Translation – The German version of this speech is authoritative

Speech by
Torsten Grede, Spokesman of the Board of Management
of Deutsche Beteiligungs AG, Frankfurt am Main,
and by **Susanne Zeidler**, Chief Financial Officer
of Deutsche Beteiligungs AG, Frankfurt am Main,
at the Annual Meeting on 22 February 2017

Shareholders and Shareholders' Representatives,
Ladies and Gentlemen,

Welcome to the Annual Meeting!

We are delighted to have you here today and thank you for the interest which you express by your attendance at today's Meeting.

This gives us an opportunity to report to you personally on the very satisfactory progress your Company made in the past financial year.

With a "dual fundraising", accompanied by a capital increase, we succeeded in setting the strategic course in 2016. The significance of that strategic course extends beyond the past financial year. It will have effects far into the future. We will be reporting in detail on that today.

You, the shareholders of DBAG, will participate in the past year's accomplishments by way of the dividend. We achieved a superior return on equity. We also reached our other financial objectives and even exceeded them in a number of instances. Our core objective of increasing the Company's value has thus been met.

On behalf of Susanne Zeidler and Rolf Scheffels, I would like to express my thanks for these achievements to all of the DBAG staff.

As in former years, we would like to divide up our report between Susanne Zeidler and myself. After my remarks, Susanne Zeidler will report on the extent to which we reached our financial objectives this past financial year, and how the strategic course we set is mirrored – or will be mirrored – in the financial metrics.

She will also detail the dividend recommendation.

I will now report on DBAG's strategic development and the challenges that lie ahead.

I have divided my report into five parts:

1. I would like to make a link to my remarks last year: how did we master the challenges I spoke about one year ago?
2. 2016 was marked by strategic alignments. Of what significance are they for our two business lines?
3. Competition is intense on the market in which we operate. How did we fare?
4. We can only succeed in this market if we fortify our competitiveness on a continual basis. How did we develop our team and our business processes? And…
5. in closing: What challenges do we face?

You will perhaps recall that a year ago I addressed two challenges for 2016:

- On the one hand, we wanted to maintain our good investment pace,
- and, on the other, successfully realise investments from our meanwhile more mature portfolio.

Today, I can tell you that we mastered these challenges.

We invested in five German *Mittelstand* companies. We initiated investments of 278 million euros for DBAG and the DBAG funds.

Added to that is another management buyout we entered into a few weeks ago. This was the eleventh and final investment by DBAG Fund VI, ending this fund's investment period in less than four years.

Thus, we succeeded in maintaining a good investment pace.

We identified very promising companies without compromising on quality. You will find details on the new portfolio companies and their business models at our website and – in even greater depth – on each of the company's websites.

We realised three investments. Two of these were exceptionally profitable. In total, DBAG recorded cash inflows of some 86 million euros from the portfolio since we met here a year ago.

For Broetje-Automation, we quadruped our invested capital. How did we achieve that?

The company changed significantly and made excellent progress. It expanded its product portfolio, tapped new geographical markets and enlarged the services business. To that end, Broetje-Automation acquired five companies. The two original sites were combined at one new head office, which also improved the company's operating performance.

Broetje's strong development is reflected in its metrics. Revenue more than doubled, up from originally 83 million euros, within four years. The number of employees also nearly doubled – from 450 to 850. The service business almost quadrupled, increasing to more than 20 percent total of revenue.

Broetje-Automation made best use of market opportunities as they arose and expanded its position in the global market. That made the company an attractive target for a strategic buyer.

The divestment to China-based Shanghai Electric – the partner of choice for the Broetje management team – was a success for us and for the company: Backed by its new owner, Broetje will be able to pick up groth opportunities in China. This is to the benefit of the company and its employees.

The realisation of our investment in Grohmann Engineering was also another great success for us. DBAG and one of its predecessor companies provided growth capital to the company nearly 30 years ago. A typical "hidden champion", Grohmann provides production lines for industrial automation worldwide. Time and again, the company was significantly involved in breakthroughs of key technologies. In recent years, it supplied assembly lines for battery cells and batteries to automotive manufacturers. Its technological leadership was always key to its success.

