incurred had the opposite effect; these costs had impacted the prior-year result in the amount of 0.5 million euros. The figure includes internal management fees paid to the Fund Investment Services segment in the amount of 1.1 million euros (previous year: 1.2 million euros).

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000	30 Sept. 2017	30 Sept. 2016 restated[1]
Financial assets incl. loans and receivables	262,605	316,341
Other financial instruments	35,649	0
Financial resources	161,634	72,640
Bank liabilities	0	0
Net asset value	**459,888**	**388,981**
Financial resources	161,634	72,640
Credit line	50,000	50,000
Available liquidity	**211,634**	**122,640**
Co-investment commitments alongside DBAG funds	**253,745**	**278,241**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

At 30 September 2017, the other financial instruments in the amount of 35.6 million euros included larger-scale short-term loans that DBAG granted for the first time in 2016/2017 as part of the structuring of an investment in new portfolio companies (More than Meals, duagon). Following the conclusion of the acquisition financing and the repayment of the loans, this amount will become part of the net asset value.

At 30 September 2017, the co-investment commitments alongside the DBAG funds were only partially covered by the available financial resources (cash and long-term securities), though they were covered to a greater extent than in the year before; 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.

The surplus of co-investment commitments over the available funds only amounts to 14 percent of financial assets (previous year: 49 percent). We expect to be able to cover this surplus, which is the result of disposals, over the next few years.

Fund Investment Services segment: marked improvement in earnings

Information on income generated by the DBAG funds page 86f.

The Fund Investment Services segment closed the financial year 2016/2017 with a much better result than in the previous year. The improvement is due to the marked increase in fee income from fund management and advisory services following the start of the investment period of DBAG Fund VII on 22 December 2016. Since then, income has been generated from advisory services provided by DBAG Fund VII on the basis of capital commitments; the fee income from advisory services provided by DBAG Fund VI is now calculated based on the capital that is still invested and is therefore lower than in the previous year. The income from DBAG Fund V fell in a year-on-year comparison following disposals from this fund's portfolio. We refer to the information provided in the section entitled "Earnings position". This segment information also includes internal income from the Private Equity Investments segment in the amount of 1.1 million euros (previous year: 1.2 million euros).

SEGMENT INCOME STATEMENT FUND INVESTMENT SERVICES

€'000	2016/2017	2015/2016
		restated[1]
Fee income from fund management and advisory services	28,111	19,536
Other income/expenses	(23,407)	(22,555)
Net income before taxes	**4,704**	**(3,019)**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

There was virtually no change in the assets under management or advisement. The increase in the "Portfolio companies at cost" item reflects the net amount from disposals based on the seven disposals and additions completed in the financial year (mainly Frimo, Polytech, Dieter Braun in DBAG Fund VI, More than Meals and duagon in DBAG Fund VII, vitronet in DBAG ECF). The drop in outstanding capital commitments of third-party investors in the funds can be traced back to the capital calls to finance the investments made in the financial year. The conclusion of the fundraising process for the first new investment period of DBAG ECF (DBAG ECF I) had the opposite effect. We refer to the section entitled "Liquidity position" for information on the changes in the financial resources and other financial instruments belonging to DBAG.

ASSETS UNDER MANAGEMENT OR ADVISEMENT

€'000	30 Sept. 2017	30 Sept. 2016
		restated[1]
Portfolio companies at cost	730,958	681,059
Outstanding capital commitments to funds	877,636	1,022,205
Financial resources and other financial instruments (of DBAG)	197,283	72,640
Assets under management or advisement	**1,805,877**	**1,775,904**

1 Restated after adjustment for amendments to IFRS 10 (see note 3 to the consolidated financial statements)

Financial and non-financial performance indicators

Return on Group equity per share: several times the cost of equity at 26.5 percent

Group equity grew by 5.00 euros per share in the financial year 2016/2017 to 29.57 euros per share. After adjusting for the dividend of 1.20 euros per share that was distributed, the return is calculated based on Group equity per share of 23.37 euros. This brings the return on Group equity to 26.5 percent. This is the third-highest value seen since the start of IFRS accounting at the end of the financial year 2003/2004. The return on equity exceeded the cost of equity of 5.6 percent considerably. In the financial year 2015/2016, the return had amounted to 14.9 percent with a cost of equity of 4.7 percent.

For information on the influential factors: Earnings position, page 85ff.

Over the past ten-year period (2007/2008 to 2016/2017), we achieved an average return on equity after taxes of 9.1 percent. This is almost 2.5 percentage points in excess of the average cost of Group equity, which, according to our computation, was approximately 6.6 percent.

Performance: aggregate total return of 120 percent since 31 October 2007

Adjusted for dividends, DBAG recorded an aggregate total return of 120 percent based on the Group equity per share over a period of nearly ten years from 31 October 2007 to 30 September 2017; this equates to an average annual total return of 8.3 percent over this ten-year period.[16]

16 *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: high level of satisfaction, long length of service

Personal performance and a team-based work environment are key characteristics of our corporate culture. Our success is based on a culture of professionalism and mutual respect. As a result, we attach great importance to treating each other and our business partners with respect. In our daily work, we take care to ensure a high level of professionalism and stable processes. In doing so, we utilise our lean structures and short decision-making routes. In our most recent employee survey (September 2017), which achieved a relatively high participation rate of 80 percent, around 90 percent of the participants once again 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 requires a great amount of resilience from employees. Assignments within our organisation call for a high degree of identification with the role. We promote this sense of identification in various ways. We foster a culture of direct communication, team-based project organisation and delegating responsibility early on, in all areas of the Company. The aforementioned co-investments made by selected members of the investment team, using their own money, in the DBAG funds with a ten-year term also serve to strengthen the identification of employees with the business.

	Number of staff	Number of departures	Fluctuation rate %
Financial year 2016/2017	69	4	5.8
Average over financial years 2007/2008 to 2016/2017	57	2	3.5

We attach particular importance to nurturing a corporate culture in which loyalty to the Company can prosper. 96 percent of the participants in the employee survey said that they plan to stay with the Company for a longer period of time. One measure of loyalty is the employees' years of service to the Company: investment managers and senior executives have been with DBAG for an average of seven years (previous year: eight years). Staff turnover among employees of the corporate functions is low, too: it averaged less than 4 percent annually over the past ten years.[17]

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

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 2017, Deutsche Beteiligungs AG employed 33 female and 28 male staff (without the members of the Board of Management or apprentices), making a total of 61 employees. 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; almost 40 percent of the new members of the investment team were women.

	30 Sept. 2017	30 Sept. 2016
Number of employees (without Board of Management)	67	63
thereof full time	54	50
thereof part time	7	6
thereof apprentices	6	7

At the end of financial year 2016/2017, six apprentices were qualifying for their future professions; this represents an apprenticeship quota of 10 percent. The average employee age has dropped slightly and now stands at 38 (previous year: 39 years). Not included in these figures are the two employees on parental leave at the reporting date.

During the past financial year, we offered nine students (previous year: 14) an internship for a period of several months, allowing them to gain an 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.

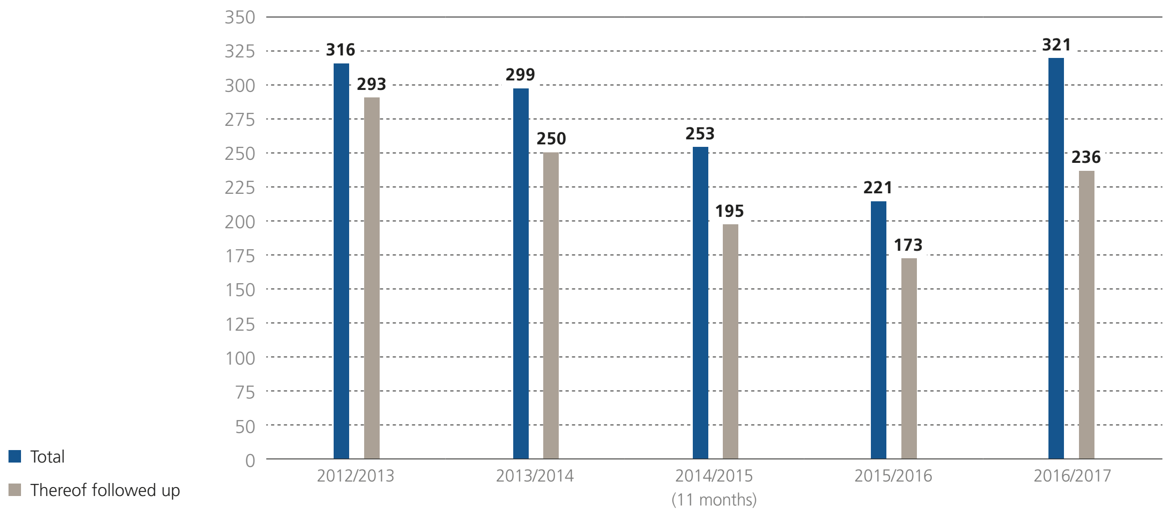
Employee compensation: participation in company success

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. We have developed this system further over the past few financial years: the variable income components for key members of the investment team are oriented around personal contributions to the long-term performance of DBAG. Our success is based on new investments entered into, good portfolio performance and profitable realisations – these are also the factors that influence the variable remuneration. The variable remuneration paid to the other members of the investment team and the employees based in Corporate Functions also rewards individual performance and, following the introduction of an earnings-related component in 2016/2017, also takes business developments into account.

Investment opportunities: considerable increase in deal flow

In addition to participating in auctions, our network assists us in originating transaction opportunities through a proprietary deal flow. In 2016/2017, this produced around 11 percent of the investment opportunities. In the previous financial year, this rate was higher at just under 15 percent, although the absolute number of these investment opportunities remained unchanged year-on-year. The proportion of successfully agreed investments, however, is much higher: three out of ten transactions over the last two financial years, or 30 percent, came from our network.

TRANSACTION OPPORTUNITIES



In 2016/2017, we screened 321 investment opportunities; 286 related to potential MBOs and 35 concerned growth financing. The proportion of transaction opportunities that we followed up was unchanged at around three-quarters. We believe that the increase is also due to the opening of DBAG ECF for management buyouts – our offering now allows us to cover a larger share of the buyout market.

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 2016/2017 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 statement of financial position and a condensed profit and loss account derived from the statement of financial position 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 https://www.dbag.com/investor-relations/publications/; a printed version is also available on request.

Earnings position

Overall assessment: net income for the year reaches highest level in the Company's history

The financial year 2016/2017 is one of the most successful in the history of Deutsche Beteiligungs AG: DBAG's net income for the year rose to a record value that is well in excess of the prior-year result. Over the last financial year, seven divestments were completed, five of them with disposal proceeds that were, in some cases, well above average in relation to the capital multiplier. In 2015/2016, on the other hand, divestments of only two larger portfolio companies were completed, with one of them resulting in a disposal loss. Other operating expenses rose, among other things, due to higher transaction-related expenses and higher spending on external employees.

Net result of fund services and investment activity: seven divestments with disposal proceeds that were, in some cases, well above-average

The net result of fund services and investment activity is fundamentally 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 current net result of valuation and disposal includes 147.8 million euros stemming from the disposal of a total of six investments agreed in 2016/2017 (Grohmann Engineering, FDG, Romaco, Formel D, ProXES and Schülerhilfe), as well as from a transaction in the previous financial year that has now been settled (Broetje-Automation). The amount is reduced by carried interest of 29.5 million euros (disposals from the DBAG Fund V portfolio: Broetje-Automation, FDG, Romaco, Formel D and ProXES). In the previous year, two companies were disposed of, although one of these transactions resulted in a loss.

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

€'000	**2016/2017**	2015/2016
Net result of valuation and disposal[1]	147,197	2,336
Current income from financial assets	4,732	7,629
Fee income from fund management and advisory services	23,544	18,136
Net result of fund services and investment activity	**175,474**	**28,101**
Personnel expenses	(20,873)	(17,133)
Other operating income (without write-ups)	2,284	2,081
Other operating expenses	(10,697)	(10,102)
Depreciation and amortisation on intangible assets and property, plant and equipment	(712)	(672)
Income from other securities and loans within financial assets	581	309
Other interest and similar income	662	67
Interest and similar expenses	(2,366)	(644)
Total other income/expenses	**(31,122)**	**(26,093)**
Result of ordinary activity	**144,352**	**2,008**
Income taxes	0	171
Other taxes	(9)	(11)
Profit for the year	**144,342**	**2,167**

1 The net result of valuation and disposal is composed of profit-and-loss items "Income from disposals of investments" of €147.8mn (previous year: €12.6mn) and write-ups in the financial year of €0.0mn (previous year: €1.1mn) that are recognised in item "Other operating income". "Losses on disposals of investments" and "Write-downs on financial assets" in the amount of €0.6mn (previous year: €11.3mn) were deducted.

Key components of *current income from financial assets* include profit distributions and interest income from portfolio companies.

The *fee income from fund management and advisory services* rose to well above the level seen in the financial year 2015/2016. The fact that advisory fee income was collected from a larger fund following the start of the investment period of DBAG Fund VII made a particular contribution to this development.

Other income/expenses: net amount much higher due to higher personnel costs

The net amount of total other income/expenses deteriorated by 5.0 million euros year-on-year. *Personnel costs, other operating income excluding write-ups* and *other operating expenses* were largely influenced by the same factors as the Group. The rise in personnel expenses is chiefly due to the fact that wages and social contributions were paid for more employees in 2016/2017 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. Other operating income includes 0.9 million euros from the reimbursement of consultancy expenses by the DBAG funds; in the previous year, this time had included 1.3 million euros from the reversal of provisions for performance-related emoluments. Other operating expenses were higher because higher transaction-related consultancy costs were incurred. 0.6 million euros are recognised as an expense for external staff that we used to cover temporary personnel requirement peaks owing to illness and maternity leave.

Earning position page 85ff.

The **FINANCIAL RESULT** worsened from -0.3 million euros to -1.1 million euros. This is primarily due to the change in the actuarial rate for the remeasurement of pension obligations. The pension provisions had to be increased in line with the increase in the interest rate.[18] Other interest income includes income from deferred purchase price interest from a disposal in the financial year 2015/2016.

18 *The discount rate in 2016/2017 was based on an interest rate of 3.77 percent (ten years). The interest rate is determined by the Deutsche Bundesbank. By contrast, the actuarial rate used in the consolidated financial statements of 1.55 percent (previous year: 0.80 percent) is based on the i-boxx corporate AA10+ interest rate index. Its change results from interest-rate changes on corporate bonds.*

Profit for the year: 144.3 million euros

Deutsche Beteiligungs AG is reporting net income of 144.3 million euros for the 2016/2017 financial year. Including the profit carried forward from the previous year and the dividend payment, the retained profit amounted to 181.9 million euros, of which 3.3 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 and cash equivalents. In 2016/2017, assets rose considerably by 128.6 million euros compared to the preceding financial year. The increase in assets can be traced back to the cash inflows following successful disposals, in particular. In February 2017, a sum of 18.1 million euros was distributed to shareholders.

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

€'000	**30 Sept. 2017**	30 Sept. 2016
Equity shares in associates	202,883	194,256
Investments	4,488	6,595
Long-term securities	33,714	20,750
Other non-current assets	1,820	2,077
Non-current assets	**242,905**	**223,678**
Receivables and other assets	65,489	30,756
Cash and cash equivalents	119,721	44,973
Current assets	**185,210**	**75,729**
Prepaid expenses	**510**	**664**
Assets	**428,625**	**300,071**
Subscribed capital	53,387	53,387
Capital reserve	175,177	175,177
Retained earnings	403	403
Retained profit	181,904	55,614
Equity	**410,870**	**284,580**
Provisions	**17,461**	**14,985**
Liabilities	**294**	**507**
Liabilities and shareholders' equity	**428,625**	**300,071**

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 interests in associates in the financial year 2016/2017 is the result of the investments in six new companies (54.8 million euros). The divestments and repayments of bridge-over loans (46.2 million euros) had the opposite effect.

The value of directly held investments declined due to divestment of Grohmann Engineering. In addition, investments are now being made indirectly via co-investment vehicles.

Investment securities increased due to the purchase of further securities to invest cash and cash equivalents that were not required for investments in the first instance.

Current assets: marked increase due to fund inflows from divestments

At the reporting date, 65 percent of current assets were attributable to cash and cash equivalents, which were up considerably on the prior-year level due to the substantial fund inflows following the divestments. Other components included receivables from a loan granted to a company of DBAG Fund VII to provide bridge-over financing for capital calls that the fund intends to use to complete the financing of the investments in More than Meals and duagon, and receivables from consultancy and management companies of the DBAG funds.

Provisions: increase due to pension obligations

The increase in provisions as against the previous reporting date is due primarily to higher provisions for pension obligations. Provisions rose from 0.7 million euros to 2.3 million euros; they exceed the plan assets to this extent. The majority of the other provisions are associated with performance-related remuneration with regard to personnel. They were unchanged year-on-year, amounting to 11.0 million euros on the reporting date: 10.0 million euros thereof are attributable to the preceding financial year, and provisions of around 1 million euros have been set up over the last ten financial years, but were still subject to a payout stop at the reporting date.

Liquidity position

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

The **FINANCIAL RESOURCES** reported at the period end of 153.4 million euros (investment securities of 33.7 million euros and cash and cash equivalents of 119.7 million euros) are available to meet investment commitments. Based on the investments planned for the new financial year and the two following years, DBAG will have an average liquidity requirement of around 70 million euros annually; the actual requirement may fluctuate strongly.

Capital structure: no liabilities to banks

In financial year 2016/2017, DBAG financed its activities predominantly from its existing financial resources and/or its cash flows. In order to take advantage of investment opportunities at all times, there is also a credit line in place. It ensures DBAG's ability to co-invest alongside the DBAG funds at all times, in addition to creating greater efficiency of the statement of financial position. A temporary drawdown of 10 million euros was made against the credit line at the beginning of the fourth quarter of the year to ensure that the Company did not have to sell any securities in light of upcoming major cash inflows. The strong increase in shareholders' equity to 410.9 million euros at 30 September 2017 mirrors the inflows from the divestments. At 30 September 2016, shareholders' equity totalled 284.6 million euros, of which 18.1 million euros were distributed to shareholders as dividends in February 2017. The **CAPITAL-TO-ASSETS RATIO** of 95.9 percent at the period end (previous year: 94.8 percent) remained very high.

Comparison of actual and projected business performance

Net income for the year up considerably on the previous year in line with projections

In 2015/2016, the net income for the year was the result of a financial year with only two divestments – one of which generated average results and one of which resulted in a more considerable loss on disposal being incurred. Based on two successful divestments that had already been agreed at the beginning of the financial year, we had expected to achieve results in 2016/2017 that would be much higher than in the previous year. This forecast was clearly confirmed: the profit for the year is several times higher than in the previous year. The unexpectedly successful divestments meant that personnel costs also exceeded the forecast. The fee income from fund management and advisory services developed as expected. The retained profit corresponds to several times the amount we plan to distribute based on our dividend policy, meaning that our dividend capacity is definitely ensured.

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 segments. These are founded, among other things, on the expected returns that are customary in the private equity industry, on our geographical and sector focus as well as on 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 using 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 statement of financial position structure by 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 preventative process of controlling risk; risk, in our opinion, is 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 department, 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 the financial year 2015/2016, the risk manual was revised and the risk report was redesigned. The manual was checked to ensure that it was up-to-date at the beginning of 2017. 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 are recorded, monitored and managed on an ongoing basis. The aim is to avoid, mitigate or transfer the negative effects of risks.

Instruments: risk register with 40 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 2017, it contained 40 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 that is 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 used appropriately; it is structured according to the following procedure:

Risks are identified directly at a departmental level by the Managing Directors responsible for these units. Particular attention is paid to risks that may jeopardise the continuity of the Company as well as risks of major significance to 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) or "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.

The Risk Manager subsequently examines the individual risks and the actions adopted 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.

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	**2**	**3**	**4**
			Low	**Moderate**	**High**	**Very high**

	IMPACT			
Financial consequences	< €10mn	€10–50mn	€50–100mn	> €100mn
Reputational consequences	Isolated negative media coverage	Broader negative media coverage	Extensive negative media coverage and temporary loss of confidence by investors	Extensive negative media coverage and long-term 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

Risk control basically pursues the objective of keeping the overall risk at acceptable and manageable levels for DBAG. 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 may avoid, reduce or transfer risks.

Risk avoidance means completely precluding risk. Since complete avoidance of risk generally also means precluding opportunities for reward, 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 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 of the Supervisory Board immediately.

Description of risk factors

The table on page 122 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 segment 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 incurred by the Fund Investment Services segment

Inability to cover the personnel requirement

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 the 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 turnover by systematically developing the skills and knowledge of our people, as well as using a competitive remuneration scheme that fits to standard practice in the industry and allowing members of the investment team to make private investments in the DBAG funds, enabling them to enjoy participation in fund performance that is disproportionate to the capital contributed (carried interest). We regularly offer individualised training programmes; personality-based training activities are an integral constituent of career plans.

Staff turnover page 104

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 macroeconomic 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 cases involving serious contractual breaches, 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 services to that fund. Should fund investors revoke DBAG's advisory 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. Furthermore, DBAG would no longer be able to exert any influence over the management of the investments entered into with the fund in question. 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 incurred by 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 on equity, investors would withdraw their committed capital and new commitments to funds could not 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, the structure of our statement of financial position would change. The portfolio value would exhibit slower growth and the proportion of financial resources on the statement of financial position that hardly bear 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.

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, we are competing not only with strategic investors, but also with foundations and family offices seeking more profitable investment opportunities. Insufficiently cultivating our network and inadequate marketing efforts are, however, factors subject to our own sphere of influence.

Investment opportunities page 106

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 investment opportunities that are not broadly available in the market. We have implemented an ongoing process to improve how we identify investment opportunities. This also includes the constant expansion of our network of M&A consultants, banks and industry 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 continually strive to improve our internal knowledge transfer and to adapt 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 is influenced by market factors such as geographical and sector-related economic cycles, political and financial changes, commodity prices and exchange rate trends. These market factors are subject to a variety of influences. Cyclical impacts in the wake of political instability or limited capability of the banking system can also affect the portfolio companies' earnings, financial and asset position. Technological changes can also have a negative impact on individual companies or on the companies operating in a certain sector. This could extend the holding periods of investments, resulting in the gains on disposal being postponed or reduced. In extreme cases, it could lead to a total loss of capital for individual investments. In such an event, our reputation would be at stake.

Information on the holding periods of current investments page 84

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

If appropriate, we adapt our value development 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 level 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. A lower valuation level, expressed in lower valuation multipliers, generally results in a lower portfolio value. They can be a burden 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.

Access to financial, credit and stock markets is not ensured

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 agreement on a credit line in the financial year 2015/2016 also have to be viewed in this context. Corporate action can only succeed 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 ongoing investor relations work, the dividend policy, for example, which has steady dividends as its goal, preferably on an upward trajectory, also aims to make shares in DBAG more attractive.

Endangerment of DBAG's independence

A subpar valuation of DBAG shares could enable the entry of a principal shareholder and result in them exerting control in the Company. But since the investors in DBAG funds expect the DBAG investment team to provide their advisory services free from the influence of third parties, this loss of independence would basically jeopardise DBAG's business model: investors would neither commit to new DBAG funds (on the contrary, they could terminate existing advisory agreements), nor would another capital increase be possible on 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 were no longer materially involved in investment services to the funds.

Rules governing the revocation of management authority for DBAG Fund V, DBAG Fund VI, DBAG Fund VII and DBAG ECF: Notes to the consolidated financial statements, "Related party transactions", see page 189ff.

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 providing advisory and management services to DBAG funds.

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 2017, 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	Unchanged	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	Lower	Low	High
Low valuation ratios in equity and financial markets	Unchanged	Possible	High
Access to financial, credit and stock markets is not ensured	Unchanged	Low	High
Endangerment of 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

The risk relating to “Competitive disadvantages due to more stringent regulatory requirements”, which is one of the risks with a high expected value, is no longer listed; we now believe that the expected value associated with this risk is lower than it was a year ago. In the first few months of the last financial year, we were able to clarify outstanding issues relating to the legal interpretation of the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB) with the German Federal Financial Supervisory Authority (BaFin), which is why we have reduced the potential impact of this risk, although its probability of occurrence remains unchanged. This explains why the expected value is now “moderate” as opposed to “high”.

Compared with the end of the financial year 2015/2016, we are faced with an improved macroeconomic environment with solid economic growth. As a result, we have deemed the probability of occurrence of the risk “Negative impact of general economy and economic cycles in certain sectors on earnings, financial and asset position of portfolio companies” to be “low” as opposed to “possible” since the end of the third quarter of 2016/2017. The expected risk value, however, remains “high” due to the ongoing considerable potential damage for DBAG and the DBAG funds.

Description of opportunities

Opportunity management 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. After the start of the investment period of DBAG Fund VII in December 2016, fee income from buyout funds is therefore capped for the next four-year period. There are, however, opportunities arising from the fee arrangements set out for DBAG ECF I, by which we receive fees based on the invested capital. The calculated basis for fees rises with every new investment this fund makes. In addition, we can collect structuring fees for individual transactions.

