



Pomegranate Investment

Invitation to acquire shares in
Pomegranate Investment AB (publ)

GLOBAL COORDINATOR

 Pareto
Securities

Important information to investors

This prospectus (the “**Prospectus**”) has been prepared in connection with the offering of shares in Pomegranate Investment AB (publ) (a Swedish public limited liability company) (the “**Offering**”). In the Prospectus, “**Pomegranate**” or the “**Company**” refers to Pomegranate Investment AB (publ). The “**Global Coordinator**” refers to Pareto Securities AB (“**Pareto Securities**”). The “**Managers**” refers to Pareto Securities and GPB-Financial Services Limited (“**Gazprombank**”). See section “**Definitions**” for the definitions of these and other terms in the Prospectus.

The figures included in the Prospectus have, in certain cases, been rounded off and, consequently, the tables contained in the Prospectus do not necessarily add up. In addition, certain percentages presented in the Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers. All financial amounts are in euro (“**EUR**”), unless indicated otherwise, and “**MEUR**” refers to millions of EUR.

Except as expressly stated herein, no financial information in the Prospectus has been audited or reviewed by the Company’s auditor. Financial information relating to the Company in the Prospectus that is not part of the information audited or reviewed by the Company’s auditor as outlined herein originates from the Company’s internal accounting and reporting systems.

The Offering is not directed to the general public in any country other than Sweden. Nor is the Offering directed to such persons whose participation requires additional prospectuses, registrations or measures other than those prescribed by Swedish law. No measures have been or will be taken in any other jurisdiction than Sweden, that would allow any offer of the shares to the public, or allow holding and distribution of the Prospectus or any other documents pertaining to the Company or the shares in such jurisdiction. Applications to acquire shares that violate such rules may be deemed invalid. Persons into whose possession the Prospectus comes are required by the Company and the Managers to inform themselves about and to observe all such restrictions. Neither the Company nor the Managers accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions.

The Managers makes no representation or warranty, explicit or implicit, as to the accuracy, completeness or verification of the information contained in the Prospectus and the contents of the Prospectus neither is nor shall be relied upon as a promise or representation by the Managers in this respect, whether regarding the past or the future. The Managers assumes no liability for the accuracy, completeness or verification of the Prospectus and accordingly disclaims, to the greatest extent possible under applicable law, all liability that it otherwise may have been subject to for the information provided, regardless of whether such liability is based on contract law, tort law or other grounds.

The distribution of this Prospectus and the offer or sale of the shares in the Offering (the “**Offer Shares**”) in certain jurisdictions are restricted by law. No action has been taken by the Company or any other person to permit a public offering in any such jurisdiction. Persons into whose possession this Prospectus may come are required to inform themselves about and to strictly comply with such restrictions. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, any person in any jurisdiction or under any circumstances in which such offer or solicitation would not be authorised or unlawful. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offer Shares in any jurisdiction to any person to whom it would be unlawful to make such an offer.

Specifically, without limiting the foregoing, the Offer Shares have not been registered, and will not be registered, under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities legislation of any state or other jurisdiction in the United States, and may not be offered, sold or otherwise transferred, directly or indirectly, in or into the United States. The Offer Shares are being offered outside the United States in compliance with Regulation S under the Securities Act.

In particular, an investment in the Company is not suitable for US citizens or permanent resident aliens (also known as ‘green card holders’) or entities organised or located in the United States, and no Offer Shares will be allocated to such persons. Entities organised and located outside the United States that are owned or controlled by **US persons** should consult their own legal advisors as to their ability to invest in the Company in compliance with US law. Amounts presented in USD in this Prospectus are for valuation purposes only and do not represent funds actually denominated in US dollars. The Company has not made or received any US dollar payments in connection with any investments.

The Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”); (iii) high net-worth entities falling within Articles 49(2)(a) to (d) of the Order; or (iv) other persons to whom it may lawfully be communicated (all such persons together being referred to as “**relevant persons**”). The Prospectus is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

Warning: The contents of the Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of the Prospectus, you should obtain independent professional advice. The Offer Shares may not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance; or (b) in other circumstances which do not result in the Prospectus being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Offer Shares may be issued or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offer Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

In South Africa, this Prospectus does not constitute an offer to the public as contemplated in section 96 of the Companies Act, No 71 of 2008 (as amended) (the “Companies Act”), nor does it call attention to or advertise an offer to the public. To the extent that this document contains any details about any offer to be made in South Africa (if at all), such offer will be directed only at persons who would fall within the categories of persons who are not regarded as members of the public in accordance with the Companies Act, namely:

- (i) persons whose ordinary business, or part of whose ordinary business, is to deal in securities, whether as principals or agents; (ii) the Public Investment Corporation as defined in the Public Investment Corporation Act, No. 23 of 2004 (as amended); (iii) persons regulated by the Reserve Bank of South Africa; (iv) authorised financial services providers as defined in the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (as amended); (v) financial institutions as defined in the Financial Services Board Act, No. 97 of 1990; (vi) a wholly owned subsidiary of the persons contemplated in (iii), (iv) and (v), acting as agent in the capacity of authorised portfolio manager for a pension fund registered in terms of the Pension Funds Act, No. 24 of 1956 or as a manager for a collective investment scheme registered in terms of the Collective Investment Schemes Control Act, No. 45 of 2002; (vii) any combination of the persons contemplated in (i) to (vi); or
- persons who, were they to subscribe for securities, would subscribe for a minimum amount of ZAR 1,000,000 per single addressee acting as principal.

The Offering and the Prospectus are governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any conflict or dispute arising out of or in connection with the Offering or the Prospectus.

A separate prospectus in Swedish has been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) in accordance with Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (1991:1980) (Sw. lagen (1991:1980) om handel med finansiella instrument). In the event of discrepancies between the Prospectus and the Swedish prospectus, the Swedish prospectus shall prevail.

Forward-looking statements

The Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as “believes”, “estimates”, “anticipates”, “expects”, “assumes”, “forecasts”, “intends”, “could”, “will”, “should”, “would”, “according to estimates”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “to the knowledge of” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in the Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company’s knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favourable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read the Prospectus, including the following sections: “*Summary*”, “*Risk factors*”, “*Market overview*”, “*Business overview*” and “*Comments to the selected financial information*” which include more detailed descriptions of factors that might have an impact on the Company’s business and the market in which it operates. None of the Company or the Managers can give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in the Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, occurrence of accidents, environmental damages and the availability of financing.

After the date of the Prospectus, none of the Company or The Managers assumes any obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to actual events or developments.

Business and market data

The Prospectus includes industry and market data pertaining to Pomegranate’s business and markets. Such information is based on the Company’s analysis of multiple sources.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of industry and market data contained in the Prospectus that were extracted or derived from such industry publications or reports. Business and market data are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data is based on market research, which itself is based on sampling and subjective judgements by both the researchers and the respondents, including judgements about what types of products and transactions should be included in the relevant market.

Information derived from third parties has, as far as the Company and the Managers are aware, and as far as the Company and the Managers could be aware and are able to verify on the basis of other information published by such third parties, been correctly represented and no information has been omitted, which may serve to render the information inaccurate or misleading.

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SUMMARY OF THE OFFERING

Price range

EUR 24 - 26 per Offer share

Application period for the general public

22 March – 29 March 2017

Application period for the institutional investors

22 March – 30 March 2017

Announcement of offering price

On or about 31 March 2017

Payment Date

5 April 2017

Delivery of shares

On or about 12 April 2017

COMPANY CALENDAR

Annual shareholders' meeting 2017

15 May 2017

CERTAIN DEFINITIONS

Euroclear Sweden	Euroclear Sweden AB, Swedish reg. no. 556112-8074.
Global Coordinator	Pareto Securities.
Managers	Pareto Securities and Gazprombank.
Pomegranate or the Company	Pomegranate Investment AB (publ), Swedish reg. no. 556967-7247.

1 SUMMARY

The summary is drawn up in accordance with information requirements in the form of a number of “paragraphs” which should include certain information. The paragraphs are numbered in sections A–E (A.1–E.7). This summary contains all the paragraphs required in a summary for the relevant type of security and issuer. However, as certain paragraphs are not required, there may be gaps in paragraph numbering sequences. Even if it is necessary to include a paragraph in the summary for the security and issuer in question, it is possible that no relevant information can be provided for that paragraph. In such instances, the information has been replaced by a brief description of the paragraph, along with the specification “not applicable”.

SECTION A – INSTRUCTION AND WARNINGS

A.1	Introduction and warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on an assessment of the Prospectus in its entirety by the investor. Where statements in respect of information contained in an prospectus are challenged in a court of law, the plaintiff investor may, in accordance with member states’ national legislation, be forced to pay the costs of translating the prospectus before legal proceedings are initiated. Under civil law, only those individuals who have produced the summary, including translations thereof, may be enjoined, but only if the summary is misleading, incorrect or inconsistent with the other parts of the prospectus or if it does not, together with other parts of the prospectus, provide key information to help investors when considering whether to invest in the securities.
A.2	Consent for use of the Prospectus by financial intermediaries	Not applicable. Financial intermediaries are not entitled to use the Prospectus for subsequent trading or final placement of securities.

SECTION B – ISSUER AND ANY GUARANTOR

B.1	Company and trading name	Pomegranate Investment AB (publ), reg. no. 556967-7247.
B.2	Issuer’s registered office and corporate form	The Company’s registered office is in Stockholm. The Company is a Swedish public limited liability company founded in Sweden under Swedish law and operating under Swedish law. The Company’s form of association is governed by the Swedish Companies Act (2005:551).
B.3	Description of the Issuer’s operations	Pomegranate Investment is an investment company with a long and successful track record of investing in high growth companies in emerging markets. The operations of the Company consist of investing in, and managing, a portfolio of investments. Historically Pomegranate’s investments have been made in internet and technology companies in Iran. Despite the historical theme of Pomegranate’s investments the Company is not limited to invest in any particular geography or sector and may at its discretion invest in other markets, sectors or geographies.
B.4a	Trends	Pomegranate believes that by having entered Iran earlier than most, it has established a critical head-start in the country and is well-positioned to continue expanding in Iran’s rapidly evolving consumer technology and e-commerce sectors. In 2017, the Company is intending to further diversify its portfolio which involves entering the offline consumer sector, particularly in retail fast-moving consumer

goods and food retail. Investments within such sectors are deemed to have a de-risking effect on the Company's investment portfolio, while still providing growth rates similar to the consumer technology and e-commerce sectors.

Pomegranate has identified two new opportunities in the offline retail sector in Iran and the proceeds of the Offering will primarily be allocated to these new investments.

B.5	Description of the Group and the issuer's position within the Group	Not applicable. The Company is not part of a group.																																																																																				
B.6	Major shareholders, control over the Company and notifiable individuals, larger shareholders and control	The largest directly registered shareholders in the Company are Zebra Holdings and Investments (Guernsey) Ltd with a holding of 7.22 %, according to the share register provided by Euroclear as per 30 December 2016.																																																																																				
B.7	Financial information in summary	The following tables provide selected financial information gathered from Pomegranate Investment's audited annual reports for the fiscal years ending 31 December 2014¹, 2015 and 2016, prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's General Principles BFNAR 2012:1 Annual report and consolidated accounts, K3 ("BFNAR"). Income statement <table><tr><th></th><th>1 Jan - 31 Dec 2016</th><th>1 Jan - 31 Dec 2015</th><th>7 Apr - 31 Dec 2014</th></tr><tr><th>MEUR</th><th>Audited</th><th>Audited</th><th>Audited</th></tr><tr><td>Result from financial assets at fair value through profit or loss</td><td>38.2</td><td>18.6</td><td>-</td></tr><tr><td>Operating expenses</td><td>-2.9</td><td>-0.3</td><td>-0.1</td></tr><tr><td>Currency exchange gains/(losses)</td><td>-0.1</td><td>0.9</td><td>0.3</td></tr><tr><td>Interest income and expense, net</td><td>0.0</td><td>0.0</td><td>0.0</td></tr><tr><td>Tax allocation reserve</td><td>0.2</td><td>-0.1</td><td>-0.1</td></tr><tr><td>Result before tax</td><td>35.4</td><td>18.9</td><td>0.2</td></tr><tr><td>Tax</td><td>0.0</td><td>-0.1</td><td>0.0</td></tr><tr><td>Net result for the year</td><td>35.4</td><td>18.9</td><td>0.1</td></tr></table> Balance Sheet <table><tr><th></th><th>31 Dec 2016</th><th>31 Dec 2015</th><th>31 Dec 2014</th></tr><tr><th>MEUR</th><th>Audited</th><th>Audited</th><th>Audited</th></tr><tr><td>Financial assets held for trading</td><td>118.0</td><td>30.2</td><td>2.0</td></tr><tr><td>Other current assets</td><td>0.1</td><td>0.0</td><td>-</td></tr><tr><td>Prepaid expenses and accrued income</td><td>0.0</td><td>-</td><td>-</td></tr><tr><td>Cash and bank</td><td>29.0</td><td>12.3</td><td>9.7</td></tr><tr><td>Total assets</td><td>147.1</td><td>42.6</td><td>11.7</td></tr><tr><td>Equity</td><td>132.6</td><td>39.5</td><td>11.1</td></tr><tr><td>Untaxed reserves</td><td>0.0</td><td>0.2</td><td>0.1</td></tr><tr><td>Current liabilities</td><td>14.5</td><td>2.9</td><td>0.5</td></tr><tr><td>Total shareholders' equity and liabilities</td><td>147.1</td><td>42.6</td><td>11.7</td></tr></table>		1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015	7 Apr - 31 Dec 2014	MEUR	Audited	Audited	Audited	Result from financial assets at fair value through profit or loss	38.2	18.6	-	Operating expenses	-2.9	-0.3	-0.1	Currency exchange gains/(losses)	-0.1	0.9	0.3	Interest income and expense, net	0.0	0.0	0.0	Tax allocation reserve	0.2	-0.1	-0.1	Result before tax	35.4	18.9	0.2	Tax	0.0	-0.1	0.0	Net result for the year	35.4	18.9	0.1		31 Dec 2016	31 Dec 2015	31 Dec 2014	MEUR	Audited	Audited	Audited	Financial assets held for trading	118.0	30.2	2.0	Other current assets	0.1	0.0	-	Prepaid expenses and accrued income	0.0	-	-	Cash and bank	29.0	12.3	9.7	Total assets	147.1	42.6	11.7	Equity	132.6	39.5	11.1	Untaxed reserves	0.0	0.2	0.1	Current liabilities	14.5	2.9	0.5	Total shareholders' equity and liabilities	147.1	42.6	11.7
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¹ The fiscal year ending 31 December 2014 refers to the period 7 April 2014 – 31 December 2014.

