Proventus Capital Partners Alpha AB (publ)
Corporate Identity Number 556805-9660

ANNUAL REPORT FOR THE FINANCIAL YEAR 2016

The Board of Directors and Chief Executive Officer of Capital Partners Alpha 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 Alpha AB, which is a 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 Alpha 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 Alpha KB. The Group has total financing commitments amounting to SEK 2,110 million. The financing available to the Group can be drawn by the Company through individual capital contributions of 10 percent of the total commitment. At year-end, a sum total of SEK 633 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.

RESULTS AND FINANCIAL POSITION

The investment operations were initiated in Summer 2015. The investment portfolio has been built up gradually and consisted at the closing date of holdings in six debt instruments issued by four different loan recipients. The cumulative return on the portfolio since its inception is just over SEK 67.9 (6.9) million and the value of the portfolio is SEK 675.6 (174.1) million.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

During the first quarter of 2017, additional investments have been made in two existing private corporation loans.

EXPECTED FUTURE DEVELOPMENT

The Company's target is to generate a 5 % net annual return for holders of participating bonds. The business situation is currently positive and the portfolio is growing at a somewhat faster rate than planned. There are no suggestions at present to indicate that the Company will not be able to deliver a return to investors that is in line with expectations.

OWNERSHIP STRUCTURE

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

Shareholder	Number of shares
Proventus Capital Management AB	5 500
Total	5 500

PROPOSED APPROPRIATION OF PROFITS

Group contributions in a total amount of kSEK 1299 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 prudence rule).

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

Non-restricted funds	1 488 443	
Profit/loss for the year	0	
Total	1 488 443	SEK

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

to be distributed to the shareholders as dividends	0	
to be carried forward	1 488 443	SEK
	1 488 443	

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

	Note	1 Jan 2016 -31 Dec 2016	1 Jan 2015 -31 Dec 2015
Administrative expenses	4,5	-2 935	-3 768
Operating profit/loss		**-2 935**	**-3 768**
Interest income and similar profit/loss items	6	60 989	6 941
Interest expenses and similar profit/loss items	6	-50 793	-3 598
Net financial items		**10 196**	**3 343**
Profit/loss after financial items		**7 261**	**-425**
Group contributions received		-	1 264
Group contributions paid		-1 299	-391
Profit/loss before tax		**5 962**	**448**
Tax	7	-	-
Profit/loss for the year		**5 962**	**448**

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the year	5 962	448
Other comprehensive income	-	-
Total comprehensive income for the year	**5 962**	**448**
Attributable to:		
Shareholders in the Parent Company	-	-
Minority interests	5 962	448
	5 962	**448**

CONSOLIDATED BALANCE SHEET, kSEK

ASSETS	Note	31 Dec 2016	31 Dec 2015
Non-current assets			
Non-current financial assets	8	665 797	170 436
Total non-current assets		**665 797**	**170 436**
Current assets			
Current receivables			
Receivables from Group companies		614	1 264
Other current receivables		7	7
Short-term investments	10	9 840	3 665
		10 461	4 936
Cash and cash equivalents		4 447	43 034
Total current assets		**14 908**	**47 970**
TOTAL ASSETS		**680 705**	**218 406**

CONSOLIDATED
BALANCE SHEET, kSEK

EQUITY AND LIABILITIES	Note	31 Dec 2016	31 Dec 2015
Equity			
Restricted equity			
Share capital (5,500 shares with a quotient value of SEK 100)		550	550
		550	550
Non-restricted equity			
Retained earnings		61 662	21 873
Profit/loss for the year		5 962	448
		67 624	22 321
Total equity		**68 174**	**22 871**
Non-current liabilities			
Liabilities to credit institutions	11	30 946	-
Other non-current liabilities	12	579 029	191 542
Total non-current liabilities		**609 975**	**191 542**
Current liabilities			
Liabilities to Group companies		146	3 870
Other liabilities	13	1 850	0
Accrued expenses and deferred income	14	560	123
Total current liabilities		**2 556**	**3 993**
TOTAL EQUITY AND LIABILITIES		**680 705**	**218 406**

