

Danske Private Equity Partners III (EUR-B) K/S

CVR-no. 28 66 33 58

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:

24/2 _____ 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 III (EUR-B) 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 III ApS
Erik Fosgrau
Chief Executive Officer

Independent auditors' report

To the Limited Partner of Danske Private Equity Partners III (EUR-B) K/S

Independent auditor's report on the financial statements

We have audited the financial statements of Danske Private Equity Partners III (EUR-B) 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 Partner's 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 III (EUR-B) K/S
c/o Gorrissen Federspiel
H.C. Andersens Boulevard 12
1553 Copenhagen V

CVR-no.: 28 66 33 58
Established: July 7, 2006
Registered office: Copenhagen
Financial year: October 1 – September 30

Management: General Partner
DPE Partners III 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

EUR 1.000	2015/16	2014/15	2013/14	2012/13	2011/12
Gains/losses on investments in portfolio funds	4.589	-457	5.480	1.159	5.872
Operating profit	4.481	-590	5.299	951	5.641
Net financial income and expenses	-436	664	822	-407	438
Profit/loss	4.045	74	6.121	544	6.079
Total assets	21.434	36.855	44.294	55.856	64.303
Total Limited Partner's capital	21.426	36.846	44.284	55.846	64.293
Investments in portfolio funds	20.171	35.450	43.200	53.895	60.245
Performance ratio *	1.39	1.33	1.34	1.25	1.26

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

Management's review

Main activity

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

Development in the financial year

The financial year resulted in a profit of EUR 4.0 million corresponding to an IRR of 16.1%. Gains on investments in portfolio funds amounted to EUR 4.6 million. Administrative costs in the form of management fee to Danske Private Equity A/S amounted to EUR 0.1 million and Financial expenses amounted to EUR 0.4 million which mainly relates to foreign exchange losses on portfolio fund investments (GBP).

The result is better than our expectations.

An aggregate amount of EUR 0.9 million was contributed to the portfolio funds during the financial year, bringing total contributions to EUR 66.5 million, corresponding to 95.1% of the commitments to portfolio funds.

An aggregate amount of EUR 20.4 million was distributed from portfolio funds during the financial year, bringing total distributions from portfolio funds as of September 30, 2016 to EUR 75.5 million, corresponding to 113.5% of the capital contributed to portfolio funds. In the financial year an aggregate amount of EUR 19.5 million was distributed to the Limited Partner, bringing total distributions as of September 30, 2016 to EUR 74.6 million corresponding to 107.9% of the Limited Partner's paid-up capital.

Special risks

Financial risks

The objective of Danske PEP III (EUR-B) is to supply risk capital to the portfolio funds, and also to their investments in competitive companies in the Western European Small and Mid Market. The highest factor of risk is therefore the changes in the value of the companies in which Danske PEP III (EUR-B)'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 portfolio funds is an accounting estimate and could be connected with some uncertainty.

Interest rate risks

Danske PEP III (EUR-B) is less sensitive to the changes in interest rate levels.

Foreign exchange currency risks

Danske PEP III (EUR-B)'s investments in portfolio funds have been made in EUR and GBP. As the capital in Danske PEP III (EUR-B) is in EUR, Danske PEP III (EUR-B) is influenced by currency fluctuations in GBP and the currency risk is therefore considered as material. Under Danske PEP III (EUR-B)'s investment policy, Danske PEP III (EUR-B) does not hedge its exposure toward currency rate fluctuations.

Investment activity

In the period from inception to September 30, 2016 Danske PEP III (EUR-B) has invested in seven portfolio funds.

The portfolio funds have in general performed below expectations.

Management's review

Cash resources

Danske PEP III (EUR-B)'s cash resources as of September 30, 2016, include cash and cash equivalents and outstanding commitments from the Limited Partner, and are estimated as satisfactory to cover Danske PEP III (EUR-B)'s liabilities including investment obligations, management fees etc.

Expectations for 2016/17

During the financial year, the valuations of the portfolio funds' investments have developed positively. European companies are generally experiencing stable earnings and the private equity market is characterised by relatively high exit activity. This development is expected to carry on in 2017, although political uncertainty remains significant and may impact the markets.

The development in valuations 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 will affect the result for 2016/17.

Despite the positive outlook the result is expected to be lower than the current year.

Post balance sheet events

No 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 III (EUR-B) K/S has been prepared in accordance with the provision of the 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.

The annual report is in EUR. (EUR/DKK: 30/9 2016: 745.13 and 30/9 2015: 745.98)

In general

Income is recognised in the profit and loss account 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 annual 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 Investments in portfolio Funds includes income from investments (dividend and interest), realised revaluations at realisation and unrealised revaluations of potential increases and depreciations of investments in portfolio funds.

Management fee

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.

Prepayments and accrued income

Prepayments and accrued income included in assets primarily comprise prepaid management fee to Manager, Danske Private Equity A/S.

Other liabilities

Other payables include a performance fee to 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 EUR 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 EUR 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	EUR 1,000	<u>1/10 2015- 30/9 2016</u>	<u>1/10 2014- 30/9 2015</u>
1	Gains/losses on investments in portfolio funds	4,589	-457
2	Management fees etc.	-95	-121
3	Other administrative expenses	<u>-13</u>	<u>-12</u>
	Operating profit	4,481	-590
4	Financial income	0	664
5	Financial expenses	<u>-436</u>	<u>0</u>
	PROFIT/LOSS	<u><u>4,045</u></u>	<u><u>74</u></u>
 PROPOSED DISTRIBUTION OF THE PROFIT/LOSS			
	Transferred to retained earnings	<u>4,045</u>	<u>74</u>
	TOTAL RETAINED EARNINGS	<u><u>4,045</u></u>	<u><u>74</u></u>

