

Proventus Capital Partners III AB (publ)
CORPORATE IDENTITY NUMBER 556926-8021

ANNUAL REPORT FOR THE FINANCIAL YEAR 2016

The Board of Directors and Chief Executive Officer of Capital Partners III AB (publ) hereby present the annual report for the operations of the Group and the Parent Company for the financial year 1 January 2016 - 31 December 2016.

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Unless otherwise specified, all amounts are stated in thousands of Swedish krona (kSEK). Information in parentheses refers to the previous year.

ADMINISTRATION REPORT

INFORMATION REGARDING THE OPERATIONS

Proventus Capital Partners III, which is a wholly-owned subsidiary of Proventus Capital Management AB (556930-7027), operates a corporate lending business and engages in securities trading. The Company is an alternative investment fund as defined in the Swedish Alternative Investment Fund Managers Act (2013:561) and is managed by the Parent Company Proventus Capital Management, which is licensed by the Swedish Financial Supervisory Authority to manage alternative investment funds under the Swedish Alternative Investment Fund Managers Act. The licence was granted on 18 June 2014.

The operations focus on direct loans to businesses and the acquisition of listed bonds and other interest-bearing securities. The Group's primary currency is the Swedish krona (SEK). Any investments made in other currencies are normally hedged to SEK. The investments are made chiefly through the subsidiary Proventus Capital Partners III KB.

The operations are financed with capital contributed by the owner and through participating loans from, primarily, institutional investors. In addition, the Company has obligations in place to contribute capital to the subsidiary Proventus Capital Partners III KB. The Group has total financing commitments amounting to SEK 12,120 million. The financing available to the Group can be drawn by the Company through individual capital contributions of 5 percent of the total commitments. At year-end, a sum total of SEK 7,272 million had been contributed to the Group.

Profit-sharing with holders of participating bonds in the Company will be settled in SEK. The presentation currency of the annual report is SEK.

During 2016 Proventus Capital Partners III has made an exit from in total five investments, four with a substantially positive result and one, Polestar UK, at a loss after the company entered into liquidation. The accounting value of that investment has been written off in full during the second quarter of 2016.

RESULTS AND FINANCIAL POSITION

The investment operations were initiated in summer 2014. The investment portfolio has been built up gradually and consisted at the closing date of holdings in twenty-three (twenty-three) debt instruments issued by sixteen (eighteen) different loan recipients. Approximately 86% (96%) of the portfolio is invested in direct lending to companies. Four holdings were realised during the year. The value of the portfolio is SEK 5,141.4 (5,314.6) million. The portfolio of obligations listed on an active market, including accrued interest, and forward agreements amounted at the end of the period to SEK 952.8 (629.9) million. The cumulative return on the portfolio since its inception is just over SEK 400.4 (717.1) million.

Net profit/loss for the period amounts to SEK -37.2 (55.4) million for the Group and SEK -0.3 (0.0) million for the Parent Company.

Equity for the Group amounts to SEK 732.3 (672.7) million and for the Parent Company to SEK 32.5 (27.5) million.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

During the first quarter of 2017, a further 5% of the total commitments has been contributed to the Proventus Capital Partners III Group, increasing the total contributed capital in the Group to SEK 7,878 million. Investments have been made in one further private corporate loan, as well as supplementary investments in four existing private corporate loans.

EXPECTED FUTURE DEVELOPMENT

The Company has as a goal to achieve a 10 percent annual net yield for the holders of the participating debentures. Due to the composition of the portfolio and developments since the initiation of the fund, as well as considering the interest rate situation, we believe that the yield for Proventus Capital Partners III will be a couple of percentage points lower.

OWNERSHIP STRUCTURE

Proventus Capital Partners III AB (publ), with its registered office in Stockholm, has the following ownership structure:

Shareholder	Number of shares
Proventus Capital Management AB	<u>5 000</u>
Total	5 000

PROPOSED APPROPRIATION OF PROFITS

Group contributions in a total amount of SEK 16.3 (67.4.4) million have been transferred to the Parent Company. The Board of Directors' assessment is that the reported equity, after Group contributions, is adequate in view of the requirements which the nature, scope and risk of the operations place on the size of equity in the Company. The proposed Group contribution is therefore deemed justifiable with regard to the provisions of the Companies Act, Chapter 17, Section 3, paragraphs 2-3.

The Board of Directors proposes that the funds at its disposal be appropriated as follows:

Non-restricted funds	32 259 603
Profit/loss for the year	<u>-264 724</u>
Total	31 994 879 SEK

The Board of Directors proposes that the available profits be appropriated as follows:

to be carried forward	<u>31 994 879</u>
	31 994 879 SEK

For information regarding the results of the Company's operations during the financial year and its financial position at year-end, please refer to the following income statement and balance sheet, with additional disclosures.

CORPORATE GOVERNANCE REPORT

In accordance with the requirements specified in the Annual Account Act, Chapter 6, Section 8, the Company has prepared a Corporate Governance Report. The report can be obtained from the Company and is distributed upon request.