Grohmann's financials are also indicative of its successful development. Revenue rose by more than six percent annually over the past 20 years to 123 million euros. The number of employees tripled in the same period to 700. Profit distributions alone, which we recorded over many years, reached 2.5 times our original cost; the sales price now achieved additionally exceeds our historical cost tenfold.

Tesla Motors is Grohmann's new owner. It was the company founder and majority shareowner's wish to sell to Tesla in order to secure the foundations for the future.

As you see, 2016 has demonstrated once again how attractive and future viable the companies in our portfolio truly are.

I now come to my second topic: the strategic course we set. It relates to our capital base and our market positioning.

First, our capital base:

Selected institutional investors committed the sum of 810 million euros to our new fund, DBAG Fund VII – or "Fund VII" for short. DBAG itself will co-invest another 200 million euros alongside the fund. In total, there are approximately one billion euros available for equity capital investments of 40 million euros or more per company.

That makes Fund VII the largest German private equity fund for investments in the *Mittelstand*. This had already applied to its predecessor fund. We could say: measured by investors' preference, Deutsche Beteiligungs AG is the leading German private equity firm.

Our investment team is first choice when it comes to private equity for mid-market companies in German-speaking regions. More than 80 percent of capital commitments to Fund VII come from existing investors. Most of them are engaged in several DBAG funds. They value our investment performance and our investment speed.

We also expanded our offering at the other end of the market. I spoke of "dual fundraising" earlier. We have also received new commitments to a further fund, the DBAG Expansion Capital Fund – or "ECF" for short.

The ECF is first and foremost an offering for owner-managed mid-sized companies. The range of equity capital investments is from 10 to 30 million euros.

In the past, the fund invested only in minority stakes in family businesses. Examples from our portfolio are inexio and DNS:Net, two companies that provide high-speed Internet connections in rural areas. Or Oechsler: the company has been investing for some time in establishing new production sites for sports shoes it supplies to adidas. This, too, requires capital.

As to our market positioning:

Why is dual fundraising also a "strategic direction" for our market positioning? It derives from two substantial changes in the investment strategy of the two new funds.

Fund VII consists of two sub-funds: an 808-million-euro principal fund is supplemented by a 202-million euro top-up fund, which is dedicated to larger transactions.

Fund VII's specific structure puts us in a position to invest equity of up to 200 million euros in a single transaction. We will now be able to employ our network for larger transactions.

In the past, we were only able to shoulder such larger transactions together with co-investors. We no longer need to do so. This strengthens our leeway – and makes us more competitive.

Moreover, as of immediately the ECF will also take controlling interests in companies in select cases and structure smaller management buyouts.

In the past, we have frequently come across attractive smaller management buyouts, but we were unable to pursue them because they were not compatible with the investment objectives of the larger DBAG fund. The ECF's expansion to include majority acquisitions therefore represents a logical next step.

Larger investments at the upper end of the market and buyouts at the lower end: that complements our offering and fortifies DBAG's market position. We are enlarging our opportunities for investing in the German *Mittelstand*. We will, of course, maintain our focus and operate within our core competences.

What does this strategic direction mean for our two business lines?

The broader market coverage and higher assets under management enable DBAG to grow – in both of our business lines: in Fund Investment Services and in Private Equity Investments.

1. The sum of managed and advised assets forms the basis for our income from management and advisory services to funds. That income will increase considerably this year and next, and will drive this business line to profitability again. First effects will already become visible this financial year.

2. Our second business line, Private Equity Investments, also stands to profit from the new fund. DBAG's commitment as a co-investor alongside DBAG Fund VII represents a 50 percent increase compared with its predecessor fund. We will therefore invest more from our balance sheet. This creates prospects for stronger growth in portfolio value in the coming years. With DBAG Fund VII, we have thus set the course for DBAG to continue to grow and become more valuable. Our capital increase last year serves to finance the growth. Susanne Zeidler will elucidate that in greater detail.

Now, my third topic: How did we fare in a fiercely competitive environment?

As you know, we concentrate on mid-market companies. Our transactions usually range from enterprise values of 75 to 250 million euros. We mostly invest our capital in management buyouts. A smaller share is channelled into growth financings. Nothing will change in that, even if we expand the thresholds from case to case.

Let us take a glance at the buyout market. We agreed three management buyouts in 2016. That ranks us at the top, a position we share with another financial investor. Over the last ten years, we have been the most active private equity firm in the German *Mittelstand*. Moreover, our market share is particularly high among those transactions in which financial investors acquire family-owned businesses.

