Deutsche Beteiligungs AG

QUARTERLY STATEMENT

AT 30 JUNE 2018
1ST TO 3RD QUARTER
2017/2018

AT A GLANCE

The listed Deutsche Beteiligungs AG invests in well-positioned mid-sized companies with growth potential. For many years now, we have been focusing in particular on industrial business models in selected sectors. With this experience and our expertise and equity, we support our portfolio companies in implementing a long-term and value-enhancing corporate strategy. Our entrepreneurial investment approach makes us a sought-after investment partner in the German-speaking world. We have been achieving above-average performance for years now – for our portfolio companies and for our shareholders and investors.

CONSOLIDATED KEY FIGURES

		1st to 3rd quarter 2017/2018	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
			adjusted[1]		adjusted[1]
Private Equity Investments segment					
Net result of investment activity	€mn	29.3	75.6	10.5	27.9
Earnings before tax	€mn	24.3	68.3	9.3	26.4
Cash flow from portfolio	€mn	(38.9)	(6.4)	(42.9)	(31.2)
Net asset value (reporting date)	€mn	449.2	451.5		
thereof portfolio value (reporting date)	€mn	329.1	251.7		
No. of investments (reporting date)		27	24		
Fund Investment Services segment					
Fee income from fund management and advisory services	€mn	22.1	20.5	7.6	7.7
Earnings before tax	€mn	4.7	3.1	1.8	0.9
Assets under management or advisement (reporting date)	€mn	1,809.6	1,805.9		
Group					
Earnings before tax (EBT)	€mn	29.0	71.4	11.1	27.3
Net income	€mn	28.9	71.4	11.1	27.3
Consolidated retained profit	€mn	222.3	203.9		
Shareholders' equity (reporting date)	€mn	443.8	436.4		
Earnings per share (reporting date)[2]	€	1.92	4.74	0.74	1.81
Equity per share (reporting date)	€	29.50	29.01		
Change in equity per share[3]	%	6.8	20.1	2.7	7.2
No. of employees (at end of period, including apprentices)		67	67		

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P. (correction of error following enforcement procedure)
2 Relative to the weighted average number of shares in the period in question
3 Change in equity per share relative to equity per share at beginning of reporting period (less the amount distributed)

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QUARTERLY STATEMENT
AT 30 JUNE 2018

FIVE MBOS

IN THE CURRENT FINANCIAL YEAR – MORE THAN 50 MILLION EUROS INVESTED

FURTHER CAPITAL COMMITMENTS FROM INVESTORS – SECOND NEW INVESTMENT PERIOD OF DBAG ECF BEGINS

CHANGE IN RECOGNITION OF CARRIED INTEREST – SLIGHT IMPACT ON EARNINGS IN THE CURRENT FINANCIAL YEAR

NET INCOME OF

28.9

MILLION EUROS

MOST RECENTLY PUBLISHED FORECAST CONFIRMED

LETTER TO OUR SHAREHOLDERS

Frankfurt am Main, 6 August 2018

Dear Shareholders,

Investing is one of our core processes. In recent years, we have continuously developed our investment performance, and our efforts are paying off. Despite very intense competition, we have already been able to reach an agreement on five new investments in this financial year. We see it as a special sign of the confidence placed in us that we have brought the company founders on board as our partners in four cases.

We invested heavily in the first three quarters of the year – not only in new investments but also in company acquisitions at the level of our portfolio companies. The ratio of financial assets to financial resources in our balance sheet has improved through cash outflows from investing activities, bringing with it a positive impact on the return on equity. We were also recently able to draw on the funds made available to us by the investors of DBAG ECF for the second new investment period. The closing of the DBAG ECF II has a positive effect on the amount of assets under management. We were able to invest DBAG ECF I faster than expected.

All of this shows that Deutsche Beteiligungs AG is on the right track.

The receipt of the announcement from the German Federal Financial Supervisory Authority (BaFin) regarding an error that had been identified put an end to the uncertainty surrounding a key accounting issue after the quarterly reporting date. We had taken a different view to BaFin regarding a crucial detail in the IFRS-compliant consideration of carried interest. The matter had been raised in the course of a routine audit of our financial statements at 30 September 2015. We have reported on this time and again over the past year and a half, and have provided you with information on the possible impact on our results. Since we have now made the appropriate changes to our accounting, we had to make a downward adjustment to our forecast for the current financial year in June. The important thing to bear in mind here is that it was not a question of whether but rather of when carried interest should be recognised in profit or loss. We had reported on the potential impact on earnings in the past anyway.

We have invested in well-positioned companies and we are confident in our ability to achieve our financial and non-financial targets in this financial year and beyond.

Board of Management of
Deutsche Beteiligungs AG

Torsten Grede | Dr Rolf Scheffels | Susanne Zeidler

EXPLANATION OF THE KEY EVENTS AND TRANSACTIONS

Private Equity Investments

In the first nine months of the financial year 2017/2018, Deutsche Beteiligungs AG entered into four new investments alongside DBAG ECF and one new investment alongside DBAG Fund VII. The agreement on the MBO of the BTV Braun Telecom Group means that the second new investment period of DBAG ECF has started ahead of schedule. Since the beginning of the financial year, the fund had already acquired majority stakes in Sjølund A/S, netzkontor nord GmbH and von Poll Immobilien GmbH. In June 2018, DBAG Fund VII invested in Karl Eugen Fischer GmbH as part of an MBO. In addition, the first nine months of the financial year were characterised by numerous changes at existing portfolio companies, in particular due to Cleanpart Group GmbH selling a line of business, the partial disposal of the investment in Silbitz Group GmbH, the merger of duagon Holding AG with MEN Mikro Elektronik GmbH and a total of six company acquisitions at the portfolio company level.

DBAG ECF: Four new investments and additional company acquisitions

In the third quarter, DBAG ECF agreed on two MBOs; both were only executed after the reporting date. Since its establishment in 2000, von Poll Immobilien has developed into one of the leading broker platforms in the premium segment in the Germany, Austria and Switzerland region. Today, the company's network consists of around 280 offices in Germany and other locations in nine European countries; more than 800 brokers operate under the von Poll brand umbrella. In the course of the transaction, DBAG will spend up to 11.8 million euros of proprietary capital for its co-investment alongside DBAG ECF; following the completion of the transaction, DBAG will hold approximately 36 percent of the shares in von Poll Immobilien.

The BTV Braun Telecom Group, the second MBO in the third quarter, is a group of retail and service companies that develop, produce and sell components for the construction of cable and fibre-optic networks. These companies offer everything needed to build, upgrade and operate such infrastructures, making the Group one of the few full-service providers on the market. BTV is the fifth broadband communication company that DBAG has invested in since 2013. DBAG's co-investment alongside DBAG ECF will amount to up to 4.8 million euros; this means that, in the future, around 38 percent of the shares in the companies of the BTV Group will be attributable to DBAG.

At the beginning of the financial year, DBAG ECF acquired a majority stake in Sjølund A/S, the biggest provider on the niche market for complex bent aluminium and steel components, as part of an MBO. The company produces components for the nacelles of wind turbines and supplies train manufacturers with structural profiles and components for external cladding, for example for the front of the railcar, the window frames or the boarding area. Other customer markets are the construction sector and the mechanical engineering industry. DBAG co-invested 4.5 million euros alongside DBAG ECF and holds around 22 percent of the shares in Sjølund.

The MBO of netzkontor nord GmbH was also completed in the first nine months of the year. The company offers a range of services relating to the planning and supervision of fibre-optic network construction and handles network management for operators. netzkontor currently focuses on the region of Schleswig-Holstein in Germany. DBAG ECF has taken over the majority of the shares in netzkontor from the company's founders. DBAG invested 6.5 million euros alongside the fund; this accounts for approximately 34 percent of the shares in the company. netzkontor made its first purchase just after DBAG ECF began investing in the company. The acquisition of BIB TECH GmbH (revenues in 2017: five million euros) in May 2018 will allow netzkontor to broaden its customer base, expand regionally and secure additional capacities for network planning and project management. DBAG invested a further 1.9 million euros in netzkontor alongside DBAG ECF to finance the company acquisition.

vitronet Projekte GmbH has already completed two company acquisitions in the current financial year. First, the simultaneous acquisition of Dankers Bohrtechnik GmbH and Dankers Projektierung GmbH (total revenues in 2017: 15 million euros) in October 2017 expanded the value chain of the company to include civil engineering for fibre-optic networks. DBAG invested a further 3.8 million euros in vitronet alongside DBAG ECF to finance the transaction. vitronet further improved its market position in May 2018 with the acquisition of Enetty Holding GmbH (revenues in 2017: two million euros) using its own funds. Enetty bundles fibre-optic paths from various network providers to create a single direct connection that can be sublet to customers on the basis of long-term contracts.

The acquisitions made by vitronet were followed by the refinancing of the company in May 2018. The cash inflow from this transaction (7.8 million euros) will occur after the reporting date.