**CONSOLIDATED
INCOME STATEMENT, kSEK**

	<u>Note</u>	1 Jan 2016 <u>31 Dec 2016</u>	1 Jan 2015 <u>31 Dec 2015</u>
Administrative expenses	4,5	<u>-69 669</u>	<u>-46 331</u>
Operating profit/loss		-69 669	-46 331
Loss from discontinued operations		-121 862	-
Interest income and similar profit/loss items	6	791 511	540 911
Interest expenses and similar profit/loss items	6	<u>-678 191</u>	<u>-371 809</u>
Net financial items		-8 542	169 102
Profit/loss after financial items		-78 211	122 771
Group contributions received		41 302	
Group contributions paid		<u>0</u>	<u>-67 356</u>
Profit/loss before tax		-36 909	55 415
Tax	7	<u>-265</u>	<u>-</u>
Profit/loss for the year		<u>-37 174</u>	<u>55 415</u>

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year	-37 174	55 415
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-37 174</u>	<u>55 415</u>
Attributable to:		
Shareholders in the Parent Company	-265	-
Minority interests	<u>-36 909</u>	<u>55 415</u>
	<u>-37 174</u>	<u>55 415</u>

**CONSOLIDATED
BALANCE SHEET, kSEK**

ASSETS	<u>Note</u>	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
Non-current assets			
Non-current financial assets	8	<u>5 141 445</u>	<u>4 172 348</u>
Total non-current assets		5 141 445	4 172 348
Current assets			
Current receivables			
Trade receivables		86	12
Receivables from Group companies		1 134	4 764
Other current receivables		84 106	491
Short-term investments	10	952 831	629 922
Prepaid expenses and accrued income	11	<u>2 388</u>	<u>2 333</u>
		1 040 545	637 522
Cash and cash equivalents		373 706	84 365
Assets available for sale		<u>-</u>	<u>2 736 044</u>
Total current assets		1 414 251	3 457 931
TOTAL ASSETS		<u>6 555 696</u>	<u>7 630 279</u>

**CONSOLIDATED
BALANCE SHEET, kSEK**

EQUITY AND LIABILITIES	<u>Note</u>	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
Equity			
Restricted equity			
Share capital (5,000 shares with a quotient value of SEK 100)		500	500
		<u>500</u>	<u>500</u>
Non-restricted equity			
Retained earnings		769 451	616 756
Profit/loss for the year		-37 174	55 415
		<u>732 277</u>	<u>672 171</u>
Total equity		732 777	672 671
Non-current liabilities			
Other non-current liabilities	12	5 747 549	5 279 107
Total non-current liabilities		5 747 549	5 279 107
Current liabilities			
Trade payables		369	531
Liabilities to Group companies		11 954	75 763
Tax liabilities	7	661	-
Other liabilities	14	58 294	4 669
Accrued expenses and deferred income	13	4 092	3 769
Liabilities available for sale		-	1 593 769
Total current liabilities		75 370	1 678 501
TOTAL EQUITY AND LIABILITIES		<u>6 555 696</u>	<u>7 630 279</u>

STATEMENT OF CHANGES IN EQUITY, kSEK

	Share capital	Profit/loss for the year	Minority interest	Total equity
Opening balance, 1 January 2015	500	8 994	206 688	216 182
Comprehensive income				
Profit/loss for the year			55 415	55 415
Other comprehensive income				
Total other comprehensive income	-	-	55 415	55 415
Transactions with part owners				
Contributions from part owners			384 000	384 000
Dividend			-926	-926
Total transactions with part owners	-	-	383 074	383 074
Transactions with shareholders				
New share issue				
Shareholder's contributions received		18 000		18 000
Total transactions with shareholders	-	18 000	-	18 000
Closing balance, 31 December 2015	500	26 994	645 177	672 671
Comprehensive income				
Profit/loss for the year		-265	-36 909	-37 174
Other comprehensive income				0
Total other comprehensive income	-	-265	-36 909	-37 174
Transactions with part owners				
Contributions from part owners			192 000	192 000
Repayment of contributions			-79 664	-79 664
Dividend			-20 322	-20 322
Total transactions with part owners	-	-	92 014	92 014
Transactions with shareholders				
Shareholders' contributions received		9 000		9 000
Shareholders' contribution repaid		-3 734		-3 734
Total transactions with shareholders	-	5 266	-	5 266
Closing balance, 31 December 2016	500	31 995	700 282	732 777

**CONSOLIDATED
CASH FLOW STATEMENT, kSEK**

		<u>2016</u>	<u>2015</u>
Cash flow from operating activities	<u>Note</u> 15		
Cash flow from operations		898 694	248 596
Interest paid		-163 479	-7 458
Cash flow from operating activities		735 215	241 138
Investing activities			
Increase/decrease in short-term investments		-251 972	-460 340
Increase in financial assets		-1 214 518	-2 629 112
		-1 466 490	-3 089 452
Financing activities			
Increase/decrease in liabilities to credit institutions		-	-699 034
Group contributions paid		-22 745	-20 515
Shareholders' contributions received		9 000	18 000
Shareholders' contribution repaid		-3 734	-
Deposit from part owners		192 000	384 000
Withdrawals from part owners		-79 663	
Dividends to part owners		-20 321	-926
Increase in non-current liabilities		946 080	3 234 000
		1 020 617	2 915 525
Cash flow for the year		289 342	67 211
Cash and cash equivalents at the beginning of the year		84 364	17 153
Cash and cash equivalents at year-end		373 706	84 364

**PARENT COMPANY
INCOME STATEMENT, kSEK**

	<u>Note</u>	<u>1 Jan 2016 31 Dec 2016</u>	<u>1 Jan 2015 31 Dec 2015</u>
Administrative expenses	4,5	-45 163	-42 520
Operating profit/loss		-45 163	-42 520
Profit/loss from participating interests in Group companies			
Group companies		-310 666	473 678
Interest income and similar profit/loss items	6	19 341	21 179
Interest expenses and similar profit/loss items	6	295 186	-384 981
Net financial items		3 861	109 876
Profit/loss after financial items		-41 302	67 356
Group contribution received		41 302	-
Group contributions paid		-	-67 356
Profit/loss before tax		0	0
Tax	7	-265	-
Profit/loss for the year		-265	0

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year	-265	0
Other comprehensive income	-	-
Other comprehensive income for the year, net after tax	-	-
Total comprehensive income for the year	-265	0

