

Danske Private Equity Partners K/S

CVR-no. 25 26 89 97

c/o Gorrissen Federspiel
H.C. Andersens Boulevard 12
1553 Copenhagen V

The Annual Report has been presented
and approved at the Limited Partner-
ship's Annual General Meeting:

29/12 2017


Chairman

Annual Report

October 1, 2015 - September 30, 2016

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Management's statement on the annual report

The management has today discussed and approved the annual report for Danske Private Equity Partners K/S for the financial year October 1, 2015 - September 30, 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.


In our opinion, the financial statements give a true and fair view of the Limited Partnership's assets, liabilities and financial position as of September 30, 2016, as well as of the result of the Limited Partnership's activities for the financial year October 1, 2015 - September 30, 2016.

Furthermore, in our opinion, the Management's review gives a fair review of the development in the Limited Partnership's operations and financial matters and the results of the Limited Partnership's operations and financial position as a whole.

The annual report is recommended to be approved at the Annual General Meeting.

Copenhagen, December 16, 2016

Management:



General Partner
DPE Partners I ApS
Erik Fosgrau
Chief Executive Officer

Independent auditors' report

To the Limited Partners of Danske Private Equity Partners K/S

Independent auditors' report on the financial statements

We have audited the financial statements of Danske Private Equity Partners K/S for the financial year October 1, 2015 - September 30, 2016, which comprise of accounting policies, income statement, balance sheet, statement of changes in Limited Partners' Capital Account Statement and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the internal financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Limited Partnership's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Limited Partnership's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit did not result in any qualification.

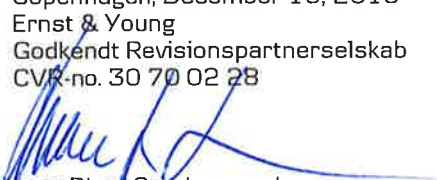
Opinion

In our opinion, the financial statements give a true and fair view of the Limited Partnership's financial position at September 30, 2016 and of the results of its operations for the financial year October 1, 2015 - September 30, 2016 in accordance with Danish Financial Statements Act.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the financial statements.

Copenhagen, December 16, 2016
Ernst & Young
Godkendt Revisionspartnerselskab
CVR-no. 30 70 02 28


Lars Rhod Søndergaard
State Authorised
Public Accountant


Ole Karstensen
State Authorised
Public Accountant

Management's review

Fund summary

Company: Danske Private Equity Partners K/S
c/o Gorrissen Federspiel
H.C. Andersens Boulevard 12
1553 Copenhagen V, Denmark

CVR-no.: 25 26 89 97
Established: March 1, 2000
Registered office: Copenhagen
Financial year: October 1 – September 30

Management: General Partner
DPE Partners I ApS with Chief Executive Officer Erik Fosgrau

Auditor: Ernst & Young
Godkendt Revisionspartnerselskab
Osvald Helmuhs Vej 4
Postboks 250
2000 Frederiksberg

Manager (FAIF): Danske Private Equity A/S (FT-no.23026)
Website: www.danskeprivateequity.com

Main and key figures

DKK 1,000	2015/16	2014/15	2013/14	2012/13	2011/12
Gains/losses on investments in portfolio funds	37,232	63,956	60,416	20,806	197,917
Operating profit	35,771	56,985	56,737	24,068	177,925
Net financial income and expenses	1,588	42,364	19,491	-23,208	31,143
Profit/loss	37,359	99,348	76,228	860	209,068
Total assets	279,155	474,400	431,210	604,312	997,601
Total Limited Partners' capital	264,352	460,868	423,790	599,095	984,260
Investments in portfolio funds	255,457	414,439	427,729	585,597	944,738
Performance ratio *	1.67	1.67	1.64	1.62	1.62

* Accumulated distributions and capital account end period (reduced by unpaid capital)/accumulated paid-up capital,

Management's review

Main activity

Danske Private Equity Partners K/S ("Danske PEP I") is a fund-of-funds with a geographical focus on investments in North America and Western Europe. Investments are mainly made in venture and small and mid market buy-out funds.

Development in the financial year

The financial year resulted in a profit of DKK 37 million, corresponding to an annual IRR of 13%. Gains on investments in portfolio funds amounted to DKK 37 million. Provision for performance fee to Danske Private Equity A/S amounted to DKK 1 million. Financial income amounted to DKK 2 million, which mainly relates to foreign exchange gain on portfolio fund investments (USD).

The result is better than our expectations.

DKK 4 million was contributed to the portfolio funds during the financial year, bringing total contributions to portfolio funds to DKK 3,533 million, corresponding to 97% of the commitments to portfolio funds.

