

OTHER STATUTORY DISCLOSURES AND EXPLANATORY INFORMATION

Remuneration report

The remuneration report summarises the principles applied in fixing the remuneration for the members of the Board of Management and the Supervisory Board of Deutscheeteiligungs AG. It presents the structure and amount of remuneration paid to the members of the Board of Management and the Supervisory Board. The remuneration report is an integral constituent of the combined management report.

Management remuneration: geared to assignment, personal and company performance

The **REMUNERATION FRAMEWORK** for the members of the Board of Management depicted as follows was approved by shareholders at the 2011 Annual Meeting; it has not changed materially since then. Total remuneration for the members of the Board of Management consists of

- a fixed annual salary,
- one-year variable remuneration,
- multi-year variable remuneration,
- fringe benefits, and
- where applicable, pension benefits.

Criteria for the appropriateness of remuneration levels are, in particular, the responsibilities of the respective Board of Management member, his/her personal performance, and the economic position, performance and prospects of DBAG. To that end, the structure and level of remuneration schemes common to the private equity industry, which are required to attract and retain qualified key personnel, are considered.

Insofar as the members of the Board of Management receive emoluments for offices held in other portfolio companies, these

are transferred to DBAG. A severance pay cap is provided for in the service contracts of all Board of Management members. The D&O (directors' and officers') liability insurance that the Company has taken out contains a deductible for the Board of Management members. No advances or loans have been granted to them.

NON-PERFORMANCE-LINKED REMUNERATION consists of a fixed base salary paid on a monthly basis and fringe benefits. Fringe benefits largely pertain to the amounts based on applicable tax rules for the use of a company car.

ONE-YEAR VARIABLE REMUNERATION is linked to the personal performance of the Board of Management members over the past financial year and can reach a maximum of half the fixed base salary. Personal performance is determined by the Supervisory Board at its equitable discretion.

MULTI-YEAR VARIABLE REMUNERATION is based on the Group's performance over the reference period. It comprises the reporting year and the two prior financial years. The Supervisory Board determines the Company's performance based on the return on equity. Eligibility for this component starts when the return reaches a minimum of the average cost of equity over a three-year period; the maximum amount of remuneration is reached at a return on equity of 20 percent.

In its meeting on 17 October 2017, the Executive Committee of the Supervisory Board discussed the amount of both variable remuneration components for financial year 2016/2017 and recommended them to the Supervisory Board. The Supervisory Board approved the recommendation and fixed the variable remuneration for the Board of management at a total of 1,465 thousand euros. Of that amount, 785 thousand euros are attributable to one-year variable remuneration and represent the maximum amount possible for each Board of management member. The multi-year variable remuneration was fixed uniformly at approximately 87 percent of the maximum amount possible and totals 680 thousand euros.

The two Board of Management members who are members of the investment team also received **FOLLOW-ON VARIABLE REMUNERATION COMPONENTS FROM OLD REMUNERATION MODELS** for members of the investment team in the financial year 2016/2017. Both models had one thing in common: the particularly long-term measurement of investment performance. They are now only relevant to a small number of investments in the portfolio that were entered into before 2007:

- the profit-sharing scheme for investments entered into up to 31 December 2000 is geared to the return on equity of DBAG. Profit-sharing awards are only granted if the return on equity for the reporting year exceeds the mark of 15 percent before taxes and bonuses. The computation base of equity relates exclusively to these investments. The remuneration for 2016/2017 is based on the success resulting from the sale of the investment in Grohmann Engineering and the profit distribution made by the JCK Holding investment.
- For investments made from 2001 to 2006, profit-sharing awards are granted beginning at a minimum return on the investments of 8 percent annually after calculated costs of 2 percent. They are exclusively paid from realised profits. Two-thirds of these entitlements are paid after the close of the respective financial year. Entitlement to the remaining one-third is subject to a final review after the divestment phase of all investments involved has been completed, and is paid out in the amount of the remaining final entitlement.

There are no comparable performance-related remuneration components for co-investments entered into since the beginning of 2007, i.e. since the commencement of the investment period of DBAG Fund V. In order to promote initiative and commitment to the success of the investments made by the DBAG funds, Board of Management members who are also members of the investment team have since had to take an investment risk by acquiring a stake in the funds under company law using their own money; if the funds are successful, these Board of Management members receive a profit share that is disproportionate to their capital commitment, subject to certain conditions ("carried interest").

PENSION COMMITMENTS to members of the Board of Management are based on two models. Commitments to Board of Management members initially appointed to the Board up to 1 January 2001 for the first time provide for defined annual pension benefits. Members appointed later to the Board participate in a contribution plan. This plan is also applicable to other staff of Deutsche Beteiligungs AG; it has been closed to employees exempt from collective agreements and members of the corporate bodies since the beginning of the financial year 2004/2005. Board of Management members appointed for the first time to the Board since then do not receive defined pension benefits; this is applicable for Susanne Zeidler.