**PARENT COMPANY
BALANCE SHEET, kSEK**

ASSETS	<u>Note</u>	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
Non-current assets			
Participations in Group companies	9	5 829 345	4 878 000
Other investments held as fixed assets	8	<u>184 419</u>	<u>202 701</u>
Total non-current assets		6 013 764	5 080 701
Current assets			
Current receivables			
Trade receivables		86	12
Receivables from Group companies		325 017	638 194
Other current receivables		1 033	180
Prepaid expenses and accrued income	11	<u>2 388</u>	<u>2 333</u>
		328 524	640 719
Cash and cash equivalents		<u>15 071</u>	<u>8 850</u>
Total current assets		343 595	649 569
TOTAL ASSETS		<u>6 357 359</u>	<u>5 730 270</u>

**PARENT COMPANY
BALANCE SHEET, kSEK**

EQUITY AND LIABILITIES	<u>Note</u>	<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
Equity			
Restricted equity			
Share capital (5,000 shares with a quotient value of SEK 100)		500	500
		<u>500</u>	<u>500</u>
Non-restricted equity			
Retained earnings		32 260	26 994
Profit/loss for the year		-265	0
		<u>31 995</u>	<u>26 994</u>
Total equity		32 495	27 494
Non-current liabilities			
Other non-current liabilities	12	5 747 549	5 279 107
Total non-current liabilities		5 747 549	5 279 107
Current liabilities			
Trade payables		369	291
Liabilities to Group companies		565 101	417 090
Tax liabilities		661	-
Other liabilities	14	7 998	3 247
Accrued expenses and deferred income	13	3 186	3 041
		<u>577 315</u>	<u>423 669</u>
Total current liabilities		577 315	423 669
TOTAL EQUITY AND LIABILITIES		<u>6 357 359</u>	<u>5 730 270</u>

STATEMENT OF CHANGES IN EQUITY, kSEK

	Share capital	Profit/loss for the year	Total equity
Opening balance, 1 January 2015	500	8 994	9 494
Comprehensive income			
Profit/loss for the year		0	0
Total other comprehensive income		0	0
Transactions with shareholders			
New share issue			0
Shareholders' contributions received		18 000	18 000
Total transactions with shareholders	0	18 000	18 000
Closing balance, 31 December 2016	500	26 994	27 494
Comprehensive income			
Profit/loss for the year		-265	-265
Other comprehensive income			
Total other comprehensive income		-265	-265
Transactions with shareholders			
New share issue			0
Shareholders' contributions received		9 000	9 000
Shareholders' contribution repaid		-3 734	-3 734
Total transactions with shareholders	0	5 266	5 266
Closing balance, 31 December 2016	500	31 995	32 495

PARENT COMPANY
CASH FLOW STATEMENT, kSEK

	<u>2016</u>	<u>2015</u>
	<u>Note</u>	
Cash flow from operating activities	15	
Cash flow from operations	131 514	-26 829
Interest paid	-163 479	-7 458
Interest received	60 930	33 810
	<hr/>	<hr/>
Cash flow from operating activities	28 965	-477
Investing activities		
Increase in participating interests in Group companies	-951 345	-3 252 000
Increase/decrease in financial assets	-	20 193
	<hr/>	<hr/>
	-951 345	-3 231 807
Financing activities		
Group contribution paid	-22 745	-20 515
Shareholders' contributions received	9 000	18 000
Shareholders' contribution repaid	-3 734	-
Increase in non-current liabilities	946 080	3 234 000
	<hr/>	<hr/>
	928 601	3 231 485
Cash flow for the year	6 221	-799
Cash and cash equivalents at the beginning of the year	8 850	9 649
Cash and cash equivalents at year-end	15 071	8 850

COMMENTS ON THE FINANCIAL STATEMENTS AND ACCOUNTING PRINCIPLES

Note 1 Accounting principles

The annual report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act (1995:1554), the Swedish Financial Reporting Board's recommendation RFR 2 (2008:25) and Swedish Alternative Investment Fund Managers Act (2013:561)

The consolidated financial statements for the Proventus Capital Partners III AB Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the supplementary financial reporting rules for Groups contained in recommendation RFR 1 issued by the Swedish Financial Reporting Board.

The Company applies the alternative rule under RFR 2 for the reporting of Group contributions, which means that Group contributions are recognised as appropriations in the income statement.

Consolidated financial statements

Subsidiaries

Subsidiaries are all companies in which the Group has the right to formulate financial and operational strategies in a manner that is normally consistent with a shareholding of more than half of the votes. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group. They are excluded from consolidated financial statements from the date on which control is relinquished.

The purchase method is applied in accounting for the Group's acquisitions of subsidiaries. The cost of an acquisition is the fair value of all assets transferred as compensation, issued equity instruments and liabilities incurred or assumed at the transfer date, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed upon acquisition of an operation are initially recognised at fair value at the acquisition date, regardless of the size of any minority interest. The surplus consisting of the difference between cost and fair value of the Group's share of the identifiable acquired net assets is recognised as goodwill. If the historical cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the the income statement.

Intercompany transactions and balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction constitutes evidence of an impairment requirement for the transferred asset. Where applicable, the accounting principles for subsidiaries have been amended to ensure a consistent application of the Group's principles.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been valued at the closing rates. Currency futures used to hedge short-term investments are stated at fair value with changes in value recognised in the income statement as interest income and similar profit/loss items. The following exchange rates have been applied in the translation of assets and liabilities:

EUR 9.5669 (9.135); USD 9.0971 (8.3524); NOK 100 = SEK 105.4 (95.5645); GBP 11.1787 (12.3785)

Classification of non-current and current assets in the balance sheet

Non-current assets include loan receivables which are intended to be held to maturity. Current assets include short-term investments and bank balances.

