Translation

Speech by
Wilken von Hodenberg, Spokesman of the Board of Management
of Deutsche Beteiligungs AG,
Frankfurt am Main,
At the Annual Meeting
on 28 March 2007 in Frankfurt am Main

Dear Shareholders and
Shareholders' Representatives,
Ladies and Gentlemen,

My three colleagues and I are very happy to welcome you to this year's Annual Meeting.

One year ago – in 2006 – I began my report on the preceding financial year with three short statements. Today – in 2007 – I would like to repeat them, because they still apply. There is one difference, however: the results. They have improved once again.

- With the consolidated profit totalling 82.7 million euros, Deutsche Beteiligungs AG set an all-time high in the Company's history. We can certainly be very pleased about that.
- The Company has a healthy balance sheet. Our strong equity base provides us with ample financial resources for upcoming investments.
- The companies in the portfolio are making good progress. They are utilising their strengths and exhibiting them in their marketplaces. That allows us look confidently to the future.

And this year I am happy to add:

- The capital market has honoured our accomplishments! With a 51.7 percent gain in the price of our shares since the last Annual Meeting and a premium on the net asset value of our shares, you – the shareholders of Deutsche Beteiligungs AG – have directly profited from the Company's excellent progress.

In preparing for my speech today, I called to mind what I said at this point one year ago: namely, that 2004/2005, in which we achieved a return on equity per share of 20.0 percent, was an "exceptionally profitable year". What words can I now find to qualify the past 2005/2006 financial year? We doubled the consolidated profit and reached a return on equity per share of 36.4 percent!

Nonetheless, I expressly want to reiterate one point that I emphasise over and again in our investor relations activities: The success of our operations is not measurable by viewing individual annual closings or, least of all, quarterly figures. Success in private equity does not come about at short notice, nor does it come about continually. The time frames for transactions are only conditionally planable or foreseeable. The transactions that significantly drove last year's result or the consolidated first-quarter profit for the current financial year are particularly illustrative of this.

In July of last year, we successfully led Bauer AG to an initial public offering. Bauer's flotation took place in a distinctly difficult stock market climate for new issuances. The very bright sentiment on capital markets rapidly became overcast in mid-May 2006. The German small-cap index S-Dax, for instance, lost almost one fifth of its value from mid-May to mid-June. A number of stock market candidates were forced to postpone their public offerings or lower their price expectations during this phase. The fact that Bauer's flotation succeeded in that market environment, on schedule, for an issue price within the book-building range is proof of the quality of this company, as is the

performance of Bauer shares since then. Deutsche Beteiligungs AG backed Bauer's growth for nearly a decade. During the time of our investment, this family-run business experienced marked change: it has internationalised more strongly and its sales have doubled.

Bauer's profitable growth led to a distinct value appreciation. We realised that value through Bauer's flotation. But we not only made money out of this investment. Bauer, I believe, will remember us as having been a good, creative and constructive shareowner. Whether, when and for what price a public offering such as that of Bauer will succeed is, however, not definitely foreseeable.

The same applies to investments in international buyout funds still remaining in the portfolio. We cannot exactly plan their contributions to earnings either: In valuing these investments, we fall back on our international private equity partners' assumptions concerning possible realisation proceeds and timings. If an investment is sold earlier and possibly for a higher price than expected, the result will be an additional contribution to earnings. Such events, which, incidentally, can also occur vice versa, cannot be specifically timed.

Over a longer period of time, these events will, of course, tend to level out: Timewise, their occurrence may be of a random nature. Their outcome, however, should not be of a random nature. They are the result of DBAG's successful investing activity, which is mirrored in superior returns: over the past ten years, the return on equity per share averaged 17.9 percent annually.

That is quite a respectable accomplishment. Over the last ten years, all quoted companies in Germany together achieved an average return on equity of less than 13 percent, or considerably below that of ours. This comparison again shows the particular benefits of private equity as an investment class, from which you – the shareholders of Deutsche Beteiligungs AG – are profiting. Moreover, the recent stock market listings of other private equity

companies may serve as further proof of the attractiveness of private equity stock.

After these – to me, very important – general remarks on the volatility of our results, let me now address the 2005/2006 closing.