Financial statements October 1 - September 30

Balance sheet

Note	EUR 1,000	<u>30/9 2016</u>	<u>30/9 2015</u>
	ASSETS		
	FIXED ASSETS		
	Investment assets		
1	Investments in portfolio funds	<u>20,171</u>	<u>35,450</u>
	Total Fixed Assets	<u>20,171</u>	<u>35,450</u>
	CURRENT ASSETS		
	Cash and Cash equivalent	<u>1,263</u>	<u>1,405</u>
	Total current assets	<u>1,263</u>	<u>1,405</u>
	TOTAL ASSETS	<u>21,434</u>	<u>36,855</u>
	LIMITED PARTNER'S CAPITAL AND LIABILITIES		
	LIMITED PARTNER'S CAPITAL		
6	Paid-up capital from Limited Partner	69,075	69,075
	Distributed to Limited Partner	-74,554	-55,089
	Retained earnings	<u>26,905</u>	<u>22,860</u>
	Total Limited Partner's capital	<u>21,426</u>	<u>36,846</u>
	LIABILITIES		
	SHORT-TERM LIABILITIES		
	Other payables	<u>8</u>	<u>9</u>
	Total short-term liabilities	<u>8</u>	<u>9</u>
	Total liabilities	<u>8</u>	<u>9</u>
	TOTAL LIMITED PARTNER'S CAPITAL AND LIABILITIES	<u>21,434</u>	<u>36,855</u>
7	Related parties		
8	Contingent liabilities, contingent assets and securities		

Financial statements October 1 – September 30

Statement of changes in Limited Partner's capital

EUR 1,000	<u>Paid-up capital from Limited Partner</u>	<u>Distributed to Limited Partner</u>	<u>Retained earnings</u>	<u>Total</u>
Capital October 1, 2014	67,050	-45,552	22,786	44,284
Paid-up capital from Limited Partner	2,025	0	0	2,025
Distributed to Limited Partner	0	-9,537	0	-9,537
Retained earnings	<u>0</u>	<u>0</u>	<u>74</u>	<u>74</u>
Capital October 1, 2015	69,075	-55,089	22,860	36,846
Paid-up capital from Limited Partner	0	0	0	0
Distributed to Limited Partner	0	-19,465	0	-19,465
Retained earnings	<u>0</u>	<u>0</u>	<u>4,045</u>	<u>4,045</u>
Capital September 30, 2016	<u>69,075</u>	<u>-74,554</u>	<u>26,905</u>	<u>21,426</u>

Financial statements October 1 – September 30

Notes

Note	EUR 1,000	<u>30/9 2016</u>	<u>30/9 2015</u>
1	Investments in portfolio funds		
	Cost October 1	42,429	46,274
	Additions in the year	917	1,314
	Disposals in the year	-7,827	-5,159
	Cost September 30	<u>35,519</u>	<u>42,429</u>
	Revaluations October 1	-6,979	-3,074
	Revaluations on disposals in the year	-12,541	-4,112
	Revaluations in the year	4,172	207
	Revaluations September 30	<u>-15,348</u>	<u>-6,979</u>
	Carrying amount September 30	<u><u>20,171</u></u>	<u><u>35,450</u></u>
	Specification of revaluations in the year		
	Realised gains/losses on investments in portfolio funds	12,048	2,220
	Unrealised gains/losses on investments in portfolio funds	-7,459	-2,677
	Gains/losses on investments in portfolio funds	<u>4,589</u>	<u>-457</u>
	Exchange rate gains/losses on investments in portfolio funds	-417	664
	Total revaluations in the year	<u><u>4,172</u></u>	<u><u>207</u></u>

Financial statements October 1 – September 30

Notes

Note	EUR 1,000	1/10 2015 - 30/9 2016	1/10 2014 - 30/9 2015
2	Management fees etc.		
	Management fee	95	121
	Management fees etc. in total	95	121
3	Other administrative expenses (incl. VAT)		
	Fee to auditor elected on the Annual General Meeting		
	Statutory audit	9	9
	Fee to auditor elected on the Annual General in total	9	9
	The fund has not had any employees in the financial year		
4	Financial income		
	Exchange rate gains on investments in portfolio funds	0	664
	Financial income in total	0	664
5	Financial expenses		
	Interest expenses credit institutions	19	0
	Exchange rate losses on investments in portfolio funds	417	0
	Financial expenses in total	436	0

Financial statements October 1 – September 30

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Note EUR 1,000

6 Limited Partner

	<u>Commitment</u>	<u>Paid-up</u>	<u>Outstanding Commitment</u>
Limited Partner	<u>75,000</u>	<u>69,075</u>	<u>5,925</u>

The Limited Partnership may make distributions to the Limited Partner, which are subject to a redraw option. As of September 30, 2016 the recallable amount is EUR 0 million.

7 Related parties

Manager

Danske Private Equity A/S, Niels Juels 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 III (EUR-A) K/S, c/o Gorrissen Federspiel, H. C. Andersens Boulevard 12, 1553 Copenhagen V

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

General Partner

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

Transactions: Annual administration fee

Financial statements October 1 – September 30

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Note EUR 1,000

8 Contingent liabilities, contingent assets and securities

Investment commitments

	Commitment		Outstanding commitment	
	Currency	EUR	Currency	EUR
Commitment EUR	57,756	57,756	3,148	3,148
Commitment GBP	<u>10,033</u>	<u>12,147</u>	<u>222</u>	<u>258</u>
Total commitment, EUR		<u>69,903</u>		<u>3,406</u>

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).

The portfolio funds have made distributions to the Limited Partnership, which they have the opportunity to call again at a later time. As of September 30, 2016 the callable amounts to EUR 8.1 million (GBP 1.2 million and EUR 6.6 million).

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