An aggregate amount of DKK 202 million was distributed from portfolio funds during the financial year, bringing total distributions from portfolio funds as of September 30, 2016 to DKK 6,157 million, corresponding to 174% of capital contributed to portfolio funds. In the financial year an aggregate amount of DKK 234 million was distributed to the Limited Partners, bringing the accumulated distributions as of September 30, 2016 to DKK 6,122 million, corresponding to 161% of the Limited Partners' paid-up capital.

Special risks

Financial risks

The objective of Danske PEP I is to supply risk capital to the portfolio funds, and also to their investments in competitive companies in North America and Western Europe in Small and Mid Market. The highest factor of risk is therefore the changes in the value of the companies in which Danske PEP I's portfolio funds invest in, which to a significant extent depend on the valuations of comparable listed companies on the quoted market. The valuation of investments in the portfolio funds is an accounting estimate and could be connected with some uncertainty.

Interest rate risks

Danske PEP I is less sensitive to the changes in interest rate levels.

Foreign exchange currency risks

Danske PEP I's investments in portfolio funds have been made in USD and EUR. As the capital in Danske PEP I is in DKK, Danske PEP I is influenced by the currency fluctuations. The currency risk is therefore considered as material. Under Danske PEP I's investment policy, Danske PEP I does not hedge its exposure toward currency rate fluctuations.

Investment activity

In the period from inception to September 30, 2016 Danske PEP I has invested in 15 portfolio funds. 6 of the portfolio funds are closed as of September 30, 2016.

The portfolio funds have in general performed very well.

Cash resources

Danske PEP I's cash resources as of September 30, 2016 include cash and cash equivalents, undrawn credit facilities and outstanding commitments from the Limited Partners, and are estimated as satisfactory to cover Danske PEP I's liabilities including investment obligations, management fees etc.

Management's review

Expectations for 2016/17

During the financial year, the valuations of the portfolio funds' investments have developed positively, partly due to a positive development in the portfolio companies as well as an increasing dollar. American companies still have better conditions than European as a result of a higher growth in the economy. This development is expected to carry on in 2017, particularly with the US economy benefiting from the anticipated increase in financial stimulus.

The development in valuation of the portfolio funds' investments will still be influenced mainly by the development of the individual portfolio companies' results and their ability to generate cash as well as the valuations of comparable listed companies.

The above-mentioned development along with the general economic development and the development in USD/DKK will affect the result for 2016/17.

The continuous exit activity and thereby the reduction of the portfolio will affect future results which are expected to be lower than the result of the current financial year.

Post balance sheet events

An aggregate amount of DKK 54 million was distributed to the Limited Partners, corresponding to 20% of the Limited Partners' capital as of September 30, 2016.

The value of the public listed portfolio companies have fallen since the balance sheet date. This has largely been offset due to an unrealised foreign exchange rate gain on USD. The net effect is not considered significant.

No other events have occurred, after the balance sheet date and to the signing of the annual report which is considered of significance to the annual report.

Financial statements October 1 – September 30

Accounting policies

The annual report of Danske Private Equity Partners K/S has been prepared in accordance with the provisions of Danish Financial Statements Act for a reporting class B entity.

The presentation of the income statement, the balance sheet and the description of entries has been adjusted according to the Limited Partnership's activities as an investment company in private equity.

The accounting policies applied are consistent with those of last year.

Reporting currency is Danish Kroner (DKK).

In general

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Limited Partnership and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the report that evidence conditions existing at the balance sheet date are taken into account.

Income statement

Gains/losses on investments in portfolio funds

Gains/losses on portfolio fund investments include income from investment (dividend and interest), realised gains and losses of divestments and unrealised gains and losses on revaluations or depreciations of investments in portfolio funds.

Gains/losses on other securities and investments

Gain/losses on other securities and investments include realised gains and losses of divestments and unrealised gains and losses on revaluations or depreciations of other securities and investments.

Management fee etc.

The management fee includes management fee and performance fee for the period to the Manager, Danske Private Equity A/S.

Other administrative expenses

Other administrative expenses include costs paid by the Limited Partnership.

Financial income and expenses

Financial income and expenses include interest income and expenses, exchange gains and losses regarding investments in the portfolio funds.

Tax

The Limited Partnership is not independently liable to pay tax, consequently no tax is charged to the profit and loss account.

Financial statements October 1 – September 30

Accounting policies

Balance Sheet

Investment assets

Investments in portfolio funds are measured in accordance with the IPEV Valuation Guidelines or similar guidelines depending on the country of origin of the portfolio funds according to which investments are measured at the fair value in the balance sheet in accordance with the Danish Financial Statement Act § 38. Revaluations are included in the profit and loss account.