Our key sources of income are:

- the net result of valuation and disposal of financial assets (which reflects the core part of our business operations),
- current income from financial assets, primarily consisting of profit disbursements from our investee businesses, and
- "other operating income", which includes fee income from the management of our co-investment funds.

As for the net result of valuation and disposal: this item contains changes in valuation of financial assets, loans and receivables that have taken place in the course of the year, as well as the profit over valuation achieved from disposals of these items, meaning their sale. In addition to the IPO of Bauer AG, US-based buyout fund Harvest Partners IV and our investment in Hochtemperatur Engineering GmbH delivered significant contributions towards earnings.

Current income from financial assets and loans and receivables amounted to 20.5 million euros this past financial year. This is 15.5 million euros over that of the preceding year. Current income usually consists chiefly of dividends and interest; last year, it also included special effects.

The third item – other operating income – totalled 12.4 million euros, or slightly less than the previous year's 13.9 million euros. The key items contained in other operating income were, as in the year before, fee income of 5.6 million euros from the management of co-investment funds and consulting fees of 0.5 million euros. In the preceding year, management fees had totalled 6.6 million euros and consulting fees 4.7 million euros.

Let me briefly comment on the expense items on our income statement. Other operating expense rose by 1.5 million euros on the prior year to 15.5 million euros. This item largely relates to expenses in conjunction with investment management activity, meaning the acquisition, monitoring and divestment of companies or fund investments. The larger constituents of this item were comparatively high expenses for the screening of unrealised investment projects and costs in conjunction with the public offering of Bauer AG.

Mr. Richards has already presented his comments on the development of personnel costs; these largely pertained to the members of the Board of Management, but are also applicable to the entire investment team. A significant portion of our staff's income is performance-related. A key issue: We reward performance – meaning the value growth of our investments – only after it has been realised through an investment's ultimate sale.

For that reason, personnel costs in financial year 2005/2006 – a year that saw a number of, in part, very profitable realisations – increased by 12.0 million euros, from 10.0 million euros to 22.0 million euros. The variable, performance-linked portion of personnel costs amounted to 8.9 million euros. In the preceding year, there were no payments based on performance-related systems. Since performance-linked payments do not fall due before the value appreciation has actually been realised, these costs, consequently, contain performance-related components from value growth achieved in previous years.

Net interest in 2005/2006 totalled 1.8 million euros, exceeding the previous year's 0.7 million euros by 1.1 million euros. The increase is due to the significant rise in cash funds in the financial year.

I would now like to focus on the balance sheet.

We conduct the company's business, aligning it to a target you can directly derive from the balance sheet: Our aim is to augment

the net asset value – or equity – per share over the long-term average by a rate that exceeds the cost of equity.

We determine the return on equity per share as follows: the closing net asset value – or equity – per share at the end of a financial year is divided by the opening net asset value per share at the beginning of that financial year, less the amount to be paid for dividends.

We also register the effects achieved through share repurchase by this procedure.

This indicator tells you what the fair value of a share in Deutsche Beteiligungs AG is. If this indicator has increased, the fair value is greater than before.

We started the past financial year with a net asset value of 14.64 euros per share. We then deducted the distribution to shareholders of 0.66 euros paid in March 2006 from that amount. One year later, on 31 October 2006, the net asset value per share was 19.07 euros. This equates to an increase of 5.09 euros per share – or the excellent return on equity per share of 36.4 percent I mentioned earlier.

I have already mentioned our cash position in conjunction with the improvement in net interest. After recording proceeds of nearly 200 million euros from disposals this past financial year, this item rose sharply once more. At the end of the financial year, we had cash and cash equivalents of 164.7 million euros available – even though we had previously returned the sum of 29.5 million euros to shareholders through the share repurchase.

Having a sum like this on hand is not a problem, some of you may think. Certainly, we do not need to worry about our financial scope. The balance sheet is strong enough to make sufficient numbers of investments.

Cash funds, however, do not yield the kind of returns you rightly expect of us. In fact, we were so successful that we now need to

think about how to realign the balance sheet structure to the Company's capital requirement.

At the end of December, we announced our recommendation on the dividend payment. It is based on the consolidated profit posted by Deutsche Beteiligungs AG, calculated in conformity with German accounting standards, which are determinative for dividend distributions. That consolidated profit for the year amounts to 102.0 million euros. In the recommendation that will be put to your vote today, we propose dividing the distribution into two parts – a regular dividend and an extraordinary surplus dividend. The measurement basis for the regular dividend is geared to the current net asset value per share and the money market rate. The Board of Management and the Supervisory Board therefore recommend raising the dividend per share from 0.33 euros paid the preceding year to 0.50 euros.