Private Equity Investments: strategic advancement with DBAG Fund VII

The DBAG Fund VII represents a strategic advancement for DBAG. Due to its structure, the fund is able to invest in larger buyouts using equity of up to 200 million euros. As DBAG ECF also invests in smaller buyouts at the same time, DBAG’s offering is now much broader than it was before. This improves the Company’s competitiveness and creates opportunities for additional potential investments, and thereby opportunities for growth in portfolio value.

Details on DBAG Fund VII and on changes to DBAG ECF pages 84f.

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 2016/2017 financial year, we completed a number of additional sub-projects, particularly in Corporate functions.

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 multipliers account for 18.5 million euros of the result of valuation and disposal (gross), and can therefore be ascribed to greater confidence on the part of stock market participants. If the assessment of the companies' future profits were to improve again, this would augment valuation multipliers, which, in turn, have an influence on our valuations.

It cannot be ruled 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. The higher stock market valuation level in recent years has already also contributed to higher valuations in the M&A business. If this development continues, this could possibly result in higher gains from the disposal of our investments, measured against the current valuation.

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

General statement on opportunities and risks

In 2016/2017, DBAG's business model, which is geared towards a long-term view, has proved its worth 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. We do not 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 to 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 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 and 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. Staff regularly participate 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 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. Not least, the information on the target achievement level in the last financial year bears impressive testimony to this. The unforeseeable developments 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 26.5 percent, but averaged 9.1 percent.

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. Increases can only result from a follow-on fund in principle. Its size and, consequently, its potential fee income, is oriented around the former fund's investment performance, meaning that the potential fee income can only be judged conclusively at the end of the term. This, too, is indicative of the long-term orientation of our business.

As a result, we will be forecasting key figures not only for the ongoing, new financial year 2017/2018. We will also take the forecast for 2017/2018 as a basis in order to set out our expectations regarding further development over the next two financial years. Within this context, we have increased the number of projected performance indicators compared with the previous year.

The forecast is based on our integrated medium-term planning for 2020, which consists of a projected profit and loss statement, a projected statement of financial position and a projected statement of cash flows. For the Private Equity Investments segment, it is based on detailed assumptions on future investments alongside the DBAG funds that are currently investing, as well as on the holding period and the expected capital multiplier for each individual portfolio company. We use this information to predict the development of the cost and fair values of the portfolio and, based on these figures, the net result of valuation and disposal based on the IFRS, the net result of disposal based on the German Commercial Code and – at the level of the individual DBAG fund via which the Company made investments in the companies – the development of carried interest. In the Fund Investment Services segment, we take into account the development in fee income from Fund Investment Services and other income/expenses, i.e. mainly personnel costs, variable remuneration and consultancy expenses. We prepare detailed plans for expenses in the first planning year; thereafter, the various expense items are projected based on aggregate assumptions. As far as the dividend is concerned, we do not project any increases from the second planning year onwards, in line with the current dividend policy. All plan assumptions that have an impact on cash are included in the projection of financial resources.

Type of forecast: qualified and comparative based on individual points of reference for the forecast

The net income in the Private Equity Investments segment, net income and the return on equity per share are determined to a considerable degree by the net result of investment activity, which can fluctuate considerably from year to year, as is typical given the nature of our business. Over the last five years, this has amounted to values of between 29.2 and 94.3 million euros. We also expect these key financial indicators to show marked volatility over the current medium-term planning period. As a result, neither an interval forecast nor a point forecast of these indicators is feasible. We have therefore limited ourselves as before to making a qualified comparative forecast[19] on expected developments.

In the past, we based our forecast for all key financial indicators on the prior-year values based on the carried portfolio, making adjustments for factors that would not recur on a regular basis. We now no longer believe that this is the best approach for all indicators. 2016/2017 is one of the particularly successful financial years in the history of our Company. The net income of 90.4 million euros is the second-highest since we switched our accounting standards over to the International Financial Reporting Standards in 2003/2004, i.e. in the last 14 financial years; the associated return on equity was at its third-highest in the last 14 years. The net income for the year of 144.3 million euros calculated in accordance with the German Commercial Code is actually the highest net income generated since Deutsche Beteiligungs AG was established more than 30 years ago. This is testimony to the outstanding nature of the last financial year.

A comparison of actual business developments in 2016/2017 with the forecast published a year ago shows that evaluating the target achievement level does not make sense. A qualitative and comparative forecast based on the values for 2016/2017 also makes little sense for the income from, and net result of, investment activity, net income and the return on equity per share. As a result, we have based our forecasts for these indicators not on the actual values for 2016/2017, but on the average value for the last five years.

Changes of up to 10 percent are still considered "slight", and changes of more than 10 percent but less than 20 percent are termed "moderate". Changes of 20 percent and more are called "significant".

19 *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").*

Comparison of actual and projected business performance page 100f.

Expected development of underlying conditions

Market: no change anticipated

The number of investment opportunities that have come to our attention has been moving in a narrow corridor over a five-year period. The same applies to the number of transactions observed on our market. As far as the current and the next two financial years are concerned, we expect to see a constant supply – in terms of number and volume – of investment opportunities on our market.

Borrowings: availability stable at high level

The debt market for acquisition finance is diverse. So-called debt funds, as new providers in the market, offer leveraged finance through unitranches or mezzanine. The gap created by the withdrawal of some banks in the course of the financial crisis has now been closed. The business in leveraged finance for transactions in the private equity field is attractive. As a result, we expect to see a sufficient supply of this sort of financing over our forecast horizon; as far as the 2017/2018 financial year is concerned, we expect to see a constant supply at conditions that are largely unchanged.

Asset class of private equity: interest rate turnaround could reduce fund inflows

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. We believe that an interest rate turnaround is likely during our forecast period. This could, however, result in changes in asset allocation among investors, with a negative impact on private equity, and reduce the availability of capital commitments for private equity funds. The recent successes (DBAG ECF I 2016/2017, DBAG Fund VII 2015/2016) nonetheless confirmed that, in view of its above-average track record and under current market conditions, DBAG can at least 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: underlying conditions favourable in general, higher risks in the medium term

At the time this forecast was issued, the German economy continued to experience a robust upswing. Its pace of growth picked up considerably in the first half of 2017, with the growth rates for the first two quarters of 2017 outstripping the two comparable prior-year quarters.[20] A look at developments in the global economy tells a similar story: at 3.5 percent, the growth forecast for 2017 is ahead of the growth seen in 2016 (3.2 percent), with another marked expansion of 3.6 percent expected in 2018.[21] Differences have recently been identified in some regions of the world: whereas the growth forecasts for the eurozone, in particular, but also for Japan and China, have been lifted, economists have revised their expectations for US economic growth downwards. In the medium term, however, i.e. beyond 2018, economists believe that there is a risk of a downward trend. This is attributed, among other things, to an uncoordinated and overly hasty interest rate turnaround, protectionist tendencies and geopolitical tension.

20 *"Schlaglichter der Wirtschaftspolitik – Monatsbericht September 2017", Federal Ministry for Economic Affairs and Energy, Berlin, September 2017*

21 *"A Firming Recovery", IMF World Economic Outlook Update, Washington, D.C. (USA), July 2017*

Our portfolio companies operate in numerous markets and geographical regions. This means that they are subject to very different cyclical influences: for companies such as More than Meals or Unser Heimatbäcker, domestic demand in Germany is of much greater influence than for Infiana or Frimo, which offer their goods and services on a global scale. Again others – such as Gienanth or Pfaudler – are strongly affected by developments in certain commodity prices. We disregard changes in these parameters, just as we disregard the impact of changes in exchange rates.

Compared with the end of the financial year 2015/2016, we are now faced with an improved macroeconomic environment with solid economic growth. Therefore, we assume that the underlying conditions will basically be favourable for our portfolio companies in the new 2017/2018 financial year. We are not in a position to judge whether these risks will not materialise until the medium term, or whether they will arise sooner.

Information on cyclical risks page 119f.

Expected business development

In the table below, either the actual values for 2016/2017 or deviating values are shown as the basis for the forecast. Where deviating values are used, these are the average value for the performance indicator in question over the last five years. See the comments on the type of forecast.

FORECAST FOR FURTHER BUSINESS DEVELOPMENT

	Actual values for 2016/2017	Basis for the forecast	Expectations for 2017/2018	Ambition for the period leading up to 2019/2020
Key financial indicators				
Private Equity Investments segment				
Net result of investment activity	€94.3mn	€46.7mn	Much higher	Much higher than in 2017/2018
Pre-tax net income	€85.7mn	€49.6mn[1]	Slightly higher	Much higher than in 2017/2018
Cash flow from investing activities (excl. securities)	€108.9mn	€108.9mn	Much lower	Much higher than in 2017/2018
thereof investments (excl. securities)	€(90.3)mn	€(90.3)mn	Slightly higher	Much lower than in 2017/2018
Net asset value (reporting date)	€459.9mn	€459.9mn	Slightly higher	Slightly higher than in 2017/2018
thereof financial resources (reporting date)	€161.6mn	€161.6mn	Much lower	Much lower than in 2017/2018
No. of investments (reporting date)	24	24	Moderately higher	Much higher than in 2017/2018
Fund Investment Services segment				
Fee income from fund management and advisory services	€28.1mn	€28.1mn	Slightly higher	Slightly lower than in 2017/2018
Pre-tax net income	€4.7mn	€4.7mn	Moderately higher	Much lower than in 2017/2018
Assets under management or advisement	€1,806mn	€1,806mn	Slightly lower	Slightly lower than in 2017/2018
Net income	€90.4mn	€43.0mn	Much higher	Moderately higher than in 2017/2018
Shareholders' equity (reporting date)	€444.9mn	€444.9mn	Slightly higher	Much higher than in 2017/2018
Earnings per share	€6.01	€3.43	Much higher	Moderately higher than in 2017/2018
Equity per share	€29.57	€29.57	Slightly higher	Much higher than in 2017/2018
Return on Group equity per share	26.5%	15.7%	Much lower	Much higher than in 2017/2018
Net income in accordance with HGB	€144.3mn	€144.3mn	Much lower	
Dividend	€1.40	€1.40	Unchanged	Unchanged as against 2017/2018
Non-financial performance indicators				
No. of employees (reporting date, including apprentices)	67	67	Slightly higher	Slightly higher than in 2017/2018
Investment opportunities	321	321	Unchanged	Unchanged

1 Average value for the last four financial years since the introduction of segment reporting

The **NET RESULT OF INVESTMENT ACTIVITY** is the item that has the biggest impact on the *Private Equity Investments segment* and on net income. It is also the item with the greatest budgetary and forecast uncertainty. The item is determined to a considerable degree by the net result of valuation and disposal; current income from financial assets and loans and receivables is of lesser significance.

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.

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. In the past, there were instances when sizeable capital gains were realised on disposal of investments, for example because industrial buyers were willing to pay premiums on the estimated fair value for strategic reasons or because – as in 2016/2017 – financial investors paid such premiums after intense competition among bidders. Such events are not predictable. This is why we have assumed that the sale price corresponds to the fair value calculated in each case. Current income from financial assets and loans and receivables is also not forecast individually; we assume that earnings generated from the portfolio companies are ploughed back and therefore flow into the achievable market price to the same extent.

Based on our assumptions, we expect a net result of investment activity that is significantly above the forecast. In the next two years (2018/2019 and 2019/2020), we then expect to see values that are considerably higher than the values expected in the coming financial year.

Consequently, **EARNINGS BEFORE TAX** in the *Private Equity Investments segment* will initially be slightly above the prior-year value before considerably exceeding the earnings before tax for 2017/2018 in the next two years.

Based on the co-investment agreements with the DBAG funds, we predict that **INVESTMENTS** will be slightly higher than in the last financial year in 2017/2018. We expect to see fewer divestments than in the most recent financial year (2016/2017: six) and we have not predicted any gains on disposals. This produces a much lower **CASH FLOW FROM THE PORTFOLIO** in 2017/2018.

We want to continue to invest in 2017/2018 and expect to see positive development in the value of the portfolio that will exceed the dividend distributed. As a result, the **NET ASSET VALUE** on the next reporting date will be slightly higher than the value currently being reported. We then expect to see moderate growth in this value for the next two years. Total **FINANCIAL RESOURCES**, which form part of the net asset value, will drop considerably, also because the planned investments and the distribution will be higher than the returns from planned divestments.

The **FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES** is determined largely by the fund volume. The conditions under which fees are paid for our management and advisory services are customarily fixed for a fund's entire term. This makes it easy for us to budget for this income. In 2017/2018, we will generate income from advisory services provided to DBAG Fund VII for the first full financial year. As a result, the fee income from fund management and advisory services will be slightly higher than in the financial year under review. Further divestments will then make the basis for calculating this income smaller until a new fund is launched; this is why, in the two ensuing years, income will be down slightly on the level seen in 2017/2018. In the *Fund Investment Services* segment, we therefore expect to see moderately higher **EARNINGS BEFORE TAX** than in the past financial year to begin with, followed by a marked decline from this higher level by more than 20 percent per year. Due to divestments in the coming year and in the next two years, the **ASSETS UNDER MANAGEMENT OR ADVISEMENT** will be down slightly in a year-on-year comparison in each case.

General forecast

Net income for 2017/2018 much higher than the point of reference used for the forecast, with a moderate further increase predicted in the ensuing years

As far as the **NET INCOME FOR 2017/2018** is concerned, we expect to see a marked increase compared with the point of reference used for the forecast. In the next two years (2018/2019 and 2019/2020), we also expect to see values that are respectively considerably higher and moderately higher than the values expected in the coming financial year. The **RETURN ON EQUITY** will be much higher than the cost of equity, which we expect to be unchanged as against 2016/2017, in both years. We expect to see **EQUITY PER SHARE** to increase slightly in the current, new financial year 2017/2018 before rising considerably in the two years that follow.

Profit for 2017/2018 according to the German Commercial Code also down considerably year-on-year

We are planning to dispose of investments in our portfolio in 2017/2018, too, albeit not as many as in 2016/2017. We expect, however, that these disposals may be made based on the fair value at 30 September 2017. This would not impact net income, but would translate into gains on disposals for DBAG in accordance with the German Commercial Code and would result in a corresponding inflow of liquidity. This means that the net result of valuation and disposal (in accordance with the German Commercial Code) will be much lower than the figure that was most recently reported. Operating expenses (total other income/expenses) will also be slightly higher than in the previous year. This produces an annual profit for Deutsche Beteiligungs AG (annual financial statements in accordance with the German Commercial Code) that is down considerably on the record result achieved in the financial year under review.

Deutsche Beteiligungs AG is reporting a retained profit in accordance with the German Commercial Code of 181.9 million euros at 30 September 2017. 21.1 million euros of this amount is to be distributed in February 2018. Our dividend policy provides for a dividend that remains stable and increases whenever this is possible. Over the medium-term planning period, we have assumed that our dividend will remain unchanged. We expect that our retained profit for the coming year and the next two years will allow us to make a distribution in this amount.

Frankfurt am Main, 21 November 2017

The Board of Management

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

for the period from 1 October 2016 to 30 September 2017

€'000	Notes	**1 Oct. 2016 to 30 Sept. 2017**	1 Oct. 2015 to 30 Sept. 2016
			Restated[1]
Net result of investment activity	9	94,272	59,429
Fee income from fund management and advisory services	10	27,047	18,341
Net result of fund services and investment activity		**121,319**	**77,769**
Personnel costs	11	(20,743)	(16,055)
Other operating income	12	4,605	6,672
Other operating expenses	13	(14,349)	(18,549)
Interest income	14	154	71
Interest expenses	15	(556)	(587)
Other income/expenses		**(30,889)**	**(28,448)**
Earnings before tax		**90,430**	**49,321**
Income taxes	16	(1)	168
Income after taxes		**90,430**	**49,489**
Minority interest gains (-)/losses (+)	26	(37)	(33)
Net income		**90,392**	**49,455**
a) Items that will not be reclassified subsequently to profit or loss			
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	28	3,510	(6,611)
b Items that will be reclassified subsequently to profit or loss			
Unrealised gains (+)/losses (-) on available-for-sale securities	21	(585)	126
Other comprehensive income		**2,925**	**(6,485)**
Consolidated comprehensive income		**93,318**	**42,971**
Earnings per share in € (diluted and basic)[2]	35	6.01	3.60

1 Adjusted due to amendments to IFRS 10 (see note 3)

2 The earnings per share calculated in accordance with IAS 33 are based on net income divided by the average number of DBAG shares outstanding in the reporting period.

Consolidated statement of cash flows

for the period from 1 October 2016 to 30 September 2017

INFLOWS/(OUTFLOWS)

€'000	Notes	1 Oct. 2016 to 30 Sept. 2017	1 Oct. 2015 to 30 Sept. 2016
			Restated[1]
Net income		90,392	49,455
Valuation gains (-)/losses (+) on financial assets and loans and receivables, depreciation and amortisation of property, plant and equipment and intangible assets, gains (-)/losses (+) on long and short-term securities	9, 17, 18, 19	(78,241)	(59,920)
Gains (-)/losses (+) from disposals of non-current assets	9, 17	(12,076)	7,281
Increase (-)/decrease (+) in income tax assets	23	1,824	2,666
Increase (-)/decrease (+) in other assets (netted)	20, 22, 23, 24	1,523	(3,937)
Increase (+)/decrease (-) in pension provisions	28	(3,753)	6,390
Increase (+)/decrease (-) in other provisions	27	(2,518)	3,191
Increase (+)/decrease (-) in other liabilities (netted)	23, 25, 26, 29	2,389	(5,762)
Cash flows from operating activities[2]		**(460)**	**(635)**
Proceeds from disposals of property, plant and equipment and intangible assets	17	141	96
Purchase of investments in property, plant and equipment and intangible assets	17	(571)	(1,059)
Proceeds from disposals of financial assets and loans and receivables	9, 18, 19	199,286	44,711
Purchase of investments in financial assets and loans and receivables	9, 18, 19	(54,697)	(50,662)
Payments for investments in other financial instruments	22	(35,649)	0
Proceeds from disposals of long and short-term securities	21, 31	12,641	8,785
Payments for investments in long and short-term securities	21, 31	(26,024)	0
Cash flows from investing activities		**95,127**	**1,870**
Proceeds from capital increases	25	0	37,221
Payments to shareholders (dividends)	25	(18,053)	(13,676)
Cash flows from financing activities		**(18,053)**	**23,545**
Change in cash funds from cash-relevant transactions		76,614	24,780
Cash funds at start of period	31	51,361	26,582
Cash funds at end of period	31	**127,976**	**51,361**

1 Adjusted due to amendments to IFRS 10 (see note 3)

2 This includes received and paid income tax amounting to 1,805 thousand euros (previous year: -138 thousand euros) as well as received and paid interest and received dividends of 1,405 thousand euros (previous year: 367 thousand euros).

Consolidated statement of financial position

at 30 September 2017

€'000	Notes	30 Sept. 2017	30 Sept. 2016 Restated[1]
ASSETS			
Non-current assets			
Intangible assets	17	693	846
Property, plant and equipment	17	1,129	1,235
Financial assets	18	261,267	313,646
Loans and receivables	19	1,338	2,695
Long-term securities	21	33,659	21,279
Total non-current assets		**298,086**	**339,701**
Current assets			
Receivables	20	3,649	2,167
Other financial instruments	22	35,649	0
Income tax assets	23	423	2,247
Cash and cash equivalents		127,976	51,361
Other current assets	24	6,624	8,682
Total current assets		**174,320**	**64,457**
Total assets		**472,405**	**404,158**
LIABILITIES			
Equity	25		
Subscribed capital		53,387	53,387
Capital reserve		173,762	173,762
Retained earnings and other reserves		(5,129)	(8,054)
Consolidated retained profit		222,864	150,525
Total equity		**444,884**	**369,619**
Liabilities			
Non-current liabilities			
Minority interest	26	148	127
Provisions for pension obligations	28	11,323	15,076
Total non-current liabilities		**11,471**	**15,203**
Current liabilities			
Other current liabilities	29	1,233	2,000
Other provisions	27	14,818	17,336
Total current liabilities		**16,050**	**19,335**
Total liabilities		**27,521**	**34,538**
Total equity and liabilities		**472,405**	**404,158**

1 Adjusted due to amendments to IFRS 10 (see note 3)

Consolidated statement of changes in equity

for the period from 1 October 2016 to 30 September 2017

€'000	Notes	1 Oct. 2016 to 30 Sept. 2017	1 Oct. 2015 to 30 Sept. 2016 Restated[1]
Subscribed capital			
At start of reporting period		53,387	48,533
Change in reporting period	25	0	4,853
At end of reporting period		**53,387**	**53,387**
Capital reserve			
At start of reporting period		173,762	141,394
Change in reporting period	25	0	32,368
At end of reporting period		**173,762**	**173,762**
Retained earnings and other reserves			
Legal reserve			
At start and end of reporting period		403	403
First-time adoption of IFRS			
At start and end of reporting period		16,129	16,129
Reserve for gains / losses on remeasurements of the defined benefit liability (asset)			
At start of reporting period		(25,115)	(18,504)
Change in reporting period	28	3,510	(6,611)
At end of reporting period		(21,605)	(25,115)
Change in unrealised gains / losses on available-for-sale securities			
At start of reporting period		529	403
Change in reporting period outside profit or loss	21	(300)	211
Change in reporting period through profit or loss	21	(284)	(85)
At end of reporting period		(55)	529
At end of reporting period		**(5,129)**	**(8,054)**
Consolidated retained profit			
At start of reporting period		150,525	114,746
Dividend		(18,053)	(13,676)
Net income		90,392	49,455
At end of reporting period		**222,864**	**150,525**
Total		**444,884**	**369,619**

1 Adjusted due to amendments to IFRS 10 (see note 3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the financial year from
1 October 2016 to 30 September 2017

General information

1. Principal activity of the Group

Deutsche Beteiligungs AG (DBAG) is a publicly-listed private equity business. It initiates closed-end private equity funds ("DBAG funds") for investment in equity or equity-like instruments predominantly in unlisted companies, and provides advice regarding these funds. 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 advisor, is on mid-market German companies. It receives income as a co-investor through the increase in value of the company in which it has invested and as a fund advisor, performing services for the DBAG funds.

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 DBAG as at 30 September 2017 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.

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

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

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 business, 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.

In the consolidated statement of cash flows, cash flows are differentiated according to operating activities as well as investing and financing activities (see note 31). The cash flows from investing activities also include the proceeds and payments resulting from changes in the long and short-term securities held.

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 reasons of transparency require that amounts are presented in euros. Rounding differences in the tables in this report may therefore occur.

On 21 November 2017, 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 1 December 2017 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 an impact on the reporting period that ended at 30 September 2017

Amendments to IAS 1 "Presentation of Financial Statements"

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. This also applies when a standard specifically requires a list of minimum disclosures. DBAG has opted not to provide immaterial information in respect of the following disclosures and notes to the consolidated financial statements.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"

The amendments to IFRS 10, IFRS 12 and IAS 28 are to be applied for the first time, as a mandatory requirement, in the consolidated financial statements at 30 September 2017. Only the amendments to IFRS 10 had an impact on the consolidated financial statements of Deutsche Beteiligungs AG.

As a result of these amendments to IFRS 10, subsidiaries of an investment entity that also meet the definition of an investment entity are no longer to be consolidated. From now on, these subsidiaries are to be measured at fair value in profit or loss (in accordance with IAS 39). Nevertheless, subsidiaries whose main purpose and activities are the provision of services that relate to the parent investment entity's investment activities are still to be consolidated.

As an investment entity, Deutsche Beteiligungs AG is affected by this amendment. The subsidiary "Deutsche Beteiligungsgesellschaft mbH" (DBG) meets the criteria for classification as an investment entity and will no longer be consolidated with the application of the amendments to IFRS 10 in the financial year 2016/2017. The shares in DBG will be carried at fair value in profit or loss pursuant to IAS 39 for the first time in the consolidated financial statements at 30 September 2017, and will be reported under long-term financial assets. The fair value of the shares in DBG corresponds to the net asset value of the company, which is calculated using the sum-of-the-parts procedure. DBG's assets largely comprise investments in portfolio companies that had already been included in the consolidated financial statements at their fair value, and cash.

The deconsolidation of DBG had no major impact on the presentation of the asset, financial and earnings position of the Group. The first-time adoption of the amendments to IFRS 10 at 1 October 2015 did not have any impact on the consolidated statement of comprehensive income; as a result, retained earnings and other reserves were 3,338 thousand euros higher (previous year: +2,635 thousand euros), while the consolidated net result for the year was 3,338 thousand euros lower (previous year: -2,635 thousand euros), meaning that there was no change in total shareholder equity.