In the portfolio funds, the fair value of the funds' portfolio companies are recognised and measured as follows:

Listed portfolio companies

The portfolio companies are measured to the current market value on the balance sheet day. If securities in the portfolio companies are subject to a lock-up provision, the provision is considered when measuring the fair value of the portfolio company. If shares are not actively traded the portfolio companies are measured as investments in unlisted portfolio companies.

Unlisted portfolio companies

Investments in portfolio companies are measured at fair value on price of recent investment either by way of an increase of capital or a part sale and by the use of valuation methodologies based on the earnings multiples, net assets, discounted cash flows or industry valuation benchmarks.

Other debtors

Other debtors are measured at amortised cost after deduction of write-downs for anticipated losses.

Other securities and investments, current assets

Other securities and investments include listed securities distributed from the portfolio funds. The securities are measured to the current market value on the balance sheet day.

Other liabilities

Other payables include a performance fee to the Manager, Danske Private Equity A/S and administration costs due. Liabilities are measured at net realised value.

Foreign currency translation

Transactions in foreign currency are translated into DKK according to the currency rate ruling on the transaction day.

Investments in portfolio funds, accounts receivable and accounts payable in foreign currency are translated into DKK according to currency rate rulings on the balance sheet day. Realised and unrealised exchange rate profit margins and losses are booked in the profit and loss account under financial items.

Financial statements October 1 – September 30

Income statement

Note	DKK 1.000	1/10 2015- 30/9 2016	1/10 2014- 30/9 2015
1	Gains/losses on investments in portfolio funds	37,232	63,956
	Gains/losses on other securities and investments	-94	-416
	Gains/losses in the year	37,138	63,540
2	Management fees etc.	-1,272	-6,453
3	Other administrative expenses	-95	-102
	Operating profit	35,771	56,985
4	Financial income	1,777	42,501
5	Financial expenses	-189	-138
	PROFIT/LOSS	37,359	99,348
	PROPOSED DISTRIBUTION OF THE PROFIT/LOSS		
	Transferred to retained earnings	37,359	99,348
	TOTAL RETAINED EARNINGS	37,359	99,348

Financial statements October 1 – September 30

Balance sheet

Note	DKK 1.000	<u>30/9 2016</u>	<u>30/9 2015</u>
	ASSETS		
	FIXED ASSETS		
	Investment assets		
1	Investments in portfolio funds	<u>255,457</u>	<u>414,439</u>
	Total Fixed Assets	<u>255,457</u>	<u>414,439</u>
	CURRENT ASSETS		
	Other securities and investments	<u>21,226</u>	<u>2,255</u>
	Cash and cash equivalent	<u>2,472</u>	<u>57,706</u>
	Total current assets	<u>23,698</u>	<u>59,961</u>
	TOTAL ASSETS	<u>279,155</u>	<u>474,400</u>
	LIMITED PARTNERS' CAPITAL AND LIABILITIES		
	LIMITED PARTNERS' CAPITAL		
6	Paid-up capital from Limited Partners	3,813,000	3,813,000
	Distributed to Limited Partners	-6,122,168	-5,888,293
	Retained earnings	<u>2,573,520</u>	<u>2,536,161</u>
	Total Limited Partners capital	<u>264,352</u>	<u>460,868</u>
	LIABILITIES		
	SHORT-TERM LIABILITIES		
	Other payables	<u>14,803</u>	<u>13,532</u>
	Total short-term liabilities	<u>14,803</u>	<u>13,532</u>
	Total liabilities	<u>14,803</u>	<u>13,532</u>
	TOTAL LIMITED PARTNERS' CAPITAL AND LIABILITIES	<u>279,155</u>	<u>474,400</u>
7	Related parties		
8	Contingent liabilities, contingent assets and securities		

Financial statements October 1 – September 30

Statement of changes in Limited Partners' capital

DKK 1.000	<u>Paid-up capital from Limited Partners</u>	<u>Distributed to Limited Partners</u>	<u>Retained earnings</u>	<u>Total</u>
Capital October 1, 2014	3,813,000	-5,826,023	2,436,813	423,790
Paid-up capital from Limited Partners	0	0	0	0
Distributed to Limited Partners	0	-62,270	0	-62,270
Retained earnings	0	0	99,348	99,348
Capital October 1, 2015	3,813,000	-5,888,293	2,536,161	460,868
Paid-up capital from Limited Partners	0	0	0	0
Distributed to Limited Partners	0	-233,875	0	-233,875
Retained earnings	0	0	37,359	37,359
Capital September 30, 2016	<u>3,813,000</u>	<u>-6,122,168</u>	<u>2,573,520</u>	<u>264,352</u>