STATEMENT OF CHANGES IN EQUITY, kSEK

	Share capital	Profit/loss for the year	Minority interest	Total equity
Closing balance, 31 December 2014	**50**	**-12**	**-**	**38**
Comprehensive income				
Profit/loss for the year			448	448
Other comprehensive income				
Total other comprehensive income	-	-	**448**	**448**
Transactions with part owners				
Participating capital			21 500	21 500
Dividend paid			-115	-115
Total transactions with part owners	-	-	**21 385**	**21 385**
Transactions with shareholders				
New share issue	500			500
Shareholders' contributions received		500		500
Total transactions with shareholders	**500**	**500**	-	**1 000**
Closing balance, 31 December 2015	**550**	**488**	**21 833**	**22 871**
Comprehensive income				
Profit/loss for the year			5 962	5 962
Other comprehensive income				
Total other comprehensive income	-	-	**5 962**	**5 962**
Transactions with part owners				
Contribution			43 000	43 000
Dividend paid			-4 659	-4 659
Total transactions with part owners	-	-	**38 341**	**38 341**
Transactions with shareholders				
Shareholders' contributions received			1 000	1 000
Total transactions with shareholders	-	-	**1 000**	**1 000**
Closing balance, 31 December 2016	**550**	**488**	**67 136**	**68 174**

CONSOLIDATED
CASH FLOW STATEMENT, kSEK

	Note	2016	2015
Cash flow from operating activities	15		
Cash flow from operations		28 302	10 237
Interest paid		-40 026	-1 014
Cash flow from operating activities		**-11 724**	**9 223**
Investing activities			
Increase in financial assets		-474 403	-177 609
		-474 403	**-177 609**
Financing activities			
Increase in liabilities to credit institutions		30 946	-
Deposit of participating capital		-	21 500
Group contributions paid		-747	-3
New share issue		-	500
Shareholders' contribution received		1 000	500
Deposit from partners		43 000	0
Dividends paid		-4 659	-115
Increase in non-current liabilities		378 000	189 000
		447 540	**211 382**
Cash flow for the year		**-38 587**	**42 996**
Cash and cash equivalents at the beginning of the year		**43 034**	**38**
Cash and cash equivalents at year-end		**4 447**	**43 034**

PARENT COMPANY
INCOME STATEMENT, kSEK

	Note	1 Jan 2016 -31 Dec 2016	1 Jan 2015 -31 Dec 2015
Administrative expenses	4,5	-2 374	-3 660
Operating profit/loss		**-2 374**	**-3 660**
Profit/loss from participating interests in Group companies		53 188	6 343
Interest expenses and similar profit/loss items	6	-49 515	-3 556
Net financial items		**3 673**	**2 787**
Profit/loss after financial items		**1 299**	**-873**
Group contributions received		-	1 264
Group contributions paid		-1 299	-391
Profit/loss before tax		**0**	**0**
Tax	7	-	-
Profit/loss for the year		**0**	**0**

STATEMENT OF COMPREHENSIVE INCOME

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

PARENT COMPANY
BALANCE SHEET, kSEK

ASSETS	Note	31 Dec 2016	31 Dec 2015
Non-current assets			
Participations in Group companies	9	568 500	189 500
Total non-current assets		**568 500**	**189 500**
Current assets			
Current receivables			
Receivables from Group companies		60 145	7 607
Other current receivables		7	7
		60 152	7 614
Cash and cash equivalents		4 447	1 411
Total current assets		**64 599**	**9 025**
TOTAL ASSETS		**633 099**	**198 525**

PARENT COMPANY
BALANCE SHEET, kSEK

EQUITY AND LIABILITIES	Note	31 Dec 2016	31 Dec 2015
Equity			
Restricted equity			
Share capital (5,500 shares with a quotient value of SEK 100)		550	550
		550	550
Non-restricted equity			
Retained earnings		1 488	488
Profit/loss for the year		0	0
		1 488	488
Total equity		**2 038**	**1 038**
Non-current liabilities			
Other non-current liabilities	12	579 029	191 542
Total non-current liabilities		**579 029**	**191 542**
Current liabilities			
Liabilities to Group companies		51 687	5 898
Other liabilities	13	27	-
Accrued expenses and deferred income	14	318	47
Total current liabilities		**52 032**	**5 945**
TOTAL EQUITY AND LIABILITIES		**633 099**	**198 525**