The effects resulting from the first-time adoption of the amendments to IFRS 10 on the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of financial position and the consolidated statement of changes in equity at item level, as well as the change in earnings per share for the previous year, are shown in the following tables:

Consolidated statement of comprehensive income

for the period from 1 October 2015 to 30 September 2016

€'000	1 Oct. 2015 to 30 Sept. 2016		**1 Oct. 2015 to 30 Sept. 2016**
	Before IFRS 10 adjustment	Application effects of IFRS 10	**Restated**
Net result of investment activity	60,148	(719)	59,429
Fee income from fund management and advisory services	18,341	0	18,341
Net result of fund services and investment activity	**78,489**	**(719)**	**77,769**
Personnel costs	(16,060)	5	(16,055)
Other operating income	6,712	(40)	6,672
Other operating expenses	(18,617)	68	(18,549)
Interest income	88	(16)	71
Interest expenses	(585)	(2)	(587)
Other income/expenses	**(28,462)**	**14**	**(28,448)**
Earnings before tax	**50,027**	**(705)**	**49,321**
Income taxes	165	2	168
Income after taxes	**50,192**	**(703)**	**49,489**
Minority interest gains (-)/losses (+)	(33)	0	(33)
Net income	**50,159**	**(703)**	**49,455**
a) Items that will not be reclassified subsequently to profit or loss			
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	(7,314)	703	(6,611)
b) Items that will be reclassified subsequently to profit or loss			
Unrealised gains (+)/losses (-) on available-for-sale securities	126	0	126
Other comprehensive income	**(7,188)**	**703**	**(6,485)**
Consolidated comprehensive income	**42,971**	**0**	**42,971**
Earnings per share in € (diluted and basic)[1]	3.33		3.29

1 The earnings per share calculated in accordance with IAS 33 are based on net income divided by the 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	1 Oct. 2015 to 30 Sept. 2016		**1 Oct. 2015 to 30 Sept. 2016**
	Before IFRS 10 adjustment	Application effects of IFRS 10	**Restated**
Net income	50,159	(703)	49,455
Valuation gains (-)/losses (+) on financial assets and loans and receivables, depreciation and amortisation of property, plant and equipment and intangible assets, gains (-)/losses (+) on long and short-term securities	(60,114)	193	(59,920)
Gains (-)/losses (+) from disposals of non-current assets	6,755	526	7,281
Increase (-)/decrease (+) in income tax assets	3,108	(442)	2,666
Increase (-)/decrease (+) in other assets (netted)	(3,122)	(814)	(3,937)
Increase (+)/decrease (-) in pension provisions	6,836	(446)	6,390
Increase (+)/decrease (-) in other provisions	3,188	3	3,191
Increase (+)/decrease (-) in other liabilities (netted)	(6,470)	709	(5,762)
Cash flows from operating activities[1]	**339**	**(974)**	**(635)**
Proceeds from disposals of property, plant and equipment and intangible assets	96	0	96
Purchase of investments in property, plant and equipment and intangible assets	(1,059)	0	(1,059)
Proceeds from disposals of financial assets and loans and receivables	47,227	(2,516)	44,711
Purchase of investments in financial assets and loans and receivables	(50,674)	12	(50,662)
Proceeds from disposals of long and short-term securities	8,785	0	8,785
Cash flows from investing activities	**5,160**	**(3,290)**	**1,870**
Proceeds from capital increases	37,221	0	37,221
Payments to shareholders (dividends)	(13,676)	0	(13,676)
Cash flows from financing activities	**23,545**	**0**	**23,545**
Change in cash funds from cash-relevant transactions	29,043	(4,264)	24,780
Cash funds at start of period	28,234	(1,652)	26,582
Cash funds at end of period	**57,277**	**(5,916)**	**51,361**

1 This includes received and paid income taxes of 3,461 thousand euros (unadjusted)/2,906 thousand euros (adjusted), as well as received and paid interest and received dividends of 600 thousand euros (unadjusted)/547 thousand euros (adjusted).

Consolidated statement of financial position

at 30 September 2016

€'000	30 Sept. 2016 Before IFRS 10 adjustment	Application effects of IFRS 10	30 Sept. 2016 Restated
ASSETS			
Non-current assets			
Intangible assets	846	0	846
Property, plant and equipment	1,235	0	1,235
Financial assets	305,771	7,874	313,646
Loans and receivables	2,695	0	2,695
Long-term securities	21,279	0	21,279
Total non-current assets	**331,827**	**7,874**	**339,701**
Current assets			
Receivables	2,842	(675)	2,167
Other financial instruments	1,330	(1,330)	0
Income tax assets	2,447	(199)	2,247
Cash and cash equivalents	57,296	(5,935)	51,361
Other current assets	8,890	(208)	8,682
Total current assets	**72,805**	**(8,348)**	**64,457**
Total assets	**404,632**	**(474)**	**404,158**
LIABILITIES			
Equity			
Subscribed capital	53,387	0	53,387
Capital reserve	173,762	0	173,762
Retained earnings and other reserves	(11,392)	3,338	(8,054)
Consolidated retained profit	153,863	(3,338)	150,525
Total equity	**369,619**	**0**	**369,619**
Liabilities			
Non-current liabilities			
Minority interest	127	0	127
Provisions for pension obligations	15,533	(458)	15,076
Total non-current liabilities	**15,661**	**(458)**	**15,203**
Current liabilities			
Other current liabilities	2,003	(4)	2,000
Other provisions	17,348	(12)	17,336
Total current liabilities	**19,351**	**(16)**	**19,335**
Total liabilities	**35,012**	**(474)**	**34,538**
Total equity and liabilities	**404,632**	**(474)**	**404,158**

Consolidated statement of financial position

at 1 October 2015

€'000	1 Oct. 2015		1 Oct. 2015
	Before IFRS 10 adjustment	Application effects of IFRS 10	Restated
ASSETS			
Non-current assets			
Intangible assets	616	0	616
Property, plant and equipment	1,191	0	1,191
Financial assets	247,695	6,089	253,785
Loans and receivables	2,494	0	2,494
Long-term securities	26,370	0	26,370
Other non-current assets	214	0	214
Total non-current assets	**278,581**	**6,089**	**284,670**
Current assets			
Receivables	3,076	(786)	2,290
Short-term securities	3,741	0	3,741
Other financial instruments	2,134	(2,134)	0
Income tax assets	5,554	(641)	4,913
Cash and cash equivalents	28,234	(1,652)	26,582
Other current assets	5,844	(912)	4,932
Total current assets	**48,584**	**(6,126)**	**42,459**
Total assets	**327,165**	**(36)**	**327,129**
LIABILITIES			
Equity			
Subscribed capital	48,533	0	48,533
Capital reserve	141,394	0	141,394
Retained earnings and other reserves	(4,204)	2,635	(1,569)
Consolidated retained profit	117,381	(2,635)	114,746
Total equity	**303,104**	**0**	**303,104**
Liabilities			
Non-current liabilities			
Minority interest	121	0	121
Provisions for pension obligations	8,698	(12)	8,686
Other provisions	121	0	121
Total non-current liabilities	**8,939**	**(12)**	**8,928**
Current liabilities			
Other current liabilities	1,082	(9)	1,073
Other provisions	14,039	(15)	14,024
Total current liabilities	**15,121**	**(24)**	**15,097**
Total liabilities	**24,061**	**(36)**	**24,025**
Total equity and liabilities	**327,165**	**(36)**	**327,129**

Consolidated statement of changes in equity

for the period from 1 October 2015 to 30 September 2016

€'000	1 Oct. 2015 to 30 Sept. 2016		**1 Oct. 2015 to 30 Sept. 2016**
	Before IFRS 10 adjustment	Application effects of IFRS 10	**Restated**
Subscribed capital			
At start of reporting period	48,533	0	48,533
Change in reporting period	4,853	0	4,853
At end of reporting period	**53,387**	**0**	**53,387**
Capital reserve			
At start of reporting period	141,394	0	141,394
Change in reporting period	32,368	0	32,368
At end of reporting period	**173,762**	**0**	**173,762**
Retained earnings and other reserves			
Legal reserve			
At start and end of reporting period	403	0	403
First-time adoption of IFRS			
At start and end of reporting period	15,996	132	16,129
Reserve for gains/losses on remeasurements of the net defined benefit liability (asset)			
At start of reporting period	(21,006)	2,502	(18,504)
Change in reporting period	(7,314)	703	(6,611)
At end of reporting period	(28,321)	3,206	(25,115)
Change in unrealised gains/losses on available-for-sale securities			
At start of reporting period	403	0	403
Change in reporting period outside profit or loss	211	0	211
Change in reporting period through profit or loss	(85)	0	(85)
At end of reporting period	529	0	529
At end of reporting period	**(11,392)**	**3,338**	**(8,054)**
Consolidated retained profit			
At start of reporting period	117,381	(2,635)	114,746
Dividend	(13,676)	0	(13,676)
Net income	50,159	(703)	49,455
At end of reporting period	**153,863**	**(3,338)**	**150,525**
Total	**369,619**	**0**	**369,619**

Standards and interpretations, as well as amendments to standards and interpretations applicable for the first time, that had no effects on the reporting period that ended at 30 September 2017

In the consolidated financial statements at 30 September 2017, the following amendments to standards were applicable for the first time:

- amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets",
- amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture",
- amendments to IAS 27 "Separate Financial Statements",
- annual improvements to IFRS "2012 to 2014 Cycle",
  - IAS 19 "Employee Benefits",
  - IAS 34 "Interim Financial Reporting",
  - IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations",
  - IFRS 7 "Financial Instruments: Disclosures"
- amendments to IFRS 11 "Joint Arrangements".

The amendments do not have any major impact on the consolidated financial statements of Deutsche Beteiligungs AG.

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 must be applied, is stated in parentheses. 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.

IFRS 9 "Financial Instruments" (1 January 2018)

The new IFRS 9 "Financial Instruments" will 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. Based on the combination of these two criteria, financial assets will be allocated to one of three categories: "at amortised cost", "at fair value through other comprehensive income" or "at fair value in profit or loss".

The "financial assets" of DBAG largely comprise interests in intra-Group investment entities, interests in associates, other interests in portfolio companies and international fund investments, and have all been allocated to the "at fair value in profit or loss" category pursuant to IAS 39 to date. On the basis of the exception set out in IFRS 10 for investment entities, intra-Group investment entities cannot be consolidated, but are to be treated as financial instruments within the meaning of IAS 39 and measured at fair value in profit or loss. Associates, other interests in portfolio companies and the international fund investments will be allocated to the "Measured at fair value in profit or loss" category upon initial recognition ("fair value option"). As far as these financial instruments are concerned, the first-time adoption of IFRS 9 will not have any impact on the consolidated financial statements.

To date, "loans and receivables" have been measured at amortised cost in accordance with IAS 39. DBAG collects payments from these financial instruments in the form of interest and repayments. The "loans and receivables" will remain eligible for allocation to the "measured at amortised cost" category in the future. Nevertheless, the first-time adoption of IFRS 9 is expected to have introductory effects on the consolidated financial statements for this item. These are attributable to differences between the impairment concepts in the previous IAS 39 ("incurred loss model") and those in the new IFRS 9 ("expected loss model"). In the future, loan defaults and/or interest losses that are already expected are to be stated prospectively at the time of initial recognition.

"Minority interest" concerns non-controlling interests belonging to shareholders from outside of the Group in fully-consolidated partnerships that are included in the consolidated financial statements. It is recognised within liabilities, since it does not meet the definition of equity in accordance with IAS 39. The classification and measurement of these financial liabilities in accordance with IFRS 9 is consistent with the methodology applied to date under IAS 39. As a result, the first-time adoption of IFRS 9 is not expected to have any impact on the consolidated financial statements.

The new provisions on hedge accounting set out in IFRS 9 are designed to provide for a closer alignment of risk management strategy and accounting. At 30 September 2017, DBAG had not entered into any hedging relationships, meaning that the new provisions are not relevant to DBAG as things stand at the moment.

To simplify matters, IFRS 9 provides companies with the option, at the time of first-time adoption, of allocating financial instruments to one of the categories described, without having to adjust the reporting for the previous year.

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

The new standard supersedes IAS 11 "Construction Contracts" and IAS 18 "Revenue" as well as the associated interpretations. The new IFRS 15 harmonises past IFRS rules and those applied under the US GAAP. IFRS 15 contains a new model for recognising revenue 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.

Since financial instruments fall under the scope of IFRS 9, the first-time adoption of IFRS 15 will not have any direct impact on the "net result of investment activity".

"Fee income from fund investment services" principally falls under the scope of the new IFRS 15. The income represents the consideration paid for the services that were provided for the investors in the DBAG funds. At the moment, it is recognised and reported as revenue when the services are delivered, since this is the point in time at which DBAG acquires control over the main potential benefits.

This means that, on the whole, the introduction of IFRS 15 is not expected to have any impact on the consolidated financial statements of Deutsche Beteiligungs AG.

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.

Amendment to IAS 7 "Statement of Cash Flows"

The amendments to IAS 7 introduce new disclosure requirements for changes in liabilities arising from companies' 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 relate, in particular, to a clarification of the treatment of deferred taxes with regard to unrealised changes in fair value. The effects of the amendments to IAS 12 on the presentation of the consolidated financial statements of Deutsche Beteiligungs AG are currently being analysed. A conclusive assessment of the effects of these amendments on the consolidated financial statements is not yet possible.

Amendments to IAS 40 "Investment Property"

These amendments relate to real estate investors and are not relevant to Deutsche Beteiligungsgesellschaft.

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 in place 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.

Application of IFRS 9 "Financial Instruments" together with IFRS 4 "Insurance Contracts"

The amendments to IFRS 4 in conjunction with the introduction of IFRS 9 are designed to provide relief to companies that offer insurance contracts to their customers, within the scope of IFRS 4, with regard to the application of IFRS 9 until the introduction of the new standard on insurance contracts. The rules are irrelevant for 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 and to the contribution of assets made to an associate or joint venture. The amendments to IFRS 10 and IAS 28 will not have any impact on the consolidated financial statements.

IFRS 14 "Regulatory Deferral Accounts"

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

Clarification regarding IFRS 15: "Revenue from Contracts With Customers"

The clarification serves as the IASB's reaction to questions raised in connection with the first-time adoption of IFRS 15 and makes its application easier in individual circumstances. The clarification is not expected to have any impact on the consolidated financial statements of 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 to 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.

IFRS 17 "Insurance Contracts"

The new IFRS 17 supersedes IFRS 4 "Insurance Contracts". Compared with IFRS 4, the accounting rules for insurance contracts under the new standard are more restrictive and reduce the available accounting options. The rules are irrelevant for Deutsche Beteiligungs AG.

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

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

Deutsche Beteiligungs AG initiates 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 via fully consolidated subsidiaries. The capital management companies of the DBAG funds are under the obligation to their investors to invest the capital based on a contractually-agreed investment strategy that aims to achieve either increases in value and/or the generation of current income. 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.

At the same time, DBAG is recognised as a special investment company, as defined by German 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 interests between Deutsche Beteiligungs AG and the DBAG funds it manages via subsidiaries.

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 2017:

Name	Domicile	Capital interest %	If different, voting interest %
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey, Channel Islands	0.00	–
DBG Advising GmbH & Co. KG	Frankfurt am Main, Germany	20.00	–
DBG Fund VI GP (Guernsey) LP	St. Peter Port, Guernsey, Channel Islands	0.00	–
DBG Fund VII GP S.à r.l.	Findel, Luxembourg	100.00	–
DBG Management GmbH & Co. KG	Frankfurt am Main, Germany	100.00	–
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey, Channel Islands	3.00	0.00
DBG Managing Partner GmbH & Co. KG	Frankfurt am Main, Germany	20.00	–
DBG New Fund Management GmbH & Co. KG	Frankfurt am Main, Germany	100.00	–
European PE Opportunity Manager LP	St. Peter Port, Guernsey, Channel Islands	0.00	–

The parent-subsidiary relationship results from the fact that DBAG holds the majority of voting rights in these companies, or has the power, based on contractual arrangements, to direct the relevant activities, has the opportunity to obtain variable returns from these companies and the ability to affect the amount of the variable returns.

DBAG does not hold a majority of the voting rights in AIFM-DBG Fund VII Management (Guernsey) LP, DBG Advising GmbH & Co. KG, DBG Fund VI GP (Guernsey) LP, DBG Management GP (Guernsey) Ltd., DBG Managing Partner GmbH & Co. KG, European PE Opportunity Manager LP or European PE Opportunity Manager LP. However, in the six entities mentioned, there are partners carrying voting rights who are parties related to DBAG and give DBAG a controlling position in accordance with IFRS 10; among other things, 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 they are management or advisory services to a DBAG fund – 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 38 under the heading "Other related parties".

4.3 Unconsolidated intra-Group investment entities

The co-investments that DBAG enters into using its proprietary capital in order to align its interest with that of managed and/or advised DBAG funds within the scope of its business activity are made through its own companies (referred to as "co-investment vehicles"). These vehicles serve the sole purpose of bundling the co-investments of DBAG alongside a fund. Deutsche Beteiligungsgesellschaft mbH (DBG) also meets the criteria for classification as an investment entity but, unlike the co-investment vehicles, it also provides investment-related services. These intra-Group investment entities[1] are excluded from the scope of application of IFRS 10 and are measured at fair value in profit or loss in conjunction with IAS 39. They are recognised within the financial assets.

1 Umbrella term for the co-investment vehicles and DBG.

Name	Domicile	Capital/voting interest %
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	Frankfurt am Main, Germany	100.00
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt am Main, Germany	99.00
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Frankfurt am Main, Germany	99.00
DBAG Fund VI Konzern (Guernsey) L.P.	St. Peter Port, Guernsey, Channel Islands	99.99
DBAG Fund VII Konzern SCSp	Findel, Luxembourg	99.99
DBAG Fund VII B Konzern SCSp	Findel, Luxembourg	99.99
Deutsche Beteiligungsgesellschaft mbH	Königstein im Taunus, Germany	100.00

In the past, DBAG made indirect investments in individual portfolio companies and international fund investments via DBG. It now only expects to receive distributions from the sale of the remaining investments.

The co-investments by DBAG using its proprietary capital alongside the DBAG funds are based on co-investment agreements with the funds. This means that DBAG has a contractual obligation to provide financing for investments and costs at a fixed rate for each of the funds; it can, however, unilaterally waive that contractual obligation (right to opt out), but would then forgo the opportunity of investing alongside the respective fund for the remaining term of that fund. 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 the purposes of profitably investing its capital and of aligning its interest with that of the fund investors.

€'000	2016/2017		
Name	Capital commitments	Capital calls	Outstanding capital commitments
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	93,737	91,108	0
DBAG Fund V Konzern GmbH & Co. KG	103,950	102,578	1,372
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	134,751	68,923	46,390
DBAG Fund VI Konzern (Guernsey) L.P.	133,000	132,987	13,978
DBAG Fund VII Konzern SCSp	183,000	12,500	170,500
DBAG Fund VII B Konzern SCSp	17,000	416	16,584
	665,438	**408,513**	**248,824**

€'000	2015/2016		
Name	Capital commitments	Capital calls	Outstanding capital commitments
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	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**

DBAG ECF ended its original investment period in May 2017. This reduced the outstanding capital commitment to DBAG Expansion Capital Fund Konzern GmbH & Co. KG for follow-up investments in existing portfolio companies to 11,639 thousand euros. The outstanding capital commitment for the first new investment period, which started in June 2017, comes to 34,751 thousand euros.

DBAG Fund VI ended its investment phase in December 2016. The remaining outstanding capital commitment for DBAG Fund VI Konzern (Guernsey) L.P. comprises commitments for follow-up investments in existing portfolio companies in the amount of 13,965 thousand euros.

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	2016/2017	
Name	Repayments	Investments
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	1,427	0
DBAG Fund V Konzern GmbH & Co. KG	120,967	525
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	4,946	15,486
DBAG Fund VI Konzern (Guernsey) L.P.	52,019	47,946
DBAG Fund VII Konzern SCSp	0	12,500
DBAG Fund VII B Konzern SCSp	0	416
	179,359	**76,874**

€'000	2015/2016	
Name	Repayments	Investments
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	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**

The payouts received for the co-investment vehicle DBAG Fund V Konzern GmbH & Co. KG are reduced in the reporting year by carried interest attributable to minority interests in the amount of 29,472 thousand euros (previous year: 8,121 thousand euros). For more information, we refer to the commentary in note 38 under the heading "Carried interest investments by current and former key management staff".

In the financial year 2016/2017, DBG did not make any distributions to DBAG (previous year: 0 thousand euros).

4.4 Other unconsolidated subsidiaries

Name	Domicile	Capital/voting interest %
Bowa Geschäftsführungs GmbH i. L.	Frankfurt am Main, Germany	100.00
DBG Advsing Verwaltungs GmbH	Frankfurt am Main, Germany	20.00
DBG Managing Partner Verwaltungs GmbH	Frankfurt am Main, Germany	20.00

The "Other unconsolidated subsidiaries" no longer include the subsidiaries that are held by the deconsolidated DBG.

DBG Advising Verwaltungs GmbH and DBG Managing Partner Verwaltungs GmbH do not provide investment-related services and are therefore not consolidated; rather, they are recognised at fair value. Bowa Geschäftsführungs GmbH i. L. is unconsolidated due to immateriality.

4.5 Interests in associates

DBAG is invested in three companies over which it exerts significant influence; 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 different, voting interest %
DBG Asset Management Ltd.	Jersey, Channel Islands	50.00	35.00
RQPO Beteiligungs GmbH	Frankfurt am Main, Germany	49.00	–
RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt am Main, Germany	44.10	–

As compared with the status at 30 September 2016, there were no disposals of associates. After a holding period of almost 30 years, the sale of the stake in Grohmann Engineering Group GmbH to the strategic investor Tesla Motors, Inc. was completed in January 2017.

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

OTHER ASSOCIATES

Statement of financial position		
€'000	**31 Dec. 2016**	31 Dec. 2015
Assets		
Non-current assets	2,581	2,612
Current assets	443	546
Total assets	**3,024**	**3,158**
Liabilities		
Equity	361	482
Provisions	2	7
Liabilities	2,661	2,668
Total liabilities	**3,024**	**3,158**

Statement of profit or loss		
€'000	**1 Jan. 2016 to 31 Dec. 2016**	1 Jan. 2015 to 31 Dec. 2015
Revenue	(15)	61
Other expenses and income	(39)	(34)
Taxes	0	0
Profit for the year	**(54)**	**27**

4.6 Interests in unconsolidated structured entities

Within the scope of the business activity of DBAG and its subsidiaries as external capital management companies or investment service providers to private equity funds, contractual arrangements exist between DBAG and structured entities of managed or advised DBAG funds that 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 that DBAG sponsored within the scope of the business activity described above are structured entities that were not consolidated and recognised at 30 September 2017:

Name	Domicile	Capital/voting interest %
DBAG Fund IV International GmbH & Co. KG i. L.	Frankfurt am Main, Germany	0.00
DBAG Fund IV GmbH & Co. KG i. L.	Frankfurt am Main, Germany	0.00
DBAG Fund V GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund V International GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund V Co-Investor GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Expansion Capital Fund GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Expansion Capital Fund International GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund VI (Guernsey) L.P.	St. Peter Port, Guernsey, Channel Islands	0.00
DBG Fund HoldCo GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund VI Feeder GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund VII SCSp	Findel, Luxembourg	0.00
DBAG Fund VII B SCSp	Findel, Luxembourg	0.00
DBAG Fund VII B Feeder GmbH & Co. KG	Frankfurt am Main, Germany	0.00
DBAG Fund VII Feeder GmbH & Co. KG	Frankfurt am Main, Germany	0.00
European Private Equity Opportunities I LP	St. Peter Port, Guernsey, Channel Islands	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 38).

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. 2017	30 Sept. 2016
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	0	20
DBAG Fund V International GmbH & Co. KG	0	47
DBAG Fund V Co-Investor GmbH & Co. KG	0	0
DBAG Expansion Capital Fund GmbH & Co. KG	264	175
DBAG Expansion Capital Fund International GmbH & Co. KG	200	108
DBAG Fund VI (Guernsey) L.P.	413	157
DBAG Fund VII SCSp	3,831	921
DBAG Fund VII B SCSp	91	151
	4,798	**1,578**

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 of these notes to the consolidated financial statements.

5. Consolidation methodology

In addition to DBAG, nine 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 obtained 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 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 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 referred to as financial instruments in accordance with 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 according to IFRS 7 are designated in the DBAG Group in accordance with the categories defined in IAS 39. Level 3 financial instruments are also classified as intra-Group investment entities, 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 in 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 in 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 in profit or loss. Financial assets chiefly comprise:

- intra-Group investment entities (subsidiaries that cannot 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 (interests in portfolio companies with a proportion of the voting rights of less than 20 percent),
- international fund investments.

The intra-Group investment entities include subsidiaries of DBAG through which DBAG co-invests in the DBAG funds (co-investment vehicles) and DBG. Due to the exemption in IFRS 10 for investment entities, these subsidiaries cannot be consolidated. Instead, they are required to be treated as financial instruments in terms of IAS 39 and measured at fair value in profit or loss.

As a private equity business 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 in 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 in 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 finance and accounting officer and the investment controllers.