Non-current assets / subsidiaries available for sale and discontinued operations

Polestar is classified as an asset held for sale as its carrying amount will almost entirely be recovered through a sales transaction and a sale is considered highly likely. These are recognised at the lower of carrying amount and fair value less selling costs. A gain or loss is recognised on the date on which Polestar is derecognised from the statement of financial position. Non-current assets are not depreciated so long as they are categorised as held for sale. Interest and other expenses attributable to liabilities in a divestment group held for sale are reported on an on-going basis. Non-current assets held for sale and assets in a subsidiary held for sale are recognised separately from other assets in the balance sheet, while liabilities in a subsidiary held for sale are also presented separately from other liabilities in the balance sheet. Discontinued operations refer to the part of a company which has been divested or is classified as held for sale and is a subsidiary acquired solely for the purpose of being sold. Profit/loss from discontinued operations is recognised separately in the income statement. The takeover of Polestar takes place on 31 December, for which reason there are no results presented under the heading "Discontinued operations". As Polestar is intended for sale to be sold, the simplified consolidation method as described in the illustrative example in IFRS 5 has been applied, implying that no disclosures other than those already presented in the balance sheet are necessary. In conjunction with the takeover of Polestar, acquired for GBP 1 million, liabilities of approximately SEK 1,593 million will also be assumed. Approximately MGBP 93 refers to a receivable from Polestar and this amount has been eliminated in preparing the consolidated financial statements.

Valuation rules

Financial assets in foreign currency are recognised at cost adjusted to the closing exchange rate, as described above.

Financial instruments: recognition and measurement

Financial assets are classified as loans receivable and short-term investments.

The classification depends on the purpose for which the financial asset was acquired. The classification of financial assets is determined by management upon initial recognition.

Loans receivable are financial assets which are not derivatives, have determinable payments and are not listed on an active market. They are included in non-current assets, with the exception of items maturing within 12 months of the balance sheet date, which are classified as current assets.

Short-term investments are financial instruments and derivatives which are traded on a regulated market. Derivatives with a negative value are classified as other current liabilities.

Short-term investments and derivatives with a negative value are recognised at fair value. Changes in value are recognised in the income statement as interest income and similar profit/loss items.

Participating loans are recognised at fair value. A positive return on participating loans is accounted for as an interest expense for the Company and is included in the market value. A negative return on participating loans is accounted for as interest income for the Company and is included in the market value.

Other receivables and liabilities are stated in the balance sheet at their nominal value or at the value that is expected to be received.

New standards and amendments to and interpretations of existing standards not yet effective that have not been applied early by Proventus Capital Partners III AB

IFRS 9 "Financial Instruments" deals with the classification, measurement and impairment of financial assets and liabilities as well as hedge accounting. The full version of IFRS 9 was issued in July 2014. It replaces those parts of IAS 39 which deal with the classification and measurement of financial instruments. IFRS 9 retains a mixed approach to measurement but simplifies the approach in some respects. It provides for three measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument should be classified depends on the company's business model and the characteristics of the instrument. There will be three business models for debt instruments classified as financial assets, which determine the measurement category to be applied. A financial asset may only be recognised at amortised cost if, in addition to such recognition being consistent with the business model, the contractual terms of the asset at any given time give rise to cash flows that are solely payments of principal and interest (SPPI). Even if the financial asset meets the definition of business model and the cash flows are solely payments of principal and interest the company can, as under IAS 39, choose to recognise the asset at fair value through profit or loss. Debt instruments classified as financial assets which meet the definition of SPPI but whose business model does not result in recognition at amortised cost are recognised at fair value through other comprehensive income or profit or loss depending on the business model. Investments in equity instruments should be recognised at fair value through profit or loss but there is an option to recognise the instrument at fair value through other comprehensive income at initial recognition. In this case no reclassification to profit or loss is made when the instrument is sold. Stand-alone derivatives are recognised at fair value through profit or loss.

IFRS 9 also introduces a new model for calculating provisions for credit losses that is based on expected credit losses. Under the new model, credit losses should be recognised based on expected loss events and not incurred loss events. Financial assets that are subject to impairment are divided into three categories based on the risk of default. The first category includes assets whose credit risk has not increased significantly at the reporting date, in the second a significant increase in the credit risk has occurred and in the third there is objective evidence of impairment. For assets in the first category an impairment loss should be recognised based on expected losses over the next twelve months, and in categories two and three expected losses over the full life of the asset should be recognised. This means that impairment losses for expected losses should be recognised at initial recognition.

For financial assets, the classification and measurement method have not changed, except in the case where a liability is recognised at fair value through profit or loss using the fair value option. Changes in the fair value attributable to changes in own credit risk should then be recognised in other comprehensive income.

Proventus Capital Partners III AB had not assessed the impact of IFRS 9 at the time of publishing this annual report but intends to make an assessment in 2017.