STATEMENT OF CHANGES IN EQUITY, kSEK

	Share capital	Profit/loss for the year	Total equity
Opening balance, 1 January 2015	**50**	**-12**	**38**
Comprehensive income			
Profit/loss for the year		0	0
Other comprehensive income			
Total other comprehensive income		**0**	**0**
Transactions with shareholders			
New share issue	500		500
Shareholders' contributions received		500	500
Total transactions with shareholders	**500**	**500**	**1 000**
Closing balance, 31 December 2015	**550**	**488**	**1 038**
Comprehensive income			
Profit/loss for the year		0	0
Other comprehensive income			
Total other comprehensive income		**0**	**0**
Transactions with shareholders			
New share issue			-
Shareholders' contributions received		1 000	1 000
Total transactions with shareholders	**-**	**1 000**	**1 000**
Closing balance, 31 December 2016	**550**	**1 488**	**2 038**

PARENT COMPANY
CASH FLOW STATEMENT, kSEK

	Note	2016	2015
Cash flow from operating activities	15		
Cash flow from operations		43 809	1 887
Interest paid		-40 026	-1 014
Cash flow from operating activities		**3 783**	**873**
Investing activities			
Increase in participations in Group companies		-379 000	-189 500
		-379 000	**-189 500**
Financing activities			
Group contribution paid		-747	0
New share issue		-	500
Shareholders' contributions received		1 000	500
Increase in non-current liabilities		378 000	189 000
		378 253	**190 000**
Cash flow for the year		**3 036**	**1 373**
Cash and cash equivalents at the beginning of the year		**1 411**	**38**
Cash and cash equivalents at year-end		**4 447**	**1 411**

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 Alpha 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 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.

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 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 Alpha 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 Alpha 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 receivables and other receivables	Other financial liabilities
Assets					
Loans	665 797			665 797	
Receivables from Group companies	614			614	
Other receivables	7			7	
Derivatives	9 840		9 840		
Cash and cash equivalents	4 447			4 447	
Total	680 705	-	9 840	670 865	-

Liabilities					
Participating loans	579 029	579 029			
Liabilities to Group companies	149				149
Other current liabilities	588				588
Derivatives	1 823		1 823		
Total	581 589	579 029	1 823	-	737

2015 kSEK	Total	Assets/ liabilities at fair value via profit or loss	Derivatives used for hedging purposes	Loans receivables and other receivables	Other financial liabilities
Assets					
Loans	170 436			170 436	
Receivables from Group companies	1 264			1 264	
Other receivables	7			7	
Derivatives	3 665		3 665		
Cash and cash equivalents	43 034			43 034	
Total	218 406	-	3 665	214 741	-
Liabilities					
Participating loans	191 542	191 542			
Liabilities to Group companies	3 870				3 870
Other current liabilities	123				123
Derivatives	-		-		
Total	195 535	191 542	-	-	3 993

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		-		-
- Derivatives used for hedging purposes		9 840		9 840
Total assets		9 840		9 840
Liabilities				
Financial liabilities at fair value through profit or loss				
- Participating loans			579 029	579 029
- Derivatives used for hedging purposes		1 823		1 823
Total liabilities		1 823	579 029	580 852

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		-		-
- Derivatives used for hedging purposes		3 665		3 665
Total assets		3 665		3 665
Liabilities				
Financial liabilities at fair value through profit or loss				
- Participating loans			191 542	191 542
- Derivatives used for hedging purposes		-		-
Total liabilities		-	191 542	191 542

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
The yield on the fund is allocated between the investors after deduction of management fees and expenses. 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 party 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 the Company is viewed as purely theoretical.