A look at the market development shows that the market for management buyouts is limited.

We must, however, keep in mind that we are talking here only about a partial market of all corporate transactions. This statistics don't include transactions through strategic buyers. These increase the competition even more.

Still, our market remains attractive in terms of quality, as is evidenced by taking a closer look.

The important thing here is that not only financial investors transact deals among themselves. Such secondary buyouts are relatively rare in Germany. Opportunities arise time and again to acquire businesses from conglomerates or family-run companies. Such primary transactions frequently present more occasions for development than investments acquired from other financial investors.

Over the last 25 years, a lot has been spoken and written about family succession issues in the German *Mittelstand*; however, these have remained more of a marginal phenomenon. 2016 has been different. About every third management buyout was related to the sale of a company in family ownership. In the past, that rate was only about ten percent. It is evident that family businesses are increasingly opening up to private equity. That will also remain valid, should the high level reached in 2016 not recur.

I mentioned strategic buyers as competitors: the companies we find attractive also attract other investors, for example, strategic buyers from the US or China. In addition, the central banks' low-interest rate policy has channelled streams of capital into the assets class of private equity. Thus, the coffers of our competitors are well filled. It is not surprising to find an overhang of finance in our market.

That funding overhang leads to higher prices. What does that mean for us? Did we pay higher prices? Does this reduce chances for earnings in the coming years?

A comparison of the valuations of our transactions over the past three years with the level of the last 15 years shows that there has been an increase. The increase is apparently still moderate, but is clearly noticeable.

However, such an analysis calls for an interpretation:

At this point a year ago, I reported on the further development of our investment strategy. Whereas the management buyouts alongside the predecessor funds related, with only one exception, to industrial companies and industrial services providers, the composition of Fund VI reveals a somewhat different picture: four of the eleven companies do not have an industrial background.

Well, you know from your own stock market experience that consumer-related companies are frequently considered to be stable and therefore generally valued higher than cyclical mechanical engineering businesses. So part of the increase in valuations is attributable to a changed sector mix of investments in the past three years.

Of course, we cannot evade these higher price levels. But we can respond entrepreneurially in many ways. For instance, we endeavour to constantly improve our practice in seeking new investments. Improving our collaboration with the portfolio companies is also essential in securing our earnings power in an environment of higher price levels.

In addition to the right investment strategy, our team and our business processes are crucial factors.

That brings me to my fourth topic: How did we develop our team and our business processes?

The personal advancement of our employees is a priority issue at DBAG. We work on that within the scope of our human resources development programme.

Human resources development takes place at DBAG both "on the job" as well as in external training sessions. We have established a programme for the members of the investment team, by which also young professionals are introduced to the assignment through various levels and modules.

But what I feel counts especially is how people interact with each other – the "spirit". We have already reached a good level here. Employee surveys reveal where we can improve further.

What we particularly require is our staff's collaborative efforts in continually improving our business processes. This is another crucial aspect for securing and strengthening our competitiveness. That applies to the processes within our entire organisation and involves both the investment team and supporting units.

Why is this only possible with a motivated team? Continually improving business processes means ongoing change. That is not always easy for everybody. All of us cling to our habits and find it hard to take leave of them. Unfortunately, in view of the dynamic change in the environment there is no alternative but to adapt, time and again.

That is why the changes within DBAG have in no way been finalised by the activities in 2016. These remain an ongoing responsibility. And I am very pleased about the positive and constructive way that our staff deals with that challenge.

In closing, I want to address the three major challenges for 2017, from my point of view:

1. The portfolio companies' development.

Three years ago, our portfolio consisted of 17 investments. They now number 24. The number of companies alone is challenging for 2017.

In addition: achieving value growth has become more demanding. One of the reasons is our competitive environment with the consequences I mentioned for pricings. Value appreciation implies to an ever stronger extent that our portfolio companies exhibit successful development. With a focus on strategic expansion through additional businesses and services, our efforts to develop our portfolio companies are taking on greater depth.

2. A consistently high investment pace.

Both funds – Fund VII and the ECF – are at the start of a new investment period. In order to invest the committed capital within the agreed period we must maintain our good investment pace. In light of the competitive environment I have described, this is bound to be challenging.