Pension arrangements for Torsten Grede provide for defined annual pension benefits; they amount to 87 thousand euros. At 30 September 2017, the present value of this pension obligation was 1,922 thousand euros (30 September 2016: 2,265 thousand euros). Dr Rolf Scheffels participates in a contribution plan: for each year of service, a one-time pension contribution is paid that is measured by a percentage of the fixed salary for that year. The annual retirement benefit component amounts to 0.75 percent of these emoluments, and 6 percent of those parts of the emoluments exceeding the income threshold set by the state pension plan, each multiplied by an age factor that decreases with increasing age. The accrued pension capital for Dr Scheffels is capped at a contribution that corresponds to an annual pension entitlement of 87 thousand euros. At 30 September 2017, the cap did not have an effect. The present value of pension commitments to Dr Scheffels at 30 September 2017 amounted to 1,361 thousand euros (previous year: 1,399 thousand euros).

The **REMUNERATION GRANTED** to Board of Management members in the financial year 2016/2017 totalled 3,987 thousand euros (previous year: 3,126 thousand euros); of that amount, 120 thousand euros are attributable to pension expenses (previous year: 143 thousand euros).

Remuneration granted	Torsten Grede Spokesman of the Board of Management				Dr Rolf Scheffels Member of the Board of Management				Susanne Zeidler Chief Financial Officer			
	2015/ 2016	2016/2017		2015/ 2016	2016/2017		2015/ 2016	2016/2017				
		min.	max.		min.	max.		min.	max.			
€'000												
Fixed salary (not linked to performance)	560	560	560	560	560	560	560	560	450	450	450	450
Fringe benefits	12	12	12	12	13	11	11	11	16	16	16	16
Total	572	572	572	572	573	571	571	571	466	466	466	466
Performance-linked component (one-year variable remuneration)	280	280	0	280	280	280	0	280	225	225	0	225
Component with long-term incentive effects (multi-year variable remuneration)												
Bonus for Company's long-term performance	205	243	0	280	205	243	0	280	165	195	0	225
Profit-sharing up to 2000	6	397	0	840	6	397	0	840	0	0	0	0
Profit-sharing 2001 to 2006	0	0	0	840	0	0	0	840	0	0	0	0
Total	1,063	1,491	572	2,812	1,064	1,490	571	2,811	856	886	466	916
Pension service costs	85	69	69	69	58	51	51	51	0	0	0	0
Total remuneration	1,148	1,560	641	2,881	1,122	1,541	621	2,861	856	886	466	916

The following disbursements were paid out to the members of the Board of Management:

Remuneration disbursed	Torsten Grede Spokesman of the Board of Management		Dr Rolf Scheffels Member of the Board of Management		Susanne Zeidler Chief Financial Officer	
	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016	2016/ 2017	2015/ 2016
€'000						
Fixed salary (not linked to performance)	560	560	560	560	450	450
Fringe benefits	12	12	11	13	16	16
Total	572	572	571	573	466	466
Performance-linked component (one-year variable remuneration)	280	280	280	280	225	225
Component with long-term incentive effects (multi-year variable remuneration)						
Bonus for Company's long-term performance	243	205	243	205	195	165
Profit-sharing up to 2000	6	17	6	14	0	0
Profit-sharing 2001 to 2006	543	73	327	44	0	0
Other	0	0	0	0	0	0
Total	1,644	1,147	1,426	1,116	886	856
Pension service costs	69	85	51	58	0	0
Total remuneration	1,713	1,232	1,477	1,174	886	856

Total cash payments of 1,808 thousand euros were made to former Board of Management members and their surviving dependants over the last financial year (previous year: 1,116 thousand euros). These payments also include follow-on remuneration for former Board of Management members arising from older investments (investments agreed up to 31 December 2000 or entered into from 2001 to 2006). These payments amount to 877 thousand euros (previous year: 193 thousand euros). The present value of pension obligations to former Board of Management members or surviving dependants totalled 23,060 thousand euros at the end of the reporting period (previous year: 26,198 thousand euros). Amounts paid to former Board of Management members based on private investments in DBAG funds can be found in Note 38 to the consolidated financial statements "Information based on IAS 24, carried interest investments by key management staff".

Supervisory Board compensation: two components

The remuneration for members of the Supervisory Board is geared to the resolution passed at the Annual Meeting on 26 March 2013. It consists of two components: an annual fixed fee of 50 thousand euros ("base remuneration") and bonuses for the Chair, Vice Chair and committee membership

("additional remuneration"). The Chairperson of the Supervisory Board receives a maximum of twice the base remuneration, irrespective of his/her membership on various committees. The Vice Chairperson of the Supervisory Board and the Chairperson of the Audit Committee receive a maximum of one and a half times the base remuneration. Membership on the Executive Committee is compensated by one-quarter of this amount.

Remuneration paid to members of the Supervisory Board totalled 388 thousand euros in financial year 2016/2017 (previous year: 388 thousand euros).

€'000	Fixed fee	Bonus	Total
Andrew Richards (Chairman)	50	50	100
Sonja Edeler	50	–	50
Wilken Freiherr von Hodenberg	50	–	50
Philipp Möller	50	13	63
Dr Hendrik Otto	50	–	50
Gerhard Roggemann (Vice Chairman)	50	25	75
Total	300	88	388

In the financial year 2016/2017, members of the Supervisory Board did not receive fees for consultancy services.