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. DBAG has developed valuation guidelines for fair value accounting in accordance with IFRS 13. These guidelines are based on the recommendations set out in the International Private Equity and Venture Capital Valuation Guidelines (IPEVG) in the version dated December 2015, insofar as these are consistent with the IFRS. Prompted by the amendments to the IPEVG compared with the previous version dated December 2012, the valuation guidelines were supplemented to include provisions on an analysis as to whether or not, and to what extent, the value realised when a portfolio company is disposed of varies from the most recently calculated fair value (known as "backtesting") and on how to take events after the valuation date into account.

The IPEVG are not mandatory guidelines, but rather summarise standard valuation practices in the private equity industry. The valuation guidelines set out further details on IPEVG provisions, insofar as the latter are vague or undefined, in order to allow them to be applied in intersubjectively clear terms to DBAG. They also describe the procedure for calculating the fair value, taking the relevant provisions set out in the Articles of Association into account.

The valuation is performed at the relevant reporting date for the annual financial statements, taking all of the information that has an impact on value into account, i.e. all of the events between the valuation date and the date on which the consolidated financial statements are prepared, insofar as these events provide information that is relevant for the purposes of the valuation that market participants were already aware of, or ought to have been aware of, on the valuation date.

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. 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. In determining prices, the principal market or the most advantageous market is used as the relevant stock exchange. The fair value thus determined is neither reduced by 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 unlisted 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 in the portfolio company were 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 following valuation procedures are used:

- to calculate the net asset value of unconsolidated subsidiaries, in particular the intra-Group investment entities (co-investment vehicles and DBG), the sum-of-the-parts procedure,
- for established portfolio companies, the multiples method, and
- for fast-growing portfolio companies and for international fund investments, the discounted cash flow (DCF) method.

For **THE SUM-OF-THE-PARTS PROCEDURE**, 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 using the multiples or DCF method (see below).

The interest of DBAG in the co-investment vehicles' net asset value is based on the partnership agreements for the profit distribution. The members of the investment team are committed to taking an interest in the following DBAG funds: DBAG Fund IV, DBAG Fund V, DBAG Fund VI, DBAG Fund VII and DBAG Expansion Capital Fund (DBAG ECF). For the members of the investment team, under certain conditions (see note 38), this can result in a profit share that is disproportionate to the capital invested ("carried interest"). 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 regards their business model, the geographical focus of their operations as well as their size. If the portfolio 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 with 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 judgements on the part of the Valuation Committee will become necessary to a certain extent, i.e. assumptions and estimates must 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.

Whenever a portfolio company is disposed of, the Valuation Committee analyses whether or not and, if so, to what extent the realised value differs from the most recently calculated fair value (a process known as "backtesting"). Backtesting provides information on the causes of the changes in value, in order to make ongoing improvements to the valuation process.

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 at 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 on which the interests in the divested portfolio company are transferred in exchange for the receipt of cash, a purchaser's loan or other financial assets. In the event of contractually-agreed purchase price retentions 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 intra-Group investment entities as well as dividends and interest payments from portfolio companies. The dividends are 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 or 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 another 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.

The 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) and its utility value.

Loans and receivables

The 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 the section on the impairment test above). Impairment losses on loans and receivables are recognised in the 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 occurs because they 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 the section on the impairment test above). If there is objective evidence of impairment, the aggregate loss recognised in reserves is reclassified to "Other operating expenses" in 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 and 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 the section on the 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

The 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 the section on the impairment test). If there is objective evidence of impairment, the loss is recognised in the item "Other operating expenses" in the consolidated statement of comprehensive income.

Other financial instruments

The item "Other financial instruments" contains short-term financial instruments, such as equity shares in companies that will shortly be sold to the management of portfolio companies. Short-term borrowings to our intra-Group investment entities are also bundled in this item. These are financial assets in terms of IAS 39. Depending on their characteristics as equity or liability instruments, they are allocated to and valuated in either the category "Financial assets at fair value in profit or loss" or "Loans and receivables" at the time of the initial recognition of the financial instruments. Changes in fair value are recognised either in the item "Other operating income" or in the item "Other operating expenses" of the consolidated statement of comprehensive income. An impairment test is performed for financial instruments measured at amortised cost at each reporting date (see the section on the impairment test). Impairment losses are recognised in the item "Other operating expenses" in the consolidated statement of comprehensive income.

Income tax assets

The 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 are 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. 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).

The pension obligations of the Group companies are offset, in each case, by assets of a legally independent entity ("contractual trust agreement" in the form of a two-way trust) that may only be used to cover the pension commitments given and are not accessible to any creditors (qualified plan assets).

The pension obligations under the defined benefit obligations are measured using the actuarial projected unit credit method. This method involves measuring the future obligations based on the pro rata benefit entitlements acquired up until the reporting date. They show the part of the benefit obligations that has been recognised in profit or loss by the reporting date. The valuation includes assumptions regarding the future development of certain actuarial parameters, such as the life expectancy of current and future pensioners, increases in salaries and pensions, and the interest rate used to discount the obligations. The actuarial rate is calculated based on the returns that are valid at the reporting date for long-term industrial bonds of issuers with the 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 the interest income on plan assets. It is calculated using the actuarial rate that applies to 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. Shareholders from outside of the Group do not participate in other comprehensive income within 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 generally 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. Judgements in applying the accounting policies

Application of the accounting policies requires making judgements that can materially influence the reported amounts in the financial statements. The consolidation, accounting and valuation methods that have been applied based on judgements, are detailed in notes 4 to 6 above.

The amounts recognised in the financial statements are primarily influenced by the fact that, as the parent company, DBAG is deemed to have the status of an investment entity pursuant to IFRS 10. This status assessment had to be performed again in the financial year 2016/2017 after DBAG transferred certain services relating to fund management and advisory services that it had previously performed itself to its subsidiaries. The aim of the assessment was to determine whether DBAG had the power to direct these subsidiaries. As, based on the overall circumstances, the subsidiaries are to be included in the consolidated financial statements as fully consolidated companies, the investment-related services performed by them are to be attributed to DBAG, meaning that DBAG still has the status of an investment entity pursuant to IFRS 10.

As a result, the intra-Group investment entities are still not included in the consolidated financial statements as fully consolidated companies, but rather are recognised at fair value. The fair value of intra-Group investment entities is significantly determined by the fair value of the portfolio companies, which were already being carried at fair value in the consolidated financial statements prior to the implementation of IFRS 10.

The IFRS-compliant consideration of carried interest in the measurement of the intra-Group investment entities and the related reporting in the notes to the consolidated financial statements are the subject of an enforcement procedure that the Federal Financial Supervisory Authority (BaFin) has been leading since January 2017. DBAG had previously objected to the outcome (identification of an error) of a random sample examination of the consolidated financial statements at 30 September 2015 conducted by the German Financial Reporting Enforcement Panel (FREP); this examination had commenced in January 2016. If BaFin concurs with the opinion that resulted in the identification of the error, then arithmetical carried interest of 8.4 million euros would have to be included for the first time, with a value-reducing effect, in the measurement of the intra-Group investment entity of DBAG Fund VI at 30 September 2017. If BaFin shares the view on which our current method for taking carried interest into consideration is based, then this amount would not have to be included in the consolidated financial statements at 30 September 2017 with a value-reducing effect. As we still consider our method to be appropriate, and given that the enforcement procedure is still ongoing, we have continued to apply our method to the consolidated financial statements at 30 September 2017. Regarding the inclusion of carried interest in the valuation of the intra-Group investment entities of DBAG Fund V, DBAG ECF and DBAG Fund VII, both methods produce the same result.

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 on 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 makes 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 3 percent of total shareholders' equity as being material; an adjustment is also material 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 twofold for financial assets,

- the fair value of which was determined using inputs not based on observable market data (hierarchy level 3: see note 33.2), or
- if their value depends on an estimate of the probability of certain conditions arising in the future (net asset values of the intra-Group investment entities, see note 18).

Fair values at level 3 are contained in "Financial assets" in the amount of 260,915 thousand euros (previous year: 313,293 thousand euros). They concern that part of financial assets that is valued using the multiples method. The extent of possible effects in the event of an adjustment 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 +/-16,773 thousand euros (previous year: 30,793 thousand euros). This equates to 4 percent of the total shareholders' equity (previous year, adjusted: 8 percent).

Net asset values of the intra-Group investment entities are contained in "Financial assets" in the amount of 254,917 thousand euros (previous year, adjusted: 289,600 thousand euros). They concern that part of financial assets that is valued using the sum-of-the-parts procedure. The interest of DBAG in the net asset value is based on the partnership agreements for the profit distribution. These provide for changes in the distribution of profit ("carried interest") if certain conditions triggering carried interest payments are met. As long as these conditions have not yet been met, the estimate of the probability of these occurring in the future is associated with considerable uncertainty. The conditions have already been met for the intra-Group investment entities for DBAG Fund V and DBAG ECF. By contrast, they have not yet been met for the intra-Group investment entities for DBAG Fund VI and DBAG Fund VII. In both cases, we still think, at the time the consolidated financial statements were prepared, that the conditions are unlikely to be met, which is why we have not included any carried interest in our calculation of the pro rata net asset value.

Notes to the consolidated statement of comprehensive income

9. Net result of investment activity

€'000	2016/2017	2015/2016
		Restated
Interests in intra-Group investment entities	81,685	68,820
Interests in portfolio companies	13,712	-10,391
International fund investments	-1,120	611
Other financial assets	-5	389
	94,272	**59,429**

The intra-Group investment entities constitute subsidiaries of DBAG through which DBAG co-invests in DBAG funds (see note 4.3) and DBG mbH. These subsidiaries are no longer permitted to be consolidated based on IFRS 10; instead, they are to be recognised at fair value. The significant assets of these intra-Group investment entities are interests in and receivables from portfolio companies.

The net income resulting from the shares in intra-Group investment entities includes the net change in the fair values of the interests in portfolio companies held via these vehicles, following deductions for carried interest on the change in value in the co-investment vehicles of DBAG Fund V and DBAG ECF. In addition, this item includes the net returns from the disposal of portfolio companies from DBAG Fund V and DBAG Fund VI, as well as interest income and dividend income from various investments.

Directly held interests in portfolio companies encompass DBAG investments entered into prior to the launch of DBAG Fund V. The result is based on the net result of valuation and disposal and the current income for distributions and interest on loans and variable capital accounts.

International fund investments pertain to one (previous year: one) investment by DBAG in an international fund. The international fund investment was entered into in April 2001 in order to geographically diversify financial assets more strongly. The fund in question is not managed by DBAG. The second international fund investment that was reported here prior to the adjustment pursuant to IFRS 10 is now included in the net asset value of DBG mbH (see note 3).

Other financial assets include subsidiaries that do not provide investment-related services.

For further information on the net result of investment activity, we refer to the management report (see pages 86f).

10. Fee income from fund management and advisory services

€'000	2016/2017	2015/2016
		Restated
DBG Fonds III	0	2
DBAG Fund V	2,554	3,943
DBAG ECF	522	349
DBAG Fund VI	11,337	14,000
DBAG Fund VII	12,582	0
Other	52	47
	27,047	**18,341**

Management and advisory fee income stems from the management and advising of private equity funds alongside which Deutsche Beteiligungs AG co-invests (see commentary in note 38).

The fee income from DBAG Fund V and DBAG Fund VI dropped following divestments over the last twelve months.

For further information on fee income from fund management and advisory services, we refer to the management report (see page 86f.).

11. Personnel costs

€'000	2016/2017	2015/2016 Restated
Wages and salaries		
Fixed salary and fringe benefits	9,358	9,061
Variable remuneration, performance-related	8,193	6,710
Variable remuneration, transaction-related	1,793	(979)
	19,344	**14,792**
Social contributions and expenses for pension plans		
Social contributions	750	642
Voluntary pension plans	649	621
	1,399	**1,263**
	20,743	**16,055**

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 the management report, pages 224ff.) for information on bonuses for the Board of Management.

For members of the investment team, the performance-related variable remuneration scheme is for the purpose of acknowledging personal contributions to DBAG's long-term success (see the management report, "Remuneration: participation in company success", page 105f.). Since the financial year 2016/2017, all other employees of the corporate functions have also had the opportunity to participate in the Company's success.

Transaction-related variable remuneration for current and former Board members and employees of the investment team 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). We refer to the remuneration report, page 224ff.

Of the social contributions and pension expenses, 558 thousand euros (previous year: 533 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. 2017	30 Sept. 2016
Employees (full-time)	54	50
Employees (part-time)	7	6
Apprentices	6	7

The Board of Management consisted of three members at the end of financial year 2016/2017 (previous year: three members).

In financial year 2016/2017, an average of 61 employees (previous year: 54) and six apprentices (previous year: six) were employed at Deutsche Beteiligungs AG.

12. Other operating income

€'000	2016/2017	2015/2016 Restated
Reimbursed expenses	3,540	5,745
Income from positions held on supervisory boards and advisory councils	238	268
Income arising from disposal of financial assets classed as current assets	218	0
Gains on disposal of long and short-term securities	200	67
Income from the reversal of provisions	98	307
Other	312	284
	4,605	**6,672**

Reimbursed expenses comprise advances on behalf of DBAG funds and/or portfolio companies. The drop in reimbursed expenses corresponds with the decrease in transaction-related consultancy expenses (see note 13).

The gains arising from disposals of financial assets classed as current assets include income from fixed-term participation rights that DBAG had subscribed to as part of the structuring of an investment.

In the financial year 2016/2017, DBAG disposed of one security, which resulted in the gains on the disposal of long and short-term securities.

13. Other operating expenses

€'000	2016/2017	2015/2016
		Restated
Transaction-related consultancy expenses	3,341	5,896
Expenses for new contacts	958	1,532
Other consultancy expenses	863	1,485
Auditing and tax consultancy expenses	1,196	1,011
Consultancy expenses	6,358	9,925
Travel and hospitality expenses	1,097	992
Office rental expenses	1,082	1,077
Corporate communications, investor relations, media relations	1,008	879
Value-added tax	910	794
Depreciation and amortisation of property, plant and equipment and intangible assets	714	674
Stock market listing	597	519
External employees	554	202
Maintenance costs for hardware and software	449	189
Other personnel costs	443	567
Supervisory Board remuneration	406	407
Fund investor relations	123	1,930
Other	607	392
	14,349	**18,549**

The drop in transaction-related consultancy expenses corresponds with the decrease in reimbursed expenses (see note 12).

The expenses for premises relate primarily to office rent.

The "VAT" item relates to non-deductible input tax based on transactions that are not taxable.

The expenses for external staff include the cost of agency workers to cover illness-related employee absences and employees on parental leave.

The "other personnel expenses" include expenses for recruitment costs and further training measures for employees.

"Other" consists of miscellaneous operating expenses, in particular motor vehicles, insurance and offices supplies.

14. Interest income

€'000	2016/2017	2015/2016
		Restated
Other financial instruments	127	0
Securities	0	4
Tax authorities	10	17
Other	18	50
	154	**71**

Interest income is attributable to the following categories of financial instruments:

€'000	2016/2017	2015/2016
		Restated
Other financial instruments	127	0
Available-for-sale financial assets	0	4
Loans and receivables	27	67
	154	**71**

15. Interest expenses

€'000	2016/2017	2015/2016
		Restated
Interest expenses for pension provisions	312	667
Expected interest income on plan assets	(196)	(494)
Net interest on net defined benefit liability	116	174
Securities	5	0
Tax authorities	0	16
Other	435	398
	556	**587**

The interest income on plan assets is calculated using the same discount rate that is used for determining the present value of pension obligations. For information on the parameters used for the two components of the net interest on the net defined benefit liability, we refer to note 28.

The other interest expenses, totalling 435 thousand euros (previous year: 398 thousand euros), relate primarily to the annual availability fee for the credit facility in the amount of 50 thousand euros, which was paid in December 2015.

16. Income taxes

€'000	2016/2017	2015/2016
		Restated
Current taxes	1	(168)
Deferred taxes	0	0
	1	**(168)**

Current taxes in the previous year largely result from a corporation tax refund of 159 thousand euros for the assessment period of 2013.

Deferred taxes take into account 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 2017, 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		2016/2017	2015/2016
			Restated
Earnings before tax		90,430	49,321
Applicable corporate tax rate	%	31,925	31,925
Theoretical tax income/expenses		**28,870**	**15,746**
Change in theoretical tax income/expenses:			
(Tax-exempt) positive net earnings from valuation and disposal		(3,983)	(17,755)
Negative earnings from valuation and disposal		23,107	2,256
Other untaxed losses from the current year (poor recoverability)		4,176	2,820
Use of tax loss carryforwards for current year		0	(44)
Change in temporary differences where deferred taxes were not recognised (poor recoverability)		2,565	1,453
Current income from investments		(55,136)	(4,695)
Non-deductible expenses		50	36
Taxes from previous years		0	169
Tax rate differential		0	0
Other effects		351	182
Income taxes		**(1)**	**168**
Taxation ratio	%	0.00	0.34

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 3,983 thousand euros (previous year: 17,755 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, DBAG 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. 2016	Additions	Disposals	**30 Sept. 2017**
Intangible assets	1,065	130	0	1,196
Property, plant and equipment	1,485	441	316	1,610
	2,550	**571**	**316**	**2,806**

	Depreciation and amortisation				Carrying amount	
€'000	1 Oct. 2016	Additions	Disposals	**30 Sept. 2017**	**30 Sept. 2017**	30 Sept. 2016
Intangible assets	220	284	0	503	693	846
Property, plant and equipment	250	431	200	481	1,129	1,235
	469	**714**	**200**	**984**	**1,822**	**2,081**

	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 and 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**

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. 2017**	30 Sept. 2016
		Restated
Interests in intra-Group investment entities	254,917	289,600
Interests in portfolio companies	5,301	21,888
International fund investments	974	2,093
Other financial assets	77	64
	261,267	**313,646**

Financial assets are measured at fair value in profit or loss (see notes 6 and 9).

This item exhibited the following movements in the reporting year:

€'000	1 Oct. 2016	Additions	Disposals	Value movements	30 Sept. 2017
Interests in intra-Group investment entities	289,600	54,764	46,162	(43,284)	254,917
Interests in portfolio companies	21,888	0	17,050	462	5,301
International fund investments	2,093	0	0	(1,120)	974
Other financial assets	64	30	8	(10)	77
	313,646	**54,793**	**63,220**	**(43,952)**	**261,267**

€'000	1 Oct. 2015	Additions	Disposals	Value movements	30 Sept. 2016
					Restated
Interests in intra-Group investment entities	218,143	51,096	33,928	54,289	289,600
Interests in portfolio companies	33,975	0	8,473	(3,613)	21,888
International fund investments	1,609	0	186	671	2,093
Other financial assets	58	13	0	(6)	64
	253,785	**51,108**	**42,588**	**51,340**	**313,646**

The additions in intra-Group investment entities relate to investments in portfolio companies and capital calls for management fees (see management report, pages 81ff.).

The disposals in intra-Group investment entities 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 financial assets, we refer to the management report (see pages 81ff.)

19. Loans and receivables

€'000	2016/2017	2015/2016
At start of financial year	2,695	2,494
Additions	0	2,849
Disposals	0	2,669
Reclassifications	(1,253)	0
Value movements	(105)	22
At end of financial year	**1,338**	**2,695**

The receivables were reclassified because the residual term for part of the remaining balance of a purchase price receivable in connection with the sale of the investment in Clyde Bergemann GmbH now amounts to less than one year. The changes in value are the result of currency rate changes.

20. Receivables

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Receivables from associates	1,244	141
Receivables from portfolio companies	2,405	2,936
	3,649	**3,077**

Receivables from associates mainly pertain to two co-investment vehicles for management fees and costs that were charged on.

Receivables from portfolio companies largely relate to receivables from a clearing account with one portfolio company.

These receivables are not recognised at fair value in profit or loss but are instead subject to an impairment test at every reporting date (see note 6).

21. Securities

Securities held at 30 September 2017 were exclusively acquired as investments of cash and cash equivalents not immediately required.

Classification of securities by term:

€'000	30 Sept. 2017	30 Sept. 2016
Long-term securities	33,659	21,279
Short-term securities	0	0
	33,659	**21,279**

Classification of securities by type:

€'000	30 Sept. 2017	30 Sept. 2016
Fixed-rate securities	33,659	21,279
	33,659	**21,279**

Classification of securities by residual term:

€'000	30 Sept. 2017	30 Sept. 2016
Due between 1 and 2 years	7,234	0
Due between 2 and 3 years	2,727	5,321
Due between 3 and 4 years	8,095	10,563
Due between 4 and 5 years	10,598	5,395
Due > 5 years	5,006	0
	33,659	**21,279**

All securities have been designated to the category of "available-for-sale financial assets" (see note 6).

The change in fair value of -585 thousand euros (previous year: 126 thousand euros) is recognised in the consolidated statement of comprehensive income in "Unrealised gains/ (losses) on available-for-sale securities". A loss totalling 284 thousand euros (previous year: a loss of 85 thousand euros), arising from disposals of securities from this category in the reporting year, was reclassified to net income.

22. Other financial instruments

€'000	30 Sept. 2017	30 Sept. 2016
Loans granted to associates	35,649	0
	35,649	**0**

Loans granted to associates include short-term loans that DBAG granted to the DBAG Fund VII Group companies as part of the structuring of the investment in new portfolio companies.

23. Tax assets, tax provisions and deferred taxes

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Tax assets		
Other non-current assets	0	0
Income tax assets	423	2,247
Tax provisions	0	0

Income tax assets contain imputable taxes for the financial year 2016/2017 and the previous year. The drop is largely due to the corporation tax refund of 2,006 thousand euros for the 2015 assessment period received from the tax authorities.

Deferred tax assets and liabilities are offset in conformity with IAS 12.74. There were no deferred tax liabilities in 2016/2017 or in the preceding year.

Tax loss carryforwards have been recognised in deferred taxes as follows:

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Tax loss carryforward, corporation tax	92,276	72,413
thereof usable	0	0
Tax loss carryforward, municipal trade tax	15,128	13,354
thereof usable	0	0

Due to the type of business activities and their applicable tax treatment, it is not probable that sufficient taxable profit will be available at the relevant Group companies against which the tax loss carryforwards can be utilised.

24. Other current assets

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Receivables from reimbursable costs	761	4,492
Receivables from management and advisory services	4,834	1,581
Receivables from DBAG funds	5,595	6,073
Lease security deposits	405	405
Interest receivable on securities	279	165
Value-added tax	154	781
Purchase price retention	101	37
Other receivables	92	1,221
	6,624	**8,682**

The receivables from management and advisory services mainly relate to DBAG Fund VII.

Value-added tax pertains to outstanding refunds of input tax credits.

The purchase price retention covers possible representation and warranty risks from the divestment of a portfolio company.

Other receivables contain prepaid expenses.

25. Equity

Subscribed capital/number of shares outstanding

€'000	2016/2017	2015/2016
At start of financial year	53,387	48,533
Additions	0	4,853
At end of financial year	**53,387**	**53,387**

All shares in Deutsche Beteiligungs AG are no-par value registered shares in financial year 2016/2017. 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 (Regulated Market). Shares in the Company are also traded on the Open Market of the Berlin, Hamburg-Hanover, Munich and Stuttgart Stock Exchanges.

The subscribed capital (share capital) is split into 15,043,994 no-par value shares. 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 2016/2017:

	Purchase/ sales price per share	Number of shares	Proportion of share capital	
	€		€'000	‰
At 1 Oct. 2016	0	0	0	0.0
Additions	41.74	4,582	16	0.3
Transfer	29.17	2,725	10	0.2
Disposals	38.83	1,857	7	0.1
At 30 Sept. 2017	**0.00**	**0**	**0**	**0.0**

Authorised Capital

Shareholders at the Annual Meeting on 22 February 2017 authorised the Board of Management to raise the share capital of the Company, with the consent of the Supervisory Board, until 21 February 2022 by up to a total of 13,346,664.33 euros through one or more issues of new no-par registered shares in exchange for cash or non-cash contributions (Authorised Capital 2017). The number of shares in that context must be increased proportionately to the share capital. In the past financial year, the Board of Management did not make use of this authorisation.

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 10 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 21 February 2022 with or without a maturity cap for a total nominal amount of up to 140,000,000.00 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 obligations, if applicable), to registered shares in the Company with a proportionate share in the share capital of up to 13,346,664.33 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	2016/2017	2015/2016
At start of financial year	173,762	141,394
Additions	0	32,368
At end of financial year	**173,762**	**173,762**

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 28) and
- unrealised gains/losses on available-for-sale securities (see note 21).

Net income for the year

At the ordinary Annual Meeting on 22 February 2017, shareholders voted to use the retained profit for the financial year 2015/2016 of 55,614,059.39 euros to pay a dividend of 1.20 euros per no-par value share on the 15,043,994 dividend-carrying shares. The residual amount of 37,561,266.59 euros was carried forward to the new account.

€'000	2016/2017	2015/2016
Distribution sum	18,052,792.80	13,676,359.00

In its separate accounts at 30 September 2017, which are consistent with the German Commercial Code (HGB), the retained profit of Deutsche Beteiligungs AG amounts to 181,903,759.71 euros (previous year: 55,614,059.39 euros).