The following table illustrates how financial assets and liabilities have been classified in accordance with IFRS 7

2016	kSEK	Total	Assets/ liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Loans receivable and other receivables	Other financial liabilities
Assets						
Loans		5 141 445			5 141 445	
Trade receivables		86			86	
Receivables from Group companies		1 134			1 134	
Other receivables		84 106			84 106	
Derivatives		96 557		96 557		
Bonds		843 362	843 362			
Prepaid expenses		2 387			2 387	
Cash and cash equivalents		373 706			373 706	
Total		6 542 783	843 362	96 557	5 602 864	-
Liabilities						
Participating loans		5 747 549	5 747 549			
Trade payables		369				369
Tax liabilities		661				661
Liabilities to Group companies		11 954				11 954
Other current liabilities		8 240				8 240
Derivatives		50 054		50 054		
Accrued expenses		4 092				4 092
Total		5 822 919	5 747 549	50 054	-	25 316
2015						
	kSEK	Total	Assets/ liabilities at fair value through profit or loss	Derivatives used for hedging purposes	Loans receivable and other receivables	Other financial liabilities
Assets						
Loans		4 172 348			4 172 348	
Receivables from Group companies		12			12	
Tax assets		4 764			4 764	
Other receivables		491			491	
Derivatives		146 753		146 753		
Bonds		483 169	483 169			
Cash and cash equivalents		2 333			2 333	
Total		4 894 235	483 169	146 753	4 264 313	
Liabilities						
Liabilities to credit institutions		0				-
Participating loans		5 279 107	5 279 107			
Trade payables		531				531
Tax liabilities		0				
Liabilities to Group companies		75 763				75 763
Other current liabilities		3 247				3 247
Derivatives		1 422		1 422		
Accrued expenses		3 769				3 769
Total		5 363 839	5 279 107	1 422	-	79 541

Assets at fair value

The tables below contain information on how fair value has been determined for financial instruments measured at fair value in the balance sheet. The breakdown of how fair value is determined is based on three levels:

Level 1: in accordance with prices quoted on an active market for the same instrument

Level 2: based on directly or indirectly observable market data not included in Level 1

Level 3: based on non-observable inputs in the market

The following table shows the Company's asset and liabilities measured at fair value at 31 December 2016 in kSEK

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Securities held for trading purposes		843 362		843 362
- Derivatives used for hedging purposes		96 557		96 557
Total assets	-	939 919	-	939 919
Liabilities				
Financial liabilities at fair value through profit or loss				
- Participating loans			5 747 549	5 747 549
- Derivatives used for hedging purposes		50 054		50 054
Total liabilities	-	50 054	5 747 549	5 797 603

The following table shows the Company's asset and liabilities measured at fair value at 31 December 2015 in kSEK

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets at fair value through profit or loss				
- Securities held for trading purposes		483 169		483 169
- Derivatives used for hedging purposes		146 753		146 753
Total assets	-	629 922	-	629 922
Liabilities				
Financial liabilities at fair value through profit or loss				
- Participating loans			5 279 107	5 279 107
- Derivatives used for hedging purposes		1 422		1 422
Total liabilities	-	1 422	5 279 107	5 280 529

The following is a description of the principal methods and assumptions used in determining the fair values of the financial assets and liabilities presented in the tables above.

Short-term investments and other financial investments

Bonds are recognised at quoted bid prices. If a current price is not available, the latest quoted price is used coupled with an individual assessment of the price. In these cases the price is determined on the basis of:

- Historical prices of the quoted instrument.
- Prices quoted to the Company by an independent appraiser on or in close proximity to the reporting date.
- Prices of other instruments with comparable maturities issued by the same issuer.
- The price of the issuer's CDS contracts if this information is available.

All deviations from quoted prices or individually assessed prices are documented by the investment organisation.

Derivative instruments

For currency contracts, fair value is determined based on quoted exchange rates for each currency.

The fair value of interest rate swaps is based on discounted estimated future cash flows in accordance with the terms and maturity dates of the contract and using the market rate for similar instruments at the balance sheet date.

Participating loans

Profit-sharing is settled in SEK, which means that all reporting to investors in participating bonds is denominated in SEK. All investors receive a minimum return of Stibor +2 percent, at no less than 5 percent per year, before any profit-sharing between the Company and the investors takes place. No portion of the return on the participating bonds is guaranteed by the Company and the holders bear the same risk as the Company's owners. Any net gain exceeding the hurdle rate is split 80/20 between the investors and Proventus Capital Partners III AB.

Realised gains on holdings in the portfolio, less expenses for the period, are distributed on a quarterly basis.

Note 2 Financial risks

The Group is exposed to interest rate risk, credit risk, currency risk and liquidity risk

Interest rate risks and credit risks

The Group minimises the interest rate risk in its loans receivable by ensuring that loans, in the great majority of cases, incur variable interest plus a margin. As a result, the interest margin remains unchanged over time. For longer fixed-rate terms, the interest rate can be swapped to 90 days to reduce the interest rate risk. Each borrower's creditworthiness and the associated required return are assessed at the time of issuing the loan. The Group applies an internal risk and pricing model which takes account of factors such as the Company's industry, market conditions, the Company's profitability and debt level. Based on the model, the lowest interest rate and terms for each commitment are determined. All commitments are monitored continuously and any need for provisions is assessed on a quarterly basis.

The subsidiary's bond portfolio is exposed to interest rate risk, credit risk and in some cases also currency risk. As the focus of investments is on high-yield bonds, the price of the bonds is influenced by interest rate risk but primarily by credit risk. The risk is assessed with the help of the same model that is used for the loan portfolio.

To limit the risk, the subsidiary has internally limited the size of each commitment in the loan and bond portfolios based on the total available funds.

Currency risks

In cases where investments are made in other currencies than SEK, the underlying investment is hedged to SEK using futures to minimise the currency risk. The concluded futures contracts normally have maturities of three months, after which new contracts are concluded to hedge the investment. Over time, this means that realised gains and losses will arise on the hedging instrument while the value changes on the underlying investment will remain unrealised. However, the currency effect in profit/loss implied by the change in value in the underlying investment and the hedging instrument will cancel each other out.

Liquidity risk

The Group's liquidity risk consists partly of the possibility of realising holdings in the loan and bond portfolios but also in the ability to repay borrowed funds. Both risks reflect each other. The overall liquidity risk for the Parent Company is deemed to be low. The operations are funded partly through participating loans and partly through equity. Participating loans are paid down as the subsidiary's receivables fall due and liquidity flows in or as returns are realised through payments to the Parent Company. The participating loans are linked to the Group's return and under the applicable terms may never be repaid unless funds are available.