DBAG Fund VII: new investment and capital increase

In the third quarter, DBAG Fund VII acquired a majority stake in Karl Eugen Fischer GmbH, the world's leading manufacturer and developer of cutting systems for the tyre industry, as part of an MBO. Tyre manufacturers use the machinery produced by Karl Eugen Fischer (KEF) primarily to manufacture rubber-coated steel wire and fabric layers (known as calendered cord material) for tyre carcasses and tyre belts. These layers form the supporting structure for the tyre and give it shape and driving stability. KEF's machinery cuts this cord with absolute precision. DBAG's co-investment alongside DBAG Fund VII amounts to 22.7 million euros. This means that DBAG accounts for around 22 percent of the shares in Karl Eugen Fischer in the target structure. Following this transaction, which is the fourth executed by DBAG Fund VII in total, around one third of the fund's investment commitments have now been called.

The combination of the portfolio company duagon with MEN Mikro Elektronik GmbH was completed in May, i.e. in the reporting quarter. The two companies are being merged under the same umbrella to form one of the leading providers of software and hardware solutions for data processing and communications, particularly in rail vehicles. DBAG invested 8.9 million euros in duagon alongside DBAG Fund VII to finance the transaction as part of a capital increase.

DBAG Fund VI: Partial disposal of Silbitz and further changes at portfolio companies

The merger of Polytech and the Israeli company G&G Biotechnology Ltd., a manufacturer of innovative, particularly light filling material for implants, was completed in June. DBAG Fund VI had subscribed to a capital increase as part of the transaction; DBAG invested another 0.9 million euros in Polytech alongside DBAG Fund VI. At the same time, the G&G shareholders acquired 20 percent of the shares in Polytech. The valuation reported for the investment in Polytech at 31 December 2017 already takes into consideration outcomes from the transaction.

At the beginning of the financial year, Cleanpart Group GmbH sold its healthcare business line in order to focus on services for the semiconductor industry in the future. The buyer was Vamed, a hospital services provider that is majority owned by Fresenius SE & Co. KGaA. The purchase agreement had already been signed in September 2017; the agreed price was included in the investment valuation reported at 30 September 2017. Deutsche Beteiligungs AG received total funds of 4.1 million euros from the sale and subsequent recapitalisation of the company.

DBAG recorded an initial fund inflow of 1.3 million euros from the partial disposal of its stake in Silbitz Group GmbH in February 2018. 22 percent of the shares in the foundry were taken over by Sistema Finance S.A. The subsidiary of the Russian conglomerate JFSC Sistema, which is listed on the London and Moscow stock exchanges, had already acquired a minority stake in Gienanth, the second foundry in DBAG's portfolio, in the previous financial year. DBAG Fund VI, alongside which DBAG invested in Silbitz in August 2015, will continue to hold the majority of the shares in the company.

In the context of restructuring measures, DBAG increased its share in Unser Heimatbäcker GmbH alongside DBAG Fund VI in January and June 2018, investing a further 1.9 million euros in the company in total. In addition, the fund has taken over the shares, which are not currently recoverable, of the managing partner who has left the company and other former management members. As a result, the share held by the fund has increased from 66.3 percent to 96.7 percent, with 18.8 percentage points attributable to DBAG (12.6 percent).

Pfaudler expanded its product range and product expertise by acquiring Normag AG Labor- und Prozesstechnik GmbH (revenues in 2017: twelve million euros) and interseal Dipl.-Ing. Rolf Schmitz GmbH, a provider of seal components (revenues in 2017: four million euros). From now on, both of the companies acquired in October 2017 will benefit from Pfaudler's global sales when tapping into new markets. Pfaudler financed both acquisitions using its own funds.

Externally managed international fund investments: Disposal of a portfolio company

DBG Eastern Europe, one of the two externally managed international buyout funds in the DBAG portfolio, successfully sold an investment in March 2018. The fund now holds only one investment. DBAG received funds in the amount of 1.4 million euros from the transaction. As a result of the sale, part of the carried interest claims arising from DBAG's investment in the fund's management company were also paid out. A further 4.3 million euros were accrued as a result.

Fund Investment Services

Second new investment period of DBAG ECF begins early

The agreement of the MBO of the BTV Group signals the start of the second new investment period of DBAG ECF, referred to as DBAG ECF II for short. The fund's first new investment period (DBAG ECF I) therefore ended early after twelve months. So far, 80 percent of the committed funds for DBAG ECF I have been called. Further subsequent investments to support the enhancement of the existing portfolio companies are expected. Investors have committed a total of 97.0 million euros for DBAG ECF II, of which 39.7 million euros are co-investment commitments made by DBAG. The second new investment period is to last until 31 December 2020. 90 percent of the committed funds come from existing investors.

With the start of the investment period of DBAG ECF I, new agreements on the advisory fee had come into force, resulting in significantly higher income earned through fund advisory services for this fund in the first three quarters. We receive ongoing remuneration of 1.75 percent of the invested capital for our advisory services and an additional one-off fee corresponding to two percent of the invested capital upon conclusion of a new investment.

COMPARABILITY OF THE FIGURES

Our accounting at 30 June 2018 has changed as against the previous reporting dates, and we have also adjusted comparative figures at 30 September 2017 and figures for the comparative period from 1 October 2016 to 30 June 2017 in this quarterly statement. As a result, the figures in this quarterly statement can be compared against the information published in the past only to a limited extent. This essentially applies to the disclosures on the net result of investment activity, as well as to the amount of financial assets and equity. The change in accounting was prompted by findings from the course of the enforcement procedure in connection with the spot check on the consolidated financial statements at 30 September 2015. We have reported on this procedure several times, for example in the 2016/2017 Annual Report (page 92).

On 26 July 2018, the German Federal Financial Supervisory Authority (BaFin) found that the consolidated financial statements of DBAG at 30 September 2015 (financial year 2014/2015) violated accounting standards. It takes a different view on the IFRS-compliant consideration of carried interest entitlements arising from private investments made by investment managers in investment entity subsidiaries of DBAG Fund V. Specifically, the question relates to the point in time as of which carried interest is to be recognised at fair value in connection with the valuation of the investment entity subsidiary of DBAG Fund V (DBAG Fund V Group). No objections have been raised regarding the fair value of DBAG Fund V Konzern at 30 September 2015.

As a result, we changed the method used for the recognition of carried interest at 30 June 2018. We no longer calculate the fair value of the investment entity subsidiaries based on the assumption that the relevant DBAG fund will continue as planned, but – in line with BaFin's understanding – based on the assumption of the full liquidation of a fund's portfolio on the reporting date. In line with this method, carried interest is generally first recognised at an earlier point in time in connection with the calculation of the fair value of the investment entity subsidiary – irrespective of the fact that the carried interest amounts taken into account in earlier periods may be reduced in later periods due to the investment progress made or the further development in value of the portfolio, or that the company law requirements for carried interest may not be met at all.

The change in methodology has an impact on the valuation of DBAG's shares in the investment entity subsidiary of DBAG Fund VI at 30 June 2018. At the reporting date, these shares were valued 10.5 million euros lower than based on the previous method. The IFRS rules require that, when the methodology is changed, the accounts must be prepared as if the new method had always been applied; this means that the comparative figures have to be adjusted. Based on this new method, the valuation of the investment entity subsidiary of DBAG Fund VI at 30 September 2017 would already have had to take into account 8.4 million euros in carried interest, reducing the value accordingly. This means that net income (1 October 2017 to 30 June 2018) is now 2.1 million euros lower according to the new method, and that the adjusted figure for the comparative period (1 October 2016 to 30 June 2017) is 7.2 million euros lower.

The only difference between the previous and the new method relates to how the amount is distributed in profit or loss over the periods; the two methods result in the same carried interest amount over the entire term of a fund.

EARNINGS POSITION

Overview

Net income for the first nine months of the financial year 2017/2018 amounts to 28.9 million euros. Both business segments made a positive contribution to this. In the Private Equity Investments segment (earnings contribution of 24.3 million euros), the predominantly positive operating performance of the portfolio companies had a value-enhancing effect. Overall, the impact of capital market developments was virtually neutral, although it varied considerably in each of the three quarters. Net income in the Fund Investment Services segment (4.7 million euros) reflects, among other things, the investment progress made by DBAG ECF.