At the forthcoming Annual Meeting, the Board of Management and the Supervisory Board will recommend paying a dividend of 1.40 euros per share for financial year 2016/2017.

In Germany, dividends paid to shareholding corporations are subject to a corporation tax rate of 5 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. interests 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.

26. Minority interest

€'000	2016/2017	2015/2016
At start of financial year	127	121
Additions	0	0
Disposals	16	23
Profit share	37	30
At end of financial year	**148**	**127**

"Minority interest" includes capital and earnings shares of shareholders from outside of the Group. Minority interest relates to DBG Managing Partner GmbH & Co. KG, DBG

Advising GmbH & Co. KG, DBG Management GP (Guernsey) Ltd., DBG Fund VI GP (Guernsey) LP, AIFM-DBG Fund VII Management (Guernsey) LP and European PE Opportunity Manager LP.

Minority interest attributable to DBG Managing Partner GmbH & Co. KG (DBAG Fund V) developed as follows:

€'000	2016/2017	2015/2016
At start of financial year	26	25
Additions	0	0
Disposals	0	0
Profit share	0	0
At end of financial year	**26**	**26**

Minority interest attributable to DBG Management GP (Guernsey) Ltd. (DBAG Fund VI) developed as follows:

€'000	2016/2017	2015/2016
At start of financial year	102	83
Additions	0	0
Disposals	0	0
Profit share	15	19
At end of financial year	**117**	**102**

Minority interest attributable to DBG Fund VI GP (Guernsey) LP (DBAG Fund VI) developed as follows:

€'000	2016/2017	2015/2016
At start of financial year	0	13
Additions	0	0
Disposals	10	23
Profit share	11	10
At end of financial year	**2**	**0**

Minority interest attributable to AIFM-DBG Fund VII Management (Guernsey) LP developed as follows:

€'000	2016/2017	2015/2016
At start of financial year	0	0
Additions	0	0
Disposals	7	0
Profit share	11	0
At end of financial year	**4**	**0**

27. Other provisions

€'000	1 Oct. 2016	Utilisation	Reversals	Additions	30 Sept. 2017
Personnel-related commitments	12,490	9,985	44	10,658	13,119
Auditing and review expenses	315	306	0	368	377
Expert opinions and other consultancy services	37	22	15	338	338
Costs for Annual Report and Annual Meeting	281	281	0	358	358
Consultancy expenses	2,250	2,245	5	53	53
Financial assets	37	0	0	0	37
Other	1,926	1,790	77	476	536
	17,336	**14,629**	**141**	**12,251**	**14,818**

Provisions for personnel-related commitments chiefly consist of performance-linked emoluments of 10,988 thousand euros (previous year: 11,005 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 the 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 2017, provisions of 8,165 thousand euros (previous year: 6,970 thousand euros) pertain to performance-related emoluments for the past financial year. Another 2,822 thousand euros (previous year: 4,035 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, page 224f.). In the reporting year, 3,006 thousand euros thereof were paid out and an amount totalling 1 thousand euros was reversed, since the conditions for entitlement were no longer fulfilled.

The provisions for expert opinions and other advisory services relate to advisory expenses associated with regulatory requirements.

The provisions for financial assets include representation and warranty commitments and transaction costs that incur on disposals of portfolio companies.

The "other" category includes, in particular, provisions for tax advisory expenses, external staff and events.

There are no non-current provisions at 30 September 2017.

28. Pension obligations and plan assets

The disclosure in the statement of financial position has been derived as follows:

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Present value of pension obligations	35,831	39,536
Fair value of plan assets	(24,508)	(24,460)
Provisions for pension obligations	**11,323**	**15,076**

The present value of pension obligations developed as follows:

€'000	2016/2017	2015/2016
		Restated
Present value of pension obligations at start of financial year	39,536	32,413
Interest expenses	312	667
Service cost	473	442
Benefits paid	(833)	(838)
Actuarial gains (-)/losses (+)	(3,657)	6,850
Present value of pension obligations at end of financial year	**35,831**	**39,536**

The present value of pension obligations on the reporting date is calculated based on an expert actuarial opinion. The expert opinion is based on the following actuarial assumptions:

		30 Sept. 2017	30 Sept. 2016
Actuarial rate	%	1.55	0.80
Salary trend (incl. career trend)	%	2.50	2.50
Pensions trend	%	2.00	2.00
Life expectancy based on modified actuarial charts created by Dr Klaus Heubeck		2005G	2005G
Increase in income threshold for state pension plan	%	2.00	2.00

The actuarial rate is calculated using the i-boxx corporate AA10+ interest rate index, which is calculated based on interest rates for long-term bonds of issuers with the highest credit ratings.

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 2017, the weighted average term of defined benefit obligations was 14.3 years (previous year: 15.7 years).

Plan assets developed as follows over the past financial year:

€'000	2016/2017	2015/2016
		Restated
Fair value of plan assets at start of financial year	24,460	23,727
Expected interest income	196	494
Gains (+)/losses (-) from the difference between actual and expected returns on plan assets	(147)	239
Fair value of plan assets at end of financial year	**24,508**	**24,460**

The following amounts were reported in net income:

€'000	2016/2017	2015/2016
		Restated
Service cost	473	442
Interest expenses	312	667
Expected interest income on plan assets	(196)	(494)
	589	**616**

The net amount of interest expenses and expected interest income on plan assets is recognised in the 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 2016/2017:

€'000	2016/2017	2015/2016
		Restated
Actuarial gains (+)/losses (-) at start of financial year	(25,115)	(18,504)
Gains (+)/losses (-) from the difference between actual and expected returns on plan assets	(147)	239
Gains (+)/losses (-) from experience-related changes	3,657	(6,850)
Actuarial gains (+)/losses (-) at end of financial year	**(21,605)**	**(25,115)**

The loss of 147 thousand euros in the financial year 2016/2017 (previous year: gain of 239 thousand euros) results from the increase in the fair value of plan assets as well as application of the same discount rate that is also used in determining the present value of pension obligations.

The gain from experience-related changes of 3,657 thousand euros (previous year: loss of 6,850 thousand euros) largely results from the significant increase 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:

€'000	30 Sept. 2017	30 Sept. 2016
		Restated
Actuarial rate		
Increase by 50 bps	(2,471)	(2,989)
Decrease by 50 bps	2,776	3,385
Average life expectancy		
Increase by 1 year	(1,200)	(1,466)
Decrease by 1 year	1,222	1,445

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 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 present value of pension obligations will rise (fall). If the market interest rate for interest-bearing securities rises (falls), the present value of pension obligations will rise (fall).

Like interest-bearing securities, the present value of pension obligations depends on the (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 three prior years, current budgetary planning for the financial year 2016/2017 does not provide for allocations to plan assets.

29. Other current liabilities

Other current liabilities of 1,233 thousand euros (previous year: 2,000 thousand euros) relate to liabilities arising on wage tax and other liabilities. The drop compared to the prior year largely results from open accounts at 30 September 2016 in connection with the launch of DBAG Fund VII.

30. Other financial commitments

Other financial commitments are detailed by call commitments and permanent debt obligations in the following nominal amounts:

€'000	**30 Sept. 2017**	30 Sept. 2016
Call commitments	2,495	2,546
Permanent debt obligations	3,116	3,588
	5,611	**6,134**

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 2017:

€'000	< 1 year	1–5 years	> 5 years	**Total**
Permanent debt obligations	967	2,149	0	**3,116**
thereof rental contracts	783	2,089	0	**2,872**

Permanent debt obligations pertain, in particular, to office rental for the premises on Börsenstrasse 1 in Frankfurt am Main, Germany. The non-terminable office rental contract began on 1 August 2011 and runs until 31 May 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 2017.

TRUST ASSETS totalled 16,146 thousand euros at 30 September 2017 (at start of financial year: 8,777 thousand euros). 13,208 thousand euros of this amount (previous year: 1,481 thousand euros) is attributable to the management of trust accounts for purchase price settlement and interests in two portfolio companies that are held by Group companies for two managed funds, 2,933 thousand euros (previous year: 7,292 thousand euros). Trust liabilities exist in an equivalent amount. DBAG does not achieve income from trustee activities.

31. 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 of DBAG's business model.

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

32. 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.

32.1 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.

32.1.1 Currency risk

The DBAG Group's exposure to currency risk relates to investments that are denominated in British pounds sterling, Swiss francs or US dollars and in which future returns will be made in a foreign currency. 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

The item "Financial assets" contains financial instruments amounting to 10,622 thousand euros (previous year: 4,423 thousand euros) that are exposed to US dollar currency rate risk. Financial assets totalling 7,972 thousand euros (previous year: 6,592 thousand euros) are subject to a Swiss franc exchange rate risk, with an amount of 2,137 thousand euros (previous year: 0 thousand euros) subject to an exchange rate risk against the British pound. The effects on income arising from exchange rate-related changes in the fair value of financial assets amounted to -1,090 thousand euros (previous year: +20 thousand euros).

Exchange rate sensitivity

An increase/decrease in the euro/US dollar exchange rate by 10 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 2,073 thousand euros (previous year: 1,102 thousand euros).

32.1.2 Interest 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 161,634 thousand euros (previous year: 78,575 thousand euros). There was no interest income from the investment (previous year: 4 thousand euros).

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 1,881 thousand euros (previous year: 1,394 thousand euros). At 30 September 2017, 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).

32.1.3 Other price risks

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 the 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 risks

Based on the measurement of financial assets at fair value in profit or loss, valuation movements in a period are directly recognised in the consolidated statement of comprehensive income. In the financial year 2016/2017, the net result of valuation was 25,087 thousand euros (previous year: 51,534 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 of the 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 1,677 thousand euros on the fair value of financial instruments categorised in Level 3 (previous year: 3,069 thousand euros) (see note 33.2 and note 8, based on a change of +/-1).

32.2 Liquidity risk

There is currently no recognisable exposure to liquidity risk for the DBAG Group. Free cash funds amounted to 127,975 thousand euros (previous year: 51,361 thousand euros). Together with general government securities or securities of issuers with highest ratings totalling 33,659 thousand euros (previous year: 21,279 thousand euros) and an existing credit facility of 50,000 thousand euros, the DBAG Group has financial resources that amount to 211,634 thousand euros (previous year: 122,640 thousand euros). The co-investment agreements with those DBAG funds that are currently investing amount to 253,745 thousand euros (previous year: 278,241 thousand euros). It is assumed that we will be able to cover the shortfall on the reporting date using cash inflows from realisations of portfolio companies.

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.

32.3 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. 2017	30 Sept. 2016
		Restated
Financial assets	261,267	313,646
thereof hybrid financial instruments	0	0
thereof primary financial instruments	261,267	313,646
Loans and receivables	1,338	2,695
Receivables	3,649	2,167
Securities	33,659	21,279
Cash and cash equivalents	127,976	51,361
Other financial instruments	35,649	0
Other current assets, if financial instruments	5,737	7,688
	469,273	**398,836**

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. The deposits are integrated in the respective banks' protection systems.

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.

33. 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.

33.1 Classes of financial instruments

Classes of financial instruments according to IFRS 7 are designated in the DBAG Group in accordance with the categories defined in IAS 39. For financial assets that are measured at fair value in 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. 2017**	**Fair value 30 Sept. 2017**	Carrying amount 30 Sept. 2016	Fair value 30 Sept. 2016
			Restated	Restated
Financial assets at fair value in profit or loss				
Financial assets	261,267	261,267	313,646	313,646
thereof hybrid financial instruments	0	0	0	0
thereof primary financial instruments	261,267	261,267	313,646	313,646
	261,267	**261,267**	**313,646**	**313,646**
Available-for-sale financial assets				
Long-term securities	33,659	33,659	21,279	21,279
Short-term securities	0	0	0	0
	33,659	**33,659**	**21,279**	**21,279**
Loans and receivables				
Loans and receivables	1,338	1,338	2,695	2,695
Receivables	3,649	3,649	2,167	2,167
Other financial instruments	35,649	35,649	0	0
Cash and cash equivalents	127,976	127,976	51,361	51,361
Other current assets, if financial instruments[1]	6,541	6,541	7,132	7,132
	139,504	**139,504**	**63,355**	**63,355**
Other financial liabilities				
Minority interest	148	148	127	127

1 Does not include prepaid expenses/deferred income, value-added tax receivables and other items of 82 thousand euros (previous year: 1,550 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 with 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 their 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.

33.2 Disclosures on the hierarchies 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.

33.2.1 Hierarchy of financial instruments measured at fair value on a recurring basis

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2017	Level 1	Level 2	Level 3
Financial assets at fair value in profit or loss				
Financial assets	261,267	0	352	260,915
Available-for-sale financial assets				
Long-term securities	33,659	0	33,659	0
Short-term securities	0	0	0	0
	33,659	**0**	**33,659**	**0**
	294,926	**0**	**34,011**	**260,915**

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016	Level 1	Level 2	Level 3
	Restated			
Financial assets at fair value in profit or loss				
Financial assets	313,646	0	352	313,293
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**
	334,925	**0**	**21,631**	**313,293**

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 the 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 2017 and the preceding financial year, fair value measurement is recurring.

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 intra-Group investment entities	Interests in portfolio companies	International fund investments	Other	**Total**
30 Sept. 2017					
Financial assets	254,917	4,948	974	77	**260,915**
30 Sept. 2016, restated					
Financial assets	289,600	21,536	2,093	64	**313,293**

Offsetting and reconciliation for Level 3 financial instruments:

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	1 Oct. 2016	Additions	Disposals	At fair value in profit or loss	**30 Sept. 2017**
Financial assets					
Interests in intra-Group investment entities	289,600	54,764	46,162	(43,284)	254,917
Interests in portfolio companies	21,536	0	17,050	462	4,948
International fund investments	2,093	0	0	(1,120)	974
Other	64	30	8	(10)	77
	313,293	**54,793**	**63,220**	**(43,952)**	**260,915**

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	1 Oct. 2015	Additions	Disposals	At fair value in profit or loss	30 Sept. 2016
					Restated
Financial assets					
Interests in intra-Group investment entities	218,143	51,096	33,928	54,289	289,600
Interests in portfolio companies	33,623	0	8,473	(3,613)	21,536
International fund investments	1,609	0	186	671	2,093
Other	58	13	0	(6)	64
	253,432	**51,108**	**42,588**	**51,340**	**313,293**

The time of reclassification between Levels 1 and 3 corresponds to the date of the event or the change in circumstances that gave rise to the change in classification. There were no reclassifications between the levels during the reporting period.

Of the losses affecting net income totalling 43,952 thousand euros (previous year: 51,340 thousand euros), 43,952 thousand euros (previous year: 51,340 thousand euros) were recognised in “Net result of investment activity”.

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. 2017	Valuation method	Unobservable parameter	Range
Financial assets				
Interests in intra-Group investment entities	254,917	Net asset value[1]	Average EBITDA/EBITA margin	3% to 40%
			Net debt[2] to EBITDA	-4 to 6.4
			Multiples discount	0% to 20%
Interests in portfolio companies	4,948	Multiples method	Average EBITDA/EBITA margin	7%
			Net debt[2] to EBITDA	2.7
			Multiples discount	0%
International fund investments	974	DCF	N/A	N/A
Other	77	Net asset value	N/A	N/A
	260,915			

1 The net asset value of the intra-Group investment entities is largely determined by the fair value of the interests in the portfolio companies and by the other assets and liabilities. If the multiples method is used for the interests in portfolio companies, the same unobservable inputs are used as those for calculating the fair value for "Interests in portfolio companies" (see information in note 6).
2 Net debt of the portfolio company

ITEM IN STATEMENT OF FINANCIAL POSITION

€'000	Fair value 30 Sept. 2016	Valuation method	Unobservable parameter	Range
	Restated			
Financial assets				
Interests in intra-Group investment entities	289,600	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	21,536	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	2,093	DCF	N/A	N/A
Other	64	Net asset value	N/A	N/A
	313,293			

1 See footnote 1 in the preceding table
2 See footnote 2 in the 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. 2017	Change in unobservable inputs		Change in fair value
Financial assets[1]				
Interests in intra-Group investment entities	254,917	EBITDA and EBITA	+/- 10%	22,339
		Net debt	+/- 10%	8,317
		Multiples discount	+/- 5 percentage points	1,940
Interests in portfolio companies	4,948	EBITDA and EBITA	+/- 10%	734
		Net debt	+/- 10%	265
		Multiples discount	+/- 5 percentage points	0
International fund investments	974	N/A		N/A
Other	77	N/A		N/A
	260,915			

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, insofar 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. 2016	Change in unobservable inputs		Change in fair value
	Restated			
Financial assets[1]				
Interests in intra-Group investment entities	289,600	EBITDA and EBITA	+/- 10%	26,102
		Net debt	+/- 10%	8,151
		Multiples discount	+/- 5 percentage points	6,464
Interests in portfolio companies	21,536	EBITDA and EBITA	+/- 10%	2,399
		Net debt	+/- 10%	370
		Multiples discount	+/- 5 percentage points	0
International fund investments	2,093	N/A		N/A
Other	64	N/A		N/A
	313,293			

1 See footnote 1 in the 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.

33.3 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 in profit or loss, realised gains or losses on disposal of financial instruments, impairment losses, reversals in 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 AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

€'000	2016/2017	Level 1	Level 2	Level 3	2015/2016 Restated	Level 1	Level 2	Level 3
Other operating income	200	0	200	0	67	0	67	0
Other operating expenses	(33)	0	(33)	0	(21)	0	(21)	0
Other income/expenses	**167**	**0**	**167**	**0**	**46**	**0**	**46**	**0**
Unrealised gains (+)/losses (-) on available-for-sale securities	(585)	0	(585)	0	126	0	126	0
thereof transfers from other comprehensive income to profit or loss	(284)	0	(284)	0	(85)	0	(85)	0
Net result of valuation and disposal	**(300)**	**0**	**(300)**	**0**	**211**	**0**	**211**	**0**
Interest income	**(5)**	**0**	**0**	**0**	**4**	**0**	**0**	**0**

NET GAINS AND LOSSES ON FINANCIAL ASSETS MEASURED AT FAIR VALUE IN PROFIT OR LOSS

€'000	2016/2017	Level 1	Level 2	Level 3	2015/2016 Restated	Level 1	Level 2	Level 3
Net result of investment activity	94,122	0	0	94,122	59,364	(7,743)	251	66,856
Other operating income	218	0	0	218	0	0	0	0
Other operating expenses	0	0	0	0	0	0	0	0
	94,339	**0**	**0**	**94,339**	**59,364**	**0**	**0**	**59,364**

Net gains and losses on financial assets that are measured at fair value in profit or loss result in full from financial assets that are measured at fair value in profit or loss upon initial recognition.

33.4 Net gains and 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	2016/2017	Level 1	Level 2	Level 3	2015/2016 Restated	Level 1	Level 2	Level 3
Net result of investment activity	150	0	0	150	(277)	0	0	(277)
Fee income from fund management and advisory services	27,047	0	0	27,047	18,341	0	0	18,341
Total net result of fund services and investment activity	**27,197**	**0**	**0**	**27,197**	**18,064**	**0**	**0**	**18,064**
Other operating income	3,540	0	0	3,540	5,745	0	0	5,745
Other operating expenses	(5,043)	0	0	(5,043)	(7,066)	0	0	(7,066)
Interest income	0	0	0	0	35	0	0	35
Total other income/expenses	**(1,502)**	**0**	**0**	**(1,502)**	**(1,286)**	**0**	**0**	**(1,286)**

34. 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.

All in all, the capital of DBAG comprises the following:

€'000	30 Sept. 2017	30 Sept. 2016 Restated
Liabilities		
Minority interest	148	127
Provisions	26,140	32,412
Other liabilities	1,233	2,000
	27,521	**34,538**
Equity		
Subscribed capital	53,387	53,387
Reserves	168,633	165,708
Consolidated retained profit	222,864	150,525
	444,884	**369,619**
Equity as a proportion of total capital %	94.17	91.45

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 made a paid-in capital contribution of 1,000 thousand euros to its share capital. This amount was fully paid in, both in the reporting year and the preceding year.

35. Earnings per share based on IAS 33

		2016/2017	2015/2016 Restated
Net income	€'000	90,392	49,455
Shares issued at reporting date		15,043,994	15,043,994
Shares outstanding at reporting date		15,043,994	15,043,994
Average number of shares		15,043,994	13,736,146
Basic and diluted earnings per share	€	6.01	3.60

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.

"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.

36. 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 as a co-investor alongside DBAG funds, either as majority investments by way of management buyouts (MBOs) or minority investments aimed at financing growth.

In order to be able to separately manage the two described business lines of DBAG, the internal reporting system calculates 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 REPRESENTATION FOR FINANCIAL YEAR 2016/2017

€'000	Private Equity Investments	Fund Investment Services	Reconciliation Group	Group 2016/2017
Net result of investment activity	94,272	0	0	94,272
Fee income from fund management and advisory services[1]	0	28,111	(1,065)	27,047
Net result of fund services and investment activity	**94,272**	**28,111**	**(1,065)**	**121,319**
Other income/expenses	(8,547)	(23,407)	1,065	(30,889)
Income before taxes (segment result)	**85,726**	**4,704**	**0**	**90,430**
Income taxes				(1)
Income after taxes				**90,430**
Minority interest gains (-)/losses (+)				(37)
Net income				**90,392**
Financial assets and loans and receivables	298,254			
Financial resources[2]	161,634			
Net asset value	**459,888**			
Managed assets[3]		**1,770,228**		

1 A synthetic internal administration fee is calculated for the Investment segment 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 the 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 REPRESENTATION FOR FINANCIAL YEAR 2015/2016

€'000	Private Equity Investments	Fund Investment Services	Reconciliation Group	Group 2015/2016
				Restated
Net result of investment activity	59,429	0	0	59,429
Fee income from fund management and advisory services [1]	0	19,536	(1,196)	18,341
Net result of fund services and investment activity	**59,429**	**19,536**	**(1,196)**	**77,769**
Other income/expenses	(7,089)	(22,555)	1,196)	(28,448)
Income before taxes (segment result)	**52,340**	**(3,019)**	**0**	**49,321**
Income taxes				168
Income after taxes				**49,489**
Minority interest gains (-)/losses (+)				(33)
Net income				**49,455**
Financial assets and loans and receivables	316,341			
Financial resources [2]	72,640			
Net asset value	**388,981**			
Managed assets [3]		**1,775,904**		

1 See commentary in footnote 1 in the preceding table
2 See commentary in footnote 2 in the preceding table
3 See commentary in footnote 3 in the 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). Growth financing is 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 94,272 thousand euros (previous year: 59,429 thousand euros). Fee income for management and advisory services to funds amounted to 27,047 thousand euros in the financial year (previous year: 18,341 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, 90,824 thousand euros (previous year: 66,871 thousand euros) are attributable to companies domiciled in German-speaking regions and 3,448 thousand euros (previous year: -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. 2017						
Interests in intra-Group investment entities	21,830	397	14,466	38,087	6,905	81,685
Interests in portfolio companies	0	0	0	13,205	507	13,712
International fund investments	0	0	0	0	(1,120)	(1,120)
Other	0	0	0	0	(5)	(5)
	21,830	**397**	**14,466**	**51,292**	**6,287**	**94,272**
30 Sept. 2016 restated						
Interests in intra-Group investment entities	18,328	1,201	13,073	21,107	15,112	68,820
Interests in portfolio companies	0	0	0	(11,766)	1,375	(10,391)
International fund investments	0	0	0	0	611	611
Other	0	0	0	0	389	389
	18,328	**1,201**	**13,073**	**9,340**	**17,487**	**59,429**

For more information on the composition of the portfolio and its development, we refer to the management report, "Business and portfolio review", pages 81ff.

Significant customers

DBAG's customers are the investors in DBAG funds. The funds raised by DBAG bundle the assets committed by German and international institutions, 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 10 percent of total income.

37. Declaration of Conformity pursuant to the German Stock Corporation Act (AktG)

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.

38. 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 constituent 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 12,884 thousand euros in the reporting year (previous year: 10,845 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 614 thousand euros was allocated to pension provisions (previous year: 503 thousand euros) as defined by the IFRS for key management staff (service cost and interest cost), thereof a service cost of 379 thousand euros (previous year: 408 thousand euros). Defined benefit obligations for key management staff amounted to 14,188 thousand euros at the end of the reporting period (previous year: 15,154 thousand euros).

Loans in the amount of 60 thousand euros were granted at standard market conditions to key management staff (previous year: 390 thousand euros). 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 1 percent or more of the subscribed capital.

For the financial year 2016/2017, the members of the Supervisory Board were granted fixed remuneration, as well as additional remuneration for the Chair, Vice Chair and for committee membership in the amount of 388 thousand euros (previous year: 388 thousand euros).

Regarding transactions and balances of key management personnel in their capacity as minority partners in consolidated companies, please refer to note 26.