The subsidiary's investments in direct loans and high-yield bonds may, in certain cases, result in difficulties in realising the holdings. As the holders of the participating loans are, in any case, not permitted to call the loans, with the exception of realised gains/payments falling due, the overall liquidity risk is low. The Company has the right to raise short-term funding to increase flexibility and improve its ability to exploit investment opportunities pending the issue of additional participating loans as part of the total loan funding commitments from the lenders.

The table below shows the Group's financial receivables and liabilities by remaining maturity at the balance sheet date or, in the case of loan receivables which are expected to be repaid before maturity, by the time remaining from the balance sheet date until the estimated repayment date. The indicated amount is the undiscounted contractual amount. Currency futures have been recognised on a net basis. The settlement procedure for these varies. In some cases the gross amount is exchanged and in other cases the contract is settled on a net basis. However, all futures contracts are concluded with established counterparties, and the risk that only one of the flows in the contract will be exchanged and thus constitute a risk for company is viewed as purely theoretical.

Undiscounted cash flows	Total	<1 year	1-2 years	3-5 years	>5 years
2016					
Assets					
Loans receivable	5 994 144	2 569 711	1 680 743	1 743 690	
Receivables from Group companies	1 134	1 134			
Other current receivables	84 106	84 106			
Bonds	1 042 680	112 631	800 793	129 256	
Derivatives	96 557	96 557			
Cash and cash equivalents	373 706	373 706			
Total	7 592 327	3 237 845	2 481 536	1 872 946	-
Liabilities					
Liabilities to Group companies	11 954	11 954			
Other liabilities	8 240	8 240			
Derivatives	50 054	50 054			
Participating loans	6 565 648	2 717 185	2 192 260	1 656 203	
Total	6 635 896	2 787 433	2 192 260	1 656 203	-
Undiscounted cash flows					
2015					
Assets					
Loans receivable	6 881 503	861 891	2 501 027	2 241 595	1 276 990
Receivables from Group companies	4 764	4 764			
Other current receivables	491	491			
Bonds	621 697	63 878	312 453	245 366	
Derivatives	146 753	146 753			
Cash and cash equivalents	84 365	84 365			
Total	7 739 573	1 162 142	2 813 480	2 486 961	1 276 990
Liabilities					
Liabilities to Group companies	75 763	75 763			
Other liabilities	3 247	3 247			
Derivatives	1 422	1 422			
Participating loans	6 610 647	800 793	2 484 295	2 192 108	1 133 451
Total	6 691 079	881 225	2 484 295	2 192 108	1 133 451

Note 3 Significant accounting estimates and assessments

The Group reviews its loans receivable on a quarterly basis to assess the need for provisions for doubtful receivables. The assessment is made individually for each loan contract. An in-depth analysis of each commitment is made on a quarterly basis to assess whether the Company will be able to meet the agreed terms.

Note 4 Administrative expenses

	Group	
PwC:	2016	2015
Audit engagement	562	557
Audit services in addition to audit engagement	-	-
Tax advisory services	-	-
Other services	231	-
	<u>793</u>	<u>557</u>

	Parent company	
PwC:	2016	2015
Audit engagement	81	238
Audit services in addition to audit engagement	-	-
Tax advisory services	-	-
Other services	-	-
	<u>81</u>	<u>238</u>

Intercompany purchases and sales:

Administrative expenses include expenses for administered services and office expenses in the amount of SEK 20.9 (18.6) million billed by Proventus Capital Management AB in 2016. Group contributions from Proventus Capital Partners III AB to the Parent Company amount to SEK 16.3 (67.4) million, and Group contributions received from the Parent Company amount to SEK 57.6 (-) million.

Note 5 Employees and personnel costs

Parent Company	2016	2015
Compensation (AIF funds)		
Compensation paid to all employees		
Fixed compensation	15 904	15 968
Number of individuals	10	10
Paid compensation to senior management and employees having a significant impact on the risk profiles of alternative investment funds:		
Fixed compensation	7 954	7 403
Number of individuals	4	5

The subsidiary Proventus Capital Partners III KB had no employees during the financial year. All pensions in the Group company/Parent Company are defined contribution pension plans.

Note 6 Interest income, interest expenses and similar profit/loss items

	Group	
	2016	2015
Interest income and similar profit/loss items		
Interest income and changes in value of loans and bonds	712 371	445 544
Other interest income	17	19
Foreign exchange gains/losses	5 527	3 065
Other financial income	73 596	92 283
Total	<u>791 511</u>	<u>540 911</u>
Interest expenses and similar profit/loss items		
Change in value of participating bonds	-666 200	-363 754
Interest expenses	-5 531	-2 174
Foreign exchange gains/losses	-4 736	-4 881
Other financial expenses	-1 724	-1 000
Total	<u>-678 191</u>	<u>-371 809</u>
	Parent company	
	2016	2015
Interest income and similar profit/loss items		
Interest income and changes in value of loans and bonds	18 549	21 001
Foreign exchange gains/losses	423	178
Other financial income	369	-
Total	<u>19 341</u>	<u>21 179</u>
Interest expenses and similar profit/loss items		
Change in value of participating bonds	314 160	-363 754
Interest expenses	-18 550	-21 001
Foreign exchange gains/losses	-424	-226
Total	<u>295 186</u>	<u>-384 981</u>