In the previous financial year, the net income had amounted to 71.4 million euros (adjusted) after the first nine months. This result was due to a completely different, unusual business development: in the first three quarters of 2016/2017, we had sold, or agreed to sell, six companies. We achieved prices that, in some cases, significantly exceeded the valuations of these companies at the beginning of the financial year; the contributions from these transactions were correspondingly high. It is obvious that, with an intended holding period of between four and seven years from a portfolio of 27 companies, a scenario in which six companies are ready for sale does not occur in every nine-month period. In addition, the extremely large supply of capital on the part of financial investors and the interest shown by strategic investors stimulated demand for attractive companies considerably, with a knock-on effect on prices, in the previous financial year. And unlike in the current financial year, the extremely positive mood on the capital markets provided additional momentum.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€'000	**1st to 3rd quarter 2017/2018**	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
		adjusted[1]		adjusted[1]
Net result of investment activity	29,314	75,635	10,483	27,928
Fee income from fund management and advisory services	21,523	19,674	7,374	7,447
Net result of fund services and investment activity	**50,836**	**95,309**	**17,857**	**35,375**
Personnel costs	(12,361)	(15,845)	(4,789)	(6,141)
Other operating income	2,237	7,013	933	4,359
Other operating expenses	(11,402)	(14,688)	(2,685)	(6,151)
Interest income	(350)	(376)	(200)	(128)
Other income/expenses	**(21,876)**	**(23,896)**	**(6,740)**	**(8,062)**
Earnings before tax	**28,960**	**71,413**	**11,116**	**27,312**
Income taxes	(1)	0	0	0
Earnings after tax	**28,960**	**71,413**	**11,116**	**27,312**
Minority interest gains/losses	(19)	(31)	(2)	(11)
Net income	**28,941**	**71,381**	**11,115**	**27,301**
Other comprehensive income	(549)	(769)	(99)	(146)
Consolidated comprehensive income	**28,392**	**70,613**	**11,015**	**27,155**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

The **NET RESULT OF FUND SERVICES AND INVESTMENT ACTIVITY** came to 50.8 million euros, as against (adjusted) 95.3 million euros in the previous year. It is still determined to a considerable degree by the net result of investment activity, both in terms of its absolute amount and in terms of its volatility (for details, please refer to the information under "Net result of investment activity" below). At 21.5 million euros, fee income from fund management and advisory services was up again (previous year: 19.7 million euros). This increase is due to higher income from DBAG

Fund VII (12.1 million euros as against 8.5 million euros), but also from DBAG ECF (1.7 million euros as against 0.3 million euros). DBAG Fund VII's investment phase had only just commenced at the end of December 2016; as a result, DBAG has now received significantly higher remuneration from fund advisory services than in the first nine months of the previous year.

Net expenses within **TOTAL OTHER INCOME/EXPENSES**, i.e. the net amount of personnel costs, other operating income and expenses as well as net interest, came to 21.9 million euros, down on the prior-year figure (23.9 million euros). Personnel costs were down on the first three quarters of 2016/2017; in the previous year, they had included the investment performance-based remuneration resulting from the sale of an older investment in the amount of 1.6 million euros. In addition, lower provisions have now been set up for variable remuneration in line with the development of earnings. As against the previous year, transaction-related expenses were lower; this results in lower income from passing on these costs. Other operating expenses in the current financial year have been hit by special expenses relating to other periods in an amount of 0.9 million euros; these are due to the subsequent adjustment to the remuneration that DBAG had received for the work performed by members of the investment team in supervisory bodies of DBAG Fund V portfolio companies since the start of the investment phase ten years ago. Compared to the previous year, general consultancy expenses, for example for data protection or regulatory issues, are higher. In view of the changes resulting from MiFID II, we also spent more on investor relations than in the previous year.

Net result of investment activity

The **NET RESULT OF INVESTMENT ACTIVITY** in the amount of 29.3 million euros (previous year: 75.6 million euros) was largely determined by the value growth of the interests in the portfolio companies, which are held via investment entity subsidiaries, with one exception (JCK). This means that it was influenced not only by the earnings expectations of the portfolio companies, but also – due to their valuation based on multiples of listed reference companies (peer groups) – by developments on the capital markets. In addition, as is typical for the business, it takes into account indications resulting from expressions of interest by potential buyers for individual portfolio companies.

The **GROSS RESULT OF VALUATION AND DISPOSAL** of the portfolio after nine months comes to 29.5 million euros, down by 64.4 million euros on the same period of the previous year. The considerable difference once again highlights just how outstandingly positive our earnings development was in 2016/2017. As already mentioned, our result for the first three quarters of that year included significant contributions from six company disposals.

NET RESULT OF INVESTMENT ACTIVITY

€'000	**1st to 3rd quarter 2017/2018**	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
		adjusted[1]		adjusted[1]
Gross result of valuation and disposal portfolio	29,532	93,943	9,459	39,590
Gains attributable to minority interest in investment entity subsidiaries	(5,445)	(20,824)	(2,963)	(13,080)
Net result of valuation and disposal portfolio	**24,087**	**73,119**	**6,496**	**26,510**
Current income portfolio	9,757	6,536	5,743	2,411
Net result from portfolio	**33,844**	**79,655**	**12,239**	**28,920**
Net result from other assets and liabilities of investment entity subsidiaries	(4,529)	(4,021)	(1,755)	(992)
Net result from other financial assets	(1)	1	0	(1)
Net result of investment activity	**29,314**	**75,635**	**10,483**	**27,928**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

SOURCE ANALYSIS 1: We generally adjust our valuations at 31 December to reflect the portfolio companies' budgets for the new year; on the reporting dates that follow, we refine the values included in these budgets based on both the results that have actually been achieved and the ongoing earnings forecasts for the companies. If there are no updated figures compared with the previous valuation available in individual cases, we take into account the latest information from the portfolio companies. After the first quarter, we reported that most companies had budgeted for higher revenues and earnings in 2018 and believed that they were on the right track. In this regard, essentially nothing has changed in the course of the year.

The value contributions made by **CHANGES IN EARNINGS** and **DEBT** are considerably distorted in this reporting period due to a debt-financed company acquisition and the recapitalisation of a portfolio company. All in all, the value contribution made by the operating performance of the portfolio companies – changes in earnings and debt – is now 13.3 million euros higher than a year ago (6.3 million euros).

We had already pointed out in the half-yearly report that individual companies would make a lower value contribution in the current financial year than initially expected. This was confirmed in the third quarter with an overall negative value contribution of 4.4 million euros from the earnings development of the companies. The reasons for the budget deviations are essentially change processes at individual companies that are developing more slowly than planned.

The comparison of the earnings contributions resulting from the change in the **MULTIPLES** used for valuation is clearly distorted. In the first three quarters of the previous year, this effect was very clearly influenced by findings from the agreed disposals of three investments; 60.1 million euros of the multiplier effect in the previous year was attributable to this. There was no comparable effect in the reporting period. As in the previous year, we considered expressions of interest from potential buyers in the valuation of individual portfolio companies, while at the same time taking into account the unforeseeable outcome of such talks. This resulted in an effect on the net result of valuation of 7.0 million euros, as against 0.6 million euros in the same period of the previous year. The changes in valuation ratios on the capital markets had an effect of -0.7 million euros in the reporting period; increased multiples in the third quarter of 2017/2018 almost offset the negative value contribution in the first half of the year. Value contributions from ongoing disposal processes and capital market developments cannot be planned. Nevertheless, they can significantly influence our results. The resulting volatility in results is typical for the business.

Overall, changes in **EXCHANGE RATES** had hardly any effect in the first three quarters; the negative contribution in the first two quarters is almost completely offset by the positive contribution in the third quarter. More DBAG investments are now affected by exchange rate fluctuations than a year ago.

Our planning assumptions for the portfolio companies that we value using the DCF method have improved in light of the positive financial development of the investments. The resulting changes in valuation are reflected in "other influences" (change in **OTHER**).

The **NET RESULT OF DISPOSAL** of 2.8 million euros includes the proceeds from the sale of the penultimate investment of DBG Eastern Europe and subsequent proceeds from retentions relating to investments disposed of in previous years. The completed disposal of a business line by Cleanpart has not reduced DBAG's share in the company, which is why it is not included in the net result of disposal. In the previous year, three completed disposals had been included in the net result of disposal.

One of the investments that is still measured at **ACQUISITION COST** relates to a foreign portfolio company; we entered into this investment in a foreign currency. As this currency has depreciated slightly against the euro, this has a minimal negative impact.

The contributions to the net result of valuation and disposal included in the **OTHER** item are primarily attributable to two investments in international buyout funds managed by third parties and to companies through which representations and warranties dating from former divestments are (largely) settled ("Other investments").

SOURCE ANALYSIS 2: The positive changes in value in the first three quarters are attributable to 14 active portfolio companies (previous year: 17) and one investment (previous year: two investments) in an international buyout fund managed by a third party. They also include three out of the four investments which were recognised at fair value for the first time on this and the two previous reporting dates. Three (previous year: six) investments are recognised at their transaction price because they have been held for less than twelve months. Eight (three) investments made a negative contribution to the net result of valuation and disposal in the first three quarters. In five cases, the valuation was also negatively influenced by lower multiples of listed reference companies; for two of these companies, the value contribution would have been positive had the capital market influence been neutral. If the negative performance is not solely attributable to capital market developments, reasons specific to the company in question must be cited in each case; for the most part, they do not result in a fundamental correction or impairment of the investment approach pursued. Because DBG Eastern Europe, the second externally managed international buyout fund, distributed the funds received after a sale, the value of this investment fell and also had a negative impact on the net result of valuation, reducing it by 1.1 million euros. This is, however, offset by 4.3 million euros of income which is reported under current income from the portfolio.