Participation in carried interest schemes by current and former key management staff

Current and former key management personnel have committed to investing 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 profit share that is disproportionate to their capital commitment ("carried interest") after the fund has fulfilled certain conditions overall. These conditions have been fulfilled if the Deutsche Beteiligungs AG Group and the investors in the respective DBAG fund have realised their invested capital, plus a minimum return of 8.0 percent per annum ("full repayment"). The carried interest corresponding to a maximum of 20 percent is paid out once net proceeds on disposal are generated and full repayment has been achieved. 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 the financial year 2016/2017, the net asset value of the co-investment vehicles DBAG Fund V and DBAG Expansion Capital Fund was reduced by arithmetical carried interest of 10,840 thousand euros in total (previous year: 26,491 thousand euros). This reduced the result of investment activity and, consequently, net income by 13,820 thousand euros (previous year: 11,944 thousand euros – see management report, page 92f.). This carried interest, which is included in the valuation, can also increase or decrease in value and is not paid out until the conditions set out in the Articles of Association are met.

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. carried interest 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 i. L.	Unconsolidated subsidiary	0	0

2 For DBAG Fund VII B Konzern SCSp, the maximum disproportionate profit share is 10 percent.

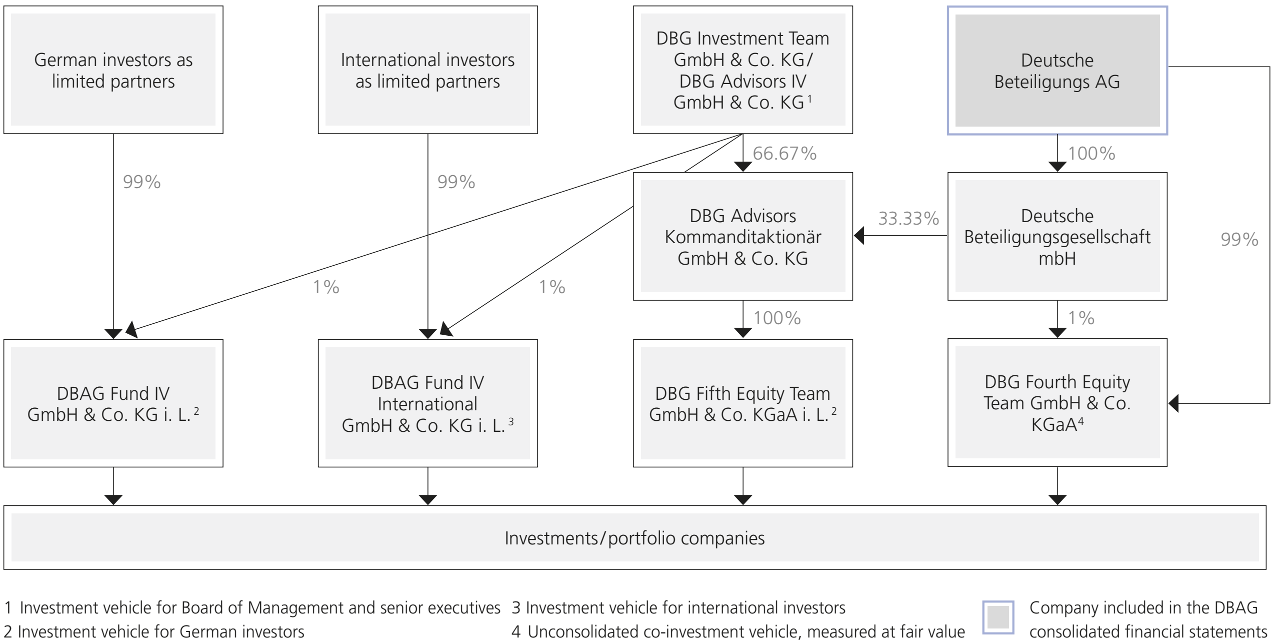
For DBAG Fund IV, a group of key management personnel and former key management personnel have invested their own money at a fixed ratio in the companies listed above. DBG Advisors IV GmbH & Co. KG, which is a related party and not included in the consolidated accounts of DBAG, acts as an intermediary for investments in the first two fund companies named above. Key management personnel are invested directly through DBG Advisors IV GmbH & Co. KG, or indirectly through DBG Investment Team GmbH & Co. KG.

Interests in DBG Fifth Equity Team GmbH & Co. KGaA i. L. 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, while 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 in DBG Advisors Kommanditaktionär GmbH & Co. KG (previous year: 69 thousand euros).

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, measured at fair value

The key management personnel involved as well as former key management personnel received the following repayments in financial year 2016/2017 from parties related to **DBAG FUND IV**:

€'000	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors IV GmbH & Co. KG	0	0	430	0	0	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	0	0	84	0	289	0
DBG Investment Team GmbH & Co. KG	0	0	325	740	211	457
Total 2016/2017	**0**	**0**	**839**	**740**	**500**	**457**
Period from 1 Oct. 2015 to 30 Sept. 2016						
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**

DBAG Fund V

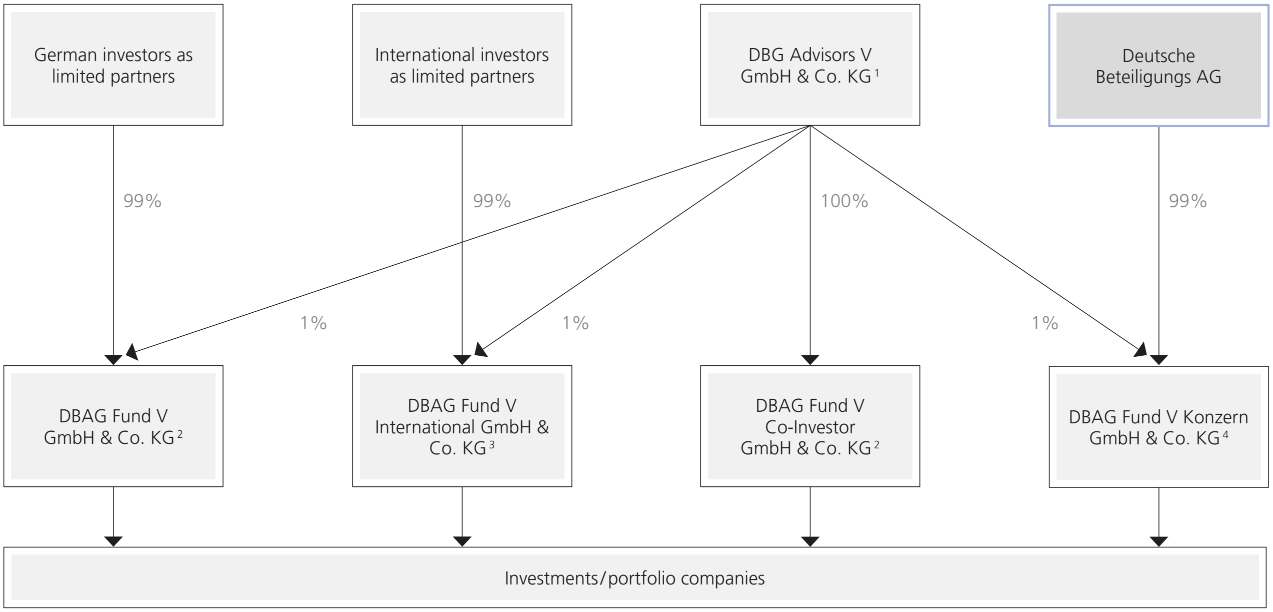
DBAG Fund V consists of the following fund companies that jointly enter into investments at a fixed ratio:

Fund company	Qualification	Investment share held by investment team %	Max. carried interest 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, measured at fair value

Company included in the DBAG consolidated financial statements

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from the investment activity of DBAG Fund V attributable to them; 19 percent is attributable to the DBAG co-investment vehicle (DBAG Fund V Konzern GmbH & Co. KG) in each case:

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
€'000	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors V GmbH & Co. KG	37	27	3,446	2,554	88,883	67,848
Period from 1 Oct. 2015 to 30 Sept. 2016						
DBG Advisors V GmbH & Co. KG	66	48	3,408	2,527	20,948	16,355

DBAG Expansion Capital Fund

DBAG Expansion Capital Fund consists of the following fund companies that jointly enter into investments at a fixed ratio:

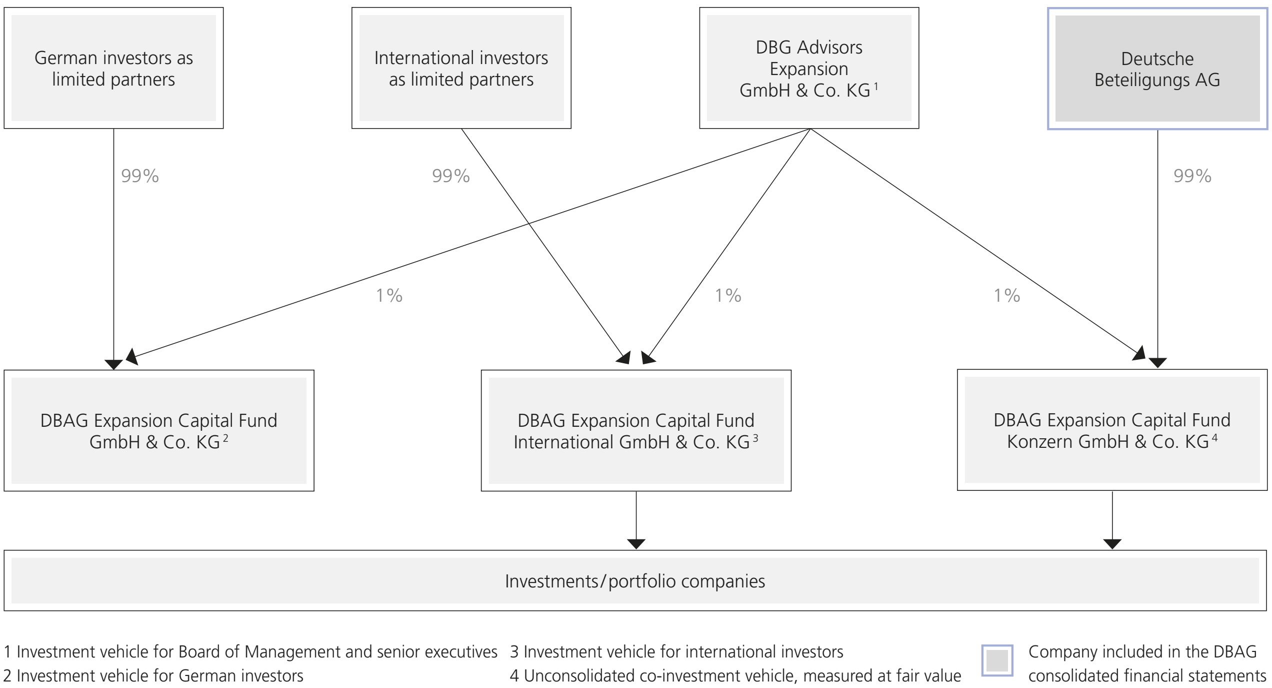
Fund company	Qualification	Investment share held by investment team %	Max. carried interest of investment team %
DBAG Expansion Capital Fund GmbH & Co. KG	Related party	1	20.8
DBAG Expansion Capital Fund International GmbH & Co. KG	Related party	1	20.8
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	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 were transacted as at 31 May 2017 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.

The term of the Expansion Capital Fund was extended until 31 December 2018 this past financial year. The extension of the term involved the establishment of the two companies DBG Advisors Expansion FNV GmbH & Co. KG and DBG Team Expansion FNV GmbH & Co. KG, which have held an interest in the general partner, DBG Advisors Expansion GmbH & Co. KG, since 1 June 2017 and are related parties of DBAG. The partners of the two newly established partners are also key management personnel/individual former key management personnel and other members of the investment team.

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, measured at fair value

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from the investment activity of DBAG Expansion Capital Fund attributable to them; 47 percent is attributable to the DBAG co-investment vehicle (DBAG Expansion Capital Fund Konzern GmbH & Co. KG) in each case:

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
€'000	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors Expansion GmbH & Co. KG	73	283	321	1,197	21	79
DBG Advisors Expansion FNV GmbH & Co. KG	0	0	0	0	0	0
DBG Team Expansion FNV GmbH & Co. KG	0	0	0	0	0	0
Total 2016/2017	**73**	**283**	**321**	**1,197**	**21**	**79**
Period from 1 Oct. 2015 to 30 Sept. 2016						
DBG Advisors Expansion GmbH & Co. KG	78	280	247	913	9	32

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. carried interest 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

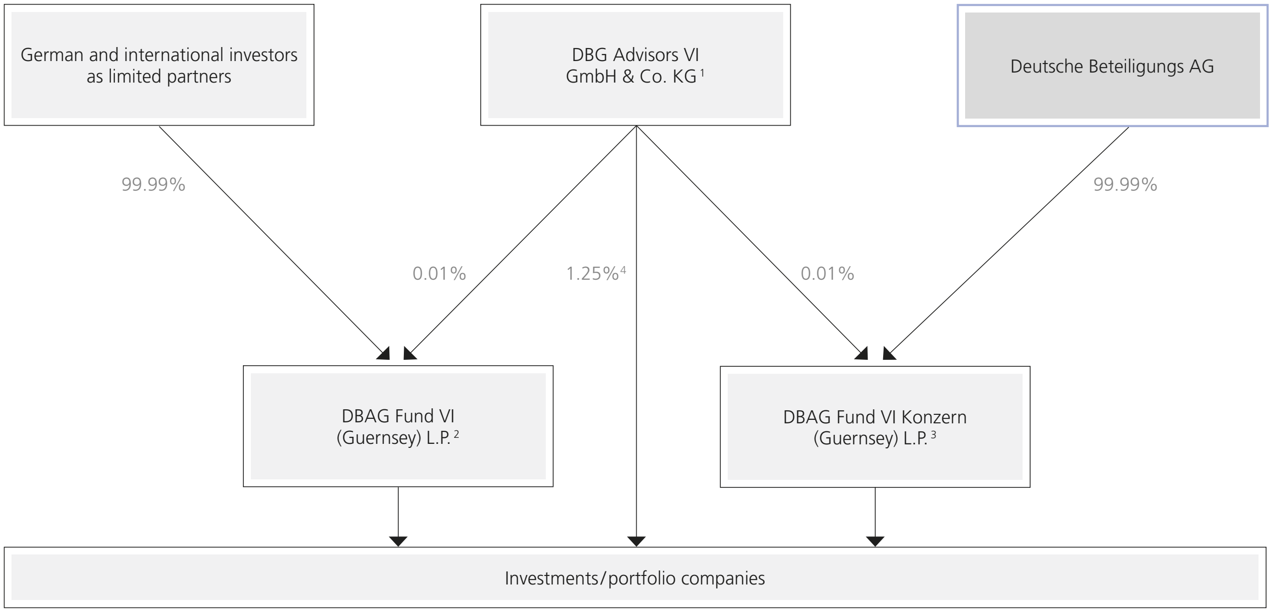
1 DBG Advisors VI GmbH & Co. KG makes investments in parallel with DBAG Fund VI; see the diagram on the investment structure on the next page.

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, measured at fair value
4 Co-investment rate based on total fund volume

Company included in the DBAG consolidated financial statements

The key management personnel involved as well as former key management personnel have made the following investments or have the following repayments from the investment activity of DBAG Fund VI attributable to them; 19 percent is attributable to the DBAG co-investment vehicle (DBAG Fund VI Konzern (Guernsey) L.P.) in each case:

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
€'000	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors VI GmbH & Co. KG	800	1,328	2,882	4,336	746	1,213
Period from 1 Oct. 2015 to 30 Sept. 2016						
DBG Advisors VI GmbH & Co. KG	134	194	2,082	3,008	162	246

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. carried interest 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 B Konzern SCSp	Unconsolidated subsidiary	0.01	10.0

1 DBG Team VII GmbH & Co. KG makes investments in parallel with DBAG Fund VII; see the diagram on the investment structure below.

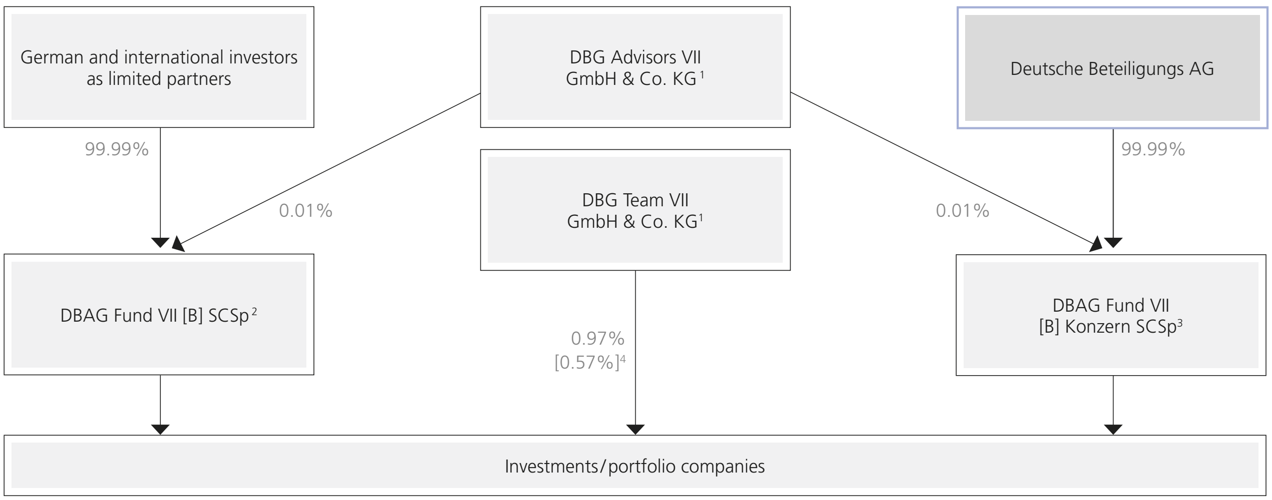
For DBAG Fund VII through DBG Advisors VII GmbH & Co. KG, a group of key management personnel and individual former key management personnel as well as other members of the investment team are entitled to 20 percent of the profits of DBAG Fund VII, payable upon achieving a full repayment to German and 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. In addition, pro rata direct investments are made by DBG Team VII GmbH & Co. KG, which has mainly the same shareholders as DBG Advisors VII GmbH & Co. KG.

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 vehicle 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 B Konzern SCSp, measured at fair value
4 Co-investment rate based on capital commitments made by members of the investment team in relation to the DBAG Fund VII SCSp (or DBAG Fund VII B SCSp).

Company included in the DBAG consolidated financial statements

The investment period of DBAG Fund VII started on 21 December 2016. Since then, the key management personnel involved have made the following investments in DBAG Fund VII; a total of 23 percent is attributable to the DBAG co-investment vehicles (DBAG Fund VII Konzern SCSp and DBAG Fund VII Konzern B SCSp):

	Investments during the financial year		Cumulative investments at reporting date		Repayments during the financial year	
€'000	Board of Management	Senior management	Board of Management	Senior management	Board of Management	Senior management
Period from 1 Oct. 2016 to 30 Sept. 2017						
DBG Advisors VII GmbH & Co. KG	0	0	8	0	0	0
DBG Team VII GmbH & Co. KG	1,046	930	1,048	930	0	0
Total 2016/2017	**1,046**	**930**	**1,056**	**930**	**0**	**0**
Period from 1 Oct. 2015 to 30 Sept. 2016						
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**

The investments in the previous year exclusively comprise incorporation costs of 10 thousand euros.

Other related parties

Companies in the DBAG Group manage or provide advice to the following funds alongside which DBAG co-invests:

Funds	**Status**
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
DBAG ECF, first new investment period	Start of investment period: 1 Jun. 2017
DBAG Fund VI	End of investment period: 20 Dec. 2016
DBAG Fund VII	Start of investment period: 21 Dec. 2016

DBAG earned the following fee income for management services and advisory services from the management of/advice provided to the various DBAG funds (see also note 10):

€'000	**2016/2017**	2015/2016
		Restated
DBG Fonds III	0	2
DBAG Fund IV	0	0
DBAG Fund V	2,554	3,943
DBAG Expansion Capital Fund	522	349
DBAG Fund VI	11,337	14,000
DBAG Fund VII	12,582	0
Other	52	47
	27,047	**18,341**

DBG Fonds III consisted of Fondsgesellschaft Deutsche Beteiligungsgesellschaft Fonds III GmbH, which disposed of its investments and merged with Deutsche Beteiligungsgesellschaft mbH on 22 September 2017. 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 and that are structured as co-investment funds.

The contractual term of DBAG Fund IV 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 itself holds a 20 percent interest in this, and Mr Grede and Dr Scheffels each hold a 40 percent interest. The interests in the general partner of DBG Managing Partner GmbH & Co. KG are held by DBG Managing Partner GmbH & Co. KG itself. It 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. For DBAG Expansion Capital Fund, the income corresponds to 0.875 percent of the cost of the investments made up until 31 May 2017, or 1.75 percent of the cost of all investments made from 1 June 2017 onwards. The general partner receives an annual liability fee corresponding to 5% of its capital stock (1,250 euros), Mr Grede and Dr Scheffels receive interest of 2% on their capital accounts (120 euros each) and the rest of the company's profit is allocated to Deutsche Beteiligungs AG.

Since 1 July 2017, DBG Managing Partner GmbH & Co. KG has been receiving advice from DBG Advising GmbH & Co. KG, which was established as a new subsidiary in May 2017.

Deutsche Beteiligungs AG is the managing limited partner of DBG Advising GmbH & Co. KG. Deutsche Beteiligungs AG 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 (625 euros) and expenses for interest paid on balances in shareholders' accounts (1 euro each), Deutsche Beteiligungs AG is also entitled to the company's residual profits. The general partner of DBG Advising 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 Advising 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 Advising GmbH & Co. KG itself.

The interests in the general partner of DBG Advising GmbH & Co. KG are held by DBG Advising GmbH & Co. KG itself; the principals of the general partner of DBG Advising GmbH & Co. KG are Mr Grede, Dr Scheffels and Mr Döring.

The fund company DBAG Fund VI (Guernsey) L.P. is managed by the managing partner DBG Fund VI GP (Guernsey) LP. DBG Advising 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 amounted to 2.0 percent of the capital commitments of 700 million euros, or, as at 21 December 2016, to 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 corresponded 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, as at 21 December 2016, 2.0 percent of the historical cost for the fund's investments after the investment period has ended.

The management of the fund company DBAG Fund VII SCSp and DBAG Fund VII B SCSp (collectively known as DBAG Fund VII) is the responsibility of the managing partner DBG Fund VII GP S.à r.l. (LuxGP), which has outsourced the portfolio and risk management activities to AIFM-DBG Fund VII (Guernsey) L.P. (AIFM). DBG Advising GmbH & Co. KG provides advice to AIFM in connection with these activities. Fee income from advisory services to DBAG for Fund VII is based on a share of the profits of AIFM. The management fees (collected jointly by LuxGP and AIFM) correspond, during the investment period, to 2.0 percent of the investment commitments of 625 million euros of DBAG Fund VII SCSp and to 1.0 percent of the cost to DBAG Fund VII B SCSp. 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 to DBAG Fund VII B SCSp.

Concurrently, DBAG pays a fee through DBAG Fund VII Konzern SCSp and DBAG Fund VII Konzern B SCSp on each investment 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 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 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 Advising 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 2016 to 30 September 2017, they were entitled to compensation totalling 221 thousand euros (previous year: 251 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 8 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 2016/2017, another 20 thousand euros (previous year: 20 thousand euros) were allocated to the Foundation's endowment to pursue its tax-privileged objectives. At 30 September 2017, total allocations to the Foundation's endowment amounted to 230 thousand euros (previous year: 210 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.

39. Risk management

For information on risk management objectives and methods, please refer to note 32 and to the discussion in the combined management report.

40. Events after the reporting date

At the beginning of October, vitronet Projekte GmbH, a company in the DBAG ECF portfolio, concluded a company acquisition. The acquisition of Dankers Bohrtechnik GmbH and Dankers Projektierung GmbH will allow vitronet to increase its capacity, expand its product range to include civil engineering for fibre-optic networks and broaden its customer base. DBAG ECF has called additional funds to finance the company acquisition; DBAG is investing another 3.8 million euros in vitronet.

In November, the Cleanpart Group, a company in the DBAG Fund VI portfolio, sold its healthcare business. In the future, Cleanpart will be concentrating on providing services for the semiconductor industry. The partial disposal was based on the valuation corresponding to the value recognised at 30 September 2017.

41. Audit fees and audit-related services

Total fees paid to the auditor are comprised of the following:

€'000	2016/2017 Parent company	2016/2017 Subsidiary	2016/2017 Total	2015/2016 Restated Parent company	2015/2016 Restated Subsidiary	2015/2016 Restated Total
Audit of consolidated/separate financial statements	538	35	573	753	29	782
Tax advisory services	57	41	99	76	37	113
Other consultancy services (not reimbursable)	28	0	28	2	16	18
	623	**76**	**699**	**831**	**82**	**913**
Other consultancy services (reimbursable)	0	0	0	0	101	101
	623	**76**	**699**	**831**	**183**	**1,014**

The services associated with auditing the consolidated and annual financial statements also include activities associated with the audit of the half-yearly financial statements at 31 March 2017, audit activities relating to the audit of the annual financial statements at 30 September 2017 that were brought forward and consultancy services related to an ongoing enforcement procedure.