On top of that, we recommend paying an extraordinary surplus dividend of 2.50 euros per share. Consequently, we want to disburse a total of 3.00 euros per share. This will decrease the cash position on the balance sheet by 45.5 million euros.

My colleagues and I would like to expressly underscore the extraordinary nature of this surplus dividend. In recent weeks, I was very concerned about many a listing in which our shares ranked far in front of the field, allegedly achieving a dividend return of more than ten percent. No, our dividend amounts to 0.50 euros, which equates to a dividend yield of some two percent – and thus ranges within the S-Dax average. The 2.50 euros we will be paying on top is the result of an exceptional year characterised by singular events. You should not expect a surplus dividend such as this to become the rule in the next years.

Another instrument we can employ are share buybacks. After a first buyback in 2005, we made use of this instrument last year once more. And we request your renewed authorisation at this Annual Meeting to conduct another share repurchase. In our opinion, share buybacks are an advantageous vehicle by which to

return capital not needed for the Company's operations to shareholders.

As is required by law, I would now like to report on the share repurchase conducted in 2006.

At the 2006 Annual Meeting, shareholders authorised the Board of Management to acquire up to ten percent of the share capital of 48,533,334.20 euros via the stock exchange or through a tender offer to all shareholders or an invitation to submit such a tender.

We made use of this authorisation and submitted a tender offer for the purchase of own shares. On 12 July 2006, we announced our intention to purchase up to ten percent of the shares outstanding through a tender offer to all shareholders. The purchase price of 17.55 per share corresponded to the net asset value per share that was expected to be posted for the third quarter (ended 31 July 2006) based on a forecast performed a short time prior to that.

By the end of the offer period, more shares were tendered than we could accept. A total of 1,683,465 shares were repurchased for the sum of 29.5 million euros. The shares were retired without reducing the share capital. The new number of shares outstanding is 15,153,864.

You – the shareholders of this Company – are surely particularly interested in the performance of our shares. I mentioned their very positive price movement at the beginning of my report. During the previous financial year and thereafter, the Company's share performance was probably much to your liking again. A glance at the performance chart showing our shares in comparison with the relevant indices should suffice.

Ladies and gentlemen, in my account of the progress your Company made this past financial year, there is one major aspect of our operations that I have not yet addressed – our investing activity. Seeking, screening, structuring and shaping new

investments form the core part of our operations. They are the premise for future value growth. Let me proceed with a detailed report on our new investments.

This past financial year, we exercised restraint in making investments. Why? Evidently, there is money enough available for investments.

Strong demand by trade buyers and financial investors for companies and plentiful leverage options for corporate acquisitions have led to very high price levels in the M&A market. Due to high – in our option, too high – valuations, we decided to refrain from entering into a number of potential investments.

Our investing activity is governed by two maxims:

- We adhere to our investment criteria.
- And: We adhere to our expected returns.

We therefore do not consider our investment restraint this past financial year as a default. Rather, in view of the market conditions it is an expression of our investment discipline.

However, the investments we did make meet our investment criteria completely. This also means that they will most probably live up to our return expectations.

I would like to acquaint you with the three companies in which we have invested since the last Annual Meeting.

We completed the buyout investment in H. H. Heim & Haus Holding GmbH last financial year. We invested 6.3 million euros for a 21.4 percent share in this company. Our co-investment fund DBAG Fund IV owns another 47.8 percent. The former owners acquired the remaining 30 percent by way of a re-investment.

What does Heim & Haus do? Some of you may be customers of this company, whose core competence is direct sales. Self-employed sales representatives call on homeowners from door to

door in new housing development areas or districts with single-family or terraced homes and solicit orders for Heim & Haus products – awnings, roller shutters, roof windows, doors, canopies. These sale representatives are in a position to make a special proposition: Contrary to building supplies stores, they offer custom-made products that are fitted professionally on site. The products are manufactured at the company's own production facilities in Germany and installed at the customer's house by self-employed fitters. This concept has convinced a growing number of customers in recent years, as a glance at the company's sales development shows.