Cash flow statement

	1 Jan - 31 Dec 2016	1 Jan - 31 Dec 2015	7 Apr - 31 Dec 2014
MEUR	Audited	Audited	Audited
Operating activities			
Operating result	35.2	19.1	0.2
<i>Adjustments for non-cash transactions</i>			
Unrealised currency exchange gains	0.1	-0.3	-0.3
Warrants	0.6	0.1	-
Result from financial assets at fair value	-38.2	-18.6	-
	-2.2	0.3	-0.1
<i>Investment activities</i>			
Interest paid	0.0	0.0	0.0
Interest received	0.0	0.0	0.0
Change in net operating liabilities	0.6	0.1	0.0
Acquisition of financial assets	-38.6	-7.5	-1.5
<i>Cash flow from investing activities</i>	-38.0	-7.4	-1.5
Cash flow used in operating activities	-40.2	-7.1	-1.6
Financing activities			
New share issues, net of fees	57.1	9.4	10.9
Shareholders' contributions received	-	-	0.1
Cash flow from financing activities	57.1	9.4	11.0
Change in cash and cash equivalents	16.8	2.4	9.4
Cash and cash equivalents at beginning of the period	12.3	9.7	0.0
Exchange gains/losses on cash and cash equivalents	-0.1	0.3	0.3
Cash and cash equivalents at end of period	29.0	12.3	9.7

B.8	Proforma accounting	Not applicable. The Prospectus does not contain proforma accounting.
B.9	Profit/loss forecast	Not applicable. The Company has not presented any profit/loss forecast.
B.10	Audit remarks	Not applicable. There are no remarks in the audit reports.
B.11	Net working capital	Pomegranate believes that the existing net working capital is sufficient to meet the Company's needs over the next twelve month period.

SECTION C – SECURITIES

C.1	Securities offered	Shares in Pomegranate Investment AB (publ), reg. no. 556967-7247. The ISIN code for the Company's shares is SE0006117511.
C.2	Denomination	The shares are denominated in EUR.
C.3	Total number of shares in the Company	As at the date of this Prospectus, the Company has issued a total of 4,154,601 shares. The shares are denominated in EUR and the quota

value of each share is EUR 1. The offering comprises up to 1,250,000 newly issued common shares offered by the Company. No existing shares are offered.

C.4	Rights associated with the securities	Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company. If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue. All shares give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation.
C.5	Restrictions in free transferability	Not applicable. The Company's shares are not subject to any transfer restrictions. US persons are not permitted to invest in Pomegranate, and Offer Shares will not be allocated to any US persons. To ensure that its investors do not subject it to the application of US primary sanctions, the Company has sought in all previous capital raisings to verify that potential investors are not US persons, by requesting passport copies from each investor as well as assurances that no investor is or is acting on behalf of any US person.
C.6	Admission to trading	Not applicable.
C.7	Dividend policy	Not applicable. The Company has not adopted a dividend policy.

SECTION D – RISKS

D.1	Main risks related to the issuer or the industry	Pomegranate's operations and market is subject to a number of risks which are wholly or partly beyond the control of Pomegranate and which could result in a material adverse effect on the Company's business, financial condition and results of operations. Prospective investors should carefully consider whether an investment in the Offer Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. Among others, these risks include the following business risks: • Risks related to sanctions. Pomegranate's investments in Iran are subject to economic and financial sanctions imposed by the European Union, Sweden and the United States that could subject Pomegranate to legal and regulatory risks. Pomegranate cannot predict with confidence US, EU or Swedish enforcement policy with respect to economic sanctions, and there is a risk that the relevant authorities will take a different view regarding the status of the Company or the compliance measures it has taken. Furthermore, laws, regulations or licensing policies on economic sanctions could change in a way that could affect the Company's investments in Iran or could result in restrictions, penalties or fines. Non-compliance with current or future applicable sanctions laws or regulations could result in civil or criminal liability for individuals and entities within the Company, the imposition of significant fines, the sanctioning of the Company itself, or other penalties, as well as negative publicity or reputational damage. Any of the foregoing could result in a material adverse effect on the Company's business, financial condition and results of operations.
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- **Risks related to emerging and frontier markets.** An investment in Pomegranate will be subject to risks associated with ownership and management of investments in emerging and frontier markets. As such markets are still, from an economic point of view, in a phase of development, investments are affected by unusual fluctuations in profit and loss and other factors outside the Company's control. There is a risk that emerging and frontier markets lack fully developed legal system comparable to those of more developed countries. There is a risk that it will be more difficult to obtain redress or exercise one's rights in emerging and frontier markets than in more mature legal systems. If any of the above mentioned risks were to materialize it could have an adverse effect on the Company's business, financial condition and results of operations.
- **Risks related to acquisitions and disposals.** The company's exit strategy is to sell its holdings to strategic investors or via the market. There is a risk that the Company will not succeed in selling its portfolio investments at the price the shares are valued at in the balance sheet. Pomegranate may therefore fail to sell its holdings or be forced to do so at less than its maximum value or at a loss, which could have an adverse effect on the Company's business, financial condition and results of operations.
- **Risks related to competition.** Pomegranate operates in a market that may be subject to competition with regard to investment opportunities. There is a risk that Pomegranate will be subject to competition which may adversely affect the Company's return on investments. Additionally, the competition may entail that fewer opportunities for acquisitions arise in the future or that such opportunities for acquisitions become more expensive, which may result in a decrease of the opportunities for beneficial acquisitions for Pomegranate.
- **Accounting practice and other information in emerging and frontier markets.** Practice in accounting, financial reporting and auditing in emerging and frontier markets cannot be compared with the corresponding practices that exist in the Western World. Access to external analysis, reliable statistics and historical data is not at all times adequate. The effects of inflation can, moreover, be difficult for external observers to analyse. Inadequate information and weak accounting standards may adversely affect Pomegranate in future investment decisions. If any of the above mentioned risk were to materialize it could have an adverse effect on the Company's business, financial condition and results of operations.
- **Corporate governance risks in emerging and frontier markets.** Misuse of corporate governance remains a problem in emerging and frontier markets. Minority shareholders may be badly treated in various ways, for instance in the sale of assets, transfer pricing, dilution, limited access to annual general meetings and restrictions on seats on boards of directors for external investors or in other ways. In addition, sale of assets and transactions with related parties are common. Local accounting rules and standards may in the Company's opinion hinder the development of an effective system for uncovering fraud and increasing insight. Deficiencies in legislation on corporate governance, judicial enforcement and the corporate legislation may lead to hostile takeovers, where the rights of minority shareholders are disregarded or abused. If any of the above mentioned risk were to materialize it could have an adverse effect on the Company's business, financial condition and results of operations.

- **Dependence on key individuals.** Pomegranate's future success is dependent on its members of management and other key personnel who provide expertise, experience and commitment. If the Company is unable to retain members of management and other key personnel, or recruit new members of management or other key personnel to replace people who leave the Company this may have a material adverse effect on the Company's business, financial condition and results of operations.
- **International capital flows.** Economic unrest in emerging and frontier markets tends to have an adverse impact on the equity market in other growth countries or the share price of companies operating in such countries, as investors opt to re-allocate their investment flows to more stable and developed markets. The price of the Company's shares may be adversely affected during such periods. The Company's operations, turnover and profit development may also be adversely affected in the event of such an economic downturn.
- **Exposure to Iran.** The Company's largest investments at this time are in companies operating in Iran. The value of Pomegranate's assets may be affected by uncertainties such as political and diplomatic developments, social or religious instability, changes in government policy, tax and interest rates, restrictions on the political and economic development of laws and regulations in Iran, major political changes or lack of internal consensus between leaders, executives and decision-making bodies and strong political groups, or otherwise. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership. If such risks materialize it could have an adverse effect on the Company's business, financial condition and results of operations.
- **Exposure to Sarava.** The Company's ownership of shares in Sarava is its largest investment at this time, and represents 73.5 per cent of the Company's NAV per December 31, 2016. There is a risk that the Sarava holding will continue to be a significant part of the Company's portfolio. Therefore, the Company's business, operating results, financial condition and prospects are closely connected to risks attributable to Sarava, including, but not limited to, the performance of Sarava's portfolio companies such as DigiKala and Café Bazaar.

D.3	Main risks related to the securities	All investments in securities are associated with risks. Such risks may lead to that the price of Pomegranate's share falls substantially and that investors may lose all or part of their investment. The risks related to Pomegranate' share include: • Dividends. A dividend may only be paid if Pomegranate has funds available for distributions and the distribution is justifiable considering the demands that the nature, scope and risks of the operations place on the size of the equity of the Company as well as the Company's consolidation needs, liquidity and financial position. There are several risks that may have an adverse effect on the Company's operations and therefore there is a risk that the Company may not be able to generate a result of operations that would enable the Company to declare dividends in the future or that the general meeting elects not to resolve on dividends. • Future sale and new issue. Sales of a significant number of shares, especially if made by the Company's Board of Directors, members of management or major existing shareholders, may have a material
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adverse effect on the perceived price of Pomegranate's shares. As the Company's shares are not listed, for instance on a regulated market or multilateral trading facility, there is further a risk that investors may be limited in their options to sell their shares in the Company. The Company may in the future resolve on a new issue of additional shares or other securities to raise additional equity capital. Any such equity issue could reduce the proportional ownership and voting rights for the Company's existing shareholders, the dividend per share and also have a material adverse effect on the market price of the Offer Shares.

- **Differences in currency exchange rates.** The Company's shares are denominated in EUR only, and any dividends will be paid in EUR. As a result, shareholders outside of countries using EUR as their currency may experience adverse effects on the value of their shareholding and their dividends, when converted into other currencies if EUR depreciates against the relevant currency.

SECTION E – OFFERING

E.1	Issue proceeds and issue costs	Pomegranate's costs associated with the Offering are expected to amount to approximately MEUR 2.5. Such costs primarily relate to costs for financial advisors, auditors, attorneys, costs related to management presentations, etc.
E.2a	Motive and use of proceeds	The proceeds of the Offering will primarily ready Pomegranate for its intended investments in two identified projects in the Iranian offline retail sector, which will support the Company's continued expansion as well as its overall continued growth and development. Investments within such sectors are deemed to have a de-risking effect on the Company's investments, while still providing growth rates similar to the consumer internet sector.
E.3	Offering forms and conditions	The Offering: The offering comprises up to 1,250,000 newly issued common shares offered by the Company. No existing shares are offered. The Offer Shares included in the Offering will be issued by the Company, with deviation from the shareholders' preferential rights. Offering price: The Offering Price will be determined by the Book-building Procedure described above and set within the Offering Price Range of EUR 24 – 26 per Offer Share. No brokerage commission will be charged. The Offering Price Range has been determined by Pomegranate in consultation with the Managers. Application period: Application for acquisition of Shares within the terms of the offering to the general public in Sweden should be made during the period 22 March to 29 March 2017, and should relate to a minimum of 50 shares and a maximum of 4,400 shares, in even lots of 50 shares. Allotment: Decision on allotment of Shares is made by the Board of Directors in consultation with Managers.
E.4	Interests and conflict of interests	The Managers provide financial advisory and other services in connection with the Offering. From time to time the Managers may provide services, in the ordinary course of business and in connection with other transactions, to the Company and related parties.
E.5	Principal Owner/Lock-up agreements	The Company's CEO Florian Hellmich has made an undertaking not to sell shares or warrants in the Company for a certain period (" Lock-up

period") without prior written consent from Pareto Securities. The undertaking was made with customary exceptions which *inter alia* allow Florian Hellmich to sell his shares in the event of a tender offer in respect of the shares of the Company. The Lock-up period for Florian Hellmich lasts until 31 december 2018.

E.6	Dilution effect	The new share issue in connection with the Offering can cause that the number of shares in the Company increases with 1 250 000, which corresponds to a dilution of 30.1 %.
E.7	Costs imposed on investors by the issuer or offerer	Not applicable. Brokerage commission will not be charged.

2 RISK FACTORS

An investment in Pomegranate is associated with a number of risks and uncertainties. A number of factors affect, or may affect, the Company's business, both directly and indirectly. Prior to investing in the Offer Shares, prospective investors should carefully consider the factors, risks and uncertainties associated with any such investment, the Company's business, strategy and the industry in which it operates, together with all other information contained in this Prospectus including, in particular, the risk factors described below.

Risk factors deemed to be of material importance for the Company's business, operating results, financial condition and prospects are described below and should be used as guidance only. The description is not exhaustive and the order in which the risks are presented is not an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Company's operations, operating results, financial condition or prospects. Additional risks and uncertainties relating to the Company that are currently not known to the Company, or that the Company currently deems immaterial, may individually or cumulatively have a material adverse effect on the Company's business, financial condition or prospects and, if any such risk should materialize, the price of the Offer Shares may decline and investors could lose all or part of their investment. Prospective investors should carefully consider whether an investment in the Offer Shares is suitable for them in light of the information in this Prospectus and their personal circumstances.

2.1 Risks related to the Company and the markets in which the Company operates

2.1.1 Risk related to sanctions

Pomegranate's investments in Iran are subject to economic and financial sanctions imposed by the European Union, Sweden and the United States that could subject Pomegranate to legal and regulatory risks. As a limited liability company incorporated in Sweden, Pomegranate is subject to EU and Swedish laws and regulations, which currently prohibit business that involves certain designated persons or transactions involving arms, missile technology, nuclear-related transfers and activities, as well as certain telecommunication monitoring equipment. The Company believes its investments in Iran do not violate applicable EU or Swedish economic sanctions, because such investments are pursued in compliance with relevant EU restrictions and have been conducted pursuant to valid authorisations issued by the Swedish Agency for Non-Proliferation and Export Controls (Swe. *Inspektionen för strategiska produkter* or "ISP") when such authorisations were formerly required prior to 2016. Whilst the Company believes it has taken reasonable steps to verify that its investments do not involve dealing with, or making funds or economic resources available to, sanctioned persons and has put in place appropriate safeguards to prevent such activity, there are inherent difficulties in establishing and verifying identities and corporate ownership chains in Iran (amongst other obstacles), and there is a risk that such persons historically have been, presently are, or in future will be, associated with the companies in which Pomegranate maintains a direct or indirect equity interest. Even though the Company is not a United States person or owned or controlled by a United States person within the meaning of US sanctions laws, there is a risk that the Company's investments may be restricted by US economic sanctions, some of which could have extraterritorial effect if there is sufficient nexus to the United States. Moreover, non-US persons can also potentially be penalised under US secondary sanctions for engaging in activities relating to certain designated persons in Iran or relating to missile technology, nuclear-related activities or human rights abuses.

Pomegranate cannot predict with confidence US, EU or Swedish enforcement policy with respect to economic sanctions, and there is a risk that the relevant authorities will take a different view regarding the status of the Company or the compliance measures it has taken. Furthermore, laws, regulations or licensing policies on

economic sanctions could change in a way that could affect the Company's investments in Iran or could result in restrictions, penalties or fines. In particular, such changes could occur rapidly as a result of shifting political attitudes within the governments of Iran, the EU Member States, or the United States, including the new US administration under President Trump, which has expressed criticism of the easing of sanctions against Iran implemented in 2016 by the previous US administration of President Obama as well as criticism of recent missile testing by Iran and its involvement in the conflict in Yemen. Changes to EU, Swedish or US regulations could result in the expansion of sanctions applicable to Iran in a manner that would restrict the Company's ability to continue with existing investments or restrict its ability to make new investments in Iran. Non-compliance with current or future applicable sanctions laws or regulations could result in civil or criminal liability for individuals and entities within the Company, the imposition of significant fines, the sanctioning of the Company itself, or other penalties, as well as negative publicity or reputational damage. Any of the foregoing could result in a material adverse effect on the Company's business, financial condition and results of operations.