Undiscounted cash flows 2016	**Total**	**<1 year**	**1-2 years**	**3-5 years**	**>5 years**
Assets					
Loans receivable	733 100	63 598	322 033	347 469	
Derivatives	1 823	1 823			
Cash and cash equivalents	4 447	4 447			
Total	739 370	69 868	322 033	347 469	-
Liabilities					
Derivatives	9 840	9 840			
Participating loans	656 663	56 967	288 456	311 240	
Total	666 503	66 807	288 456	311 240	-

Undiscounted cash flows 2015	**Total**	**<1 year**	**1-2 years**	**3-5 years**	**>5 years**
Assets					
Loans receivable	197 589	7 992	7 992	181 605	
Derivatives	3 665	3 665			
Cash and cash equivalents	43 034	43 034			
Total	244 288	54 691	7 992	181 605	-
Liabilities					
Derivatives	-	-			
Participating loans	176 988	7 159	7 159	162 670	
Total	176 988	7 159	7 159	162 670	-

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	344	94
Audit services in addition to audit engagement	-	-
Tax advisory services	-	-
Other services	-	-
	344	94

	Parent company	
PwC:	2016	2015
Audit engagement	219	47
Audit services in addition to audit engagement	-	-
Tax advisory services	-	-
Other services	-	-
	219	47

Intercompany purchases and sales:

Group contributions received from Proventus Capital Partners Alpha AB's Parent Company amount to kSEK 1,299 (391), and Group contributions received from the Parent Company amount to kSEK - (1,264).

Note 5 Employees and personnel costs

Parent Company

Compansation (AIF funds)	2016	2015
Compensation paid to all employees		
Fixed compensation	1 412	-
Number of individuals	1	-
Paid compansation to senior management and employees having a significant impact on the risk profiles of alternative investment funds:		
Fixed compensation	1 412	-
Number of individuals	1	-

The subsidiary Proventus Capital Partners Alpha KB had no employees during the financial year.

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	25 826	3 792
Foreign exchange gains/losses	26	8
Other financial income	35 137	3 141
Total	60 989	6 941
Interest expenses and similar profit/loss items		
Interest expenses	-50 107	-3 597
Foreign exchange gains/losses	-45	-1
Other financial expenses	-641	
Total	-50 793	-3 598

	Parent Company	
Interest income and similar profit/loss items	2016	2015
Other interest income	-	-
Foreign exchange gains/losses	-	-
Other financial income	-	-
Total	-	-
Interest expenses and similar profit/loss items		
Interest expenses	-49 515	-3 556
Foreign exchange gains/losses	-	-
Total	-49 515	-3 556

Note 7 Tax

	Group	
	2016	2015
Income before taxes	5 962	448
Tax calculated according to the applicable tax rate (22%)	1 312	99
Tax referring to the minority interests in limited partnerships	-1 312	-99
Reported tax expenses	-	-

	Parent Company	
	2016	2015
Income before taxes	0	0
Tax calculated according to the applicable tax rate (22%)	0	0
Reported tax expenses	-	-

Note 8 Financial assets

	Group	
	31 Dec 2016	31 Dec 2015
Other investments held as fixed assets	665 075	169 911
Accrued interest	722	525
Total	665 797	170 436

Other investments held as fixed assets refer to direct loans to businesses. At the end of the financial year, the portfolio comprised six 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 Participating interests in Group companies

			Parent Company	
			31 Dec 2016	31 Dec 2015
	Registered office	**Corporate Identity Number**	**Carrying amount**	**Carrying amount**
Proventus Capital Partners Alpha KB	Stockholm	969771-7131	568 500	189 500

	31 Dec 2016	31 Dec 2015
Opening cost	189 500	-
Capital contribution	379 000	189 500
Closing accumulated cost	568 500	189 500

Note 10 Short-term investments

Group

	31 Dec 2016		31 Dec 2015	
	Cost	Fair value	Cost	Fair value
Derivatives	-	9 840	-	3 665
	-	9 840	-	3 665

Currency futures intended for use to hedge the loan and bond portfolios, valued at fair value.