Although the number of new residential buildings has declined strongly over a series of years and the construction industry has gone through dramatically hard times, Heim & Haus grew by an average of 9.2 percent over the last five years. No other direct marketing company with comparable products has been nearly as successful as Heim & Haus.

By investing in Heim & Haus, we invested in a profitable market leader – a company that boasts an outstanding management, as its development in past years proves. We now intend to support management in utilising the company's superior market position and sales know-how to launch further products in the coming years and enter new markets in neighbouring countries.

The second new company in the portfolio is an old familiar one: We raised our stake in Homag Group AG, an investment that has existed since 1997. In autumn of last year, we had the opportunity of acquiring another 39 percent in this enterprise, the majority of which had so far been family-owned. We very readily took that opportunity, because we are very familiar with Homag's qualities through our long-standing sponsorship and the potential for value growth inherent in this company. Since the completion of this transaction in February, Deutsche Beteiligungs AG owns 30.7 percent in Homag Group AG; co-investment funds DBAG Fund IV and DBAG Fund V under our management acquired a further 29.7 percent.

Homag is a gem in Germany's mechanical engineering industry. This is one of those companies that stands for German engineering skill and which nobody in the world wanting state-of-the-art technology, premium quality and outstanding functionality – in short: a highly efficient machine – can afford to ignore.

Most of us are likely to have a number of objects at home that were produced with Homag machines. Homag Group AG designs and constructs machinery for that sector of the furniture and building supplies industries that processes chipboard. Homag products cover nearly the complete output chain in these industries – from stand-alone machines to complete factory installations. Homag is capable of equipping turnkey furniture factories and is also a supplier to the local carpenter. The diversity of Homag machines will come to light in a film we will see later on.

Homag has a 20 percent share of the global market for woodworking machines. Its key markets are located in Europe, where the proportion of chipboard-based furniture is particularly high. Homag has been present in Asia, the world's fastest growing furniture market, for more than 20 years. That, ladies and gentlemen, is what we mean when we say a "company is well poised".

We want to back the excellent progress Homag has exhibited for years. The objective is to fortify the company's worldwide leadership position, expand the product range and enhance operating efficiency.

MCE AG, our third new investment, is an "industrial service provider". What exactly does that mean? Maintenance services in classical production industries such as the chemical industry, in metallurgy, refineries or in paper and pulp production are costly and technically demanding. Companies operating in these sectors, however, want to focus on their core businesses and are meanwhile outsourcing the maintenance of their plants to specialised service providers.

MCE is one of those manufacturer-independent companies that provide services to chemical plants, refineries and paper factories. It also provides a complete range of services for office buildings. Industrial service providers undertake to optimise operating costs for clients who run plants, buildings or infrastructure facilities, such as airports, over their complete life cycles.

Austria-based MCE AG consists of four divisions: MCE Industrial Engineering and Services, MCE Building Technology, MCE Machinery and Steel Construction and MCE Personnel Services.

Through its industrial engineering companies, MCE designs, constructs, commissions and provides maintenance services for industrial plants. A key aspect is compliance with demanding quality, safety and environmental standards. Sectors that are important to this largest MCE division are the oil, gas and chemical industries as well as the paper and pulp industry.

MCE Building Technology comes into play whenever the object is to combine the many technical installations in buildings to a functional whole – for instance in buildings here in Frankfurt, right in our neighbourhood.

MCE has more than 8,000 specialists generating sales of some one billion euros annually at 50 sites, predominantly in central Europe.

Why did we invest in MCE? Well, prospects are good for the next stage of the MCE group's development: In its core markets of Austria and Germany, the company intends to utilise its excellent customer relations and profit from the persistent trend towards outsourcing industrial services. The growing markets of central and eastern Europe also create excellent opportunities for the group to expand geographically.

That concludes my report on our new investments. The question now is: What are the prospects for Deutsche Beteiligungs AG?

Last week, we issued our report on the first quarter of the new financial year. The consolidated first-quarter profit reached a very high 27.2 million euros. In addition to the positive development of the portfolio, this very good quarterly result also stems from two special factors that are discussed at length in the quarterly report.

At the beginning of my remarks I pointed out that it is impossible to draw conclusions on the course of a complete year based on an individual quarterly result. It would therefore be wrong to speak at this point of "profits having tripled" after posting 27.2 million euros in the first quarter of the current financial year, whereas in the same quarter last year we "merely" recorded a profit of 8.2 million euros. To assess Deutsche Beteiligungs AG, one needs to take a wider view.