2.1.2 *Risk related to emerging and frontier markets*

An investment in Pomegranate will be subject to risks associated with ownership and management of investments in emerging and frontier markets. As such markets are still, from an economic point of view, in a phase of development, investments are affected by unusual fluctuations in profit and loss and other factors outside the Company's control that may have an adverse impact on the value of Pomegranate's Offer Shares. Investors should therefore be aware that investment activity in emerging and frontier markets entails a high level of risk and requires special consideration of factors which are usually not associated with investments made in more developed countries. Unstable or unpredictable state administration could have an adverse impact on investments.

There is a risk that emerging and frontier markets lack fully developed legal system comparable to those of more developed countries. Existing laws and regulations may be applied inconsistently and both the independence and efficiency of the court system constitute a significant risk for investors. Statutory changes may take place at a rapid pace, and it is difficult to predict the effect of legislative changes and legislative decisions. There is a risk that it will be more difficult to obtain redress or exercise one's rights in emerging and frontier markets than in more mature legal systems. If any of the above mentioned risks were to materialize it could have an adverse effect on the Company's business, financial condition and results of operations.

2.1.3 *Risks related to acquisitions and disposals*

Risk related to acquisitions and disposals are natural element in Pomegranate's activities. The company's exit strategy is to sell its holdings to strategic investors or via the market. All acquisitions and disposals are subject to uncertainty. There is a risk that the Company will not succeed in selling its portfolio investments at the price the shares are valued at in the balance sheet. Pomegranate may therefore fail to sell its holdings or be forced to do so at less than its maximum value or at a loss. If Pomegranate disposes of the whole or parts of an investment in a portfolio company, the Company may receive less than the potential value of the holding, and the Company may receive less than the sum invested, which could have an adverse effect on the Company's business, financial condition and results of operations.

2.1.4 *Risks related to competition*

Pomegranate operates in a market that may be subject to competition with regard to investment opportunities. Other investors may thus compete with Pomegranate in the future for the type of investments

the Company intends to make. There is a risk that Pomegranate will be subject to competition which may adversely affect the Company's return on investments. Additionally, the competition may entail that fewer opportunities for acquisitions arise in the future or that such opportunities for acquisitions become more expensive, which may result in a decrease of the opportunities for beneficial acquisitions for Pomegranate.

2.1.5 *Accounting practice and other information in emerging and frontier markets*

Practice in accounting, financial reporting and auditing in emerging and frontier markets cannot be compared with the corresponding practices that exist in the Western World. In addition, access to external analysis, reliable statistics and historical data is not at all times adequate. The effects of inflation can, moreover, be difficult for external observers to analyse. Preparation and auditing of financial information may be made in accordance with local or international standards and there risk that such information is lacking with respect to its completeness and dependability. Inadequate information and weak accounting standards may adversely affect Pomegranate in future investment decisions. If any of the above mentioned risk were to materialize it could have an adverse effect on the Company's business, financial condition and results of operations.

2.1.6 *Corporate governance risks in emerging and frontier markets*

Misuse of corporate governance remains a problem in emerging and frontier markets. Minority shareholders may be badly treated in various ways, for instance in the sale of assets, transfer pricing, dilution, limited access to annual general meetings and restrictions on seats on boards of directors for external investors or in other ways. In addition, sale of assets and transactions with related parties are common. Incorrect transfer pricing may be applied by companies to transfer of value from subsidiaries and/or external investors to various types of holding companies. There is a risk that companies neglect to comply with the rules that govern share issues such as prior notification in sufficient time for shareholders to be able to exercise the right of pre-emption. Prevention of registration of shares is also widespread. Despite the fact that independent authorised registrars have to keep most share registers, some may still be in the hands of the company management, which may thus lead to register manipulation. A company management would be able to take extensive strategic measures without proper consent from the shareholders. The possibility of shareholders exercising their right to exercise their influence and make decisions is made considerably more difficult than in more developed markets. Local accounting rules and standards may in the Company's opinion hinder the development of an effective system for uncovering fraud and increasing insight. Shareholders can conceal their ownership by acquiring shares through shell company structures based abroad which are not demonstrably connected to the beneficiary, which leads to self-serving transactions, insider deals and conflicts of interest. Deficiencies in legislation on corporate governance, judicial enforcement and the corporate legislation may lead to hostile takeovers, where the rights of minority shareholders are disregarded or abused, which could affect Pomegranate in a detrimental manner. If any of the above mentioned risk were to materialize it could have an adverse effect on the Company's business, financial condition and results of operations.

2.1.7 *Dependence on key individuals*

Pomegranate's future success is dependent on its members of management and other key personnel who provide expertise, experience and commitment. There is a risk that the Company will not be able to retain or recruit such key individuals or other qualified personnel in the future. If the Company is unable to retain members of management and other key personnel, or recruit new members of management or other key personnel to replace people who leave the Company this may have a material adverse effect on the Company's business, financial condition and results of operations.

2.1.8 *International capital flows*

Economic unrest in emerging and frontier markets tends to have an adverse impact on the equity market in other growth countries or the share price of companies operating in such countries, as investors opt to re-allocate their investment flows to more stable and developed markets. The price of the Company's shares may be adversely affected during such periods. Financial problems or an increase in perceived risk related to emerging and frontier markets may inhibit foreign investments in these markets and have a negative impact on the country's economy. The Company's operations, turnover and profit development may also be adversely affected in the event of such an economic downturn.

2.1.9 *Exposure to Iran*

The Company's largest investments at this time are in companies operating in Iran. The value of Pomegranate's assets may be affected by uncertainties such as political and diplomatic developments, social or religious instability, changes in government policy, tax and interest rates, restrictions on the political and economic development of laws and regulations in Iran, major political changes or lack of internal consensus between leaders, executives and decision-making bodies and strong political groups, or otherwise. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership. In addition, political changes may be less predictable than in other more developed countries. Such instability may in some cases have an adverse impact on both the Company's operations and the Offer Share price. The economy of Iran has, from time to time, shown:

- Significant decline in GDP
- Weak banking system with limited supply of foreign exchange liquidity to foreign companies
- Growing black and grey economic markets
- High flight of capital
- Hyperinflation
- Significant rise in unemployment
- Increased currency fluctuations

The economy of Iran is dependent on the production and export of oil and natural gas, which makes it vulnerable to fluctuations in the oil and gas market. A downturn in the oil and gas market may have a significant adverse impact on the Iranian economy. Should any of these risks materialize, it could have a material adverse effect on the Company's business, results of operations and financial condition.

Additionally, the Company is mindful of the fact that a presence in Iran exposes the Company to risks associated with sudden political shifts on the global stage. The Company notes that thus far in 2017 there have been a steady stream of news and political actions relating to Iran that may influence the perception of and the degree of risk associated with the Company's operations. There is a risk that political shifts, *inter alia*, toughened sanctions on Iran, either in a JCPOA "snap-back" scenario or otherwise, which may be sudden and unexpected, may have a significant adverse impact on the Iranian economy which could, in turn, negatively affect the Company and other stakeholders. Expanded sanctions could also prevent the Company from transferring funds into or out of Iran or otherwise restrict the Company's investment activities in Iran. Further, a presidential election will be held in Iran in May 2017, and the Company notes that election years – in developed as well as in emerging markets – generally entail a decreased predictability as to the political direction of the country holding the elections. If such risks materialize it could have an adverse effect on the Company's business, financial condition and results of operations.

2.1.10 Exposure to Sarava

The Company's ownership of shares in Sarava is its largest investment at this time, and represents 73.5 per cent of the Company's NAV per December 31, 2016. There is a possibility that the Sarava holding will continue to be a significant part of the Company's portfolio. Therefore, the Company's business, operating results, financial condition and prospects are closely connected to risks attributable to Sarava, including, but not limited to, the performance of Sarava's portfolio companies such as DigiKala and Café Bazaar.

2.1.11 Foreign exchange risk

Foreign exchange risk refers to the risk that exchange rate fluctuations will have a material adverse effect on the Company's income statement, balance sheet or cash flow. Exposures of foreign exchange risk are the result of the international operations, as well as translation of balance sheets and income statements in foreign currencies into EUR. The Company is mainly exposed to fluctuations in IRR against the EUR. Exchange rate fluctuations could therefore have a material adverse effect on the Company's business, prospects, results of operation and financial condition.

2.1.12 Liquidity risk

Liquidity risk refers to the risk that liquidity will not be available to meet payments commitments due to the fact that the Company cannot divest its holdings quickly or without considerable extra costs. Should this risk materialize, it could have a material adverse effect on the Company's business, results of operations and financial condition.

2.1.13 Tax risks

The handling of tax issues within Pomegranate is based on the Company's interpretations of current tax legislation, tax agreements and other tax regulations and standpoints from relevant tax authorities. If Pomegranate's interpretation of laws or administrative practice is incorrect, if tax laws or interpretations of these or the administrative practice in relation to these changes, including with a retroactive effect, or if tax authorities successfully make tax adjustments that deteriorate Pomegranate's past or current tax positions this could have a negative impact on the Company's business, result of operations, financial condition and future prospects.

2.1.14 Dilution risk

Dilution risk refers to the risk that the Company may experience dilution of its holdings in portfolio companies. If the Company's co-investors elect to raise additional capital in a portfolio company through e.g. a new share issue and the Company does not have sufficient funds to fully participate in such issue, there is a risk that the Company's holdings in its portfolio companies will be diluted. Dilution may also occur should any of the Company's portfolio companies be listed on an exchange. Such dilution may occur in current and future holdings of portfolio companies and may have an adverse effect on the Company's financial condition and results.

2.2 Risks associated with the Offer Shares

2.2.1 Dividends

A dividend may only be paid if Pomegranate has funds available for distributions and the distribution is

justifiable considering the demands that the nature, scope and risks of the operations place on the size of the equity of the Company as well as the Company's consolidation needs, liquidity and financial position. Moreover, as a general rule, the shareholders may not decide on a dividend that is greater than that proposed or approved by the Board of Directors. There are several risks that may have an adverse effect on the Company's operations and therefore there is a risk that the Company may not be able to generate a result of operations that would enable the Company to declare dividends in the future or that the general meeting elects not to resolve on dividends.

2.2.2 *Future sales and new issues*

Sales of a significant number of shares, especially if made by the Company's Board of Directors, members of management or major existing shareholders, may have a material adverse effect on the perceived price of Pomegranate's shares. As the Company's shares are not listed, for instance on a regulated market or multilateral trading facility, there is further a risk that investors may be limited in their options to sell their shares in the Company.

The Company may in the future resolve on a new issue of additional shares or other securities to raise additional equity capital. Any such equity issue could reduce the proportional ownership and voting rights for the Company's existing shareholders, the dividend per share and also have a material adverse effect on the market price of the Offer Shares.

2.2.3 *Differences in currency exchange rates may materially adversely affect the value of shareholdings or dividends paid*

The Company's shares are denominated in EUR only, and any dividends will be paid in EUR. As a result, shareholders outside of countries using EUR as their currency may experience adverse effects on the value of their shareholding and their dividends, when converted into other currencies if EUR depreciates against the relevant currency.

3 INVITATION TO ACQUIRE SHARES IN POMEGRANATE

In order to facilitate Pomegranate's continued expansion, the Company's Board of Directors has resolved to carry out a new share issue. Investors are hereby invited, in accordance with the terms and conditions set out in the Prospectus, to subscribe for a maximum of 1,250,000 newly issued shares. The maximum number of shares comprised by the Offering correspond to approximately 23.1 per cent of the total number of shares in the Company and 23.1 per cent of the total number of votes in the Company after the Offering.

The Offering price will be established by the Company in consultation with the Managers, within a range of EUR 24 – 26 per share. The Offering price is expected to be published on or around 31 March 2017. The total value of the Offering amounts to up to EUR 30 million.

Stockholm, 21 March 2017
Pomegranate Investment AB (publ)
The Board of Directors

4 BACKGROUND AND REASONS

Pomegranate Investment AB (publ) was founded in Sweden in 2014 by a pioneering team with a long and successful track record of investing in high growth companies in emerging markets. Pomegranate has identified opportunities in Iran in consumer technology, e-commerce and offline retail companies and has invested in that market, with a view to transfer knowhow and partner with Iranian entrepreneurs who are very innovative even in a global perspective and create thousands of new jobs and opportunities for young people.

Pomegranate has a strong position in Iran's consumer internet sector with premium investments and leading positions in key markets, held directly and through Iran's leading venture capital firm Sarava, in which Pomegranate holds a 15 per cent stake.² The rapid expansion growth paths of internet penetration, smartphone distribution and online shopping combined with the fact that internet companies in countries similar to Iran are valued higher than Iranian internet-related assets suggest that the Iranian consumer internet sector has a continued potential for value appreciation. Despite that continued potential for value appreciation within the Iranian consumer internet sector, Pomegranate has identified investment opportunities in the Iranian offline retail sectors, particularly in retail fast-moving consumer goods and food retail. Investments within such sectors are deemed to have a diversifying and de-risking effect on the Company's investments, while still providing growth rates and above all return rates similar to the consumer internet sector.

Since Pomegranate's initial investment in Iran in July 2014, EU sanctions and US secondary sanctions against Iran have eased, de-risking the Pomegranate enterprise.

Pomegranate has applied for listing of the Company's shares on NGM Equity³. As part of this process and in order to meet the listing requirements, Pomegranate intends to convert to IFRS accounting during 2017. A listing on NGM Equity may take place at the earliest after the announcement of the Company's second quarterly report for 2017 provided that Pomegranate meets all the listing requirements and deem a listing to be appropriate, subject to approval from NGM and favourable market sentiment.

The proceeds of the Offering will primarily ready Pomegranate for its continued expansion, and intended investments include two identified projects in the Iranian offline retail sector, which would support the Company's continued growth and development. The Board of Directors and executive management of Pomegranate consider the Offering to be a logical and important step in Pomegranate's development, as it will also increase the awareness of Pomegranate and its operations among current and potential investors and investment targets.

For other considerations, reference should be made to the full particulars of this Prospectus, which has been prepared by the Board of Directors of Pomegranate in connection with the Offering. The Board of Directors of Pomegranate is responsible for the contents of this Prospectus.

Readers are hereby assured that, as far as the Board of Directors is aware, all reasonable precautionary measures have been taken to ensure that the information contained in this Prospectus corresponds to the facts and that nothing has been omitted that would affect its import.

Stockholm, 21 March 2017
Pomegranate Investment AB (publ)
The Board of Directors

² Limited Capital is Creating "Blocs" in Iran's Start-Up Ecosystem., Masry, Sara., Bourse & Bazaar 3 October 2016. For a description of the portfolio companies' market position, see section "Business overview – Investment portfolio".

³ Nordic Growth Market (NGM) is an authorised exchange operating in Sweden, Norway, Denmark and Finland. The exchange was founded in 1984 and is today a wholly owned subsidiary of Börse Stuttgart, the leading retail exchange in Germany. NGM offers a complete marketplace for exchange-traded investment products and listed companies.

5 TERMS AND CONDITIONS

5.1 The Offering

The Offering comprises up to 1,250,000 newly issued common shares offered by the Company (the “**Offer Shares**”). The Offering may comprise less than 1,250,000 Offer Shares. No existing shares are offered. The Offer Shares included in the Offering will be issued by the Company, with deviation from the shareholders’ preferential rights. The Offering consists of two parts:

1. The offering to the general public in Sweden⁴ (the “**Retail Offering**”); and
2. The offering to institutional investors in Sweden and internationally⁵ (the “**Institutional Offering**”).