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES SOURCE ANALYSIS 1

€'000	**1st to 3rd quarter 2017/2018**	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
Fair value of unlisted investments				
Change in earnings	39,899	4,184	(4,378)	7,349
Change in debt	(26,559)	2,129	(16,581)	(288)
Change in multiples	6,258	71,896	24,305	34,093
Change in exchange rates	(69)	(583)	1,300	(1,711)
Change, other	7,643	3,436	6,749	1,898
	27,172	81,062	11,395	41,341
Net result of disposal	2,788	16,960	1,394	(850)
Acquisition cost	(4)	0	0	0
Other	(423)	(4,078)	(3,329)	(902)
	29,532	**93,943**	**9,459**	**39,590**

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES SOURCE ANALYSIS 2

€'000	**1st to 3rd quarter 2017/2018**	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
Positive movements	50,859	104,635	27,487	47,971
Negative movements	(21,327)	(10,692)	(18,028)	(8,382)
	29,532	**93,943**	**9,459**	**39,590**

RESULT OF VALUATION AND DISPOSAL PORTFOLIO BY SOURCES
SOURCE ANALYSIS 3

€'000	**1st to 3rd quarter 2017/2018**	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
Net result of valuation	26,744	16,881	8,065	6,007
Unrealised disposal gains on imminent sales basis	0	60,102	0	34,432
Net result of disposal	2,788	16,960	1,394	(850)
	29,532	**93,943**	**9,459**	**39,590**

SOURCE ANALYSIS 3: In the first three quarters of the financial year 2017/2018, DBAG's net result of valuation and disposal was characterised almost exclusively by a higher portfolio valuation on the whole. No investment had been completely sold by the reporting date of 30 June 2018; as mentioned above, the net result of disposal includes the proceeds from the sale of the penultimate investment of DBG Eastern Europe and a comparable amount of proceeds from retentions relating to sold investments. In the first nine months of the previous year, the earnings contributions made by the disposals of the investments in three portfolio companies that had already been completed were reflected in the net result of disposal, while the contributions made by the disposals of investments in three further portfolio companies that had been agreed, but not yet completed, were included in the "Unrealised disposal gains on imminent sales basis".

GAINS ATTRIBUTABLE TO MINORITY INTEREST IN INVESTMENT ENTITY SUBSIDIARIES reduced the net result of investment activity in the first nine months by 5.4 million euros (previous year: 20.8 million euros). These relate to the carried interest entitlements of selected current and former members of DBAG's investment team arising from private investments in the investment entity subsidiaries of the DBAG funds mentioned in the introduction to this section. The (adjusted) figure for the previous year includes 7.2 million euros in profit shares from the participation in the investment entity subsidiary of DBAG Fund VI.

The minority interests in investment entity subsidiaries recognised in these financial statements mirror the net amount of realised and unrealised value appreciation of the investments of the DBAG funds in the first nine months of the financial year. Of this amount, 2.1 million euros is attributable to DBAG Fund VI and was recognised for the first time following the change in methodology; the adjusted figures for the previous year include 7.2 million euros within this context. The carry can change with future valuation movements of the funds' investments and in the course of payments following disposals from a fund's portfolio, provided that the contractual conditions are met. Corresponding to the realisation of value gains on individual investments, carried interest payments will extend over a number of years. DBAG Fund VII only started investing one and a half years ago. The new method does not result in the recognition of any arithmetical carried interest for this fund at the reporting date either.

The **CURRENT INCOME FROM THE PORTFOLIO** relates mainly to interest payments on shareholder loans and a distribution made by DBG Eastern Europe following the disposal of one of the two remaining investments of this externally managed international buyout fund.

The **NET RESULT FROM OTHER ASSETS AND LIABILITIES OF THE INVESTMENT ENTITY SUBSIDIARIES** came to -4.5 million euros after nine months (previous year: -4.0 million euros). The item mainly includes the remuneration for the manager of DBAG Fund VI and DBAG Fund VII on the basis of the capital invested/committed by DBAG.

LIQUIDITY POSITION

DBAG's financial resources consist of cash in the amount of 11.2 million euros and comprise 83.1 million euros in units in fixed-income and money market funds and securities of German issuers. These funds are available for investments overall.

The investment entity subsidiaries have further financial resources in the amount of 24.7 million euros (30 September 2017: 14.5 million euros). Its financial resources consist of cash in the amount of 19.5 million euros, as well as securities issued by German issuers worth 5.2 million euros. Prior to the reporting date, the investment entity subsidiaries had received funds which they did not distribute until after the end of the quarter. These funds originate from the refinancing of an investment (vitronet) and an externally managed international buyout fund (DBG Eastern Europe).

The following statement of cash flows based on the IFRS shows the changes in cash funds of DBAG.

In the first nine months of the financial year 2017/2018, **FINANCIAL RESOURCES** pursuant to the IFRS, which exclusively comprise cash funds, dropped by 116.8 million euros to 11.2 million euros (at the reporting date of 30 September 2017: 128.0 million euros). In the second quarter, DBAG invested a large part of its existing financial resources in fixed-income and money market funds.

The negative **CASH FLOWS FROM OPERATING ACTIVITIES** are higher than in the prior-year period. In the previous year, we had received an investment income tax refund from the tax authorities in the amount of 1.9 million euros in the third quarter.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

INFLOWS (+)/OUTFLOWS (-)

€'000	**1st to 3rd quarter 2017/2018**	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
		adjusted[1]		adjusted[1]
Net income	28,941	71,381	11,115	27,301
Valuation gains (-)/losses (+) and positive (-)/negative (+) result of disposal portfolio on financial assets and loans and receivables	(27,445)	(76,194)	(9,753)	(27,169)
Other non-cash-relevant changes	(8,193)	(523)	469	10,362
Cash flows from operating activities	**(6,697)**	**(5,336)**	**1,830**	**10,494**
Proceeds from disposals of financial assets and loans and receivables	10,840	68,210	0	16,597
Purchase of investments in financial assets and loans and receivables	(52,632)	(48,944)	(10,158)	(22,081)
Proceeds from disposals of other financial instruments	35,649	0	0	0
Purchase of investments in other financial instruments	(32,766)	(25,703)	(32,766)	(25,703)
Proceeds from (+) / acquisitions of (-) long and short-term securities	(49,966)	(13,384)	40,010	12,641
Other inflows and outflows	(124)	(231)	61	5
Cash flows from investing activities	**(89,000)**	**(20,052)**	**(2,853)**	**(18,542)**
Payments to shareholders (dividends)	(21,062)	(18,053)	0	0
Cash flows from financing activities	**(21,062)**	**(18,053)**	**0**	**0**
Change in cash funds from cash-relevant transactions	(116,758)	(43,440)	(1,022)	(8,048)
Cash funds at start of period	127,976	51,361	12,239	15,969
Cash funds at end of period	**11,217**	**7,921**	**11,217**	**7,921**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

CASH FLOW FROM INVESTING ACTIVITIES was negative in the reporting period at 89.0 million euros. 50.0 million euros of this amount is attributable to the investment of funds in fixed-income and money market funds. All in all, there were cash outflows from investing activities of 38.9 million euros in the first nine months of the ongoing financial year. These cash outflows consist of total proceeds and payments relating to financial assets and to loans and receivables in the amount of -41.8 million euros, and of total proceeds and payments relating to other financial instruments in the amount of 2.9 million euros. In the first nine months of the financial year 2016/2017, the investment activity required the use of funds totalling 6.4 million euros. This volatility is due to reporting-date factors and is also due to lower cash flows, albeit considerable ones in terms of amount, in the transaction business, meaning that it is typical for our business model.

Proceeds from disposals of financial assets and loans and receivables are attributable, specifically, to distributions made by the investment entity subsidiaries for DBAG Fund V and DBAG Fund VI. They mainly relate to subsequent disposal income relating to retentions from investments made by DBAG Fund V that were disposed of in previous years (Broetje-Automation, Coperion, ProXES, Spheros), as well as the proceeds from the partial disposal of the investment in Silbitz and the recapitalisation of Cleanpart (both DBAG Fund VI).

Payments for investments in financial assets and loans and receivables related to the capital calls made by the investment entity subsidiaries for new investments made by DBAG ECF I (Sjølund, netzkontor, von Poll) and for follow-up investments in portfolio companies of DBAG ECF (DNS:NET, R&M) and DBAG Fund VI (Polytech, Unser Heimatbäcker). DBAG Fund VII also called funds in the course of the final structuring of the investment financing for More than Meals.

The repayment of short-term loans that DBAG had granted as part of the structuring of the investments in duagon and More than Meals is also included in the cash flow statement for the first half of 2017/2018 as a cash inflow from the disposal of other financial instruments.

DBAG once again granted short-term loans in connection with the structuring of the investment in KEF, which was completed in the third quarter, and the follow-up investment in duagon. The resulting cash outflows are recognised as payments for investments in other financial instruments.