3. The development of the team

We have broadened our investment focus, and we have more assets at our disposal than previously. That is why we will strengthen our investment team by additional members. The development of our team is, as we see it, a permanent task.

The underlying conditions for our business have not become easier. Looking at it realistically, you will surely agree with me that the list of geopolitical threats and risks for the global economy has become longer. I need only mention Brexit, looming protectionism by the US and upcoming elections by our important European neighbours with the risk of a further destabilisation of the EU.

We cannot simply assume therefore that the past good years for Germany's *Mittelstand* industry will be followed by comparably good or even better ones.

We have no influence on these underlying conditions for our business and that of our portfolio companies. But we can and we will work hard to successfully implement the strategic direction we have set for your company in the coming years. That offers an opportunity – despite all adversities – to ensure that DBAG shares remain an attractive investment!

On that I base my confidence.

Two weeks ago we issued our financial data on the first quarter. They turned out to be very satisfactory.

For a review of the past and an outlook for the future, let me now pass on to our Chief Financial Officer: Susanne Zeidler!

Ladies and Gentlemen,

I am happy to be able to report on excellent financials today.

My topics will be:

1. our objectives and results for the past financial year,

2. the capital increase that my colleague Torsten Grede mentioned,

3. the start to the new financial year and

4. the outlook for the full 2017 financial year and beyond.

But first, a remark on the comparability of financial data: As you know, 2015 was a short eleven-month financial year. I will explain the particularities associated with that from case to case.

Now, coming to our business objectives and results for the past financial year:

The core objective of our activity is to sustainably increase the value of your Deutsche Beteiligungs AG. To make that objective operational, we have defined six financial and non-financial sub-objectives. My colleague Torsten Grede has previously reported comprehensively on how we advanced in our non-financial objectives last financial year. I will therefore focus on the financial objectives:

- to generate a value contribution from our fund investment services,
- to build the value of the portfolio companies

and last but certainly not least for you, our shareholders,

- to have you share in the performance through a consistent dividend, if at all possible.

The first two objectives set out the direction for our business lines of Fund Investment Services and Private Equity Investments, on which we have been reporting separately for the last two years.

The third financial objective derives from the core objective – since there can be no distributions without business success – however, it does not contribute to achieving our core business objective.

What does that mean?

- On the one hand, we are happy about every euro that we can distribute to you.

- On the other hand, every euro that we distribute to you reduces our enterprise value by 15 million euros.

By adjusting our dividend policy last summer, we also reset the course in relation to the balance between distributions and growth.

Sober-mindedly. After all: we want DBAG to grow, while, at the same time, DBAG shares are to remain an attractive dividend stock.

Coming back to our core objective of sustainably increasing the value of DBAG, three indicators summarise what we achieved.

We had forecast that 2016 net income would significantly exceed that of the previous year. "Significantly", according to our definition, means more than 20 percent. We achieved that.

We ended the financial year earning net income of 50.2 million euros. This significantly exceeds the previous year's net income and is significantly in excess of the ten-year average of 32.5 million euros.

2016 was once again a very successful financial year.

Based on consolidated comprehensive income, we derive a return on equity per share of 16 percent for 2016. That is truly a very satisfactory result! Particularly in view of the fact that a further interest-rate deterioration applicable to the remeasurement of pension obligations had a return-reducing effect. It impacted consolidated comprehensive income by 6.8 million euros. The applicable interest rate now is only 0.8 percent, whereas it was two percent one year ago.

We are talking about a value increase when the return on equity per share exceeds the cost of equity. We are talking about a long-term value increase when this succeeds over a period of ten years. Based on our definition, we will have then achieved our core business objective.

For 2016, we had forecast that the return would significantly exceed the cost of equity. We easily reached that short-term goal by posting a return of 16 percent, while the cost of equity was 4.7 percent. Over a ten-year period, we achieved a return on equity of 12.2 percent, thereby also reaching our long-term goal. Over the same period, the cost of equity averaged a little less than seven percent.

The 2016 financial year, with a return of 16 percent, delivered a more than average contribution to this long-term performance.

The return to you, the shareholders of DBAG, also represents superior performance: the dividend and share price generated a total return of 23 percent for you.