Financial statements October 1 – September 30

Notes

Note	DKK 1.000	<u>30/9 2016</u>	<u>30/9 2015</u>
1	Investments in portfolio funds		
	Cost October 1	1,534,045	1,608,174
	Additions in the year	3,998	0
	Disposals in the year	<u>-62,676</u>	<u>-74,129</u>
	Cost September 30	<u>1,475,367</u>	<u>1,534,045</u>
	Revaluations October 1	-1,119,606	-1,180,945
	Revaluations on disposals in the year	-139,313	-45,118
	Revaluations in the year	<u>39,009</u>	<u>106,457</u>
	Revaluations September 30	<u>-1,219,910</u>	<u>-1,119,606</u>
	Carrying amount September 30	<u>255,457</u>	<u>414,439</u>
	Specification of revaluations in the year		
	Realised gains/losses on investments in portfolio funds	55,770	24,935
	Unrealised gains/losses on investments in portfolio funds	<u>-18,538</u>	<u>39,021</u>
	Gains/losses on investments in portfolio funds	<u>37,232</u>	<u>63,956</u>
	Exchange rate gains/losses on investments in portfolio funds	<u>1,777</u>	<u>42,501</u>
	Total revaluations in the year	<u>39,009</u>	<u>106,457</u>

Financial statements October 1 – September 30

Notes

Note	DKK 1.000	1/10 2015- 30/9 2016	1/10 2014- 30/9 2015
2	Management fees etc.		
	Management fee	0	334
	Adjustment of provision for performance fee	1,272	6,119
	Management fees etc. in total	1,272	6,453
3	Other administrative expenses (incl. VAT)		
	Fee to auditor elected on the Annual General Meeting		
	Statutory audit	79	81
	Tax consultancy	0	14
	Fee to auditor elected on the Annual General Meeting in total	79	95
	The fund has not had any employees in the financial year		
4	Financial income		
	Exchange rate gains on investments in portfolio funds	1,777	42,501
	Financial income in total	1,777	42,501
5	Financial expenses		
	Financial expenses credit institutions	35	16
	Exchange rate losses	154	122
	Financial expenses in total	189	138

Financial statements October 1 – September 30

Notes

Note DKK 1.000

6 Limited Partners

	<u>Commitment</u>	<u>Paid-up</u>	<u>Outstanding Commitment</u>
Limited Partners	<u>4,100,000</u>	<u>3,813,000</u>	<u>287,000</u>

In July 2002 The Limited Partners adopted changes to the Limited Partnership Agreement, that entail an obligation to participate in an extension of the Limited Partnership capital, if increases in exchange rates after February 28, 2003 leads to the total Limited Partnership capital on DKK 4,1 billion not being sufficient enough to cover remaining commitment issued to the portfolio funds. The Limited Partners are jointly liable for the remaining amount to the extent of their investment. The liability amount to DKK 0 on the balance sheet day.

7 Related parties Manager

Danske Private Equity A/S, Niels Juel Gade 7, 1059 Copenhagen K

Transactions: Annual management fee and possible performance fee

Limited Partnerships administrated by Danske Private Equity A/S

Danske Private Equity Partners II (USD) K/S
Danske Private Equity Partners II (EUR) K/S
Danske Private Equity Partners II (EUR) Parallel K/S

Above companies have the following address:

c/o Gorrissen Federspiel, H.C. Andersens Boulevard 12, 1553 Copenhagen V

Transactions: The partnerships have syndicated some of the investments in the portfolio funds.

General Partner

DPE Partners I ApS, c/o Gorrissen Federspiel, H.C. Andersens Boulevard 12, 1553 Copenhagen V

Transactions: Annual administration fee

Financial statements October 1 – September 30

Notes

Note DKK 1.000

8 **Contingent liabilities, contingent assets and securities** Investment commitments

	Commitment		Outstanding commitment	
	Currency	DKK	Currency	DKK
Commitment USD	248,250	1,630,601	2,212	14,768
Commitment SEK	330,000	263,612	0	0
Commitment EUR	205,000	1,526,573	0	0
Commitment GBP	20,000	220,406	0	0
Total commitment, DKK		3,641,192		14,768

Calculated as residual commitment in local currency multiplies by exchange rate, end period plus contributed to portfolio funds in EUR (transaction date's currency rate).

One portfolio fund has made distributions to the Limited Partnership that may be recallable at a later date. As of September 30, 2016 the recallable capital amounts to DKK 35 million (EUR 5 million).

The Limited Partnership has no other contingent liabilities, contingent assets or collaterals as of September 30, 2016.