ASSET POSITION

Asset and capital structure

Total assets at the reporting date of 30 June 2018 are up by 1.8 million euros, i.e. only slightly, compared with the beginning of the financial year. By contrast, there was a clear change in the **ASSET STRUCTURE**: at the current reporting date, non-current assets accounted for 80 percent of total assets (at the reporting date of 30 September 2017: 62 percent).

At the same time, current assets had dropped by 82.2 million euros in total by 30 June 2018. The change in the asset structure was due primarily to the servicing of capital calls for new investments made by DBAG Fund VII and DBAG ECF, for follow-up investments in portfolio companies of DBAG Fund VI, DBAG Fund VII and DBAG ECF, as well as to the investment of cash funds in fixed-income and money market funds.

The acquired fund units were allocated to current or non-current assets according to the funding needs that we currently anticipate for the coming twelve months; the funding needs are mainly determined by investment activity and are derived from the balance of disposal proceeds and capital calls for additional co-investments alongside the DBAG funds.

At 30 June 2018, 69 percent of total assets (30 September 2017: 55 percent) was invested in financial assets. 20 percent of total assets were attributable to financial resources of DBAG, which consist of cash, long-term and short-term securities; this percentage has decreased since the end of the last financial year (35 percent).

Shareholders' equity rose by 7.3 million euros as against the reporting date of 30 September 2017 to 443.8 million euros. Equity per share rose from 29.01 euros to 29.50 euros. In relation to the equity at the beginning of the financial year, reduced by the dividend distributed in February, this equates to an increase of 6.8 percent within nine months.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€'000	30 June 2018	30 Sept. 2017 adjusted[1]
Financial assets and loans and receivables	322,060	254,168
Long-term securities	50,135	33,659
Other non-current assets	1,432	1,822
Non-current assets	**373,627**	**289,648**
Other financial instruments	32,766	35,649
Receivables and other assets	4,936	4,072
Short-term securities	33,000	0
Cash and cash equivalents	11,217	127,976
Other current assets	10,224	6,624
Current assets	**92,143**	**174,320**
Assets	**465,770**	**463,968**
Equity	443,777	436,447
Non-current liabilities	11,818	11,471
Current liabilities	10,176	16,050
Liabilities	**465,770**	**463,968**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

The **CAPITAL STRUCTURE** is largely unchanged as against the end of the last financial year; the equity ratio increased from around 94 percent to a good 95 percent.

Shareholders' equity covers the non-current assets in full and covers current assets at a rate of 76 percent (30 September 2017: 84 percent).

Current liabilities have fallen by 5.9 million euros since 30 September 2017. This is largely due to the payment of variable remuneration for which provisions had been set up at 30 September 2017.

The **CREDIT LINE** of 50 million euros was not drawn down during the first nine months or at the reporting date. The term of the credit line was extended in the third quarter until 2023.

Financial assets and loans and receivables

Financial assets including loans and receivables are largely determined by the **PORTFOLIO VALUE**. Their increase at 30 June 2018 is largely due to portfolio additions and the value appreciation of the existing investments (see the comments below on the portfolio value).

FINANCIAL ASSETS AND LOANS AND RECEIVABLES

€'000	30 June 2018	30 Sept. 2017 adjusted[1]
Portfolio value (incl. loans and receivables)		
gross	329,090	251,722
Minority interest in investment entity subsidiaries	(25,484)	(21,341)
net	303,605	230,380
Other assets/liabilities of investment entity subsidiaries	18,379	22,373
Other non-current assets	76	1,415
Financial assets and loans and receivables	**322,060**	**254,168**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

The **MINORITY INTEREST IN INVESTMENT ENTITY SUBSIDIARIES** increased by 4.1 million euros in total compared with the (adjusted) level at the start of the financial year. This includes changes in the value of the portfolios of DBAG Fund V and DBAG ECF, as well as DBAG Fund VI (2.1 million euros) for the first time due to the change in accounting. Carried interest distributions that were triggered by disposals from retentions relating to investments of DBAG Fund V that were sold in previous years had the opposite effect. Even based on the new methodology, the value of the portfolio of DBAG Fund VII does not yet require the recognition of carried interest.

The **OTHER ASSETS AND LIABILITIES OF THE INVESTMENT ENTITY SUBSIDIARIES** fell by a total of 4.0 million euros compared with the end of the financial year. The decline in their other financial assets and assets due to the conclusion of the financing of the investment in More than Meals had a greater impact, in terms of amount, than the increase in their financial resources and the reduction in their debt.

Portfolio and portfolio value

At 30 June 2018, the DBAG portfolio consisted of 25 equity investments and two investments in international private equity funds managed by third parties that we entered into in 2000 and 2002 respectively. The investments are held indirectly via investment entity subsidiaries with only one exception. The portfolio contains 17 management buyouts and 8 investments aimed at extension finances. The two international private equity funds are currently at the end of their disinvestment phase and only hold one investment each.

At 30 June 2018, the value of the 27 investments, including loans to and receivables from portfolio companies, and excluding bridge-over loans, amounted to 322.1 million euros (30 September 2017: 245.6 million euros); in addition, there were entities with a value of 7.0 million euros through which representations and warranties dating from former divestments are (largely) settled ("Other investments") and which are no longer expected to deliver appreciable value contributions (30 September 2017: 6.1 million euros). This brought the portfolio value to a total of 329.1 million euros (30 September 2017: 251.7 million euros).

Since the beginning of the financial year, the portfolio value has increased by a gross value of 77.4 million euros. The additions amounting to a total of 65.2 million euros due to the new investments alongside DBAG Fund VII (KEF) and DBAG ECF (Sjølund, netzkontor), the conversion of the short-term loans for the bridge-over financing of the investment in More than Meals and follow-up investments in existing portfolio companies, as well as the changes in the value of 26.7 million euros, are offset by disposals totalling 14.6 million euros. Almost half of the disposals are attributable to the refinancing of the new investment in vitronet, the acquisition of which had initially been financed exclusively using equity. In addition, they include the disposal of a business line by Cleanpart, the repayment of a shareholder loan that was still in place by the former portfolio company Coperion and the partial disposal of the investment in Silbitz.

At 30 June 2018, the 15 biggest investments accounted for around 79 percent of the portfolio value (30 September 2017: 81 percent). The following table lists these 15 investments in alphabetical order. A full list of the portfolio companies can be found on the DBAG website and at the end of this quarterly statement.

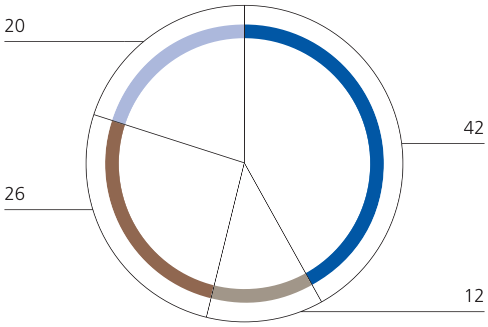
Company	Cost *€mn*	DBAG share *in %*	Investment type	Sector
Cleanpart Group GmbH	7.1	18.1	MBO	Industrial services
DNS:NET Internet Service GmbH	6.3	14.9	Extension	Information technology, media and telecommunication
duagon Holding AG	20.0	19.8	MBO	Industrial components
Frimo Group GmbH	14.8	14.4	MBO	Mechanical and plant engineering
inexio KGaA	7.5	6.9	Extension	Information technology, media and telecommunication
JCK Holding GmbH Textil KG	8.8	9.5	Extension	Consumer goods
KEF GmbH	22.7	22.4	MBO	Mechanical and plant engineering
More than Meals Europe S.à r.l.	16.4	12.5	MBO	Consumer goods
Novopress KG	2.3	18.9	Extension	Industrial components
Oechsler AG	11.1	8.4	Extension	Automotive suppliers
Pfaudler International S.à r.l.	12.2	17.7	MBO	Mechanical and plant engineering
Polytech Health & Aesthetics GmbH	13.1	15.0	MBO	Industrial components
Silbitz Group GmbH	4.3	13.0	MBO	Industrial components
Telio Management	13.4	15.8	MBO	Information technology, media and telecommunication
vitronet Projekte GmbH	4.3	43.4	MBO	Information technology, media and telecommunication

The following portfolio information is based on the valuations and resulting portfolio value at the reporting date of 30 June 2018. The investments in international buyout funds and investments in companies through which retentions for representations and warranties from exited investments are held are recognised under "Other". The information on debt (net debt, EBITDA) is based on the budgets of the portfolio companies for the financial year 2018.