The gain consists of a share price increase of 18.8 percent and the reinvested dividend of one euro per share paid in February 2016. You have thereby achieved a greater value gain than with an investment in securities reflecting the Dax or S-Dax.

We have outperformed the benchmark indices over different periods: be it three, five or ten years – a portfolio of DBAG shares has exhibited outstanding performance.

I now come to our financial objectives in detail.

Let me start with the Fund Investment Services segment.

As expected, the Fund Investment Services business line delivered a negative value contribution in 2016.

There are four reasons for that:

1. Despite the longer calculation period with an additional month, fee income declined. When we sell investments, the sum of managed and advised assets decreases. We then receive lower fees for the management or advisement of DBAG funds.

2. Higher expenses were also not unexpected. Raising a new fund involves substantial costs. For example, for legal consultancy services. Or for handling and settlement of the action.
3. Non-regularly recurring costs were also incurred for advisory services on the further development of DBAG's structure. This concerns possible adaptations to the requirements of the German Capital Investment Code.
4. To the same extent as net income exceeded our expectations, variable performance-related remuneration for the staff and the Board of Management exceeded our plan estimates and thereby also the previous year's amount.

For the current year and beyond, we have forecast this business line's return to profitability. We expect an improvement since non-regularly recurring costs of a similar amount will not be incurred.

I now come to the Private Equity Investments business line.

Net income significantly derives from the performance of this business line. It reflects the portfolio companies' development: if the companies succeed in improving their earnings and reducing their debt, they become more valuable.

Our investee businesses made good progress. Nearly all of them were very successful in 2016. They increased their revenue by an average of 5.4 percent and their earnings by nearly twelve percent. That performance is based on notable improvements within the companies. These derive from momentum that is linked to our investment.

Two examples:

We combined several companies operating in process technology under the parent company ProXES. They all provide machines for food processing – ketchup, for instance. However, for different stages in their customers' value chain. Each of them alone was too small to maintain a global sales and service network. Since 2016, they are benefiting from using that network jointly. The result: revenue rose by almost ten percent, along with an increase in EBITDA margin.

Or Infiana.

The company develops and manufactures special films for the hygiene market, the building industry and others. We acquired the business in 2014 from a Finnish conglomerate. Since then, much has been invested to expand the capacity. Moreover, its Brazilian subsidiary was sold at a positive price. Taken together, this is now paying off in the form of a higher margin and increased earnings. Thus, 2016 earnings improved by eleven percent compared to the prior year.

Accordingly, value growth was strong in the year. At 68.9 million euros, it topped the previous year's amount by nearly 40 percent. The largest portion came from the portfolio companies' increase in earnings. But we also benefited from changes in the stock market. Enterprise values there have increased. This effect contributed 16 million euros to the value movement.

As you know, in line with our valuation methodology, changes in the stock market enter into our valuations. This does not only have a positive side. The stock market trend can also result in a negative value contribution. That applies to individual quarters, but it may also apply for a complete financial year – as it did in 2011.

We realised a part of the portfolio's value gains through divestments in 2016.

With the Clyde Bergemann exit, DBAG Fund IV's final investment was released from the portfolio. Spheros and Broetje-Automation were two very successful investments by DBAG Fund V.

At the beginning of the year, we realised more than 20 percent of the portfolio value through disposals.

As to carried interest, I expounded on the rationale last year:

Every investment decision taken by Deutsche Beteiligungs AG requires a private co-investment by members of the investment team. This is commonplace in the private equity industry. It serves to align your interests as shareholders with those of the investment team. By investing their own money, members of the investment team share in the success (or failure) of a fund. If certain conditions are met, they are entitled to a disproportionate share of the sales proceeds.

In April 2016 – the seventh year of DBAG Fund V's term – the Spheros realisation triggered carried interest payments to members of the investment team for the first time. This is recognised in the valuation of the co-investment vehicles at net asset value. We call those entities co-investment vehicles, through which we structure the co-investments of your Deutsche Beteiligungs AG alongside the DBAG funds.

Carried interest entitlements are charged to the gross value gain of the portfolio. At 30 September 2016, we recognised the investment team's current share in the aggregate performance of DBAG Fund V and DBAG ECF.

For the third time since the introduction of the so-called enforcement procedure, our accounting has been subject since last spring to a random sample examination by the Financial Reporting Enforcement Panel – FREP for short. The consolidated financial statements at 30 September 2015 are at issue.