The Company currently has 4,154,601 shares outstanding. The outcome of the Offering will be made public by way of a press release by the Company on or about 31 March 2017.

5.2 Shareholders of Pomegranate

Shareholders as of the record date 17 March 2017 (“**Existing Shareholders**”) (the “**Record Date**”) are welcome to apply for shares in the Offering but without preferential right or guarantee of allotment. However, the Board of Directors will seek to treat applications from Existing Shareholders fairly in connection with allotment. In order to be considered as an Existing Shareholder in the allotment process, Existing Shareholders need to fill in the Application Form with information on how many shares that were held at which custody/VP account with which bank/nominee on the Record Date. Application forms from Existing Shareholders must be submitted directly to Pareto Securities.

5.3 Allotment of Offer Shares

The allotment of Offer Shares to each part of the Offering will be based on demand. Allotment will be decided by the Board of Directors in consultation with the Managers.

5.4 Offering price

The Offering Price will be determined by the Book-building Procedure described below and set within the Offering Price Range of EUR 24 – 26 per Offer Share. No brokerage commission will be charged. The Offering Price Range has been determined by Pomegranate in consultation with the Managers. The final Offering Price will not exceed EUR 26 and is expected to be announced on or about 31 March 2017 by way of a press release.

5.4.1 *Book-building procedure*

In order to achieve a market-based pricing of the Offer Shares in the Offering, institutional investors will be given the opportunity to participate in a book-building procedure taking place during 22 March to 30 March 2017, by submitting orders of interest (the “**Book-building Procedure**”). The Offering Price for all Offer Shares in the Offering will be determined through this procedure. The Book-building Procedure may be terminated at an earlier date or extended to a later date than indicated in the Prospectus. Notice of such termination or extension will be made by way of a press release.

⁴ The general public refers to private individuals and legal entities subscribing for no more than 4,400 Offer Shares in connection with the Offering.

⁵ Institutional investors refers to private individuals and legal entities subscribing for more than 4,400 Offer Shares in connection with the Offering.

5.5 The Retail Offering

5.5.1 *Application*

Application for acquisition of Offer Shares within the terms of the Retail Offering should be made during the period 22 March to 29 March 2017, and should relate to a minimum of 50 Offer Shares and a maximum of 4,400 Offer Shares⁶, in even lots of 50 Offer Shares. Pomegranate reserves the right to extend the application period in the Retail Offering. Any such extension of the application period will be made public by way of a press release prior to the end of application period. The Board of Directors reserves the right to withdraw the Offering, in which case delivery and payment will not occur.

Applications for acquisition of Offer Shares shall be made through a special application form (the “**Application Form**”). The Application Form is available on Pomegranates and Pareto Securities websites, (pomegranateinvestment.com) and (paretosec.com/corp/pomegranate). The Application Form is also available at Pareto Securities’ offices. Applications must be received by Pareto Securities no later than by 5:00 p.m. (CET) on 29 March 2017. Late, incomplete or incorrectly completed Application Forms may be disregarded. No amendments or additions may be made to pre-printed text in the Application Form. Only one application per investor may be made. In case more than one application is made, Pareto Securities reserves the right to only consider the first received application. All applications are binding.

Applications shall be sent to, or handed in at:

Pareto Securities AB
Issuer Service/Pomegranate
Box 7415
103 91 Stockholm
Visiting address: Berzelii Park 9, Stockholm
Tel: +46 8 402 51 40
Fax: +46 8 402 51 41
E-mail: issueservice.se@paretosec.com (for scanned application forms)

Applicants applying to acquire Offer Shares with Pareto Securities must have a securities account, service account or a securities depository account with a securities institution of their choice. Applicants who do not have any of the mentioned accounts must open such an account prior to submission of the application form. Please note that the opening of such account may take some time. If you have an account with specific rules for securities transactions, such as an IPS-deposit, ISK-deposit (Sw. *Investeringssparkonto*) or deposit within an endowment insurance, you should confer with your nominee if and how you can apply for acquisition of Offer Shares in the Offering. In order for persons that are not customers of Pareto Securities to have the opportunity to be allocated Offer Shares for a value exceeding EUR 15,000 such person must submit a copy of an approved ID document together with the special application form. In case the signatory is a legal entity that is not currently a customer of Pareto, the application form should be accompanied by documentation evidencing the right to sign the form on behalf of the legal entity.

5.5.2 *Allotment*

Decision on allotment of Offer Shares is made by the Board of Directors in consultation with Managers. The allotment does not depend on when the application is submitted during the application period.

In the event of oversubscription, allotment may take place with a lower number of Offer Shares than the application concerns, at which allotment wholly or in part may take place by random selection. Existing Shareholders, employees and certain related parties to Pomegranate as well as certain customers of Managers may be considered separately during allotment. In order to be considered as an Existing Shareholder in the

⁶ Those who wish to subscribe for more than 4,400 Offer Shares should contact Pareto Securities in accordance with what is stated below in section “Terms and conditions – The Institutional Offering”.

allotment process, Existing Shareholders must complete the Application Form according to special instructions. Allotment may also be made to employees of Managers, however, without priority. In such cases, the allotment takes place in accordance with the rules of the Swedish Securities Dealers Association and the Swedish Financial Supervisory Authority's regulations.

5.5.3 *Information regarding allotment and settlement*

Allotment is expected to take place on or about 31 March 2017. Shortly thereafter, a contract note will be sent to those who received allotment in the Offering. Those persons who have not been allotted Offer Shares will not be notified.

5.5.4 *Payment*

Payment for allotted Offer Shares shall be made in cash in accordance with the instructions on the contract note, although be Pareto at hand no later than by 03.00 p.m. (CET) 5 April 2017. The Company's shares are denominated in Euro, hence the payment currency is Euro. In order to secure that funds will reach Pareto Securities in time you should confer with your bank when payment must be made. Please note that payments in Euro might cause additional charges by your or other banks which neither the Company or Pareto Securities is liable for. Customers of Pareto Securities with a custody account must have liquid funds corresponding to the allotted amount (allotted number of Offer Shares multiplied by the price) available on 5 April 2017 as of 03.00 p.m. (CET). As soon as practically possible after the share capital increase has been duly registered at the Swedish Company's registration office, (Sw. Bolagsverket) issuance and delivery of Offer Shares will commence.

5.5.5 *Insufficient or incorrect payment*

If full payment is not made in due time, allotted Offer Shares may be transferred and sold to another party. The party who initially received allotment of Offer Shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the price in the Offering.

Overdue payments will be charged with interest at a rate according to the Swedish Interest Act (Sw. *Räntelag* (1975:635)).

5.6 The Institutional Offering

5.6.1 *Application*

Institutional investors in Sweden and internationally are invited to participate in the Book-building process by submitting orders of interest during the period 22 March to 30 March 2017. Applications shall be submitted to the Managers in accordance with certain instructions, including a binding Application Form.

Applicants who are currently not clients with the Managers must enter into a customer agreement with the Managers in order to be allocated Offer Shares in the Offering.

Pomegranate reserves the right to shorten or extend the application period in the offering to institutional investors in Sweden and internationally. Any such shortening or extension of the application period will be made public by way of a press release by the Company, prior to the end of the application period. The Board of Directors reserves the right to withdraw the Offering, in which case delivery and payment will not occur.

5.6.2 *Allotment*

Decision on allotment of Offer Shares is made by the Board of Directors in consultation with the Managers. Allotment among institutions that have submitted orders of interest will be made on a wholly discretionary basis. Existing Shareholders may be considered separately during allotment. In order to be considered as an Existing Shareholder in the allotment process, Existing Shareholders must at the time of submitting their order

disclose information to the Managers of how many shares they held at the Record Date, the custody/VP account and the bank/nominee where such shares were held.

5.6.3 *Information regarding allotment and settlement*

Institutional investors are expected to receive notification of allotment on or around 31 March 2017, after which a contract note is dispatched.

5.6.4 *Payment*

Payment for allotted Offer Shares shall be made in cash in accordance with the instructions on the contract note, although be Pareto at hand no later than by 03.00 p.m. (CET) 5 April 2017. The Company's shares are denominated in Euro, hence the payment currency is Euro. In order to secure that funds will reach Pareto Securities in time you should confer with your bank when payment must be made. Please note that payments in Euro might cause additional charges by your or other banks which neither the Company or Pareto Securities is liable for. Customers of Pareto Securities with a custody account must have liquid funds corresponding to the allotted amount (allotted number of Offer Shares multiplied by the price) available on 5 April 2017 as of 03.00 p.m. (CET). As soon as practically possible after the share capital increase has been duly registered at the Swedish Company's registration office, (Sw. Bolagsverket) issuance and delivery of Offer Shares will commence.

5.6.5 *Insufficient or incorrect payment*

Note that if sufficient payment is not made in due time, allotted Offer Shares may be transferred and sold to another party. The party who initially received allotment of Offer Shares in the Offering may bear the difference, should the selling price in the event of such a transfer be less than the price in the Offering.

Overdue payments will be charged with interest at a rate according to the Swedish Interest Act (Sw. *Räntelag* (1975:635)).

5.7 Registration of allotted and paid for Offer Shares

Registration with Euroclear Sweden of allotted and paid Offer Shares is expected to take place on or about 12 April 2017 for both institutional investors as well as the general public, after which Euroclear Sweden will distribute a notice stating the number of shares in the Company that have been registered in the recipient's securities account. Shareholders whose holdings are nominee-registered will be notified in accordance with the procedures of the respective nominee. Note that the acquirers belonging to the general public in Sweden who isn't a client with either of the Managers, will not have the acquired Offer Shares delivered to the designated securities account or securities depository account until Managers has received full payment.

5.8 Announcement of the outcome of the Offering

The final outcome of the Offering will be announced by way of a press release, which also will be available on the Company's website (pomegranateinvestment.com), on or about 31 March 2017.

5.9 Right to dividend

The shares carry a right to dividends for the first time on the record date for the dividend that occurs immediately after the shares have been registered on the investor's securities account. Any dividends will be determined by the General Meeting. Payment will be administered by Euroclear Sweden or, for nominee registered shareholdings, in accordance with the procedures of the individual nominee. Entitlement to dividends accrues to those who on the record date set by the General Meeting are included in the share register maintained by Euroclear.

5.10 Important information about the possibility to sell allotted Offer Shares

Notifications about allotment to the general public in Sweden will be made through distribution of contract notes, which is expected to occur on or about 31 March 2017. Following payment for the allocated Offer Shares have been processed by the Managers and as soon as practically possible after the share capital increase has been duly registered at the Swedish Company's registration office, (Sw. Bolagsverket) paid Offer Shares will be transferred to the securities depository account or the securities account specified by the acquirer. The time required to transfer payments and transfer duly paid Offer Shares may entail that these acquirers will not have Offer Shares available in the specified securities depository account or securities account until, at the earliest, 12 April 2017. Please note that if the Offer Shares are not available in an acquirer's securities account or securities depository account the acquirer may not be able to sell these until the Offer Shares are available in the securities account or the securities depository account.

5.11 Terms and conditions for completion of the Offering

The Company, in consultation with the Managers, intends to resolve on allotment of Offer Shares in the Offering on or about 31 March 2017.

The Offering is conditioned on that Managers deem the interest in the Offering to be sufficient, and that no events occur which have such a materially negative effect on the Company that it would be inappropriate to complete the Offering ("**Material Negative Events**"). Such Material Negative Events may, for example, be of economic, financial or political nature and may relate to Material Negative Events in Sweden as well as abroad. When determining if the interest in the Offering is sufficient, factors such as the number of received applications and the aggregate amount applied for will be taken into consideration. This assessment is made by Managers on a discretionary basis. If the above stated conditions are not met the Offering may be cancelled. In that case neither delivery nor payment for Offer Shares will be completed in conjunction with the Offering. If the Offering is cancelled it will be announced by way of a press release no later than 3 April 2017 and received applications will be disregarded.

5.12 Information about handling of personal information

Anyone acquiring Offer Shares in the Offering will submit certain information to Managers. Personal information submitted to Managers will be processed in data systems to the extent required to provide services and manage customer arrangements. Personal information obtained from sources other than the acquirer may also be processed. The personal information may also be processed in the data systems of companies or organisations with which Managers cooperates.

5.13 Other information

The fact that Pareto Securities acts as issuing agent does not imply that Pareto Securities regards any party that applies for Offer Shares in the Offering (the "**Acquirer**") as a client of Pareto Securities in connection with the Offering. The fact that Pareto Securities is receiving and handling application forms does not imply that Pareto Securities regards any party that applies for Offer Shares in the Offering as a client of Pareto Securities in connection with the Offering. For the Offering, the Acquirer is only regarded as a client of Pareto Securities if Pareto Securities has advised the Acquirer about the Offering or has otherwise contacted the Acquirer individually about the Offering. The consequence of Pareto Securities not regarding the Acquirer as a client for the Offering is that the rules for protecting investors under the securities market laws will not apply. Among other things, this means that neither "client classification" nor "suitability assessment" will be applied to the Offering. As a result, Acquirers are themselves responsible for having adequate experience and knowledge to understand the risks associated with participation in the Offering.

6 MARKET OVERVIEW

Information in the Prospectus concerning the market environment, market developments, growth rates and trends, in the markets and regions in which the Company operates is based on data, statistical information and reports from both internal and external sources as well as the Company's own assessment. These sources include information from intergovernmental organizations, independent news publications as well as publications from market research organisations. Pomegranate has strived to use the latest available information from relevant sources. This information includes certain information obtained from third parties. The Company has correctly presented the information and, as far as the Company is aware and can verify, no information has been omitted in a way which would render the information incorrectly reproduced or misleading. Although Pomegranate believes the sources to be reliable, no independent verification of the information has been carried out and therefore its accuracy and completeness cannot be guaranteed by the Company. Readers of this Prospectus should take into account that any forward looking statements provided in the Prospectus are not a guarantee of future results, and actual events and circumstances may differ materially from current expectations and judgements. Information in this section has been compiled in part on the basis on historical data and in part on the basis on assumptions, estimates and methods which are believed to be reasonable. Considering the aforementioned, information about market sizes, market shares and other competitive data should be viewed with caution.

Pomegranate Investment is a European company, incorporated in Sweden, within the European Union. The Company's shares are denominated in euros and its financial reporting is presented in euros. Therefore, Pomegranate strives to present market data and other information, as far as possible, in euros. Due to the lack of available information presented in euros, however, some information contained in the Prospectus is presented in USD.

6.1 Iran's modern history – a snapshot

1925–1979: Pahlavi era⁷

The Pahlavi dynasty was the ruling house of Iran from 1925 until 1979, when the monarchy was overthrown and abolished as a result of the Iranian Revolution. The dynasty was founded by Reza Shah Pahlavi in 1925, a former officer in the Iranian Army, whose reign lasted until 1941 when he was forced to abdicate by the Allies after the Anglo-Soviet invasion. He was succeeded by his son, Mohammad Reza Shah Pahlavi, the last Shah of Iran.