PORTFOLIO PROFILE

PORTFOLIO VALUE BY VALUATION METHOD

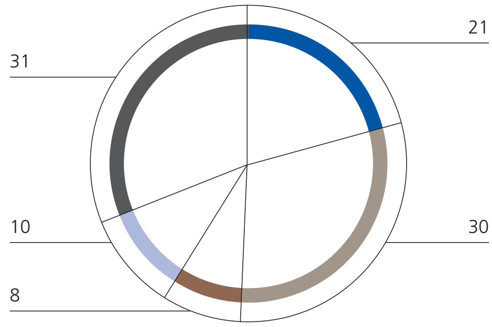
%



- Multiples method
- DCF
- Transaction price
- Purchase offer/realised

PORTFOLIO VALUE BY SECTOR

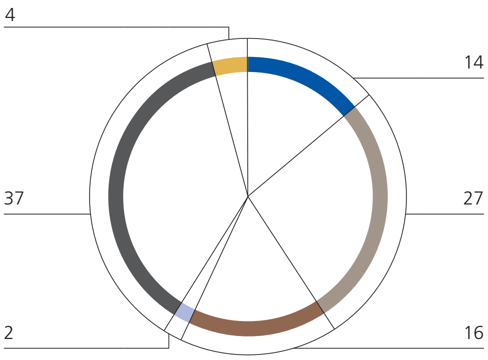
%



- Mechanical and plant engineering
- Industrial components
- Industrial services
- Automotive suppliers
- Other

PORTFOLIO VALUE BY NET DEBT/EBITDA OF PORTFOLIO COMPANIES

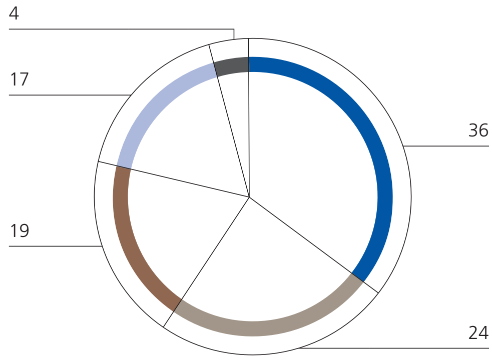
%



- < 1.0
- 1.0 to < 2.0
- 2.0 to < 3.0
- 3.0 to < 4.0
- ≥ 4.0
- Other

CONCENTRATION OF PORTFOLIO VALUE

Size catergories %



- Top 1 to 5
- Top 6 to 10
- Top 11 to 15
- Top 16 to 25
- Other

BUSINESS PERFORMANCE BY SEGMENTS

Private Equity Investments segment

SEGMENT EARNINGS STATEMENT, PRIVATE EQUITY INVESTMENTS

€'000	**1st to 3rd quarter 2017/2018**	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
		adjusted[1]		adjusted[1]
Net result of investment activity	29,314	75,635	10,483	27,928
Other income/expenses	(5,016)	(7,336)	(1,168)	(1,516)
Earnings before tax	**24,298**	**68,299**	**9,316**	**26,412**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

EARNINGS BEFORE TAX in the Private Equity Investments segment came to 24.3 million euros in the first nine months of the year, which is 44.0 million euros less than in the previous year. This is due to the lower **NET RESULT OF INVESTMENT ACTIVITY**, which had included the earnings contributions resulting from disproportionately successful disposals in the previous year. We refer to the information on this item provided in the section titled "Earnings position". Net expenses under **OTHER INCOME/EXPENSES** (net amount of internal management fees, personnel costs, other operating income and expenses as well as net interest) fell by 2.3 million euros in comparison with the same period of the previous year. In the previous year, this item had included the performance-based remuneration resulting from the sale of the investment in Grohmann Engineering in the amount of 1.6 million euros. In addition, segment net income in the current financial year is burdened less by transaction-related consultancy costs following a change in invoicing practice. The figure includes internal management fees paid for the Fund Investment Services segment in the amount of 0.6 million euros (previous year: 0.8 million euros).

NET ASSET VALUE AND AVAILABLE LIQUIDITY

€'000	**30 June 2018**	30 Sept. 2017
		adjusted[1]
Financial assets incl. loans and receivables	322,060	254,168
Other financial instruments	32,766	35,649
Financial resources	94,352	161,634
Net asset value	**449,178**	**451,451**
Financial resources	94,352	161,634
Credit line	50,000	50,000
Available liquidity	**144,352**	**211,634**
Co-investment commitments alongside DBAG funds	**222,732**	**253,745**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

We refer to the section on net assets and financial position for information on the changes to financial assets and financial resources. Overall, the **NET ASSET VALUE** has changed only slightly compared to the same period of the previous year.

CO-INVESTMENT COMMITMENTS ALONGSIDE THE DBAG FUNDS fell by 31.0 million euros on balance. We serviced capital calls for new investments and acquisitions of portfolio companies in the amount of 52.6 million euros; this is offset by an increase following the start of DBAG ECF's second new investment period (39.7 million euros). At 30 June 2018, only 42 percent of the co-investment commitments were covered by the available financial resources (cash including long-term securities). A credit line of 50 million euros is available to compensate for the irregular cash flows resulting from our business model. It is provided by a consortium of two banks and was extended in the third quarter until 2023.

The surplus of co-investment commitments over the available funds amounts to 24 percent of financial assets, compared with 17 percent at 30 September 2017. We expect to be able to cover this surplus, which is the result of further disposals, over the next few years.

Fund Investment Services segment

SEGMENT EARNINGS STATEMENT, FUND INVESTMENT SERVICES

€'000	**1st to 3rd quarter 2017/2018**	1st to 3rd quarter 2016/2017	**3rd quarter 2017/2018**	3rd quarter 2016/2017
Fee income from fund management and advisory services	22,080	20,475	7,550	7,687
Other income/expenses	(17,417)	(17,361)	(5,749)	(6,787)
Earnings before tax	**4,663**	**3,114**	**1,801**	**900**

The Fund Investment Services segment closed the quarter with **EARNINGS BEFORE TAX** in the amount of 4.7 million euros, as against 3.1 million euros in the same period of the previous year. The **FEE INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES** rose year on year. Although the fees received from DBAG Fund V and DBAG Fund VI were lower than in the previous year due to the sale of investments held by both funds, this effect was more than compensated for by much higher income from DBAG Fund VII and DBAG ECF I. Unlike in the previous year, DBAG received remuneration from DBAG Fund VII for the first nine months of the current financial year. The fund investment phase had only started at the end of December 2016. The investments made in the first new investment period of DBAG ECF (netzkontor, Sjølund, von Poll Immobilien) meant that DBAG also received one-off fees based on the individual transactions (1.2 million euros). These transaction-related fees were agreed in the last financial year with the investors of DBAG ECF I. The segment information also takes into consideration internal income from the Private Equity Investments segment in the amount of 0.6 million euros (previous year: 0.8 million euros).

The negative **OTHER INCOME/EXPENSES** were only slightly higher than in the prior-year period. The one-off expense resulting from the subsequent adjustment of the remuneration for the work performed by members of the investment team in supervisory bodies of DBAG Fund V portfolio companies is offset by a lower allocation to the provision for performance-related variable remuneration.

ASSETS UNDER MANAGEMENT OR ADVISEMENT

€'000	30 June 2018	30 Sept. 2017
Capital invested in portfolio companies	817,913	730,958
Capital called, but not yet invested	28,981	0
Short-term bridge-over financing of new investments	144,674	164,694
Outstanding capital commitments to funds	723,638	748,591
Financial resources and other financial instruments (of DBAG)	94,352	161,634
Assets under management or advisement	**1,809,557**	**1,805,877**

The **ASSETS UNDER MANAGEMENT OR ADVISEMENT** have remained virtually unchanged since the beginning of the financial year. The increase in the item "Capital invested in portfolio companies" more than compensated for the decline in short-term bridge-over financing, outstanding capital commitments and financial resources. It reflects the net amount from disposals (mainly the refinancing of vitronet, the disposal of a business line by Cleanpart, the repayment of a shareholder loan that was still in place by the former portfolio company Coperion and the partial disposal of the investment in Silbitz) and additions (mainly the new investments in netzkontor and Sjølund, the conversion of the short-term loans as part of the structuring of the investment in More than Meals and follow-up investments in DNS:NET, duagon, Polytech, Unser Heimatbäcker and vitronet). The funds for the investment in von Poll Immobilien have already been called but have not yet been invested. Despite the substantial capital calls due to the new investments, the outstanding capital commitments only fell by 25.0 million euros; the commitments for DBAG ECF II (56.3 million euros) had a positive effect. We refer to the section titled "Liquidity position" for information on the changes in the financial resources of DBAG.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

The investment in the estate agent von Poll Immobilien was completed shortly after the reporting date.

On 26 July 2018, the German Federal Financial Supervisory Authority (BaFin) informed us that it would be ending the current enforcement proceedings with the identification of an error. The error relates to the 2014/2015 consolidated financial statements. We received the order regarding the publication of the error on 27 July 2018. We then published the announcement regarding the identification of the error on the same day. As far as the consequences are concerned, we refer to the comments on the comparability of the figures.

Also in July, the portfolio company Gienanth acquired SLR Gusswerk, an Austrian foundry with annual revenues (2017) of 52 million euros, which expands the product portfolio with its locations in Austria and the Czech Republic. Gienanth is financing the acquisition using its cash flow from operating activities, meaning that there is no need for any further equity investment.