A few comments on that:

The accounting of stock-market oriented companies is not only audited by the auditors on a yearly basis. For the past twelve years, there has also been an "enforcement procedure" aimed at preventing abuse of accounting standards in separate and consolidated financial statements.

For that purpose, the FREP and the Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungen* – BaFin) examine the accounting of capital market oriented companies in a two-stage process either without a concrete cause on the basis of a random sample or – if indications of an abuse of the accounting standards exist – with an examination for cause.

In a random sample examination of our financial statements at 30 September 2015, it became evident that the FREP assessed an issue differently than we and our auditors did.

The issue arose from the first-time application of a new accounting standard, IFRS 10, and here, in particular, the special regime for private equity firms.

The specific question was when and how carried interest entitlements were to be recognised in the period between the audited consolidated financial statements at 30 September 2015 and the opening balance to be drawn up retrospectively based on IFRS 10 as at 1 November 2013.

A year ago, I reported in detail on this issue, which became effective with the first-time adoption of the new IFRS 10 in this form.

We are operating in an attractive niche with our business model: publicly listed private equity is an exception. For that reason it is hardly surprising that the application of new special regimes for private equity firms involves difficult assessments.

Comparative cases are lacking when it comes to the presentation of particularities typical for the sector in the financial data.

Currently, the BaFin is reviewing the findings.

Important for you, the shareholders, is:

The amount of equity at 30 September 2015 is not questioned.

The controversial issue has no effects on the financial statements at 30 September 2016.

Now, what does the net result of investment activity look like?

It reached 60.1 million euros. This is more than twice as much as one year ago!

Segment net income in 2016 was impacted by costs that do not recur every year, for example, expenses for the arrangement of the credit line, which we secured in January 2016.

Audit costs were also higher than previously, due primarily to costs for assistance in the random sample examination by the Financial Reporting Enforcement Panel (FREP). Costs were also recognised for a review of the half-yearly consolidated financial statements, which we had commissioned for the first time.

Based on the very favourable results in the Private Equity Investments business line, net asset value rose significantly compared with the previous year. The capital increase in September also contributed to the 25 percent increase.

The credit facility had not yet been drawn down at the period end; net asset value was therefore not reduced by debt. At 30 September 2016, financial resources totalled almost 79 million euros. In line with our business model, we always hold a notable amount of liquidity available. It serves to be able to fulfil the co-investment agreements with the DBAG funds at all times.

We plan to invest 200 million euros alongside DBAG Fund VII. As Torsten Grede mentioned, this represents an increase of 50 percent compared to the predecessor fund. If we add the proceeds from our most recent disposals to the existing financial resources and also consider the credit facility, the liquidity we have available amounts to some 170 million euros. That corresponds to the investment requirement for this and the coming two years; this is what we believe to be solid financing.

As the shareholders who have been with us for some time know:

Our third financial objective is to have you participate in the Company's performance through a regular dividend, if at all possible.

With an average dividend yield of 6.8 percent over the past ten years, DBAG shares have been an attractive dividend stock. In the past, our dividend policy was based on two pillars: a stable base dividend and a variable surplus dividend. The surplus dividend was paid in years recording particularly profitable realisations and fluctuated strongly.

Dependence on particularly profitable realisations consequently kept investors constantly lying in wait for news from the Company. That led to high volatility in the price of DBAG shares in connection with the announcement of significant realisations.

The new dividend policy will also facilitate compliance with the new market abuse regulation. The new regulation has lowered the threshold for ad hoc publicity.

What does that have to do with our dividend?

If our dividend no longer depended on the success of individual transactions, we would not have to report upcoming sales early on. This strengthens our position in sales processes.

And finally:
With an average pay-out ratio of 92 percent, there were limits to net asset value growth. With the 50 percent increase in our co-investment commitment alongside DBAG Fund VII, we have now clearly set the course for growth in the Private Equity Investments segment.

A larger portfolio will also provide for more consistent cash inflows from realisations.

Based on the higher capital commitments by external investors to DBAG Fund VII, we expect a significant increase in fee income for investment services to funds within the current and next financial years.

These developments gave rise to a new dividend policy.

To provide greater consistency in our dividends, we want to pay a single dividend in the future that will at least be stable and increase whenever possible. We reported on that in August on the third quarter.