1944–1953: Mohammad Mosaddeq era⁸

Mohammad Mosaddeq was a political leader who served as the premier (prime minister) of Iran between 1951 and 1953. During his time at power, Mosaddeq nationalised Britain's large oil holdings in Iran and in 1953 nearly succeeded in deposing the Shah. Mosaddeq outspokenly advocated nationalism and played a leading role in opposing oil concession grants to the Soviet Union. In 1951 the Iranian parliament (the Majles) passed an oil-nationalisation act proposed by Mosaddeq. Following the nationalisation a political and economic crisis erupted and increased power struggles resulted in the Shah being forced to leave the country after Mosaddeq-loyal mobs took to the streets. Mosaddeq's regime was, however, overthrown within a few days in a coup d'état orchestrated by Great Britain and the United States, and the Shah was restored to power.

1979: Iranian Revolution and the Islamic Republic⁹

The Iranian Revolution (also called the Islamic revolution) refers to events involving the overthrow of the Pahlavi dynasty under Mohammad Reza Shah Pahlavi, who was supported by the United States, and its eventual replacement with an Islamic republic under the Grand Ayatollah Ruhollah Khomeini, the leader of the revolution, supported by various leftist and Islamic organisations and Iranian student movements.

⁷ Encyclopedia Britannica.

⁸ Encyclopedia Britannica.

⁹ Encyclopedia Britannica.

1980–1988: Iran–Iraq War¹⁰

The Iran–Iraq War was an armed conflict between the Islamic Republic of Iran and the Iraqi Republic rooted in a number of territorial and political disputes between the two nations eventually resulting in Iraq invading western Iran in September 1980. The war lasted from September 1980 to August 1988, although the signing of a formal peace treaty did not take place until August 1990, making it one of the 20th century's longest conventional wars.

1981–1989: Ali Khamenei – Rahbar of Iran¹¹

Ali Khamenei was an Iranian cleric and politician who served as president of Iran between 1981 and 1989. Khamenei was appointed secretary-general of the Islamic Republican Party (IRP) in 1981 after his predecessor was killed in a terrorist attack targeted at the IRP. Shortly after his appointment as secretary-general, Khamenei announced his candidacy for president, a position to which he was elected in October 1981, and re-elected in 1985. When ayatollah Khomeini died in 1989, Khamenei rose to the position of Rahbar (Supreme Leader).

1989–1997: Hashemi Rafsanjani – President of Iran¹²

Shortly following the death of ayatollah Khomeini in 1989, and Ali Khamenei's subsequent appointment as Khomeini's successor, Hashemi Rafsanjani was elected president of Iran by an overwhelming margin. Rafsanjani's policies were characterised by reducing Iran's international isolation and renewing ties with Europe. His efforts aimed to revive the Iran's war-torn economy by using foreign investment and free enterprise. Throughout the years Rafsanjani played an important role in Iranian politics, helping to found the Islamic Republican Party, acting interior minister during the revolution and held several prominent political positions in addition to being president.

1997–2005: Mohammad Khatami – Reformist President of Iran¹³

Mohammad Khatami was a reformist politician serving as the president of Iran between 1997 and 2005. Khatami, who was the most moderate out of the four candidates in the 1997 election, had strong support from Iran's youth, women and intellectuals and was elected by almost 70% of the votes. As part of his moderate political stance, Khatami advocated improvement of Iran's relationship with the United States. In 2001 he was re-elected as the president of Iran by an overwhelming majority.

2005–2013: Mahmoud Ahmadinejad – Conservative President of Iran¹⁴

Mahmoud Ahmadinejad was the president of Iran between 2005 and 2013. During his presidency, Ahmadinejad was viewed as a controversial figure within Iran as well as internationally, not the least because of his hostility towards Israel and denial of the holocaust. He has been criticised domestically for his economic policies and confrontational approach to politics. Internationally, Ahmadinejad was active in foreign affairs, vigorously defending Iran's nuclear program despite strong objections from the US and EU in particular.

2013–present: New moderate/reformist president and Improving US–Iran relations¹⁵

In 2013, Hassan Rouhani won the presidential election in Iran. Following his decisive victory in the 2013 presidential election, Rouhani launched a political campaign to improve Iran's relations with the west and emphasised Iran's willingness to compromise with regards to the country's nuclear program. In July 2015, the Rouhani administration and six world powers concluded an agreement to ease sanctions on Iran, conditioned that the country place strict limits on its nuclear program for more than a decade. On 16 January 2016, many of the UN, EU and US sanctions were lifted.

¹⁰ Encyclopedia Britannica.

¹¹ Encyclopedia Britannica.

¹² Encyclopedia Britannica.

¹³ Encyclopedia Britannica.

¹⁴ Encyclopedia Britannica.

¹⁵ Encyclopedia Britannica.

May 2017: Presidential Elections

In May 2017, the twelfth presidential election will be held in Iran. The president the highest directly elected official in Iran, ranking second only to the Supreme Leader. Elected by the people for a four-year term, the president serves as the head of government and chief of the executive branch.



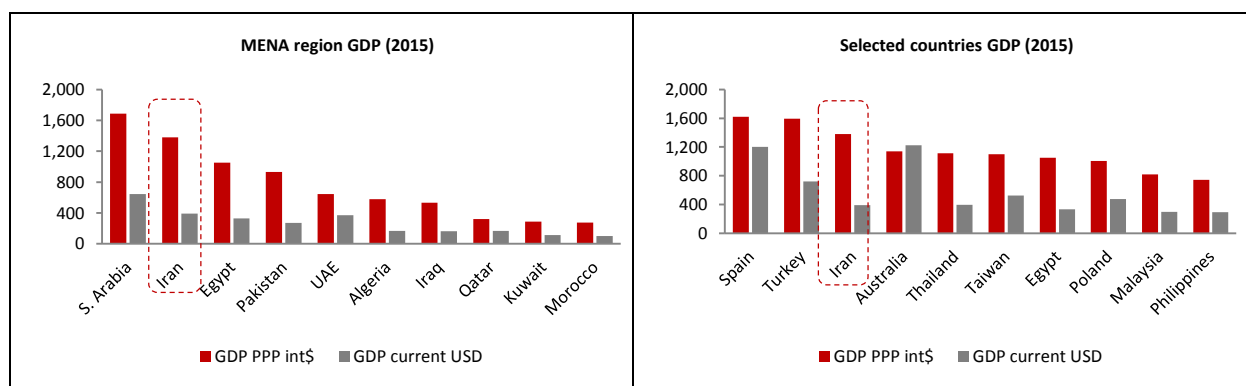
6.2 Economic development

Iran's economy is characterised by a large hydrocarbon sector and service sector, and a small-scale agriculture sector. Although there is currently a noticeable state presence in manufacturing and financial services, efforts by the Iranian government are aimed at increased privatisation and lessened dependency on the oil and gas sector. Nevertheless, economic activity and government revenues still depend to a large extent on oil revenues and therefore remain volatile.¹⁶

6.2.1 Current economic situation and outlook

Iran is considered the largest remaining uncharted emerging market in the world and has a GDP of USD 412 billion in current USD and 1.5 trillion on a PPP international dollar basis. Its economy is the second largest in the MENA¹⁷ region and similar in size to that of Spain, Turkey or Canada on a GDP PPP basis, despite having suffered from the impact of sanctions and high inflation in recent years.¹⁸

While Iran is the world's 18th largest economy on a GDP PPP basis, it is only the world's 27th largest economy on a current USD basis. This discrepancy is largely attributable to the significant depreciation of the Iranian Rial during the last decade. For example, the Rial has depreciated over 70 % against the USD during the past ten years.¹⁹



¹⁶ World Bank – Iran Country Overview.

¹⁷ MENA stands for Middle East and Northern Africa and comprises: Afghanistan, Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauretania, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.

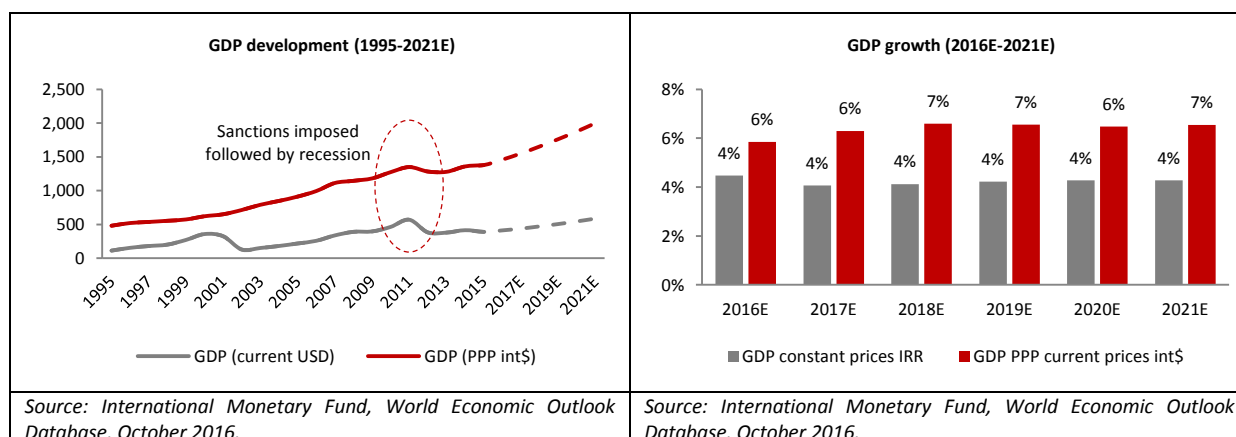
¹⁸ International Monetary Fund, World Economic Outlook Database, October 2016.

¹⁹ FactSet.

Source: International Monetary Fund, World Economic Outlook Database, October 2016.

Source: International Monetary Fund, World Economic Outlook Database, October 2016.

Since 1995 and through 2015 the Iranian economy grew at a CAGR of 6% on a PPP basis (5% in current USD). However, after international sanctions were expanded in 2010, the Iranian economy suffered and GDP contracted notably.²⁰



Going forward, the International Monetary Fund (IMF) forecasts a robust growth for Iran 2016–2021 of around 4% per annum on a “GDP constant prices in IRR” basis and around 6–7% on a “GDP PPP current prices” basis. The relatively healthy growth prospects are largely attributable to the anticipated continued effect of the 2016 easing of EU sanctions and US secondary sanctions and implementation of more market and technology friendly government policies and Iran’s favourable demography. In the longer term, Iran has the potential to add USD 1 trillion to its GDP by 2035.²¹

6.2.2 GDP composition

Iran’s GDP composition is dominated by services, which accounts for 52% of the GDP, followed by industry (38%) and agriculture (9%).²² Despite Iran’s vast oil and gas reserves (see section “Natural resources – Vast reserves but significantly under-tapped”) its economy is highly diversified with only one quarter of GDP stemming from oil and gas.²³

Services are to a large extent government-related, including military expenditures and government salaries.²⁴

Industries comprise, e.g., petroleum, petrochemicals, gas, fertilisers, caustic soda, textiles, cement and other construction materials, food processing (particularly sugar refining and vegetable oil production), ferrous and nonferrous metal fabrication and armaments.²⁵

Agriculture comprises, e.g., wheat, rice, other grains, sugar beets, sugarcane, fruits, nuts, cotton, dairy products and wool.²⁶

Iran’s government debt level is relatively low in relation to similar countries, implying that there may be room for fiscal stimulus in the future. Historically, the Iranian government has proved willing to engage in fiscal stimulus e.g. through the “Pre-Implementation day stimulus”, which among others things included subsidised

²⁰ International Monetary Fund, World Economic Outlook Database, October 2016.

²¹ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

²² CIA – World Factbook, Note: all figures are estimates.

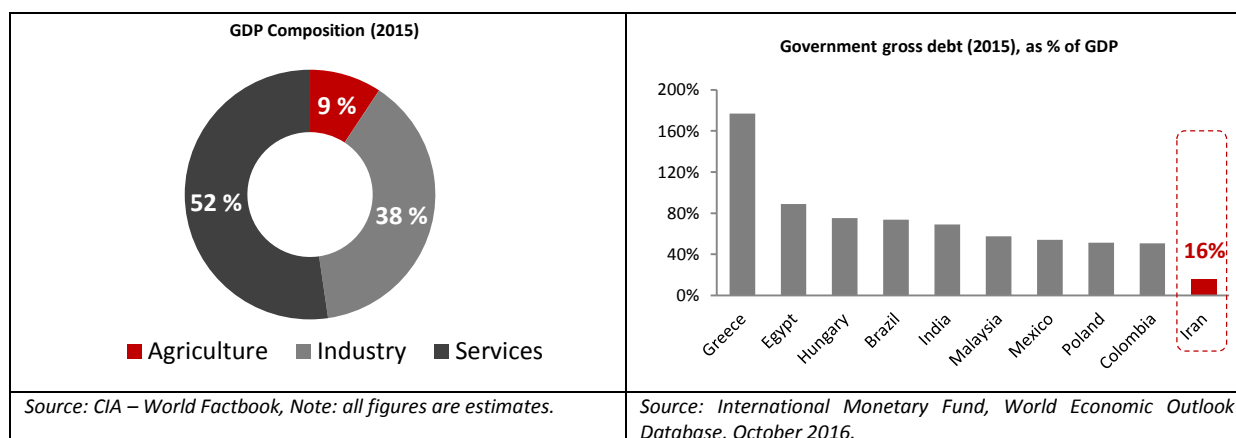
²³ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

²⁴ CIA – World Factbook.

²⁵ CIA – World Factbook.

²⁶ CIA – World Factbook.

real estate mortgages, investing in small and medium sized development projects etc., adding up to a total of USD 10 billion or 2.5% of GDP.²⁷

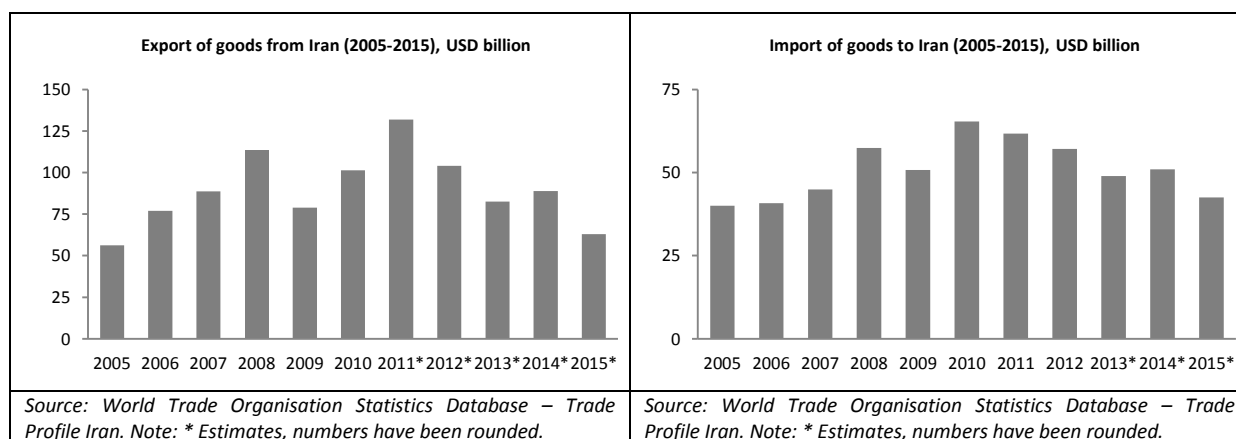


6.2.3 Imports and exports

The main imports of Iran are machines, which accounted for around 24% of total imports in 2014, including e.g. telephones, air pumps, valves, video displays and refrigerators.²⁸

Iranian imports and exports have remained relatively stable in over the last decade. In 2015 Iran is estimated to have maintained a trade surplus of approximately USD 20.5 billion²⁹. Iran's largest export partner is China who accounted for 22% of total exports in 2015, followed by India (10%), Turkey (8%) and Japan (5). United Arab Emirates was the most prominent source of imports in 2015, accounting for around 40% of Iranian imports, followed by China (22%), South Korea (5%) and Turkey (5%).³⁰

Iran's exports are dominated by crude petroleum.³¹ In 2014 Iranian crude petroleum exports amounted to USD 37 billion³², which subsequently dropped and amounted to USD 27 billion in 2015.³³ The large discrepancy is primarily attributable to the EU oil embargo, international sanctions and a falling oil price.



