

PRESS RELEASE

Deutsche Beteiligungs AG initiates new buyout fund

- **Investors and DBAG commit one billion euros**
- **DBAG Expansion Capital Fund: Also to invest in smaller buyouts**
- **Strategic advancement: Broader range and equity capital investments of up to 200 million euros**
- **Growth for DBAG: Co-investment alongside DBAG Fund VII to increase by 50 percent**

Frankfurt am Main, 27 July 2016. Deutsche Beteiligungs AG (DBAG) has initiated a new private equity fund. With capital commitments of one billion euros, the new DBAG Fund VII significantly exceeds the size of its predecessor fund, DBAG Fund VI which closed in 2012 with commitments of 700 million euros. DBAG's co-investment commitment totals 200 million euros, an increase of 50 percent compared with DBAG Fund VI. The launch of the new fund represents a strategic advancement for DBAG. Based on its structure, the fund will be able to invest equity capital of up to 200 million euros in a single larger buyout. Concurrently, the DBAG Expansion Capital Fund (ECF), a programme launched in 2011 for growth financings in owner-managed German 'Mittelstand' companies, will now also invest in smaller buyouts, expanding DBAG's investment range further.

DBAG Fund VII consists of two sub-funds: an 800-million-euro principal fund, of which 183 million euros come from DBAG for its co-investment, and a supplementary 200-million-euro top-up fund (DBAG's share: 17 million euros), which will be used for larger transactions. Including assets from the top-up fund, up to 200 million euros can be invested per transaction (indeed up to 280 million euros, including bridge financing). The DBAG Group will now be able to utilise its network for larger transactions and, at the same time, improve its operational leeway in transaction processes. DBAG Fund VII will typically invest in companies with an enterprise value of between 75 and 250 million euros, a segment that consists of companies which generate revenues of between 50 and 500 million euros annually.

DBAG ECF's offering primarily addresses owner-managed German mid-market companies. It provides a high degree of flexibility in structuring elements that are important to entrepreneurs, such as the percentage of shares held or the holding period. Until now, the fund has invested exclusively in

minority stakes in family-run businesses. In the future, it will in select cases also take over a majority interest in companies and structure smaller buyouts. The equity capital investments will range from 10 to 30 million euros. In past years, DBAG has frequently come across attractive smaller buyouts, which it did not pursue due to the size of DBAG Fund VI. The extension of DBAG ECF to include majority acquisitions of growth businesses represents a logical next step.

“We see DBAG as a platform for all types of equity solutions for Germany’s ‘Mittelstand’. Now, with the option of investing equity of up to 200 million euros in a portfolio company, we will also be able to engage with larger mid-market companies. At the same time, we will also be in a position to enter into smaller majority acquisitions of growth businesses with DBAG ECF,” said Torsten Grede, Spokesman of DBAG’s Board of Management. “This complements our offering and further strengthens DBAG’s market position.”

Assets under management or advice by DBAG, which encompasses the invested capital of DBAG and the funds as well as callable capital commitments and free financial resources of DBAG, will rise to nearly 1.8 billion euros with DBAG Fund VII. DBAG currently invests in management buyouts alongside DBAG Fund VI. The fund has assets of 700 million euros, of which 133 million euros come from DBAG. DBAG Fund VI is approximately 61 percent invested. As soon as the investment period of DBAG Fund VII commences, presumably in 2017, fee income from management and advisory services to private equity funds will increase significantly from its current level of 18.6 million euros (2015/2016). “The new fund will enable us to grow – in both of our business lines,” said Susanne Zeidler, DBAG’s Chief Financial Officer. “Net income from Fund Investment Services will increase considerably and, in view of the 50-percent increase in co-investment, net asset value is set to gain strongly in the medium term.”

The fundraising took place in less than a quarter of a year in a receptive market environment. “We were able to agree attractive terms. We benefited from the investment performance of prior funds and the excellent investment pace of DBAG Fund VI,” said Dr Rolf Scheffels, member of the DBAG Board of Management. As with DBAG Fund VI, it was not possible to satisfy all subscription requests for DBAG Fund VII. About 80 percent of commitments come from investors in preceding funds. The geographical origin of commitments is very similar to DBAG Fund VI. 23 percent come from the US (DBAG Fund VI: 25 percent) and 14 percent from Germany (19 percent). Investors from other European countries committed 51 percent (DBAG Fund VI: 42 percent), while the remaining commitments have been made by investors from Asia (this fund 12 percent; previously: 14 percent). The greatest

portion of commitments among the investors came from pension funds, accounting for 38 percent of commitments (DBAG Fund VI: 35 percent), followed by funds of funds (17 percent; previously: 31 percent) and insurance companies (10 percent again).

Deutsche Beteiligungs AG, a listed private equity company, initiates closed-end private equity funds and invests alongside the DBAG funds in well-positioned mid-sized companies with potential for development. DBAG focuses on industrial sectors in which Germany's 'Mittelstand' is particularly strong on an international comparison. With its experience, expertise and equity, DBAG supports the portfolio companies in implementing corporate strategies that sustainably create value. Its entrepreneurial approach to investing has made DBAG a sought-after investment partner in the German-speaking world. Assets under management or advice by the DBAG Group amount to approximately 1.0 billion euros; with DBAG Fund VII, they will increase nearly 1.8 billion euros.

Campbell Lutyens & Co. Ltd acted as placement agent for DBAG Fund VII in the past months. P+P Pöllath + Partners served as legal advisors to DBAG Fund VII for the structuring and raising of the fund as well as its marketing.

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