After the reporting date on 30 June, DBAG ECF distributed 11.0 million euros to DBAG from various investments. We have recognised these distributions primarily as the repayment of the fund's acquisition costs, but have also recognised 1.4 million euros as current income from investments. To finance the first investment in the second new investment period of DBAG ECF (BTV Braun Telecom Group), the fund called 5.0 million euros of capital from us.

5.0 million euros was distributed to DBAG by Deutsche Beteiligungsgesellschaft mbH, via which the investment in the externally managed international buyout fund DBG Eastern Europe is held.

OPPORTUNITIES AND RISKS

For information on the opportunities and risks, we refer to the statements set out in the combined management report at 30 September 2017. They continue to apply in principle. In particular, the "risks with a high expected value" have not changed.[1]

1 Cf. 2016/2017 Annual Report, pages 112ff.

FORECAST

Net income is largely determined by net income in the Private Equity Investments segment. In the short term, it is heavily influenced by individual events or developments that cannot be predicted at the beginning of a financial year. As a result, unlike the net income from Fund Investment Services, it can only be planned to a limited extent.

The private equity investments consist of investments in 25 companies and two international buyout funds managed by a third party. The co-investments for an individual investment fluctuated considerably – among what are currently the 15 largest investments in terms of value alone, it ranges from between approximately two million euros to more than 16 million euros. This means that, although they can show similar development, individual investments have a different impact on the value of the portfolio. Moreover, the companies have been in the portfolio for varying lengths of time. This means that they are at different stages in the process of change initiated at the beginning of the investment. The changes are designed to enable value appreciation. However, the value increases are not linear. The value appreciation is sometimes affected by external factors, for example by changes in commodity prices or exchange rates. The portfolio companies cannot escape economic factors entirely.

Results of short periods are also influenced considerably by one-off events such as company disposals and developments on the capital markets. This is another reason why the informational value of the results for a single quarter is relatively low. The result cannot be used to draw any conclusions as to the results for an entire financial year, nor does it make sense to compare figures from our portfolio (net result of valuation and disposal) for certain quarters in a financial year with the same quarter of the previous year. It is not only the case that our business is not linear; it also does not follow any seasonal pattern.

Contrary to our original forecast, individual companies will deliver a lower value contribution than expected in the current financial year. As a result, we corrected the original earnings forecast after the first half of the year. The adjustment of the recognition of carried interest to reflect BaFin's opinion results in a further smaller negative impact on earnings regarding the expected future development in the value of the DBAG Fund VI portfolio. We now expect net income to be considerably, i.e. more than 20 percent, lower than the reference parameter of 43.0 million euros. Within this context, we also expect to see positive net income for the current fourth quarter, supported by positive contributions made by both segments.

We always draw attention in various publications to the fact that we cannot plan the impact that the capital market will have on DBAG's net income; our forecast is therefore subject to the proviso that the valuation ratios on the capital markets at 30 September 2018 will not differ to any considerable degree from those on the most recent valuation date of 30 June 2018. We have also not included further exchange rate fluctuations in our forecast.s

OTHER DISCLOSURES

This document is a quarterly statement pursuant to § 50 of the Stock Exchange Regulations for the Frankfurt Stock Exchange (Börsenordnung für die Frankfurter Wertpapierbörse) in the version dated 11 June 2018. The consolidated statement of financial position, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity were prepared in accordance with the International Financial Reporting Standards (IFRS). With one exception, the accounting, valuation and consolidation methods used are the same as those used in the recent consolidated financial statements at 30 September 2017.

The method used to account for carried interest in the valuation of shares in investment entity subsidiaries was changed at 30 June 2018 due to BaFin's identification of an error in the consolidated financial statements at 30 September 2015.

The shares in the intra-Group investment entity subsidiaries are still recognised at their net asset value, which is calculated according to the sum-of-the-parts method. For the **SUM-OF-THE-PARTS PROCEDURE**, individual asset and liability items are valuated separately at fair value and then aggregated to the net asset value. Investments here are usually valued using the multiple or DCF method (see Annual Report 2017 pages 155ff.).

The calculation of DBAG's share in the net asset value of the investment entity subsidiaries must take account of the fact that members of the investment team may receive a profit share (carried interest) for their minority interest that is disproportionate to their capital commitment, subject to certain conditions. This carried interest is calculated based on the assumption of the total liquidation of the remaining portfolio of the fund concerned for the first time at 30 une 2018. As soon as the total amount of the disposals realised and the theoretical total liquidation of the remaining portfolio exceeds the payments into the fund by more than eight percent a year, DBAG's interest in the investment entity subsidiaries is reduced by (arithmetical) carried interest (20 percent).

Please refer to page 8 of this quarterly statement for information on the comparability of the information with previous reports.

ANNEX TO THE QUARTELY STATEMENT

Consolidated statement of comprehensive income

for the period from 1 October 2017 to 30 June 2018

€'000	**1 Oct. 2017 to 30 June 2018**	1 Oct. 2016 to 30 June 2017
		adjusted[1]
Net result of investment activity	29,314	75,635
Fee income from fund management and advisory services	21,523	19,674
Net result of fund services and investment activity	**50,836**	**95,309**
Personnel costs	(12,361)	(15,845)
Other operating income	2,237	7,013
Other operating expenses	(11,402)	(14,688)
Interest income	198	24
Interest expenses	(548)	(400)
Other income/expenses	**(21,876)**	**(23,896)**
Earnings before tax	**28,960**	**71,413**
Income taxes	(1)	
Earnings after tax	**28,960**	**71,413**
Minority interest gains (-)/losses (+)	(19)	(31)
Net income	**28,941**	**71,381**
a) Items that will not be reclassified subsequently to profit or loss		
Gains (+)/losses (-) on remeasurements of the net defined benefit liability (asset)	(515)	(206)
b) Items that will be reclassified subsequently to profit or loss		
Unrealised gains (+)/losses (-) on available-for-sale securities	(34)	(563)
Other comprehensive income	**(549)**	**(769)**
Consolidated comprehensive income	**28,392**	**70,613**
Earnings per share in € (diluted and basic)[2]	1.92	4.74

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

2 The earnings per share calculated in accordance with IAS 33 are based on net income divided by the average number of DBAG shares outstanding in the reporting period.

Consolidated statement of cash flows

for the period from 1 October 2017 to 30 June 2018

INFLOWS/(OUTFLOWS)

€'000	**1 Oct. 2017 to 30 June 2018**	1 Oct. 2016 to 30 June 2017
		adjusted[1]
Net income	28,941	71,381
Valuation gains (-)/losses (+) on financial assets and loans and receivables, depreciation and amortisation of property, plant and equipment and intangible assets, gains (-)/losses (+) on long and short-term securities	(26,392)	(62,344)
Gains (-)/losses (+) from disposals of non-current assets	(43)	(12,458)
Increase (-)/decrease (+) in income tax assets	(186)	1,598
Increase (-)/decrease (+) in other assets (netted)	(2,940)	(4,485)
Increase (+)/decrease (-) in pension provisions	314	25
Increase (+)/decrease (-) in other provisions	(5,669)	2,383
Increase (+)/decrease (-) in other liabilities (netted)	(722)	(1,436)
Cash flows from operating activities	**(6,697)**	**(5,336)**
Proceeds from disposals of property, plant and equipment and intangible assets	156	118
Purchase of investments in property, plant and equipment and intangible assets	(280)	(349)
Proceeds from disposals of financial assets and loans and receivables	10,840	68,210
Purchase of investments in financial assets and loans and receivables	(52,632)	(48,944)
Proceeds from disposals of other financial instruments	35,649	0
Purchase of investments in other financial instruments	(32,766)	(25,703)
Proceeds from disposals of long and short-term securities	41,384	12,641
Payments for investments in long and short-term securities	(91,350)	(26,024)
Cash flows from investing activities	**(89,000)**	**(20,052)**
Payments to shareholders (dividends)	(21,062)	(18,053)
Cash flows from financing activities	**(21,062)**	**(18,053)**
Change in cash funds from cash-relevant transactions	(116,758)	(43,440)
Cash funds at start of period	127,976	51,361
Cash funds at end of period	**11,217**	**7,921**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

Consolidated statement of financial position

at 30 June 2018

€'000	30 June 2018	30 Sept. 2017 adjusted[1]
ASSETS		
Non-current assets		
Intangible assets	502	693
Property, plant and equipment	930	1,129
Financial assets	322,060	252,830
Loans and receivables	0	1,338
Long-term securities	50,135	33,659
Total non-current assets	**373,627**	**289,648**
Current assets		
Receivables	4,326	3,649
Short-term securities	33,000	0
Other financial instruments	32,766	35,649
Income tax assets	609	423
Cash and cash equivalents	11,217	127,976
Other current assets	10,224	6,624
Total current assets	**92,143**	**174,320**
Total assets	**465,770**	**463,968**
EQUITY AND LIABILITIES		
Equity		
Subscribed capital	53,387	53,387
Capital reserve	173,762	173,762
Retained earnings and other reserves	(5,678)	(5,129)
Consolidated retained profit	222,306	214,427
Total equity	**443,777**	**436,447**
Liabilities		
Non-current liabilities		
Minority interest	181	148
Provisions for pension obligations	11,637	11,323
Total non-current liabilities	**11,818**	**11,471**
Current liabilities		
Other current liabilities	1,027	1,233
Other provisions	9,148	14,818
Total current liabilities	**10,176**	**16,050**
Total liabilities	**21,993**	**27,521**
Total equity and liabilities	**465,770**	**463,968**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