²⁷ The Focal Point", Renaissance Capital, December 2015.

²⁸ OEC – The Observatory of Economic Complexity.

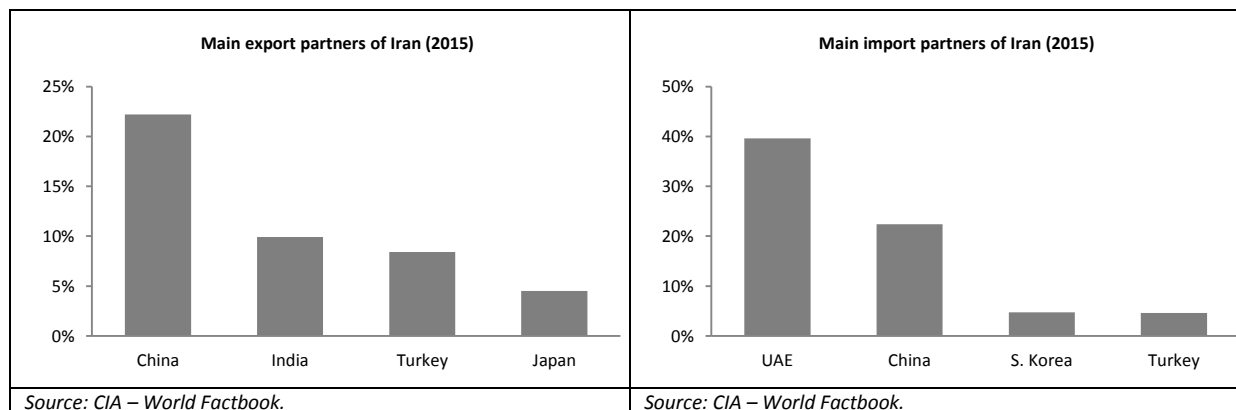
²⁹ World Trade Organisation Statistics Database – Trade Profile Iran.

³⁰ CIA – World Factbook.

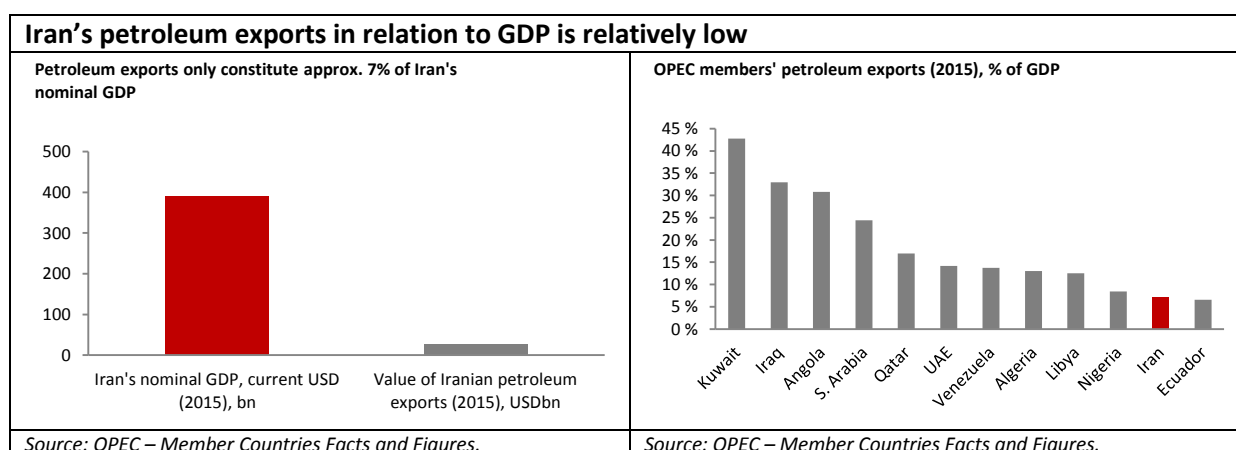
³¹ OEC – The Observatory of Economic Complexity.

³² OEC – The Observatory of Economic Complexity.

³³ OPEC – Member Countries Facts and Figures.



Despite the country's vast commodity wealth, petroleum exports only accounted for 7% of Iran's nominal GDP in 2015³⁴. While petroleum exports do not account for a large part of the total GDP it is, however, the most important export good, accounting for more than two-third of Iran's total exports³⁵. Iran's petroleum related exports as a fraction of its total GDP are significantly lower than in other oil and natural gas rich countries such as Kuwait, Iraq, Angola, Saudi Arabia etc.³⁶



6.2.4 Market based reforms

According to the Fourth Five-Year Economic Development Plan (2005-2010), the Privatisation Organisation of Iran affiliated to the Ministry of Economic Affairs and Finance is in charge of setting prices and ceding shares to the general public and on the Tehran Stock Exchange. The privatisation effort is primarily backed by reformist members of the Iranian government and society who hope that privatisation can bring about economic and social change.

Iranian authorities have adopted a comprehensive strategy encompassing market-based reforms as reflected in the government's 20-year vision document and the recently issued sixth five-year development plan for the 2016-2021 period. The sixth five-year development plan remains ambitious and comprises three pillars, namely, the development of a resistance economy, progress in science and technology, and the promotion of cultural excellence.

Iran's economy of resistance, initially called for by ayatollah Ali Khamenei, has been vital in the development of the Iranian economy in the face of international sanctions. Pushing for self-reliance and investments of oil

³⁴ OPEC – Member Countries Facts and Figures.

³⁵ OEC – The Observatory of Economic Complexity.

³⁶ OPEC – Member Countries Facts and Figures.

revenues, the resistance economy has allowed Iran, unlike many neighbouring countries, to move away from dependence on oil and natural gas and shaped the diversified economy of Iran today while remaining a central policy driver for the Iranian regime.

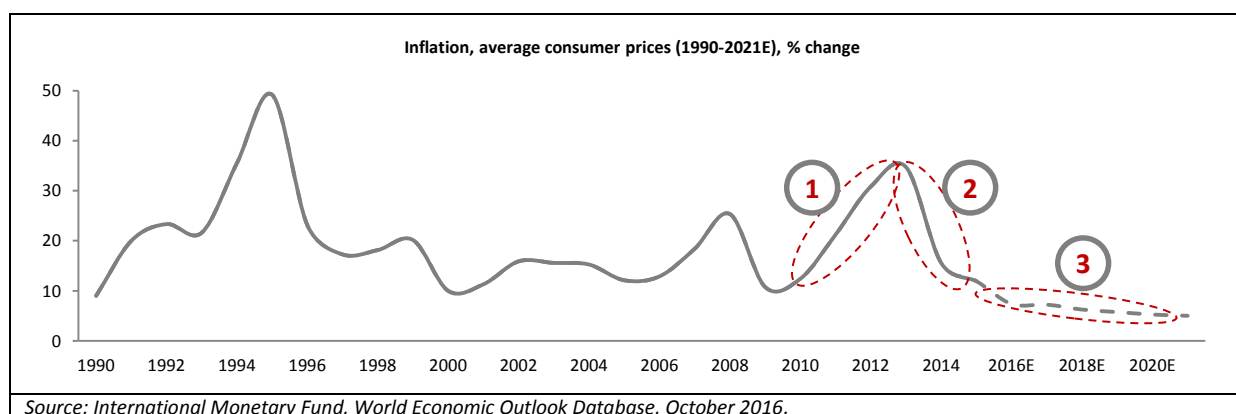
On the economic front, the development plan envisages an annual economic growth rate of 8% and considers the implementation of reforms of state-owned enterprises, the financial and banking sector, and the allocation and management of oil revenues among the main priorities of the government during the five-year period.³⁷

The Iranian government has implemented reforms of its subsidy program in key areas such as petroleum products, electricity, water and bread, with the result of a moderate improvement in economic activities and efficiency of expenditures.³⁸

Despite several privatisation attempts and market-based reforms, the Iranian state continues to play a key role in the economy with large public and quasi-public enterprises being prevalent in the manufacturing as well as in the commercial sector. Also the financial sector is dominated by public banks.³⁹

6.2.5 Inflation

Iran has been struggling with a history of high inflation with peaks well above 20% on a year-on-year basis.



1. Iranian inflation took a large leap between 2010 and 2013 and peaked at a year-on-year inflation of 35% in 2013, on the back of the EU oil embargo in 2012, mismatch in domestic supply and demand as well as the sharp depreciation of the currency.

2. The sharp decline following 2013 was due to the tightening of the monetary policy led by the Hassan Rouhani administration, which managed to bring down inflation to a more moderate level of 15.6% in June 2015.

3. Inflation keeps decreasing and Iran's central bank aims to lower inflation to single digit numbers by 2017, which is in line with IMF estimates of single digit inflation being reached in 2016. The easing of EU sanctions and US secondary sanctions, if it continues, will further help Iran to follow on the path of lower inflation and stimulate economic growth.

Notwithstanding the significant decline in price growth Iranian interest rates levels remain high around 20%, implying real interest rates around 10% assuming inflation just below double digits, which has starved the economy of investments, impeding economic growth in the country. Any future interest rate reductions following a stabilisation of price levels will likely contribute positively to investment levels and further

³⁷ World Bank – Iran Country Overview.

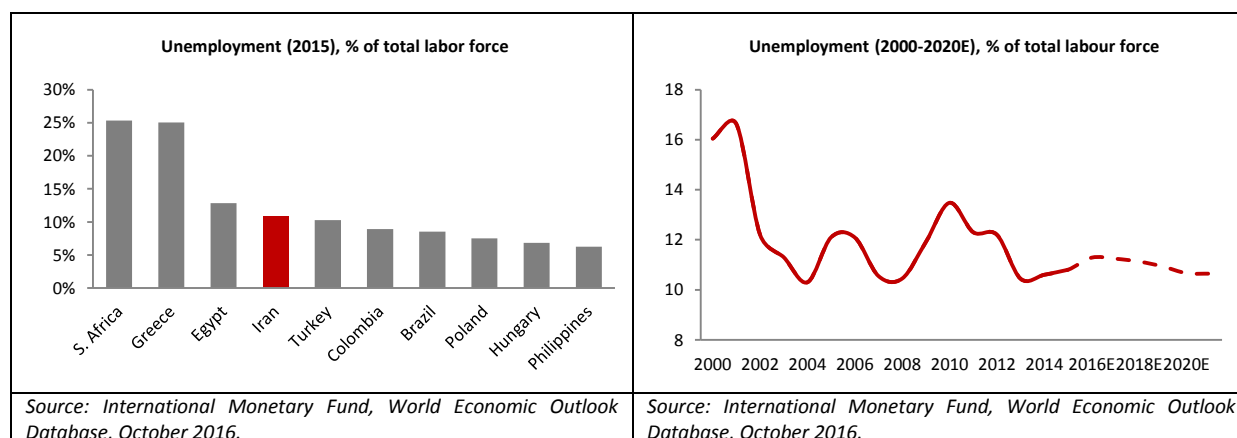
³⁸ World Bank – Iran Country Overview.

³⁹ World Bank – Iran Country Overview.

increased economic growth. For a comprehensive long-term outlook of Iran’s economy, please see the section “Market overview – Rebound opportunities – Long-term prospects of the Iranian economy”.

6.2.6 Unemployment

In recent years Iran’s unemployment rate has remained stubbornly high. Although falling rapidly between 2010 and 2013, unemployment rose slightly in both 2014 and 2015, and is likely to remain in double-digit territory in the near and medium-term future. The unemployment rate is elevated among younger people. Within the age group 15-24 the unemployment rate is around 21% and 41% for men and women respectively.⁴⁰



6.3 Natural resources – Vast reserves but significantly under-tapped

Iran is rich in natural resources and holds significant volumes of the world’s oil, natural gas and mineral reserves. However, the reserves have thus far been significantly under-tapped. Iran ranks number one in the world for proven natural gas reserves, which stand at roughly 34 trillion cubic meter (Tcm) compared to Russia’s 32 Tcm. Iran’s reserve is currently equivalent to 18% of the world’s proven natural gas reserves.⁴¹

Iran exports marginal amounts of gas, approximately USD 140 million in 2014, largely to Armenia and South Korea⁴², while the majority of existing production is used for domestic power generation and re-injection into oil fields to offset underlying mature field decline.

⁴⁰ International Monetary Fund, World Economic Outlook Database, October 2016., World Bank – World Development Indicators.

⁴¹ BP Statistical Review of World Energy 2016.

⁴² OEC – The Observatory of Economic Complexity.

No. 1 in proven natural gas reserves...	...but production only accounts for 5 % of global natural gas produced																																												
Natural gas reserves (2015), % of worldwide proved reserves <table border="1"> <thead> <tr> <th>Country</th> <th>% of worldwide proved reserves</th> </tr> </thead> <tbody> <tr><td>Iran</td><td>18 %</td></tr> <tr><td>Russia</td><td>17 %</td></tr> <tr><td>Qatar</td><td>13 %</td></tr> <tr><td>Turkmenistan</td><td>9 %</td></tr> <tr><td>USA</td><td>6 %</td></tr> <tr><td>S. Arabia</td><td>5 %</td></tr> <tr><td>UAE</td><td>3 %</td></tr> <tr><td>Venezuela</td><td>3 %</td></tr> <tr><td>Nigeria</td><td>3 %</td></tr> <tr><td>Algeria</td><td>2 %</td></tr> </tbody> </table>	Country	% of worldwide proved reserves	Iran	18 %	Russia	17 %	Qatar	13 %	Turkmenistan	9 %	USA	6 %	S. Arabia	5 %	UAE	3 %	Venezuela	3 %	Nigeria	3 %	Algeria	2 %	Natural gas production (2015), % of worldwide production <table border="1"> <thead> <tr> <th>Country</th> <th>% of worldwide production</th> </tr> </thead> <tbody> <tr><td>United States</td><td>22 %</td></tr> <tr><td>Russia</td><td>16 %</td></tr> <tr><td>Iran</td><td>5 %</td></tr> <tr><td>Qatar</td><td>5 %</td></tr> <tr><td>Canada</td><td>5 %</td></tr> <tr><td>China</td><td>4 %</td></tr> <tr><td>Norway</td><td>3 %</td></tr> <tr><td>S. Arabia</td><td>3 %</td></tr> <tr><td>Algeria</td><td>2 %</td></tr> <tr><td>Indonesia</td><td>2 %</td></tr> </tbody> </table>	Country	% of worldwide production	United States	22 %	Russia	16 %	Iran	5 %	Qatar	5 %	Canada	5 %	China	4 %	Norway	3 %	S. Arabia	3 %	Algeria	2 %	Indonesia	2 %
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Iran ranks as the fourth-largest holder of oil reserves in the world with 158 billion barrels, equivalent to 9% of the world reserves, behind Venezuela (301 billion barrels or 18%), Saudi Arabia (267 billion barrels or 16%) and Canada (172 billion barrels or 10%).

