

PRESS RELEASE

Deutsche Beteiligungs AG: Disposal of investment in DNS:Net

- **Successful conclusion of second investment in broadband telecommunications**
- **Ambitious provider of gigabit infrastructure: Strong growth, supported by equity financing**
- **Value contribution of approximately 11 million euros in the second quarter of 2020/2021**

Frankfurt/Main, 1 April 2021. Deutsche Beteiligungs AG (DBAG) has successfully concluded its investment in DNS:Net Internet Service GmbH (DNS:Net), a strongly growing provider of fibre-optic internet connections, through the sale of DNS:Net, agreed upon yesterday, to the UK's 3i Infrastructure plc. This included the disposal of non-controlling interests held by DBAG Expansion Capital Fund (DBAG ECF), comprising the interest in DNS:Net held by DBAG. Company founder Alexander Lucke, who has held a majority stake to date, will retain 40 per cent of DNS:Net's capital going forward. 3i Infrastructure plc invests across mid-market economic infrastructure in developed markets, with a focus on the UK and Europe. The parties have agreed not to disclose details of the purchase price. The transaction, which is subject to regulatory approvals – is expected to close in the second quarter of 2021.

The proceeds from the transaction significantly exceed the fair value of DBAG's non-controlling interest, as reported in DBAG's most recent quarterly financial statements (as at 31 December 2020). Accordingly, the disposal will increase net income from investment activity by approximately 11 million euros in the current second quarter of the financial year 2020/2021. This value contribution is included in the new forecast for net asset value as at 30 September 2021 and consolidated net income for the 2020/2021 financial year, as published on Friday, 26 March 2021.

Fifth disposal from the DBAG ECF portfolio

DNS:Net was part of the portfolio of DBAG ECF, a fund launched in 2011 which provided growth financing to eight mid-sized family-owned businesses, and which has now entered its divestment phase. Following the disposals of investments in PSS GmbH, Novopress KG, and inxio Beteiligungs GmbH & Co. KGaA in 2019, and of Rheinhold & Mahla GmbH in 2020, DNS:Net now

marks the fund's fifth investment for which the value increase achieved is realised through a sale.

Established in Berlin in 1998, DNS:Net offers telecommunications 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 owned and leased infrastructures in high-security sites at key internet nodes. As early as in 2010, DNS:Net began investing in the expansion of broadband services in thriving regions in the areas surrounding Berlin. Today, the company is the second-largest provider of VDSL connections in Brandenburg, and a leader in connecting newly-built residential properties in Berlin to its proprietary fibre-optic network. Alongside the recently launched expansion of fibre-to-the-home (FttH) connectivity in the areas surrounding Berlin and in Saxony-Anhalt, DNS:Net is in a position to provide internet, telephone and TV services to more than 160,000 households at present – and the number is rising weekly.

Number of staff has risen from 30 to 220

In 2013, DBAG co-invested in DNS:Net, alongside DBAG ECF, during the course of a capital increase, providing additional capital in the form of profit-participation certificates. Supporting the company's growth, DBAG carried out further subsequent (minor) capital increases and made payments on interest-bearing instruments such as shareholder loans. During the eight-year holding period, DBAG invested 6.4 million euros for a 15.7 per cent stake in the company's capital (on a look-through basis), plus 19.4 million euros for interest-bearing instruments, bringing the total investment to 25.8 million euros. DBAG has supported the company through its presence on the Advisory Board over a period of eight years. To cope with this strong growth, DNS:Net massively expanded its organisation throughout this period: the number of employees rose from 30 in 2012 to around 220 at present. Thanks to its higher equity ratio, DNS:Net gained access to further financial resources to accelerate investment in the company's own fibre-optic network and thus accelerating growth. The capital invested by DBAG ECF has allowed DNS:Net to grow the number of households in its reach more than sixfold since 2013.

“The success of this transaction once again underlines the importance of strategic decisions we have taken over recent years”, said Torsten Grede, Spokesman of the Board of Management of Deutsche Beteiligungs AG, commenting on the transaction. DNS:Net is one of a total of now seven enterprises from within the broadband telecommunications sector, through which DBAG has supplemented its portfolio of industrial investments since 2013. “At the same time, DNS:Net is also a very good example of the long-term support we have provided to a company founder in developing his enterprise”, Grede added.

Alexander Lucke, founder of DNS:Net, emphasised the importance of growth financing: “The capital provided by DBAG ECF has made it possible to position DNS:Net so successfully in the highly competitive market we are operating in, and to build the foundations for further growth.”

Deutsche Beteiligungs AG, a listed company, initiates closed-end private equity funds, and itself invests – predominantly alongside DBAG funds – in well-positioned mid-market companies with development potential. For many years, DBAG'S focus has been on industrial sectors. A growing portion of DBAG's equity investments is now deployed in the growth sectors of broadband/telecommunications, IT services/software and healthcare. Its long-term, value-enhancing entrepreneurial investment approach makes DBAG a sought-after investment partner in the German-speaking world. DBAG Group's assets under management or advisory amount to 2.5 billion euros.

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