My colleagues and I are confident that Deutsche Beteiligungs AG will be steering a very good course this current financial year; that applies to our investing activity and to the Company's performance. We anticipate that we will continue posting positive results in the remaining months of the financial year and further improve the consolidated profit we have already achieved.

What is our optimism based on?

For the current financial year, our optimism is founded on the quality of the companies in the portfolio and the persistent favourable economic conditions under which they are able to operate their businesses. A growth-prone economic trend with strong domestic and international demand for products and services is certainly helpful in augmenting the value of investments: After all, higher sales are the basis for higher earnings. And sales are developing well: The chart on the wall behind me shows the growth in orders of our eight largest German investments over the past four years. These companies

registered an average growth rate of nine percent per year, thereby clearly exceeding the growth rates achieved in their sectors of industry, such as mechanical engineering or automotive supplies.

For the long range, our confidence is rooted in the quality of our investment team, our track record and the outstanding reputation Deutsche Beteiligungs AG has gained.

Our most recent investments are illustrative of this: Many financial investors make vain efforts to access family-run businesses – we are capable of acquiring companies such as these: two of the three investments I presented to you have a family background. Our acceptance among family owners is high, because we have common interests: We are not out for short-term achievements. Quarterly results are not the focus of our endeavours. Our investment horizon for each investment extends from some four to seven years.

All of this sets us apart from others. And it helps us gain access to promising investment opportunities in support of our investment team's efforts. This team, to whom international private equity investors entrusted the sum of 434 million euros in January 2006 for private equity investments, has proved its ability to select the right investments!

Coming to the agenda for today's Annual Meeting: in addition to the usual constituents it contains three particular items I would like to briefly address.

I previously spoke about share repurchases and our ideas on this instrument with a view to the efficiency of our balance sheet.

We want to continue making use of this instrument, which is very common in publicly quoted companies. That is why we are requesting your renewed authorisation at this Annual Meeting to repurchase a part of the Company's shares.

We have submitted a recommendation on new remuneration arrangements for the Supervisory Board. Currently, the six members of the Supervisory Board receive fixed fees for their services. We would like to supplement these by a component that is orientated around the performance of Deutsche Beteiligungs AG. In this, we are following – with some delay – a recommendation of the German Corporate Governance Code. The measure we suggest using for this performance-related remuneration component is the increase in the net asset value per share, or return on equity per share – the return target to which the operations of Deutsche Beteiligungs AG have been aligned. We recommend the payment of 1,500 euros to each member of the Supervisory Board for each percentage point by which the return on equity exceeds the mark of 12 percent, with the maximum amount payable not exceeding 30,000 euros.

Since verification procedures expected of the Supervisory Board are becoming increasingly demanding, we also recommend that the Chairman of the Audit Committee receive a supplement on the fixed fee; the future amount then to be paid to the Chairman of the Audit Committee will be 1.5 times the basic fixed fee.

These arrangements are initially to become valid for the current financial year.

Additionally, we again need to adapt the Company's Articles of Association to conform to new legislation. This time, it concerns the Transparency Directive Implementation Act and the option of conveying information to you by electronic means. We ask for your approval on this as well.

Ladies and gentlemen, please allow me to summarise:

We have recorded outstanding results in two consecutive financial years. Results such as these will not be repeatable every year. We will, however, be prepared to seize opportunities as they arise.

We are optimistic about the current financial year and beyond:

- Our successful fund-raising activity and strong balance sheet give us an optimum platform on which to effectively pursue our investment strategy.
- We will continue to invest where we have been most successful in the past ten years and where we expect the most attractive returns: we focus on management buyouts in Germany and neighbouring German-speaking countries.
- We are operating in a growing market. Private equity is now an acknowledged form of financing. The number of transactions in our market is constantly rising. We intend to exploit that.
- We are confident that our investment team will continue to succeed in identifying attractive investment opportunities with the potential for value growth – although higher prices and more intense competition are currently a challenge.
- And finally: the portfolio of Deutsche Beteiligungs AG contains investments in very promising companies with a solid potential for value growth.

Thank you very much for your attention. My colleagues and I will be glad to answer your questions.