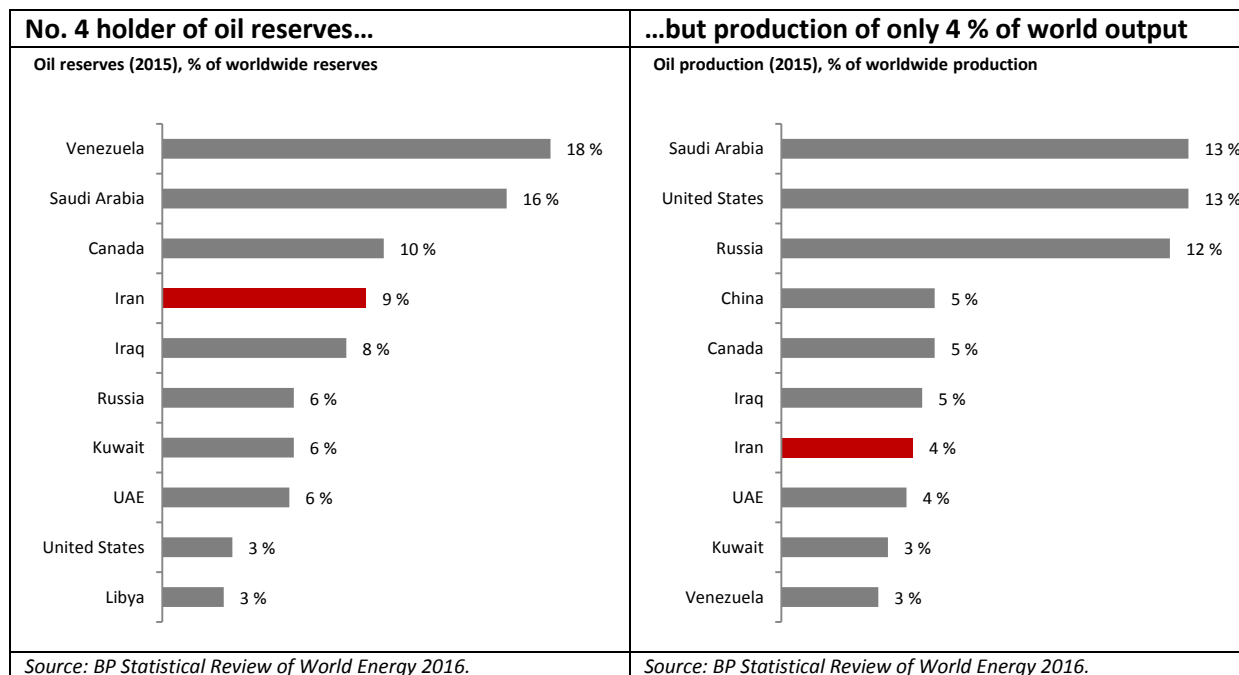
In 2015 Iran produced around 3.2 million barrels per day (mb/d) of crude oil, a level which has risen to 3.7 mb/d in November 2016, of which roughly 1.1 mb/d is exported to key buyers: China, India, Japan and South Korea.^{43 44 45} Current levels are similar to those prior to the imposition of the 2012 EU oil embargo when Iranian production was around 3.7 mb/d, with exports in excess of 2mb/d.⁴⁶

⁴³ OPEC – Member Countries Facts and Figures.

⁴⁴ International Energy Agency – Oil Market Report, December 2016.

⁴⁵ OEC – The Observatory of Economic Complexity.

⁴⁶ EEMEA Insight: Iran Insight – The Ten-Year Frontier, Morgan Stanley.



6.3.1 Sanctions and underinvested energy sector mainly to blame

Part of the difference seen between output and production in crude oil, and especially natural gas, is a result of EU and US sanctions, including the EU oil embargo, as well as a vastly under-invested oil and gas sector. The magnitude of the investments required in the energy sector is, according to Iran's Deputy Minister of Petroleum, at least USD 185 billion between 2016 and 2022.⁴⁷

6.3.2 Oil and natural gas production outlook

The recovery of the oil and natural gas sector is likely to have a significant impact on the Iranian economy and is estimated to add between USD 125 – 375 billion to GDP and nearly 300,000 jobs by 2035.⁴⁸ Although many of the former sanctions restricting trade in Iranian oil have now been lifted, the pace at which Iran will increase its oil exports is still uncertain. Iran has considerable storage reserves of oil, both onshore and stored offshore in tankers, due to the dramatic decrease in oil exports seen during recent years. The Energy Information Administration estimates that any initial increases of oil exports post-sanctions is likely to come from current storage reserves and any additional production capacity is not expected until after some storage has been cleared. However, since May 2015, Iranian floating oil storage has decreased by 55%, indicating that much of Iran's storage reserves have been unloaded⁴⁹. Most of the production capacity increases is expected to come from current crude oil capacity which have been shut in with any remaining increases coming from newly developed fields. During the past several years, Iranian and Chinese companies have been developing new oil fields in Iran, which could add crude oil production capacity of 0.1 – 0.2mb/d by 2017.⁵⁰

In addition to crude oil capacity increases, production of condensate and natural gas plant liquids (NGPL) is expected to have grown by 0.15 mb/d by the end of 2016 and an additional 0.1 mb/d by the end of 2017. Altogether, Iran has the potential to add almost 2 mb/d of crude oil, condensate and NGPL to the global market over the next five years.⁵¹

⁴⁷ Oil and Gas news Worldwide – Iran Review: Re-emergin oil power.

⁴⁸ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁴⁹ Windward.

⁵⁰ EIA – International Energy Outlook 2016.

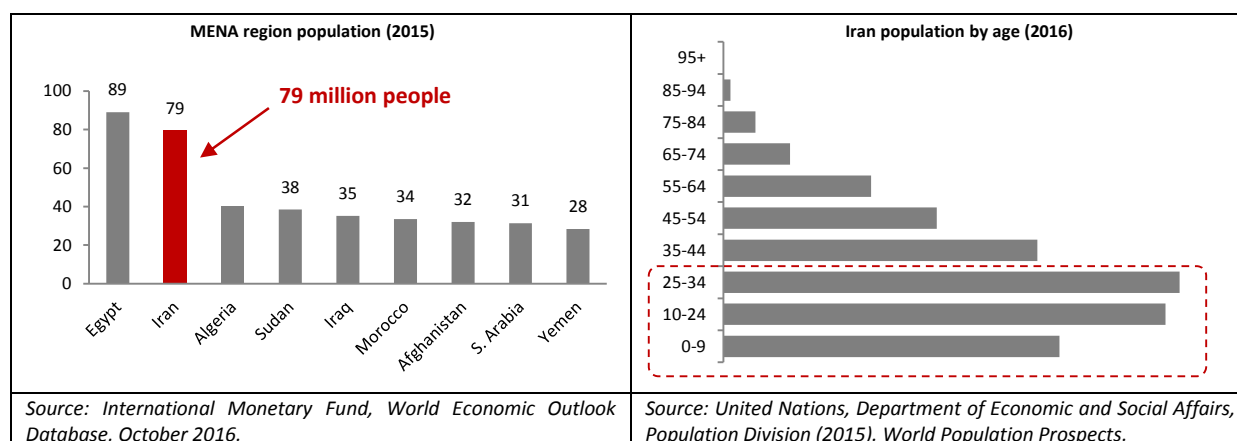
⁵¹ EIA – International Energy Outlook 2016.

Following the sharp decline in the second half of 2015, oil and gas prices have rebounded, improving the near term prospects for the oil and gas sector as well as the Iranian trade balance. Furthermore, as export levels have been depressed for some time, any increase induced by the easing of EU sanctions and US secondary sanctions in January 2016, if it continues, is likely to benefit the Iranian economy.

6.4 Attractive demographics

Iran's population is large, young, urban and well-educated. With a population of close to 80 million Iran is one of the largest countries in the region and is, in terms of population, equivalent to the size of Germany. In contrast to most developed economies, the Iranian population has been growing at a high pace, with an average growth rate of 1.4% during 2005-2015, compared to 0.3% for EU28.⁵²

Furthermore, the population of Iran is young and more than 60% of the population are currently under the age of 35 and hence in the beginning or in the middle of their career.



Iranians are highly educated and have the highest literacy rate in the MENA region with around 99% of the population between 15 and 24 years being literate.⁵³ School participation is also high with secondary school participation of around 80% and participation in tertiary education among the highest in the world, ahead of the UK, France and Germany, with more than one third of graduates receiving engineering-related degrees, almost on par with the US and ahead of Japan and South Korea.^{54 55} Further, research suggests that there is a correlation between a country's literacy levels and its growth prospects and transition into a developed economy.⁵⁶

Iran further shows a high level of urbanisation, and with 73% of the population being urbanised its urbanisation rate is twice that of India (33%), well ahead of Italy (69%) and does not lag far behind countries such as Germany (75%) and France (80%) – a good starting point for rolling out new infrastructure.⁵⁷

⁵² International Monetary Fund, World Economic Outlook Database, October 2016.

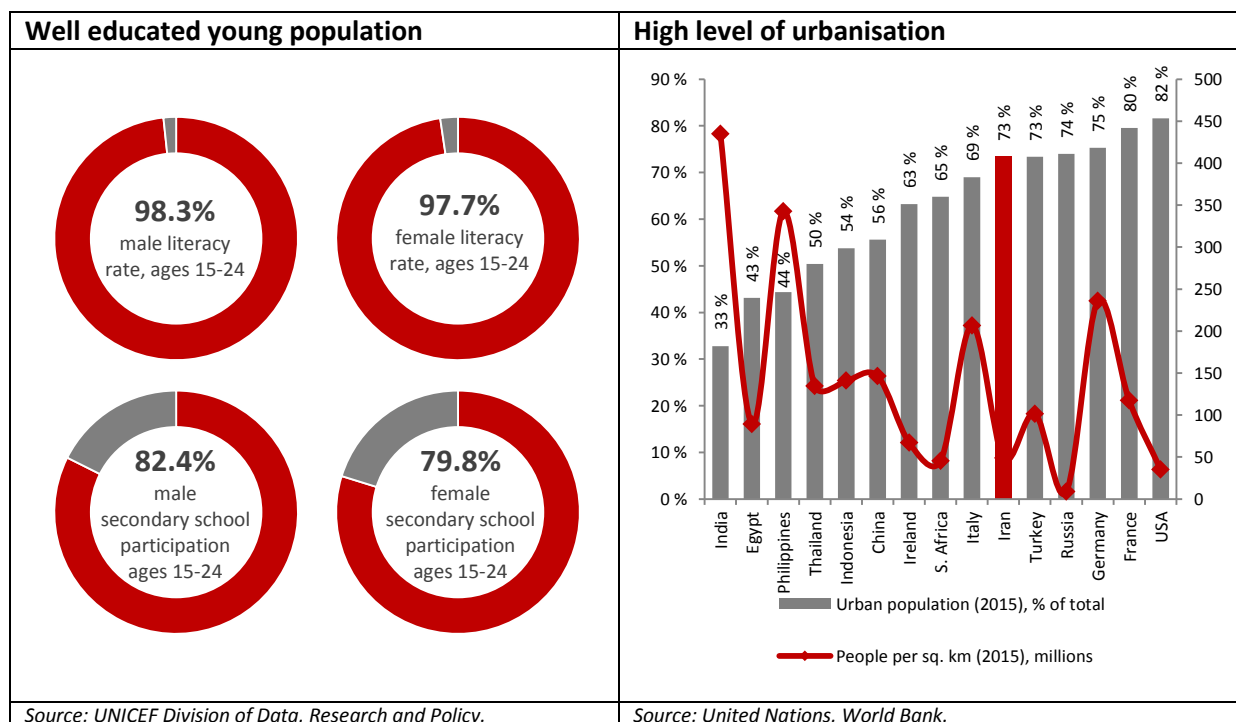
⁵³ UNICEF – Iran Country Data.

⁵⁴ UNICEF – Iran Country Data.

⁵⁵ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity? Engineering-related degrees consist of engineering, manufacturing and construction studies.

⁵⁶ FTSE Russell, "Frontier Markets Accessing the next frontier".

⁵⁷ World Bank – World Development Indicators.

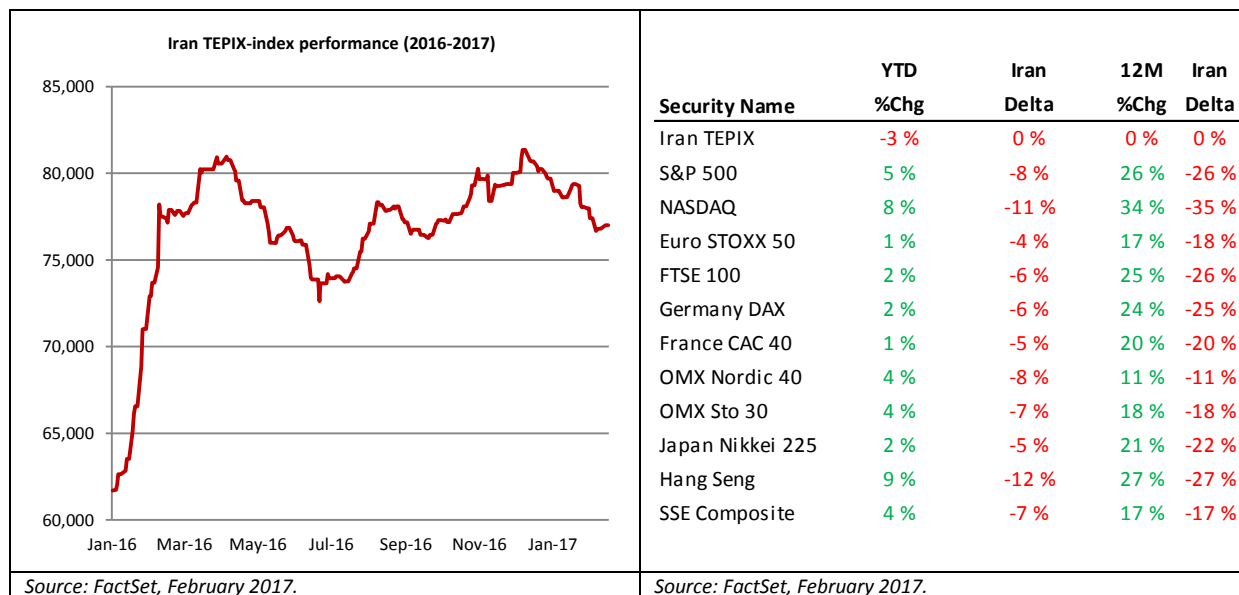


6.5 Capital markets

The Tehran stock exchange is one of the largest in frontier markets, with more than 320 listed companies and an average daily turnover of USD 89 million in 2016.⁵⁸ The TEPIX, the Tehran Stock Exchange's main index, had up until December 2015 fallen almost 25 % in local currency since peaking in February 2014. The decline can be attributed partly to very high interest rates (20%-plus on bank deposits) stemming from the government's disinflationary program, which brought down inflation from a peak of 35 % in June 2013, according to official figures (IMF), to 10% in November 2015, a development which has continued during 2016 when Inflation is expected to have dropped to single digit levels; partly to disappointing earnings (nearly two-thirds of the equity market being financials, energy and materials) and the associated risk of dividends being cut; and partly to the ownership structure of the market, which is dominated by cash-hungry state or quasi-state institutions, pension funds and justice shares, some of which are debt-funded (needing to repay the purchase price in instalments) or need to pay out cash to beneficiaries. Following the implementation of easing of EU sanctions and US secondary sanctions against Iran in January 2016, the TEPIX rebounded sharply, gaining over 30 % between the low point in December 2015 and April 2016.⁵⁹ Following the strong development in the beginning of 2016 markets retracted somewhat and the TEPIX fell 10 % to 72,615 in June from the high point of 80,966 in April. During the latter half of 2016, however, the TEPIX regained most of the drop, closing the year at 79,691, down only 2 % from the peak in April. Entering 2017, the stock market has lost some momentum and the TEPIX has retracted just above 3 % year-to-date in mid-February. When accounting for the strengthening of the rial versus the euro, TEPIX performance has been stronger and gained more than 1 % year-to-date in mid-February.