Consolidated statement of changes in equity

for the period from 1 October 2017 to 30 June 2018

€'000	1 Oct. 2017 to 30 June 2018	1 Oct. 2016 to 30 June 2017
		adjusted[1]
Subscribed capital		
At start and end of reporting period	**53,387**	**53,387**
Capital reserve		
At start and end of reporting period	**173,762**	**173,762**
Retained earnings and other reserves		
Legal reserve		
At start and end of reporting period	403	403
First-time adoption of IFRS		
At start and end of reporting period	16,129	16,129
Reserve for gains/losses on remeasurements of the net defined benefit liability (asset)		
At start of reporting period	(21,605)	(25,115)
Change in reporting period	(515)	(206)
At end of reporting period	(22,120)	(25,321)
Change in unrealised gains/losses on available-for-sale securities		
At start of reporting period	(55)	529
Change in reporting period outside profit or loss	(34)	(279)
Change in reporting period through profit or loss	0	(284)
At end of reporting period	(90)	(34)
At end of reporting period	**(5,678)**	**(8,823)**
Consolidated retained profit		
At start of reporting period	214,427	150,525
Dividend	(21,062)	(18,053)
Net income	28,941	71,381
At end of reporting period	**222,306**	**203,853**
Total	**443,777**	**422,179**

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

Disclosures on segment reporting

for the period from 1 October 2017 to 30 June 2018

SEGMENT EARNINGS STATEMENT FROM 1 OCTOBER 2017 TO 30 JUNE 2018

€'000	Private Equity Investments	Fund Investment Services	Reconciliation	Group
Segment income	29,314	22,080	(557)	50,836
Segment expenses	(5,016)	(17,417)	557	(21,876)
Segment result before tax	**24,298**	**4,663**	**0**	**28,960**
plus taxes and minority interest				(20)
Net income				**28,941**
Financial assets and loans and receivables	322,060			
Other financial instruments	32,766			
Financial resources	94,352			
Net asset value	**449,178**			
Assets under management or advisement		**1,809,557**		

SEGMENT EARNINGS STATEMENT FROM 1 OCTOBER 2016 TO 30 JUNE 2017 RESP. 30 SEPTEMBER 2017

€'000	Private-Equity-Investments	Fund Investment Services	Reconciliation	Group
				adjusted[1]
Segment income	75,635	20,475	(801)	95,309
Segment expenses	(7,336)	(17,361)	801	(23,896)
Segment result before tax	**68,299**	**3,114**	**0**	**71,413**
plus taxes and minority interest				(31)
Net income				**71,381**
Financial assets and loans and receivables	254,168			
Other financial instruments	35,649			
Financial resources	161,634			
Net asset value	**451,451**			
Assets under management or advisement		**1,805,877**		

1 Adjusted to include the carried interest of DBAG Fund VI Konzern (Guernsey) L.P.

PORTFOLIO COMPANIES

Company	Revenues 2017 €mn	Employees	Core business
Cleanpart Group GmbH Asperg, Germany	61	480	Industrial services for the semiconductor industry
Dieter Braun GmbH Bayreuth, Germany	83	1,500	Cable systems and interior vehicle lighting
DNS:NET Internet Service GmbH Berlin, Germany	14	120	Telecommunications and IT services
duagon Holding AG Dietikon, Switzerland	26	60	Network components for railway vehicles
Frimo Group GmbH Lotte, Germany	236	1,300	Tools and machinery for the automotive industry
Gienanth GmbH Eisenberg, Germany	135	760	Machine and hand-moulded castings for the automotive supply industry, production of engine blocks
Heytex Bramsche GmbH Bramsche, Germany	114	500	Manufacture of technical textiles
inexio Informationstechnologie und Telekommunikation KGaA Saarlouis, Germany	55	260	Telecommunications and IT services
Infiana Group GmbH Forchheim, Germany	202	800	Specialised films
JCK Holding GmbH Textil KG Quakenbrück, Germany	668	1,200	Textile trading and distribution of merchandising articles
Karl Eugen Fischer GmbH Burgkunstadt, Germany	83	545	Mechanical engineering company for the tyre industry
mageba AG Bülach, Switzerland	95	800	Products and services for the infrastructure and building construction sectors
More than Meals Europe S.à r.l. Luxembourg	481	3,250	Chilled ready meals and snacks
Netzkontor Nord GmbH Flensburg, Germany	13	100	Services for the telecommunications sector
Novopress KG Neuss, Germany	n.a.	110	Tool systems for the sanitary, electrotechnical and construction industries
Oechsler AG Ansbach, Germany	369	2,600	Plastics technology for the industries of the future
Pfaudler International S.à r.l. Luxembourg	234	1,400	Mechanical engineering company for the processing industry
Plant Systems & Services PSS GmbH Bochum, Germany	38	210	Industrial services for the energy and process industry
Polytech Health & Aesthetics GmbH Dieburg, Germany	36	180	Provider of high-quality silicone implants
Rheinhold & Mahla GmbH Hamburg, Germany	100	530	Interior outfitting for ships and marine installations
Silbitz Group GmbH Silbitz, Germany	157	1,050	Hand-moulded and automated moulded castings with steel and iron bases
Sjølund A/S Sjølund, Denmark	228	120	Components made from aluminium and steel
Telio Management GmbH Hamburg, Germany	41	110	Communications and media systems for correctional facilities
Unser Heimatbäcker GmbH Pasewalk, Germany	138	2,900	Bakery chain
vitronet Projekte GmbH Essen, Germany	46	100	Construction of fibre-optic networks

Investments in international buyout funds managed by third parties

DBG Eastern Europe II	In the disinvestment phase since 2010; the portfolio now only contains one out of ten original investments
Harvest Partners IV	In the disinvestment phase since 2007; the portfolio now only contains one out of nine original investments

Investment that had not yet been completed at 30 June

BTV braun teleCom AG Hannover, Germany	30	90	Cable network equipment
radiology group Unna, Germany	31	550	Radiology services and treatment
von Poll Immobilien GmbH Frankfurt am Main, Germany	71	120	Estate Agency

Revenues in 2017: still provisional in several cases, some companies have financial years that deviate from the calendar year
duagon Holding AG, mageba AG: figures in CHF; Pfaudler International S.à r.l.: figures in USD; Sjølund A/S: figures in DKK

OTHER INFORMATION

Forward-looking statements bear risks

This quarterly statement contains statements related to the future prospects and progress of Deutsche Beteiligungs AG. These statements reflect the current views of the management of Deutsche Beteiligungs AG and are based on the relevant plans, estimates and expectations. Our statements are subject to risk and uncertainty, and so the actual results may vary materially. Although we believe that these forward-looking statements are realistic, we cannot guarantee that the contents of these statements will come to fruition.

Disclaimer

The figures in this quarterly statement are generally presented in thousands or millions of euros where relevant. Rounding differences may occur between the amounts presented and their exact value; these are of an insignificant nature.

This quarterly statement is published in German and in English. The German version of this statement is authoritative.

Version dated: 6 August 2018

Company domicile: Frankfurt am Main
Entered in the commercial register of
the Frankfurt am Main Local Court under
the commercial register no. B 52 491

Financial calendar

6 SEPTEMBER 2018
SRC Research Forum Financials & Real Estate 2018,
Frankfurt am Main (investor conference)

24 – 27 SEPTEMBER 2018
Baader Investment Conference, Munich
(investor conference)

NOVEMBER 2018
German Equity Forum 2018
Frankfurt am Main
(analyst and investor conference)

30 NOVEMBER 2018
Publication of consolidated financial statements
for 2017/2018, Frankfurt am Main
(analyst conference)

DEAR SHAREHOLDERS,

Are you interested in receiving regular information on Deutsche Beteiligungs AG? We would be happy to add you to our mailing list. If you wish to be included, simply complete this page and send it back to us by post, fax or email. You will find our contact details at the bottom of this page.

In addition, you can access our shareholder portal all year round. The portal allows you to register for the future electronic dispatch of the invitation to, and documents for, the Annual Meeting, as well as to consult your shareholder data and update your contact details.

You can access the shareholder portal at https://ip.computershare.de/deutsche-beteiligung or via our website at www.dbag.de/IR

PERSONAL DETAILS

Title/first name/surname:

Street/house number:

Postcode/town or city/country:

Email address:

Shareholder number (if available):

Please send me the following information

- ☐ News/information on Deutsche Beteiligungs AG by email
- ☐ Annual Report of Deutsche Beteiligungs AG by post
- ☐ Invitation to the Annual Meeting of Deutsche Beteiligungs AG exclusively by email

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DBAN (Bloomberg)