What exactly does that mean?

"Stable" indicates that strong fluctuations as in the past are to be avoided. The dividend is also to be "stable" at the upper cap. It is, nevertheless, to "increase whenever possible". Meaning: in small steps and not necessarily every year. You can, however, continue to expect an attractive dividend yield from us.

Attractive, first, on a general comparison. The dividend yield in the S-Dax is some 2.3 percent, or substantially less than we will be paying this year. But we also want to be measured by the dividends that other listed private equity companies pay.

We have started the new dividend policy with a dividend recommendation of 1.20 euros per share. This equates to a dividend yield of 4.4 percent on the average share price in the past financial year. We believe that this dividend policy is even more shareholder-friendly.

Market anticipations of DBAG's dividend will be facilitated if particularly profitable disposals of individual investments no longer determine the divided paid for a year.

Let me now address the capital increase.

As I said, DBAG will be investing more from its own balance sheet than before. At the same time, we intend to adhere to our financing strategy: DBAG does not carry long-term debt in its balance sheet. For that reason, we increased the Company's capital by ten percent in September 2016.

We succeeded in selling shares valued at some 38 million euros to institutional investors. The issue price of 28.25 euros was close to the market price prior to the announcement of the action.

The closing rate on the day of the new share issue had already exceeded the issue price. Since the capital increase, DBAG shares have outperformed the market; they clearly outpaced the S-Dax.

We are delighted about the acceptance that the capital increase met. We gauged it to maintain DBAG's efficient capital structure. It corresponds precisely to the capital requirement as set out by our planning for the next three years. Moreover, limiting it to ten percent enabled us to structure the capital increase under exclusion of subscription rights. We were able to do without a prospectus and thereby avoided considerable costs.

The exclusion of subscription rights allowed us to flexibly respond to changes in the stock market. We firmly believe that this corporate action was in the best interest of all shareholders.

Further details on the capital increase and the utilisation of Authorised Capital can be found in the Board of Management's written report.

What developments lie ahead?

The new financial year started with very gratifying news.

The disposal of our investment in Grohmann Engineering contributed considerably to the good level of first-quarter net income. At 14.1 million euros, it is entirely in line with our expectations – despite the fact that net income was impacted by negative value contributions of 10.5 million euros due to unfavourable stock market effects.

Our financial resources declined marginally in the first quarter, as scheduled. We recorded proceeds from realisations, but have also invested. At 60 million euros, financial resources are at an efficient level. They correspond approximately to the average investment programme of a year.

Equity per share was 25.46 euros after three months, up 3.8 percent on the beginning of the financial year.

We recently reconfirmed our forecast for 2017. Our forecasts are based on unchanged valuation ratios in the stock markets. For that reason alone, our annual results will generally deviate from the forecast, since valuation multiples will hardly remain unchanged over the course of a year. In 2016, they rose and significantly influenced net income. Without such beneficial effects, we expect that net income for the current year will be moderately lower on a comparable basis than that of the previous year.

As in the preceding years, we intend to achieve a return that will significantly exceed the cost of equity.

In closing, let us now look beyond the current year.

We have talked about growth a number of times today. Growth should also become visible in the financial indicators.

The Fund Investment Services segment will be profitable again in the current financial year. With a view to the medium term, that is, for the two financial years after 2017, we expect net income by this segment to improve by at least ten percent compared to the current year.

For the Private Equity Investments segment, we anticipate that the portfolio value will grow by more than fifteen percent annually and that segment net income will significantly exceed the 2017 level.

When I speak of “significantly”, I mean “more than 20 percent”. That is also what we have budgeted for net income in the two subsequent years. It should result in a significantly higher return on equity than in 2017. As for all of our forecasts, we assume that the underlying conditions largely remain stable.

We – Torsten Grede, Rolf Scheffels and I – are very confident about the future. I think that our remarks will enable you to perceive and share our confidence.

- We have a highly experienced and skilled team.

- We have designed our offering to be even more attractive in the market.

- We are sufficiently capitalised – at DBAG and with the two DBAG funds that are both at the beginning of their investment periods.

This past year, we set the course for growth – in both of our business lines. You, the shareholders of DBAG, are ultimately to profit from that growth.

Thank you for your attention!