The drop in audit fees relate to lower expenses in connection with the ongoing enforcement procedure relating to the consolidated financial statements at 30 September 2015.

The tax advisory services include support services related to the preparation of tax returns and advice on individual matters concerning VAT.

Consultancy services were partially charged to DBAG funds and/or the portfolio companies.

The other consultancy costs relate to advice on social security law matters and advice on mandatory statutory reporting requirements.

KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Germany, has been selected as the auditor of the annual financial statements since DBAG was established. The responsible auditors are Lars Bertram (for the first time for the audit of the annual financial statements for 2012/2013) and Dr Jan Fasshauer (for the first time for the audit of the annual financial statements for 2014/2015).

42. Members of the Supervisory Board and Board of Management

Supervisory Board*

ANDREW RICHARDS
Bad Homburg v. d. Höhe (Chairman)

Corporate consultant

No statutory offices or comparable offices in Germany and internationally

GERHARD ROGGEMANN
Hanover (Vice Chairman)

Corporate consultant

Statutory offices
- Bremer AG, Paderborn
- GP Günter Papenburg AG, Schwarmstedt (Chairman)
- WAVE Management AG, Hanover (Vice Chairman)

SONJA EDELER
Hanover

Head of Finance and Accounting of Dirk Rossmann GmbH, Burgwedel

No statutory offices or comparable offices in Germany and internationally

WILKEN FREIHERR VON HODENBERG
Hamburg

Lawyer

Statutory offices
- Schloss Vaux AG, Eltville
- SLOMAN NEPTUN Schiffahrts-AG, Bremen
- PNE Wind AG, Cuxhaven (Vice Chairman until 31 May 2017)
- WEPA Instrustrieholding SE, Arnsberg (since 19 June 2017)

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 2017

Board of Management*

TORSTEN GREDE
Frankfurt am Main (Spokesman)

Comparable offices in Germany and internationally
- Treuburg Beteiligungsgesellschaft mbH, Ingolstadt
- Treuburg GmbH & Co. Familien KG, Ingolstadt

DR ROLF SCHEFFELS
Frankfurt am Main

Comparable offices in Germany and internationally
- Preh GmbH, Bad Neustadt an der Saale

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 2017

43. List of subsidiaries and associates pursuant to § 313 (2) HGB

Name	Domicile	Equity share %	Equity €'000	Operating result of past financial year €'000
43.1 SUBSIDIARIES				
43.1.1 Companies included in the consolidated financial statements				
DBG Management GmbH & Co. KG	Frankfurt am Main	100.00	170	33
DBG New Fund Management GmbH & Co. KG	Frankfurt am Main	100.00	3	3
DBG Managing Partner GmbH & Co. KG	Frankfurt am Main	20.00	7,050	17,309
DBG Advising GmbH & Co. KG	Frankfurt am Main	20.00	6,211	6,184
DBG Management GP (Guernsey) Ltd.	St. Peter Port, Guernsey	3.00	30	198
DBG Fund VI GP (Guernsey) LP	St. Peter Port, Guernsey	0.00	1	0
AIFM-DBG Fund VII Management (Guernsey) LP	St. Peter Port, Guernsey	0.00	(1,372)	(1,372)
DBG Fund VII GP S.à r.l.	Luxembourg-Findel, Luxembourg	0.00	13	0
European PE Opportunity Manager LP	St. Peter Port, Guernsey	0.00	0	0
43.1.2 Companies not included in the consolidated financial statements				
Deutsche Beteiligungsgesellschaft mbH	Königstein/Taunus	100.00	9,735	(64)
Bowa Geschäftsführungsgesellschaft mbH i. L.	Frankfurt am Main	100.00	60	(3)
Change Management Verwaltungs GmbH	Frankfurt am Main	100.00	25	0
DBAG Expansion Capital Fund Konzern GmbH & Co. KG	Frankfurt am Main	99.00	62,089	2,642
DBAG Fund V Konzern GmbH & Co. KG	Frankfurt am Main	99.00	14,687	120,785
DBAG Fund VI Konzern (Guernsey) L.P.	St. Peter Port, Guernsey	99.99	119,565	34,015
DBAG Fund VII Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99	12,503	(2,892)
DBAG Fund VII B Konzern SCSp	Luxembourg-Findel, Luxembourg	99.99	420	49
DBG Beteiligungsgesellschaft mbH	Frankfurt am Main	100.00	93	(11)
DBG Epsilon GmbH	Frankfurt am Main	100.00	22	0
DBG Advisors Kommanditaktionär GmbH & Co. KG	Frankfurt am Main	33.33	3,894	1,097
DBG Fifth Equity Team GmbH & Co. KGaA i. L.	Frankfurt am Main	33.33	1,579	(265)
DBG Fourth Equity Team GmbH & Co. KGaA i. L.	Frankfurt am Main	100.00	464	(35)
DBG Fourth Equity International GmbH	Frankfurt am Main	100.00	37	1
DBG My GmbH i. L.	Frankfurt am Main	100.00	132	(3)
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	11	(4)
DBG Advising Verwaltungs GmbH	Frankfurt am Main	100.00	25	5

Name	Domicile	Equity share %	Equity €'000	Operating result of past financial year €'000
43.2 ASSOCIATES				
DBAG ECF Präzisionstechnik Beteiligungs GmbH	Frankfurt am Main	41.78	70	45
DBAG ECF Fonds I Beteiligungs GmbH	Frankfurt am Main	47.54	10,905	4,666
DBAG ECF Pontis Verwaltungs GmbH	Frankfurt am Main	47.54	25	2
DBAG ECF Pontis GmbH & Co. KG	Frankfurt am Main	25.00	14,966	(5)
DBG Asset Management, Ltd.	Jersey	50.00	325	(45)
ECF Breitbandholding GmbH	Frankfurt am Main	41.78	17,501	421
Plant Systems & Services PSS GmbH	Bochum	20.47	679	(25)
Rana Beteiligungsgesellschaft mbH	Frankfurt am Main	47.54	21	1
RQPO Beteiligungs GmbH	Frankfurt am Main	49.00	36	1
RQPO Beteiligungs GmbH & Co. Papier KG	Frankfurt am Main	44.10	0	(11)
Duagon AG	Zürich	21.05	6,248	3,689
Vitronet Projekte GmbH	Essen	43.85	0	1,106
Tridecima Grundstücksverwaltungsgesellschaft mbH	Neubiberg	30.08	1,362	(199)

43.3 OTHER COMPANIES

Based on its investments, DBAG holds more than five percent of the voting rights in the following corporations:

Coveright Surfaces Beteiligungs GmbH i. L.	Frankfurt am Main
FDG Holding S.à r.l.	Luxembourg
Heytex Bramsche GmbH	Bramsche
JCK Holding GmbH Textil KG	Quakenbrück
Mageba Holding AG	Bülach

Frankfurt am Main, 21 November 2017

The Board of Management

Torsten Grede Dr Rolf Scheffels Susanne Zeidler

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Consolidated Financial Statements and Combined Management Report

Opinion

We have audited the consolidated financial statements of Deutsche Beteiligungs AG, Frankfurt am Main, and its subsidiaries ('Group') – which comprise the consolidated statement of financial position as of 30 September 2017, the income statement, the reconciliation of profit or loss to total comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from 1 October 2016 to 30 September 2017, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. We have also audited the combined management report of Deutsche Beteiligungs AG, Frankfurt am Main, for the financial year from 1 October 2016 to 30 September 2017. In accordance with German statutory requirements, we have not audited the content of the Corporate Governance Statement pursuant to Section 315 (5) of the German Commercial Code (HGB).

In our opinion, based on our audit findings,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e (1) HGB and give a true and fair view of the net assets and financial position of the Group as of 30 September 2017, and of its results of operations for the financial year from 1 October 2016 to 30 September 2017, in accordance with these requirements, and
- the accompanying combined management report as a whole provides a suitable view of the Group's position. In all material respects, the combined management report is consistent with the consolidated financial statements, complies with German statutory requirements and suitably presents the opportunities and risks of future development. Our opinion regarding the combined management report does not cover the content of the Corporate Governance Statement pursuant to Section 315 (5) HGB.

Pursuant to Section 322 (3) sentence 1 HGB, we state that our audit has not led to any reservations with respect to compliance of the consolidated financial statements and the combined management report.

Basis for opinion regarding the consolidated financial statements and the combined management report

We conducted our audit of the consolidated financial statements and combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No 537/2014; hereinafter referred to as 'EU Audit Regulation') and the generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW). Our responsibilities under those regulations and guidelines are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and combined management report" section of our report. We are independent of the Group companies in accordance with the requirements of European Union law as well as German commercial law and the rules of professional conduct, and we have fulfilled our other ethical responsibilities under German professional law in accordance with these requirements. In addition, pursuant to Article 10 (2) (f) EU Audit Regulation, we hereby declare that we did not provide any of the prohibited non-audit services referred to in Article 5 (1) EU Audit Regulation. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements and combined management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 October 2016 to 30 September 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

1. The application of IFRS 10

We refer to the statements set out in the notes to the consolidated financial statements, in particular on DBAG's status as an investment entity (note 4.1) and on the group of consolidated companies (note 4.2), as well as on judgements in applying the accounting policies (note 7).

Financial statement risk

The consolidated financial statements of DBAG are prepared subject to the proviso that the parent company meets the requirements for definition as an investment entity within the meaning of IFRS 10. For being classified as an investment entity, a company must, among other things, provide investment-related services.

Since the reporting year, these investment-related services have been provided via DBG Managing Partner GmbH & Co. KG and DBG Advising GmbH & Co. KG. In order to achieve this, the articles of association of DBG Managing Partner GmbH & Co. KG had to be amended during the reporting year and DBG Advising GmbH & Co. KG was established as a new company. As a result, an assessment had to be performed during the reporting year to see whether both companies were subsidiaries that were to be fully consolidated pursuant to IFRS 10. The interpretation of IFRS 10 regarding the application of the provisions governing investment entities and the assessment as to whether control is obtained is complex and discretionary.

As a result, we believed that there was a risk, for the purposes of the consolidated financial statements, that DBG Managing Partner GmbH & Co. KG and DBG Advising GmbH & Co. KG might not have been included in the group of consolidated companies covered by the consolidated financial statements in accordance with the standards, which would have an impact on DBAG's ability to meet the definition of an investment entity pursuant to IFRS 10. There is also the risk that the necessary disclosures might be incomplete.

Our audit approach

We first interviewed employees and the Chief Financial Officer and inspected minutes of Board of Management and Supervisory Board meetings in order to obtain an understanding of the background to the amendments to the articles of association. We also inspected the corresponding agreements and the internal company documentation.

Based on this information, we evaluated the decision made by the Management to apply the definition of investment entity pursuant to IFRS 10 to DBAG and concluded on the appropriateness with the relevant standards. Finally, based on the provisions set out in the articles of association and an overall assessment of the relationship that DBAG has with DBG Managing Partner GmbH & Co. KG and DBG Advising GmbH & Co. KG, we evaluated the analysis performed by the Management as to whether control is given, within the meaning of IFRS 10, and assessed this analysis based on our interpretation experience and commentaries in the relevant literature. We also concluded on the appropriateness of the corresponding disclosures.

Our conclusions

The classification of DBG Managing Partner GmbH & Co. KG and DBG Advising GmbH & Co. KG as subsidiaries of DBAG is consistent with our understanding of the concept of control pursuant to IFRS 10. As a result, the view taken by the Management, based on which DBAG is still an investment entity pursuant to IFRS 10, is appropriate. The corresponding disclosures are appropriate.

2. The measurement of financial assets

We refer to the statements set out in the notes to the consolidated financial statements on accounting and valuation policies (note 6), on future-oriented assumptions and other major sources of estimation uncertainty (note 8), on the financial assets (note 18), on the net result of investment activity (note 9), on the financial instruments (note 33) and the information on related parties (note 38), as well as to the statements provided in the combined management report on the business review of the Group.

Financial statement risk

The "financial assets" item of the annual financial statements amounts to 261.3 million euros and consists largely of DBAG's interests in the intra-Group investment entities that are not consolidated in accordance with IFRS 10.31. Pursuant to IFRS 13, these interests are measured at fair value through profit or loss.

Due to the sum-of-the-parts method, changes in the fair value of the portfolio companies, in particular, have an impact on the fair values of the interests in the co-investment vehicles. In addition, the fair values of the interests in the co-investment vehicles that are attributable to DBAG are reduced by carried interest.

The valuation process implemented for calculating the fair values of the portfolio companies in IFRS 13 is complex. The multiples method is primarily used in order to calculate the fair values of the portfolio companies. The necessary valuation assumptions are discretionary, as they cannot be observed on the market. The inclusion of carried interest in the calculation of the fair values of the interests in the co-investment vehicles requires a complex and discretionary assessment of the probability that certain company law conditions will be satisfied in the future.

As far as the annual financial statements are concerned, there is a risk that the fair values of the portfolio companies applied to the measurement of financial assets might not meet the requirements of IFRS 13, meaning that the value estimated might not be appropriate. There is also the risk that carried interest might not be reflected appropriately in the calculation of the fair values of DBAG's interests in the co-investment vehicles. What is more, there is a risk that the necessary disclosures might be incomplete.

Our audit approach

We started by obtaining an understanding of the procedure used to calculate the fair values of the portfolio companies and evaluated whether the valuation guidelines implement the requirements of IFRS 13 in a sufficient and appropriate manner. In order to gain an understanding of the organisational structure of the valuation process, we tested the design and implementation of the valuation process by interviewing the individuals involved and inspecting process descriptions, status reports, valuation documentation and minutes of meetings. Based on this information, we assessed the appropriateness of the controls that had been put in place, in particular with regard to the control of the valuation proposals made by the Valuation Committee.

We also asked to have the analysis performed by the Valuation Committee after each portfolio company disposal, as to whether or not, and to what extent, the value realised deviates from the most recently calculated fair value (a process known as "backtesting"), explained to us and evaluated what conclusions could be drawn as to the quality of the valuation as a whole.

Our substantive audit procedures included evaluating the documentation on the calculation of the fair values of all portfolio companies to see whether the values were calculated based on the valuation process put in place by the Company for all portfolio companies. In cases involving portfolio companies that had been recognised at fair value for the first time, our evaluation also looked at whether the requirements for the selection of the valuation method applied had been met. We also reperformed the calculation of all fair values for all portfolio companies.

We audited the unobservable valuation assumptions based on a risk-oriented selection of specific items. Regarding the estimate of the long-term results of the selected portfolio companies, we verified that this estimate had been derived from the individual company projections and had been approved at the level of the portfolio company by the latter's supervisory body. If adjustments had been made to the company projections by Deutsche Beteiligungs AG, we inspected the documented reasons and discussed them with the responsible employees. We also compared selected value-driving assumptions used in the company projections (e.g. EBITDA margins and revenue growth) to check whether these were in a range that we had arrived at based on external information on the corresponding key performance indicators of peer group companies. Regarding the earnings multiples for the application of the multiples method, we consulted our valuation specialists in order to check that the group of peer group companies and the multiples had been derived appropriately from the company and capital market data on the peer group companies. As far the application of the DCF method with regard to the capitalisation interest rate is concerned, we once again consulted our valuation experts, comparing the underlying assumptions (in particular the risk-free rate and the market risk premium) against the publicly available data and evaluating these assumptions.

With regard to carried interest, we looked at the provisions set out in the articles of association, among other things, to evaluate the management's assessment as to whether the conditions for carried interest had been met. We checked the calculation of the carried interest. For those investment entities which, in the management's opinion, have not yet met the requirements for carried interest, we discussed the documentation on which this assessment is based, namely the documentation on the probability that certain company law conditions will be satisfied in the future, with the Chief Financial Officer and evaluated it.

Finally, we evaluated the corresponding disclosures to make sure they were appropriate.

Our conclusions

The requirements set out in IFRS 13 are implemented appropriately as part of the valuation process in place at DBAG. The judgements regarding the valuation assumptions on which the valuation of the portfolio companies is based and the inclusion of carried interest have been made in an appropriate manner in line with the requirements set out in IFRS 13. The corresponding explanatory information provided in the notes to the consolidated financial statements is appropriate.

Responsibilities of the statutory representatives and the supervisory body for the consolidated financial statements and the combined management report

The Management is responsible for the preparation of the consolidated financial statements which, in all material respects, comply with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315a (1) HGB, and that the consolidated financial statements give a true and fair view of the asset, financial positions and results of operations of the Group in accordance with these requirements. Furthermore, the Management is responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management is responsible for assessing the Group's ability to continue as a going concern. Furthermore, the Management is responsible for disclosing, as applicable, matters related to going concern. In addition, the Management is responsible for using the going concern basis of accounting unless the intention is to liquidate the Group or to cease operations, or there is no realistic alternative to doing so.

Moreover, the Management is responsible for preparing the combined management report, which as a whole provides a suitable view of the Group's position, as well as, in all material respects, is consistent with the consolidated financial statements, complies with German statutory requirements and suitably presents the opportunities and risks of future development. Furthermore, the Management is responsible for such arrangements and measures (systems) as they determine are necessary to enable the preparation of a combined management report in compliance with the applicable requirements of German commercial law and for providing sufficient and appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for monitoring the Group's financial reporting process for preparing the consolidated financial statements and the combined management report.

Auditor's responsibilities for the audit of the consolidated financial statements and the combined management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and whether the combined management report as a whole provides a suitable view of the Group's position, as well as, in all material respects, is consistent with the consolidated financial statements and our audit findings, complies with German statutory requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our opinion on the consolidated financial statements and the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation, as well as in compliance with the German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors (IDW), will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

As part of our audit we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatements of the consolidated financial statements and the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements, and of the arrangements and measures relevant to the audit of the combined management report, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used, and the feasibility of accounting estimates and related disclosures made, by the Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant

doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and combined management report or, if such disclosures are inadequate, to modify our particular opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with IFRS, as adopted by the EU, and the supplementary requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the combined management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- evaluate the consistency of the combined management report with the consolidated financial statements, its legal compliance and presentation of the Group's position.
- perform audit procedures on the prospective information presented by the Management in the combined management report. Based on sufficient and appropriate audit evidence, we hereby in particular trace the significant assumptions used by the Management as a basis for the prospective information and assess the appropriate derivation of the prospective information from these assumptions. We are not issuing a separate audit opinion on the prospective information as well as the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and any related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance during the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless laws or other legal provisions preclude public disclosures about the matter.

Other disclosures pursuant to Article 10 of the EU Audit Regulation

We were appointed as group auditors at the shareholders' meeting held on 22 February 2017 and were then appointed orally by the Supervisory Board. The audit assignment was documented in the letter dated 14 June 2017. We have been engaged as group auditors of Deutsche Beteiligungs AG, Frankfurt am Main, uninterruptedly since the audit of the consolidated financial statements of the 1984/1985 financial year.

We declare that the audit opinion in this auditor's report is consistent with the additional report to the Audit Committee referred to in Article 11 of the EU Audit Regulation (audit report).

Responsible statutory auditor

The auditor responsible for the engagement is Lars Erik Bertram.

Frankfurt am Main, 22 November 2017

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. We also confirm to the best of our knowledge that the combined management report presents a true and fair view of the business development and the position of the Group. This includes a discussion of the material risks and opportunities associated with the Group's expected development.

Frankfurt am Main, 21 November 2017

The Board of Management

Torsten Grede	Dr Rolf Scheffels	Susanne Zeidler

CORPORATE GOVERNANCE

REPORT OF THE SUPERVISORY BOARD

In the previous financial year, Deutsche Beteiligungs AG achieved above-average performance and greatly exceeded expectations. Five new portfolio companies lay a promising foundation for future success.

ANDREW RICHARDS
Chairman of the Supervisory Board

In the financial year 2016/2017 (1 October 2016 to 30 September 2017), we dealt with the position and development 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.

Supervisory Board meetings in the reporting year

In the financial year 2016/2017, the Supervisory Board held eight meetings, three of which were telephone conferences. Among other things, the telephone conferences served informational purposes regarding imminent investment projects as well as allowing for the passing of resolutions on the amount of variable income components for the Board of Management. In several instances, the Supervisory Board met without the attendance of the Board of Management.

An integral part of the 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 the first regular meeting held on **27 OCTOBER 2016**, we looked at the preliminary earnings of DBAG and the DBAG Group for 2015/2016. We discussed the dividend proposal put forward by the Board of Management and passed a unanimous resolution on the submission of this proposal to the 2017 Annual Meeting. At this meeting, the Board of Management also reported on the capital increase in September 2016, on the raising of new funds for DBAG ECF and on the Company's market and competitive situation. The Board of Management also provided us with information on the progress made in talks with the German Federal Financial Supervisory Authority (BaFin) in connection with DBAG's regulatory status. At the meeting, we were involved in the Corporate Governance Statement 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, and made decisions on, amendments to the rules of procedure that apply to the Supervisory Board and the Board of Management.

At our scheduled meeting on **14 DECEMBER 2016**, the auditors reported on the results of their audit of the separate financial statements and the consolidated financial statements at 30 September 2016. We adopted the separate financial statements and approved the consolidated financial statements for the financial year 2015/2016. We also approved the agenda for the 2017 Annual Meeting. We followed the Board of Management's proposal of subjecting the 2016/2017 half-yearly financial statements to a review by the auditors. We also took a detailed look at the results of a random sample examination of the consolidated financial statements at 30 September 2015 conducted by the Financial Reporting Enforcement Panel (FREP) (enforcement procedure), which had resulted in an error being identified. The Board of Management informed us that it planned to object to the identification of the error and was aiming for the continuation of the procedure at the level of the German Federal Financial Supervisory Authority. In addition, the Board of Management once again provided us with information on the progress made in talks with the German Federal Financial Supervisory Authority in connection with DBAG's regulatory status.

Our meeting held after the Annual Meeting on **22 FEBRUARY 2017** focused on the further development of the regulatory structure of the DBAG Group. After obtaining detailed information from legal advisors and following intensive discussions, we approved the Board of Management's proposal that DBAG limit its activities to providing advice to the DBAG funds in the future and have a Group company provide the fund management services. In particular, we approved all measures and the conclusion of the associated agreements.

On **8 MAY 2017**, the Board of Management informed us of the initiation of the procedure, in accordance with the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB), to register DBG Managing Partner GmbH & Co. KG (DBG MP KG) as the future capital management company (KVG) of the DBAG Group and provided information on the course of the procedure to date. The Board of Management also informed us of DBAG's position as an investor in the automotive supply industry and presented its assessment of further developments in this key sector of DBAG. Given the progress made with regard to the previous implementation deadlines for the gender ratios in the Board of Management and the Supervisory Board, we decided to apply unchanged ratios with new implementation deadlines.

At the meeting held on **8 SEPTEMBER 2017**, we decided, following intensive discussions and based on the two resolution proposals put forward by the Audit Committee, in line with the latter's preference, to propose to the 2019 ordinary Annual Meeting that BDO AG Wirtschaftsprüfungsgesellschaft be selected as the auditor of the annual financial statements for the financial year 2018/2019. A considerable amount of time during the meeting was dedicated to the strategic further development of DBAG: the Board of Management reported, among other things, on the results of a project to optimise internal structures and processes. We approved the resulting new business distribution plan. At the same meeting, the Board of Management reported that DBG MP KG had since been registered as a capital management company by the German Federal Financial Supervisory Authority and had assumed responsibility for the management of the German investment entities of the DBAG funds. It reported that DBAG had returned its registration as a capital management company subject to the condition of a corresponding amendment being made to the business purpose of DBAG in the commercial register. The Board of Management informed us of status proceedings initiated by a shareholder with the intention of clarifying whether the Supervisory Board of DBAG had been constituted in a lawful manner. The 2017/2018 budget and the updated medium-term planning up to the financial year 2019/2020 were presented to us by the Board of Management. Given the prolonged low interest rate period, we looked at the impact of low interest rates on the amount of the pension provisions; we acknowledged calculations showing that interest rate developments did not pose any major risk to our dividend capacity. We also discussed the method selected by the Board of Management for calculating the cost of equity and confirmed this method. We were also involved in the Corporate Governance Statement 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. Finally, we discussed the outcome of the efficacy evaluation that we perform on a regular basis. Based on these results, we found that there was no need to make any fundamental changes to collaboration within the Supervisory Board and between the Supervisory Board and the Board of Management.

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 on each issue. We were involved in all material decisions.

We unanimously granted our approval to the Board of Management's proposed resolutions on the internal reorganisation of the DBAG Group, which was motivated by regulatory reasons. The same applied to the proposals to grant three members of the management team commercial power of attorney (Prokura). There were no other transactions requiring our consent in the financial year 2016/2017.

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 Roggemann was unable to take part in one meeting of the Supervisory Board and one meeting of the Audit Committee.

All Board members attended the meetings of the Executive Committee during the reporting period.