Note 7 Tax

	Group		Parent Company	
	2016	2015	2016	2015
Income before taxes	-36 909	55 415	0	0
Tax calculated according to the applicable tax rate (22 ^a)	0	-12 191	0	0
Tax effect of non-deductible expenses	-241	-	-241	-
Tax referring to previous years' reported results	-24	-	-24	-
Tax referring to the minority interests in limited partnerships	-	12 191	-	-
Reported tax expenses	<u>-265</u>	<u>-</u>	<u>-265</u>	<u>-</u>

Note 8 Financial assets

	Group	
	31 Dec 2016	31 Dec 2015
Other investments held as fixed assets	5 119 223	4 075 035
Accrued interest	22 222	97 313
Total	<u>5 141 445</u>	<u>4 172 348</u>

	Parent Company	
	31 Dec 2016	31 Dec 2015
Other investments held as fixed assets	183 933	202 182
Accrued interest	486	519
Total	<u>184 419</u>	<u>202 701</u>

Other investments held as fixed assets refer to direct loans to businesses. At the end of the financial year, the portfolio comprised 23 commitments. The portfolio will be expanded with additional loans over the coming year. The loan maturities will vary and are estimated at three to five years or more.

Note 9 Participations in Group companies

	Registered office	Corporate Identity Nu	Parent Company	
			31 Dec 2016 Carrying amount	31 Dec 2015 Carrying amount
Proventus Capital Partners III KB	Stockholm	969736-8125	5 829 345	4 878 000
			<u>31 Dec 2016</u>	<u>31 Dec 2015</u>
Opening cost			4 878 000	1 626 000
Capital contribution			1 626 000	3 252 000
Repaid capital contribution			-674 655	-
Closing accumulated cost			<u>5 829 345</u>	<u>4 878 000</u>

Note 10 Short-term investments

Group	31 Dec 2016		31 Dec 2015	
	Cost	Fair value	Cost	Fair value
Derivatives	-	96 557	-	146 753
Bonds	757 236	843 362	505 264	476 719
Accrued interest	-	12 912	-	6 450
Kortfristiga deposits	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	757 236	952 831	505 264	629 922

Holdings valued at market value.

Portfolio composition

31 Dec 2016	Nominal value, local currency	Average price	Fair value, local currency	Exchange rate	Fair value, SEK
Bonds (USD)	36 651	90,9 ^o o	33 330	9,0971	303 210
Bonds (EUR)	28 700	90,0 ^o o	25 830	9,5669	247 113
Bonds (NOK)	337 000	82,5 ^o o	278 025	105,4000	<u>293 038</u>
					843 362
31 Dec 2015	Nominal value, local currency	Average price	Fair value, local currency	Exchange rate	Fair value, SEK
Bonds (USD)	40 102	77,0 ^o o	30 879	8,3524	257 910
Bonds (EUR)	11 500	90,5 ^o o	10 408	9,1350	95 073
Bonds (NOK)	156 000	83,0 ^o o	129 480	95,5645	<u>123 737</u>
					476 719

Note 11 Prepaid expenses and accrued income

	Group	
	31 Dec 2016	31 Dec 2015
Prepaid personnel expenses	142	93
Prepaid fee for raising of capital	2 246	2 240
Total	<u>2 388</u>	<u>2 333</u>
	Parent Company	
	31 Dec 2016	31 Dec 2015
Prepaid personnel expenses	142	93
Prepaid fee for raising of capital	2 246	2 240
Total	<u>2 388</u>	<u>2 333</u>

Note 12 Other non-current liabilities

Participating bonds

The holders of participating bonds have undertaken to provide funding of up to SEK 10,780 million. The owners' contributions under the same agreement are SEK 1,340 million. The capital can be accessed on ten days' notice in portions of five percent of the total commitment.

The lenders are exposed to the same risk as the shareholders in the Company and the return is dependent on the outcome of the Company's portfolio management activities. The loans have no guaranteed return or guaranteed right to repayment. The return is contingent on the realisation of profits and is settled quarterly if the conditions for payment under the terms of the loans have been met, refer also to the information under "Accounting principles".

Return on participating bonds

SEK	Maturity	31 Dec 2016		31 Dec 2015	
		Nominal value	Market value	Nominal value	Market value
Participating bonds	2014-2024	5 797 079	5 747 549	4 851 000	5 279 107
Unrealised gain			-49 530		428 107
Realised gain			198 603		<u>35 125</u>
Total gain, participating loans			<u>149 073</u>		463 232

The participating loans are listed on the NGM Nordic Growth Market.

Note 13 Accrued expenses and deferred income

	Group	
	31 Dec 2016	31 Dec 2015
Accrued personnel costs	2 942	2 777
Audit fee	350	197
Other accrued expenses	800	795
Total	4 092	3 769

	Parent Company	
	31 Dec 2016	31 Dec 2015
Accrued personnel costs	2 942	2 777
Audit fee	94	94
Other accrued expenses	150	170
Total	3 186	3 041

Note 14 Other liabilities

	Group	
	31 Dec 2016	31 Dec 2015
Other current liabilities	8 240	3 247
Currency futures	50 054	1 422
Total	58 294	4 669

	Parent Company	
	31 Dec 2016	31 Dec 2015
Other current liabilities	7 998	3 247
Currency futures	-	-
Total	7 998	3 247

Kto 1351,28
Kto 2850,28

Currency futures are intended for hedging of the loan and bond portfolios. The futures are measured at fair value.

