

PRIVATE EQUITY INVESTMENTS

Working together towards success.

The Private Equity Investments segment comprises the investments in mid-market companies that Deutsche Beteiligungs AG makes alongside the DBAG funds. This results in the key influential factor for DBAG's net income: the net result of investment activity. It is determined by the performance of the existing portfolio and proceeds from the disposal of investments.

BRISK INVESTMENT ACTIVITY

In the financial year 2017/2018, DBAG made five new investments alongside the DBAG funds and supported three acquisitions made by portfolio companies by providing additional equity capital.

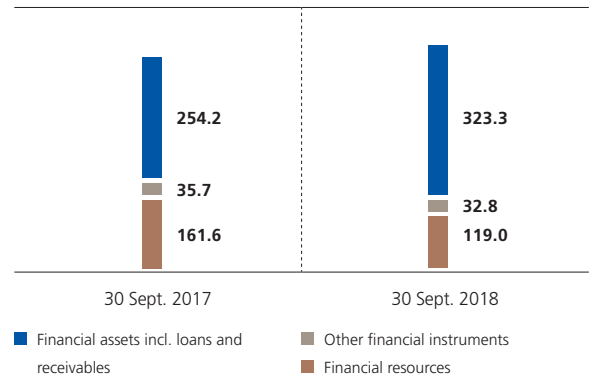
85.1 MILLION EUROS
DBAG has invested
in its portfolio

16.7 MILLION EUROS
is cumulative fair value of
disposals from portfolio

29.2 MILLION EUROS
is total increase in value
of carried portfolio

NET ASSET VALUE

€mm



DEVELOPMENTS IN 2017/2018

- > Net asset value rose by 5.2 percent in the financial year 2017/2018 to 475.1 million euros, despite a dividend payment of 21.1 million euros; after adjustments to reflect the distribution, the increase came to 10.4 percent.
- > The increase is attributable to investments of 85.1 million euros and value growth of the carried portfolio amounting to 29.2 million euros.
- > Financial resources declined by 26.4 percent as a result of DBAG's investment activities; this decline was more than offset by the increase in portfolio value.

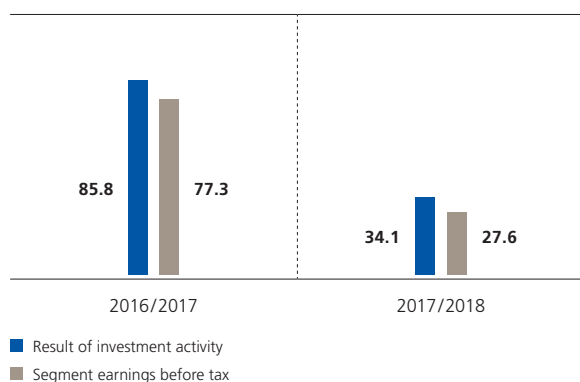
OUTLOOK

We expect to see a slight increase in net asset value in the financial year 2018/2019. Continued moderate growth is expected over the next 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, for example due to a corresponding change in the valuation ratios in the stock market.

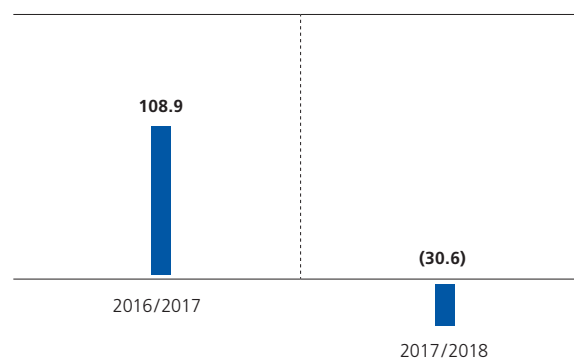
39.2%

TOTAL INCREASE OF VALUE
OF DBAG PORTFOLIO IN
FINANCIAL YEAR 2017/2018**EARNINGS AND RESULT OF
PRIVATE EQUITY INVESTMENTS**

€mn

**CASHFLOW PORTFOLIO**

€mn

**DEVELOPMENTS IN 2017/2018**

- As expected, the net result of investment activity and the result achieved by the Private Equity Investments segment were significantly lower than in the previous year; in the financial year 2016/2017, a total of six disposals – including three that were particularly successful – allowed the Company to achieve the highest result since the introduction of IFRS reporting.
- The net result of investment activity in the financial year 2017/2018 was largely influenced by the development in the value of the carried portfolio.
- Carried interest entitlements of the investment team predominantly resulting from investments made by DBAG Fund VI and DBAG ECF reduced the net result of investment activity by a total of 7.8 million euros.

OUTLOOK

The net 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 85.8 million euros; this corresponds to an average value of 51.9 million euros. In the current financial year 2018/2019, we expect the net result of investment activity to be moderately lower than this average value. In 2018/2019, earnings before tax are expected to be moderately lower than the five-year average of 44.5 million euros; in the following two years, they will be significantly above the forecast for the current financial year. Our projections are based on stable capital market conditions in general.

DEVELOPMENTS IN 2017/2018

- As was to be expected, returns from the portfolio in 2017/2018 were significantly lower than in the previous year, totalling 66.8 million euros.
- Payments for capital calls used for investments in existing and new portfolio companies amounted to 97.5 million euros, slightly higher than in the previous year.
- The highly volatile nature of cash flow from the portfolio is typical of our business model.
- One out of the seven investments agreed in the financial year and one existing investment are currently still (partly) financed in the interim by short-term loans granted to investment entity subsidiaries.

OUTLOOK

We also expect to receive fund inflows from the disposal of investments and to pursue recapitalisation measures in 2018/2019, and expect to see a significant increase in the number of disposals as against the previous financial year. The co-investment agreements with DBAG ECF and DBAG Fund VII will produce an average annual investment amount of around 94 million euros over the next three years; we project that the investment volume in 2018/2019 will be higher than this amount, at around 112 million euros. All in all, we expect to see negative cash flow from the portfolio.