Note 11 Liabilities to credit institutions

	Group	
	31 Dec 2016	31 Dec 2015
Utilised overdraft facility with SEB	30 946	-
Total	30 946	-

At the end of the previous financial year, the subsidiary had an overdraft facility of SEK 200 million. Unutilised credit facilities amounted to SEK 169 million. The credit is used for short-term funding of new deals before new capital is raised from the holders of participating bonds.

Note 12 Other non-current liabilities

Participating bonds

The holders of participating bonds have undertaken to provide funding of up to SEK 1,890 million. The owners' contributions under the same agreement are SEK 220 million. The capital can be accessed on ten days' notice in portions of ten 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

		31 Dec 2016		31 Dec 2015	
SEK	Maturity	Nominal value	Market value	Nominal value	Market value
Participating bonds	2014-2024	567 000	579 029	189 000	191 542
Unrealised gain			12 029		2 542
Realised gain			41 041		1 014
Total gain, participating loans			53 070		3 556

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

Note 13 Other liabilities

	Group	
	31 Dec 2016	31 Dec 2015
Other current liabilities	27	-
Currency futures	1 823	-
Total	1 850	-

	Parent Company	
	31 Dec 2016	31 Dec 2015
Other current liabilities	27	-
Currency futures	-	-
Total	27	-

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

Note 14 Accrued expenses and deferred income

	Group	
	31 Dec 2016	31 Dec 2015
Accrued personnel costs	243	-
Audit fee	247	94
Other accrued expenses	70	29
Total	560	123

	Parent Company	
	31 Dec 2016	31 Dec 2015
Accrued personnel costs	243	-
Audit fee	75	47
Total	318	47

Note 15 Cash flow from operating activities

	Group		Parent Company	
	2016	2015	2016	2015
Profit/loss before tax	**5 962**	**448**	**0**	**0**
Adjustments for non-cash items, etc.				
Unrealised gain/loss on currency futures	-4 352	-3 665	-	-
Unrealised foreign exchange gains	-20 761	7 698	-	-
Group contribution paid/received	1 299	-873	1 299	-873
Accrued interest expenses	49 513	3 556	49 513	3 556
Accrued interest income	-197	-526	-	-
Increase in current receivables	-	-	-	-
Increase in receivables from Group companies	-	-3 000	-53 188	-6 343
Increase in liabilities to Group companies	-3 626	6 481	45 886	5 506
Increase in current liabilities	464	118	299	41
Cash flow from operating activities	**28 302**	**10 237**	**43 809**	**1 887**

Note 16 Contingent liabilities

	Group	
	31 Dec 2016	31 Dec 2015
Funding commitments made to existing borrowers.	425 500	254 500
Contingent liabilities incurred by unlimited partners in Proventus Capital Partners Alpha KB	33 010	1 051
	458 510	**255 551**

	Parent Company	
	31 Dec 2016	31 Dec 2015
Contingent liabilities incurred by unlimited partners in Proventus Capital Partners Alpha KB	33 010	1 051
	33 010	**1 051**

Note 17 Related party transactions

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

Group contributions from Proventus Capital Partners Alpha AB to the Parent Company amount to kSEK 1,299 (391), and Group contributions received from the Parent Company amount to kSEK - (1,264).

Note 18 Proposed appropriation of profits

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

Non-restricted funds	1 488 443	
Profit/loss for the year	0	
Total	1 488 443	SEK

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

to be distributed to the shareholders as

dividends	0	
to be carried forward	1 488 443	
	1 488 443	SEK

Stockholm, 29th March 2017

Anders Thelin
Chairman of the Board

Daniel Sachs
Chief Executive Officer

Gabriella Sahlman

Åsa Hansdotter

Lars Åberg

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

Peter Clemedtson
Authorised public accountant and auditor-in-charge

Auditor's report (Translation)

To the general meeting of shareholders of Proventus Capital Partners Alpha AB (publ), corporate identity number 556805-9660

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Proventus Capital Partners Alpha 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 Partnes Alpha 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.

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

of Proventus Capital Partners Alpha 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 76% 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.

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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 Alpha 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