Kto 2961,29
Kto 1760

Note 15 Cash flow from operating activities

	Group		Parent Company		Kto 1660,16
	2016	2015	2016	2015	
Profit before tax	-36 909	55 415	0	0	
<i>Adjustments for non-cash items, etc.</i>					
Unrealised gain/loss on currency futures	98 828	-222 920	-	-	
Unrealised changes in value on short-term investments	-114 670	28 596	-	-	
Unrealised foreign exchange gains	1 312 606	38 355	0	0	
Group contribution paid	16 313	67 356	16 313	67 356	
Group contributions received	-57 615	-	-57 615	-	
Accrued interest expenses	-314 193	364 273	-314 193	364 273	
Accrued interest income	68 662	-78 989	34	-519	
Increase in current receivables	-84 058	-819	-985	-819	
Decrease/increase in receivables from Group companies	3 629	-496 097	312 871	-476 197	
Increase in liabilities to Group companies	238	504 766	169 716	31 088	
Increase in current liabilities	5 863	-11 340	5 373	-12 011	
Cash flow from operating activities	898 694	248 596	131 514	-26 829	

Note 16 Pledged assets

	Group	
	31 Dec 2016	31 Dec 2015
Leased assets	-	337 574
Pledged assets	-	396 112
Pledged cash collateral for currency contracts	16 000	-
	16 000	733 686

Note 17 Contingent liabilities

	Group	
	31 Dec 2016	31 Dec 2015
Rental commitments	-	133 688
Funding commitments made to existing borrowers.	673 500	538 500
Contingent liabilities incurred by unlimited partners in Proventus Capital Partners III KB	51 202	2 390
	<u>724 702</u>	<u>674 578</u>
	Parent Company	
	31 Dec 2016	31 Dec 2015
Contingent liabilities incurred by unlimited partners in Proventus Capital Partners III KB	51 202	2 390
	<u>51 202</u>	<u>2 390</u>

Note 18 Related party transactions

Proventus Capital Partners III AB (publ) is owned by Proventus Capital Management AB (Corporate Identity Number 556930-7027), which is the Parent Company of the Group.

The Parent Company provides services to Proventus Capital through a management fee based on total capital. The fee is billed on a quarterly basis, including VAT. The fee, which is included in administrative expenses, was SEK 20.9 (18.6) million in 2016. Group contributions from Proventus Capital Partners III AB to the Parent Company amount to SEK 16.3 (67.4) million, and Group contributions received from the Parent Company amount to SEK - (57.6) million.

Note 19 Proposed Appropriation of profits

The Board of Directors proposes that the funds at its disposal be appropriated as follows:

Non-restricted funds	32 259 603
Profit/loss for the year	-264 724
Total	<u>31 994 879 SEK</u>

The Board of Directors proposes that the available profits be appropriated as follows:

to be carried forward	<u>31 994 879</u>
	31 994 879 SEK

Stockholm, 29th March 2017

Anders Thelin
Chairman of the Board

Daniel Sachs
Chief Executive Officer

Gabriella Sahlman Asa Hansdotter Lars Aberg

Our audit report was submitted on 29th March 2017.
Öhrlings PricewaterhouseCoopers AB

Peter Clemetson
Authorised public accountant and auditor-in-charge



Auditor's report (Translation)

To the general meeting of shareholders of Proventus Capital Partners III AB (publ), corporate identity number 556926-8021

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Proventus Capital Partners III AB (publ) for the year 2016.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2016 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2016 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements of Proventus Capital Partners III AB. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. Such an area includes, for example, the estimations and judgements undertaken to assess any possible impairment requirement regarding the company's loan receivables. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>The manner in which our audit addressed the Key audit matter</i>
<i>Valuation of non-current financial assets (loan receivables)</i> <i>We refer to the Administration Report and description</i>	In the audit, we have both focused on the internal control regarding the valuation of loan receivables and on the company's executed impairment testing as at

of Proventus Capital Partners III AB's ("PCP") Accounting principles, Note 1, Significant accounting estimates and assessments, Note 3 and Non-current assets, Note 7.

PCP's loan receivables amounted to MSEK 5,141 as at 31 December 2016, which is equivalent to 78% of the Group's balance sheet total. Consequently, these loan receivables comprise a significant portion of PCP's balance sheet and are classified as non-current financial assets. The loan receivables are reported according to amortised cost method.

The valuation involves both quantitative and qualitative components. The assessment of loan impairment involves a number of areas which are subjective and are based on the management's judgements. PCP reviews its loan receivables on a quarterly basis and, then, amongst other things, reviews the manner in which the specific borrower is capable of fulfilling the loan contract terms, its future payment capacity and the existing collaterals. The assessment of a requirement for a loan impairment is made individually for each loan contract and impairment is to be undertaken when the decrease in value can be assumed to be permanent.

The significance of the estimations and judgements involved in determining the need for loan impairments is critical and can, if the estimations and judgements are incorrect, result in significant misstatements in the financial reporting. This implies that the valuation of loan receivables is a Key audit matter in the audit.

31 December 2016.

The audit team has obtained and evaluated PCP's own assessments and compilations regarding possible loan impairment requirements for the period. This was done to ensure that the assessment complies with PCP's guidelines for valuation and impairment testing.

Furthermore, we have had meetings with PCP's personnel responsible for the valuation of loan receivables during which important assumptions and judgements have been discussed. Our work has had, as its general starting point, the loan portfolio in its entirety and we have, thereafter, focused, on a random sample basis, on specific loan receivables. Furthermore, we have, through random sampling, checked to determine if the borrowers pay interest and undertake amortisation in accordance with the established terms of the loan contracts.

By definition, the assessment of impairment requirements regarding loan receivables is associated with an inherent degree of uncertainty. As a result of our audit, we have not reported any significant observations to the Audit Committee.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Proventus Capital Partners III AB's (publ) for the year 2016 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsnämnden's website: www.revisorsinspektionen.se/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. This description is part of the auditor's report.

Stockholm the 29 March 2017
Öhrlings PricewaterhouseCoopers AB

Peter Clemedtson
Auktoriserad revisor
Huvudansvarig