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 ongoing basis. The Board of 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 220 to 223) and also make it accessible to the general public on 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 September 2017 based on the German Corporate Governance Code amended at 7 February 2017 (§ 161 German Stock Corporation Act – AktG), which is permanently accessible to any interested party on 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. The committees' chairpersons regularly reported to the Supervisory Board on the work of their committees.

Work of the Executive Committee (also acts as Nominations Committee)

The Executive Committee convened twice this past financial year: on 16 October 2016, it used a telephone conference to set the short-term performance-related and the long-term component of the remuneration paid to Board of Management members for the financial year 2015/2016. The Supervisory Board approved the recommendation following an in-depth discussion during a telephone conference on 19 October 2016. At a face-to-face meeting held on 23 January 2017, the Executive Committee discussed further Board of Management matters.

In the financial year 2016/2017, there were no meetings of the Executive Committee in its capacity as a Nominations Committee.

Work of the Audit Committee

The Audit Committee held a total of eleven meetings this past financial year. It initially 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. Two issues were given particular attention in the meetings held in the financial year 2016/2017: the preliminary identification of an error by the FREP following a random sample examination of the consolidated financial statements for 2014/2015 and the ensuing procedure at the level of the German Federal Financial Supervisory Authority, as well as the tender for the audit of the annual financial statements of DBAG and the DBAG Group at 30 September 2019.

In the meeting held on **27 OCTOBER 2016**, for example, the provisional earnings for the financial year 2015/2016 were presented. We discussed the dividend proposal and recommended that the Supervisory Board approve the proposal. The auditors reported on the status and initial results of the audit of the annual financial statements. At this and other meetings held over the course of the financial year, the Board of Management reported on the progress made in the enforcement procedure; we held intensive discussions with the Board of Management on the possible courses of action, and our meeting held on **12 DECEMBER 2016** was dedicated entirely to the results of the FREP assessment.

During a telephone conference held on **18 NOVEMBER 2016**, we discussed a number of issues including, first of all, the draft consolidated and separate financial statements at 30 September 2016 and the audit reports on both annual financial statements, before recommending, on **14 DECEMBER 2016**, that the Supervisory Board adopt the separate financial statements and approve the consolidated financial statements.

On **7 FEBRUARY 2017**, we discussed the interim financial statements at 31 December 2016 and the quarterly statement.

The tender and selection procedure for the audit of the annual financial statements for the financial year 2018/2019 pursuant to Art. 16 (3) of Regulation (EU) No 537/2014 of the European Parliament and of the Council at 16 April 2014 (EU Audit Regulation) was on our agenda on **22 FEBRUARY 2017** and on **25 APRIL 2017**. We made use of the opportunity to delegate the organisation of the tender procedure to the Company, although all of the key decisions relating to the tender were made by us, as the executive body responsible for the tender and selection procedure. This meant that we approved the tender scope and schedule, as well as the selection criteria and procedures. We also approved the list of the auditing companies that were to be invited to apply alongside the public tender. Once the applications had been received, we discussed them and reached a decision on the selection of applicants that would be asked to submit an offer. After the selected applicants introduced themselves in person at a face-to-face meeting held on **28 AUGUST 2017**, we submitted two recommendations to the Supervisory Board, with a clear preference for one auditing company that is to be proposed as the new auditor to the 2019 ordinary Annual Meeting.

On **8 MAY 2017**, the auditors reported on the outcome of the review of the interim financial statements at 31 March 2017, which we also discussed with the Board of Management at this meeting.

On **7 AUGUST 2017**, we looked at the interim financial statements and the quarterly statement at 30 June 2017 and were provided with information on the current status of the tender procedure and the enforcement procedure.

At our meeting held on **8 SEPTEMBER 2017**, we acknowledged the internal audit report, which addressed the processes and precautions to prevent insider trading and addressed reporting to the Supervisory Board. We also acknowledged the Board of Management's risk report. In connection with planning the audit of the annual financial statements at 30 September 2017 and the focal points of the audit, the auditors explained the draft audit opinion, which would be issued in a new, more comprehensive form for the first time due to changes in its statutory basis. The auditors also drew our attention to particularly important audit matters that they wanted to address in the audit opinion.

We monitored the accounting process as well as the effectiveness of the internal control and auditing system and the risk management system. From our point of view, there were no grounds for objections to the Company's current practices. We reviewed the required independence and objectivity of the Company's auditors and the additional services the auditors provide (non-audit services). We also discussed the determination of the audit's focal points and audit fees.

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.

Separate and consolidated financial statements endorsed

Prior to recommending KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), Frankfurt am Main, for election as auditors for the financial year 2016/2017 to shareholders at the Annual Meeting, the Supervisory Board requested and received an independence statement from KPMG. Subsequent to the 2017 Annual Meeting, at which our recommendation was adopted, the Chairman of the Supervisory Board commissioned KPMG to perform 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 8 September 2017, the auditors presented their audit plan.

KPMG audited the separate financial statements of Deutsche Beteiligungs AG for the financial year 2016/2017 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 the financial year 2016/2017. 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 ending 30 September 2017 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 15 November 2017. At our meeting on 1 December 2017 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 objection. The auditors also reported on the services they rendered in addition to performing the audit. The auditors provided detailed answers to our enquiries. 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 1 December 2017, 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 21.1 million euros to shareholders and carry forward the residual retained profit of 160.8 million euros to the new account.

Over the past financial year, DBAG has disposed of six equity investments. Disposal proceeds that were, in some cases, well above average reflect the excellent work that the Company has been doing for many years now. 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, 1 December 2017

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 these principles. 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 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 neutrally, but support social projects and commit to fair competition. We commit to sustainable corporate governance and meet high ESG standards.

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. The subject of "sustainability" is discussed in the Annual Report; we are not required to issue a comprehensive sustainability report ("non-financial information") pursuant to § 289b HGB (German Commercial Code).

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; 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.

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 and
- 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.

In February 2017, we appointed an ombudsman, which is now also required by the German Corporate Governance Code. We have commissioned an external lawyer at a specialised law office to serve as the ombudsman. He is the contact for DBAG employees who may provide him with confidential information on actual or suspected unlawful activity particularly in respect of insider trading and money laundering legislation, or an offense or irregularities involving DBAG or compliance violations.

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, which is typically carried out together with a team of specialised compliance lawyers. To minimise the liability risk for DBAG in connection with compliance violations, warranty clauses to that effect shall 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. 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, issue a competence profile for the complete body and report 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 and guiding principle for its competence profile 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 at least 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. All 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. In the opinion of the Supervisory Board, all current members are independent in terms of clause 5.4.2 of the German Corporate Governance Code: Andrew Richards (Chairperson), Sonja Edeler, Wilken Freiherr von Hodenberg, Philipp Möller, Dr Hendrik Otto and Gerhard Roggemann. With Mr von Hodenberg, a former member of the Board of Management joined the Supervisory Board. Should, contrary to expectations, conflicts of interest arise in individual instances, these are disclosed and dealt with 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 comply with the competence profile and 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 report in the Corporate Governance Statement has been achieved. 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 had satisfied itself that the candidates were in a position to devote the required amount of time to their prospective offices.

In August 2017, a shareholder instituted status proceedings aimed at clarifying whether the composition of the Supervisory Board of DBAG is legally conformant. The shareholder is of the opinion that the Supervisory Board of DBAG should meet the requirements of the Drittelbeteiligungsgesetz (One-Third Participation Act), according to which one-third of its members should be elected by employees. DBAG does not share that legal opinion.

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 in the reporting year.

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. Since August 2017, we have also been issuing recordings of our oral presentations during analysts’ conference calls on our website.

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 members of 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 (pages 224 to 227).

Strict rules on share ownership

Apart from participating in the annual employee stock ownership plan, members of the staff and the corporate bodies may only purchase DBAG shares 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 held by DBAG-advised funds, or of companies undergoing the due diligence process or whose portfolio contains companies in which an investment is being considered.

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, in compliance with Art. 19 of the Market Abuse Regulation, to report transactions in DBAG shares or debt instruments or derivatives of or other financial instruments linked to them.

In financial year 2016/2017, there were no reportable transactions by these persons. At 30 September 2017, 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 1 percent of the subscribed capital of Deutsche Beteiligungs AG.

Declaration of Conformity pursuant to § 161 Aktiengesetz (German Stock Corporation Act)

The Board of Management and the Supervisory Board declare that, since issuance of the last Declaration of Conformity, Deutsche Beteiligungs AG (hereinafter: DBAG) has complied with the recommendations, in their entirety, of the German Corporate Governance Code (hereinafter: the Code) as amended on 5 May 2015. DBAG has also followed all of the recommendations of the Code as amended on 7 February 2017 with one exception: in the current contracts with the Board of Management members, variable remuneration components with a multi-year assessment basis are not essentially forward-looking in their characteristics (Clause 4.2.3 of the Code). Apart from this exception, we will continue to comply with all of the recommendations.

We have, moreover, followed all of the suggestions in the Code since issuance of the last Declaration of Conformity and will continue to do so in the future.

Frankfurt am Main, September 2017

Deutsche Beteiligungs AG

The Board of Management The Supervisory Board

OTHER STATUTORY DISCLOSURES AND EXPLANATORY INFORMATION

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 as follows 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 remuneration 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 portfolio 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 that 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 Group'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 is reached at a return on equity of 20 percent.

In its meeting on 17 October 2017, the Executive Committee of the Supervisory Board discussed the amount of both variable remuneration components for financial year 2016/2017 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 1,465 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 87 percent of the maximum amount possible and totals 680 thousand euros.

The two Board of Management members who are members of the investment team also received **FOLLOW-ON VARIABLE REMUNERATION COMPONENTS FROM OLD REMUNERATION MODELS** for members of the investment team in the financial year 2016/2017. Both models had one thing in common: the particularly long-term measurement of investment performance. They are now only relevant to a small number of investments in the portfolio that were entered into before 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 2016/2017 is based on the success resulting from the sale of the investment in Grohmann Engineering and the profit distribution made by the JCK Holding investment.
- For investments made from 2001 to 2006, profit-sharing awards are granted beginning at a minimum return on the investments of 8 percent annually after calculated costs of 2 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 performance-related remuneration components for co-investments entered into since the beginning of 2007, i.e. since the commencement of the investment period of DBAG Fund V. In order to promote initiative and commitment to the success of the investments made by the DBAG funds, Board of Management members who are also members of the investment team have since had to take an investment risk by acquiring a stake in the funds under company law using their own money; if the funds are successful, these Board of Management members receive a profit share that is disproportionate to their capital commitment, subject to certain conditions ("carried interest").

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 the 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 Susanne Zeidler.

Pension arrangements for Torsten Grede provide for defined annual pension benefits; they amount to 87 thousand euros. At 30 September 2017, the present value of this pension obligation was 1,922 thousand euros (30 September 2016: 2,265 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 6 percent of 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 2017, the cap did not have an effect. The present value of pension commitments to Dr Scheffels at 30 September 2017 amounted to 1,361 thousand euros (previous year: 1,399 thousand euros).

The **REMUNERATION GRANTED** to Board of Management members in the financial year 2016/2017 totalled 3,987 thousand euros (previous year: 3,126 thousand euros); of that amount, 120 thousand euros are attributable to pension expenses (previous year: 143 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	2015/2016	2016/2017			2015/2016	2016/2017			2015/2016	2016/2017		
			min.	max.			min.	max.			min.	max.
Fixed salary (not linked to performance)	560	560	560	560	560	560	560	560	450	450	450	450
Fringe benefits	12	12	12	12	13	11	11	11	16	16	16	16
Total	**572**	**572**	**572**	**572**	**573**	**571**	**571**	**571**	**466**	**466**	**466**	**466**
Performance-linked component (one-year variable remuneration)	280	280	0	280	280	280	0	280	225	225	0	225
Component with long-term incentive effects (multi-year variable remuneration)												
Bonus for Company's long-term performance	205	243	0	280	205	243	0	280	165	195	0	225
Profit-sharing up to 2000	6	397	0	840	6	397	0	840	0	0	0	0
Profit-sharing 2001 to 2006	0	0	0	840	0	0	0	840	0	0	0	0
Total	**1,063**	**1,491**	**572**	**2,812**	**1,064**	**1,490**	**571**	**2,811**	**856**	**886**	**466**	**916**
Pension service costs	85	69	69	69	58	51	51	51	0	0	0	0
Total remuneration	**1,148**	**1,560**	**641**	**2,881**	**1,122**	**1,541**	**621**	**2,861**	**856**	**886**	**466**	**916**

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	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
Fixed salary (not linked to performance)	560	560	560	560	450	450
Fringe benefits	12	12	11	13	16	16
Total	**572**	**572**	**571**	**573**	**466**	**466**
Performance-linked component (one-year variable remuneration)	280	280	280	280	225	225
Component with long-term incentive effects (multi-year variable remuneration)						
Bonus for Company's long-term performance	243	205	243	205	195	165
Profit-sharing up to 2000	6	17	6	14	0	0
Profit-sharing 2001 to 2006	543	73	327	44	0	0
Other	0	0	0	0	0	0
Total	**1,644**	**1,147**	**1,426**	**1,116**	**886**	**856**
Pension service costs	69	85	51	58	0	0
Total remuneration	**1,713**	**1,232**	**1,477**	**1,174**	**886**	**856**

Total cash payments of 1,808 thousand euros were made to former Board of Management members and their surviving dependants over the last financial year (previous year: 1,116 thousand euros). These payments also include follow-on remuneration for former Board of Management members arising from older investments (investments agreed up to 31 December 2000 or entered into from 2001 to 2006). These payments amount to 877 thousand euros (previous year: 193 thousand euros). The present value of pension obligations to former Board of Management members or surviving dependants totalled 23,060 thousand euros at the end of the reporting period (previous year: 26,198 thousand euros). Amounts paid to former Board of Management members based on private investments in DBAG funds can be found in Note 38 to the consolidated financial statements "Information based on IAS 24, carried interest investments by key management staff".

Supervisory Board compensation: two components

The remuneration for members of the Supervisory Board is geared to the resolution passed at the Annual Meeting on 26 March 2013. It consists of two components: an annual fixed fee of 50 thousand euros ("base remuneration") and bonuses for the Chair, Vice Chair and committee membership ("additional remuneration"). The Chairperson of the Superisory Board receives a maximum of twice the base remuneration, 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 base remuneration. Membership on the Executive Committee is compensated by one-quarter of this amount.

Remuneration paid to members of the Supervisory Board totalled 388 thousand euros in financial year 2016/2017 (previous year: 388 thousand euros).

€'000	Fixed fee	Bonus	**Total**
Andrew Richards (Chairman)	50	50	100
Sonja Edeler	50	–	50
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 the financial year 2016/2017, members of the Supervisory Board did not receive fees for consultancy services.

Takeover-related disclosures (§ 289 (4) HGB and § 315 (4) HGB)

At 30 September 2017, the share capital of Deutsche Beteiligungs AG amounted to 53,386,664.43 euros. It is divided into 15,043,994 no-par value registered shares with an arithmetic nominal value of 3.55 euros (rounded). There is only one class of shares. All shares carry the same rights and obligations. In accordance with § 67 (2) German Stock Corporation Act (Aktiengesetz – AktG), only shareholders who are listed in the share register are considered shareholders of the Company. With the exception of any possible own shares over which the Company is not entitled to exercise rights, each no-par value share carries one vote. The voting right does not begin until the contribution has been made in full. Rights and obligations attached to the shares ensue from the statutory provisions, in particular §§ 12, 53a ff., 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. An agreement for the relinquishing of control has existed between DBAG and this company since March 2013, which has a term of five years and renews automatically. 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 transfer of shares.

In accordance with the Articles of Association of DBAG, the Board of Management consists of at least two individuals. The appointment of these members to the Board of Management requires a simple majority of the votes cast by the Supervisory Board members. In the event of a tie, 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 pursuant 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 wording. The Articles of Association provide that resolutions at the Annual Meeting shall be generally adopted with a simple majority of the votes, 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 10 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 public tender to all shareholders or an invitation to submit such a tender. The Board of Management is authorised, subject to the consent of the Supervisory Board, to resell its 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 public offer to all shareholders. In the past financial year, the Board of Management did not make use of these authorisations.

Shareholders at the Annual Meeting on 22 February 2017 authorised the Board of Management to raise the share capital of the Company, with the consent of the Supervisory Board, until 21 February 2022 by up to a total of 13,346,664.33 euros through one or more issues of new no-par registered shares in exchange for cash or non-cash contributions (Authorised Capital 2017). Shareholders are generally to be granted subscription rights in such cases. The Board of Management is, however, authorised to exclude shareholders' subscription rights in certain instances and within a certain capital range. In the past financial year, the Board of Management did not make use of this authorisation.

In conjunction with the authorisation adopted at the Annual Meeting on 22 February 2017 concerning the issuance of warrant-linked bonds and/or convertible bonds for a total of up to 140,000,000.00 euros until 21 February 2022, with the option of excluding shareholders' subscription rights in certain instances and within a certain capital range, the share capital of the Company will be conditionally raised by up to 13,346,664.33 euros through the issuance of 3,760,998 new no-par registered shares (Conditional Capital 2017/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 option/conversion obligation, or to the extent that the Company or the Group company issuing the debt security exercises an option to service the entitlements by delivering shares in the Company instead of a cash settlement (in whole or in part), and insofar as, in each case, cash compensation is not granted and treasury shares or shares from authorised capital or shares of another listed company are not used for servicing. In the past financial year, the Board of Management did not make use of this authorisation.

The existing authorisations are detailed in the respective resolutions passed at the Annual Meetings mentioned above. Information on Authorised and Conditional Capital and on the repurchasing 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.

Management declaration (§ 289f of the German Commercial Code (HGB))

The management declaration pursuant to § 289f HGB is permanently available in the Investor Relations section of our website under Corporate Governance (www.dbag.de/erklaerung-unternehmensfuehrung). It includes the Declaration of Conformity in accordance with the German Corporate Governance Code, pursuant to § 161 of the German Stock Corporation Act (AktG), information on corporate governance practices and a description of how the Board of Management and the Supervisory Board work.

GLOSSARY

B

Bridge-over loans 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 An earnings-related bonus that is paid to investment managers as a result of the success of managed or advised funds, as long as certain conditions are met. This bonus is disproportionate in terms of the capital employed and is typical in the private equity industry. Carried interest provides an incentive to investment managers and creates an alignment of interests between the investment managers and the fund investors.

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.

Co-investment vehicle Companies via which DBAG has structured its co-investments alongside the DBAG funds.

Corporate functions The auxiliary functions for the investment process and administrative tasks. These responsibilities also include portfolio valuation and risk management.

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 financing.

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 (DCF) 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.

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.

Growth 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.

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/tertiary 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 10 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 2017

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	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013[6]	2013/2014	2014/2015	2015/2016	**2016/2017**
						restated		11 months	restated[7]	
Development of portfolio and value										
New investment in the portfolio	14	4	8	9	22	42	20	71	33	63
Portfolio value (at reporting date)[1]	127	123	118	84	143	173	153	256	303	252
Number of investments (at reporting date)	21	19	17	16	18	20	19	24	25	24
Earnings position										
Segment net income Private Equity Investments							40.4	24.9	52.3	85.7
Segment net income Fund Investment Services							8.0	2.2	(3.0)	4.7
Net income	(51.1)	19.6	34.1	(16.6)	44.5	32.3	48.0	27.0	49.5	90.4
Retained profit	29.2	52.6	73.1	37.3	70.8	86.7	117.7	117.4	150.5	222.9
Liquidity position										
Cash flows from operating activities	3.0	(3.5)	(12.8)	0.9	(9.6)	(12.0)	0.0	7.2	(0.6)	(0.5)
Cash flows from investing activities	11.2	28.8	36.3	34.1	(17.8)	18.7	67.9	(61.6)	(6.0)	144.6
thereof proceeds from disposals of financial assets and loans and receivables	25.7	33.0	44.5	43.6	3.8	60.4	90.6	30.9	44.7	199.3
thereof purchase of financial assets and loans and receivables	(14.5)	(4.3)	(8.2)	(9.4)	(21.6)	(41.7)	(22.7)	(92.5)	(50.7)	(54.7)
Cash flows from financing activities	(57.3)	(5.5)	(13.7)	(19.1)	(10.9)	(16.4)	(16.4)	(27.4)	23.5	(18.1)
Change in cash funds[2]	(50.5)	10.6	(70.9)	14.9	(38.8)	(9.8)	50.8	(82.4)	37.8	63.2
Asset position										
Non-current assets	147.2	161.2	244.3	228.6	238.7	233.6	246.3	278.6	339.7	298.1
thereof long-term securities	0.0	14.5	102.9	123.1	83.0	50.5	81.0	26.4	21.3	33.7
Current assets	125.1	127.1	71.8	51.3	59.5	77.1	86.3	48.6	64.5	174.3
thereof cash and short-term securities	105.2	109.5	37.8	32.5	27.8	47.8	59.8	32.0	57.3	133.9
Equity	244.8	256.8	273.9	238.9	266.2	278.4	303.0	303.1	369.6	444.9
Liabilities	27.4	31.5	42.2	41.0	32.8	32.2	29.6	24.1	34.5	27.5
Total assets	272.3	288.3	316.1	279.9	299.0	310.7	332.6	327.2	404.2	472.4
Key indicators										
Return on equity per share after taxes[3] *(%)*	(17.5)	7.3	12.7	(6.2)	16.7	11.5	15.9	9.6	14.9	26.5
Equity as a percentage of total assets *(%)*	89.9	89.1	86.7	85.3	89.0	89.6	91.1	92.6	91.5	94.2
Information on shares[4]										
Earnings per share *(€)*	(3.73)	1.44	2.50	(1.22)	3.25	2.36	3.51	1.98	3.60	6.01
Equity per share *(€)*	17.90	18.77	20.03	17.47	19.46	20.36	22.16	22.16	24.57	29.57
Dividend per share (€; 2016/2017: recommended)	0.40	1.00	1.40	0.80	1.20	1.20	2.00	1.00	1.20	1.40
thereof surplus dividend/bonus per share (€; 2016/2017: recommended)	–	0.60	1.00	0.40	0.80	0.80	0.80	0.50	–	–
Total amount distributed[5] (2016/2017: recommended)	5.5	13.7	19.1	10.9	16.4	16.4	27.4	13.7	18.1	21.1
Number of shares (end of FY)	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	15,043,994
Share price (€; end of FY)	10.45	15.55	20.79	15.50	19.49	19.36	21.83	24.90	29.57	45.51
Market capitalisation (end of FY)	142.9	212.7	284.3	212.0	266.6	264.8	298.6	340.5	444.9	684.7
Number of employees	48	49	51	53	54	55	56	62	63	67

The table 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 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
5 Relates to respective financial year
6 Data adjusted to previous year's figure based on changes in accounting (IFRS 10)
7 Adjusted due to changes to IFRS 10 (cf. AR 2015/2016, p. 116 and note 2 of the condensed notes to the consolidated financial statements at 31 March 2017)

TEN-YEAR FINANCIAL SUMMAR

€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 re
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 (€; 2016/2017: recommended)
thereof surplus dividend/bonus per share (€; 2016/2017: recom
Total amount distributed [5] (2016/2017: recommended)
Number of shares (end of FY)
Share price (€; end of FY)
Market capitalisation (end of FY)
Number of employees

The table contains data as originally reported in the respective annual c
1 Without interests in shelf companies and companies that are mainly
2 Cash as well as short and long-term securities
3 Change in equity per share relative to equity per share at beginning
4 Partly adjusted; earnings and cash flow per share relative to weighte
5 Relates to respective financial year
6 Data adjusted to previous year's figure based on changes in accounti
7 Adjusted due to changes to IFRS 10 (cf. AR 2015/2016, p. 116 and r

FINANCIAL CALENDAR

15 DECEMBER 2017
Publication of 2016/2017 consolidated financial statements (2016/2017 Annual Report)

11 JANUARY 2018
Oddo BHF Forum, Lyon, France

16 JANUARY 2018
Kepler Cheuvreux
German Corporate Conference,
Frankfurt am Main, Germany

24 JANUARY 2018
Press conference, Frankfurt am Main, Germany

31 JANUARY 2018
Family Office Capital Day, Vienna, Austria

8 FEBRUARY 2018
Publication of the quarterly statement
on the first quarter 2017/2018,
Analysts' conference call

21 FEBRUARY 2018
Annual Meeting 2018,
Frankfurt am Main, Germany

22 FEBRUARY 2018
Oddo BHF German Conference,
Frankfurt am Main, Germany

26 FEBRUARY 2018
Dividend payment

19 APRIL 2018
Bankhaus Lampe Capital markets conference
(Deutschlandkonferenz), Baden-Baden, Germany

8 MAY 2018
Publication of the half-yearly
financial report 2017/2018,
Analysts' conference call

7 JUNE 2018
LPEQ Investor Conference 2018, London,
United Kingdom

7 AUGUST 2018
Publication of the quarterly statement
on the third quarter 2017/2018,
Analysts' conference call

6 SEPTEMBER 2018
SRC Research Forum Financials & Real Estate 2018,
Frankfurt am Main, Germany

24 SEPTEMBER 2018
Baader Investment Conference,
Munich, Germany

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