⁵⁸ Tehran Stock Exchange Monthly Update Bulletin.

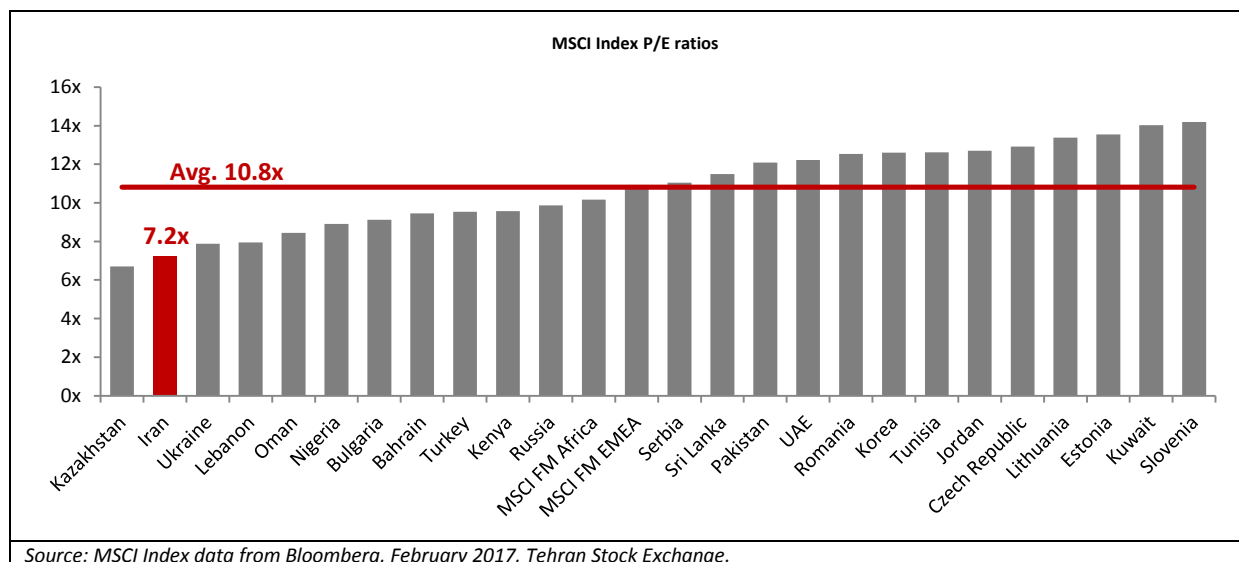
⁵⁹ FactSet.



6.5.1 Low valuations

The Iranian stock market exhibits notably lower valuations than its peers in the emerging and frontier market space.

The valuations on the Iranian stock market is currently low with a price earnings multiple of around 7.2x, significantly lower than the 10.8x multiple on the average index for emerging- and frontier markets in the selected peer group.⁶⁰ The low equity valuations seen in Iran are partly explained by the previously severe international sanctions, which may suggest a potential for further upward revaluation as the effects of the 2016 easing of such sanctions continue to materialise.



⁶⁰ MSCI Index data from Bloomberg, February 2017, Tehran Stock Exchange.

6.5.2 Opening up to investors

The Iranian stock exchange and central depository are open to international investments and under the Foreign Investment Promotion and Protection Act ("FIPPA") foreign investors can own 100 % of Iranian companies subject to sector-specific regulations (for instance in the banking sector there are regulations governing the total shareholding percentage each investor can have directly/indirectly – regardless of whether shareholders are foreign or local). As far as Iran's capital markets are concerned, each foreign portfolio investor can own up to 10 % of any individual listed company. This comes with a 20 % cap on total foreign portfolio investment per company and the same cap with respect to all securities listed on exchange markets, with free repatriation of capital. It must be noted that those foreign investors classified as "strategic" investors may go beyond such thresholds. Officials from the Tehran Stock Exchange estimate foreign ownership of Iranian equities to be approximately 0.5 %.

Nevertheless, Iran is not likely to be a simple equity market for investors in the near-term, and potential investors are facing several challenges ranging from minority protection rights not being on par with more advanced jurisdictions and unreliable data, to difficulty in finding international banks willing to finance or provide services related to investments, to the risk of a sanctions "snap-back" to their pre-2016 severity. See the section "Sanctions" for more information on the easing of EU sanctions and US secondary sanctions in 2016 and the risk of a sanctions "snap-back".

6.6 Ease of doing business

Iran ranks relatively low on the World Bank's "Ease of doing business" index with a rank of 120 among 190 countries surveyed. With this rank, Iran is trailing Russia (40) and Turkey (69) but is ahead of countries such as with India (130) Brazil (123) and Egypt (122).⁶¹

The components of the index on which Iran ranks relatively better are "dealing with construction permits", "registering property" and "enforcing contracts" while it ranks relatively worse on "trading across borders" and "resolving insolvency".⁶²

Pomegranate's management and Board have extensive experience in doing business in countries which are lagging developed countries in ease of doing business and view strategic risk navigation as a key success factor for doing business in Iran. Management is aiming to mainly engage in investments with risks Pomegranate is well-equipped to manage and believes that for example ease of doing business in its focus sector, the consumer internet space, is significantly more favourable than in other government-dominated sectors such as gas and oil.

Management anticipates that the prospects for Iran improving its "Ease of doing business" rank going forward are favourable given the implementation of market-based reforms.

6.7 Rebound opportunities

The full potential of the Iranian economy has been restrained by previously severe international sanctions, implying a rebound opportunity as some sanctions, including UN and EU sanctions, have now been lifted. Although the easing of sanctions started in the beginning of 2016, the full effects on an economy of the size of Iran is not expected to be manifested in one year's time but rather pick up in the years to come. Furthermore, in the first ten months following the adoption of the JCPOA in July 2015, which effected the sanctions easing, preliminary business deals with global companies worth at least USD 130 billion have been announced, indicating the potential demand for doing business in and with Iran.⁶³

⁶¹ World Bank Doing Business, website: doingbusiness.org/rankings.

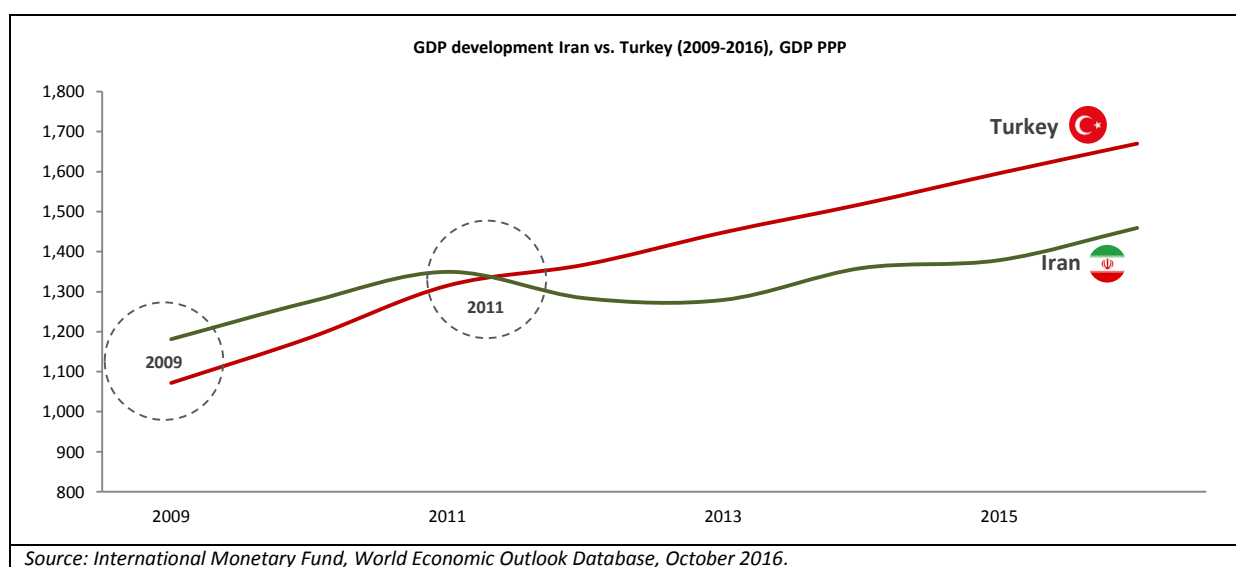
⁶² World Bank Doing Business, website: doingbusiness.org/rankings.

⁶³ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

6.7.1 *Impact of easing of sanctions*

Apart from general improvements to the overall economic environment, there are several positive implications for Iran as a result of the easing of sanctions, if it continues⁶⁴:

1. **Partial repatriation of assets frozen abroad**
2. **Increased oil production and exports** – see “Natural resources – Vast reserves but significantly under-tapped” section
3. **Ability to sell oil stored onshore and offshore** – EIA estimates that Iran has between 30 million and 50 million barrels of crude oil and condensate stored offshore in tankers and in onshore facilities⁶⁵
4. **Cheaper imports and less discounting of exports** – Given the current market for Iranian exports, companies have had to offer sizeable discounts.
5. **Greater availability and higher quality of industrial machinery/parts** – High quality European capital equipment and consumables should have a positive impact on productivity.
6. **Availability of trade financing** – Estimates from IMF suggests that lower financial transactions costs add about 0.75 -1.0 percentage points to GDP growth.
7. **Ability to attract technology and productivity-enhancing FDI** – The World Bank estimates that FDI could increase to over USD 3.0 billion per year in 2016/2017, twice the 2014/2015 figure.
8. **Portfolio flows** – Going forward, easing of the sanction may pave the way to external debt issuance via a Eurobond, with corporates likely to follow.
9. **Exchange rate reunification** – The central bank has said that it aims to unify Iran’s official and parallel exchange rates after the Implementation Day.
10. **Release the backlog of investment and consumption** – investments and consumption has been delayed due to expectations of cheaper pricing and/or lower financing costs.



In 2009, prior to an expansion of EU sanctions and US secondary sanctions, Iran’s GDP (PPP) was USD 110 billion higher than Turkey’s and growing at a similar pace. After 2010, when expanded sanctions came into effect, Iran’s GDP fell drastically while Turkey kept growing at a similar pace. Today, after several years with sanctions, the GDP of Iran is around USD 220 billion lower than that of Turkey which indicates that there may be an opportunity for rebound.

⁶⁴ Renaissance Capital – The Focal Point: Notes from the road - Iran.

⁶⁵ EIA – International Energy Outlook 2016.

6.7.2 *Long-term prospects of the Iranian economy*

Despite having been subject to economic isolation and sanctions for the better part of two decades as well as a recent slump in oil and gas prices, the Iranian economy has shown notable resilience. Already, many macroeconomic fundamentals work in favour of an Iranian comeback. McKinsey Global Institute estimates that the Iranian economy has the potential to add USD 1 trillion to its GDP and create 9 million jobs by 2035. There are primarily six core strengths⁶⁶ of the Iranian economy which will help propel the growth in the coming twenty-year period:

1. **Economic diversification** – Despite having the world’s largest reserves of natural gas, and the fourth largest reserves of crude oil, the Iranian economy is highly diversified with the oil and gas sector accounting for only 23 % of Gross Value Added (GVA⁶⁷) in 2014, compared to 30 % in United Arab Emirates and 50 % in Kuwait. Other significant sectors include retail trade, real estate, construction and professional services, which together make up a larger share of the economy than oil and gas.
2. **Scientific education** – With some of the highest tertiary education rates in the world, and more engineering graduates than Japan and South Korea, the Iranian population is highly educated which could serve as a powerful catalyst for economic development.⁶⁸
3. **A growing consuming class** – More than 55 % of the Iranian population has an annual purchasing power parity adjusted income above USD 20,000, twice as high as in China or India, and second only to Russia among the BRIC-economies. Additionally, retail sales per capita in Iran is larger than in Turkey, Malaysia or Mexico, when adjusting for purchasing power parity.
4. **A highly urbanised population** – Iran’s urbanisation rate of 73 % is more than double that of India and higher than a number of western-European countries including Italy and Ireland. Tehran, the capital of Iran, has more than eight million residents and is one of eight cities in Iran with more than one million inhabitants.
5. **An entrepreneurial culture** – According to the Global Entrepreneurship Monitor, Iranian entrepreneurs enjoys a higher status than their peers in France, and are on par with those in the United States. In addition, all top ten packaged food brands are of Iranian origin and the country has developed their own equivalent of many internet companies, including Amazon, YouTube and PayPal.
6. **Strategic location for cross-border flows** – Iran’s central location in the Middle East, bordering countries with a total population in excess of 400 million, including almost 40 million consuming households who are projected to grow at 5.2 % annually until 2025, provides the opportunity for the country to become a regional trading hub. Despite the effects of sanctions and severely depressed stock and flow of foreign direct investments, Iran today exports more than Egypt, Pakistan and Morocco combined.

More specifically, four engines of growth⁶⁹ including 20 sectors will be driving the economy forward, namely:

1. **Harnessing natural resource endowments**
2. **Nurturing internationally competitive industries**
3. **Expanding and modernising infrastructure**
4. **Transitioning to a knowledge-based economy**

Combined, the growth of these 20 sectors has the potential to add USD 1 trillion to the Iranian economy and 9 million jobs over the coming 20 years.⁷⁰

Pomegranate has historically invested in online companies transforming traditional sectors where the Company has identified a “winner-takes-all” dynamic, meaning that the first mover to gain significant scale is likely to be most successful. Such markets include general merchandise (e-commerce site Digikala), transportation (ride-sharing app Carvanro) and classifieds (Sheypoor and Divar within online classifieds), as well as fast moving companies in new markets created by technological innovation such as the Iranian app store Café Bazaar.

⁶⁶ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁶⁷ Gross Value Added (GVA) plus taxes minus subsidies equals GDP; GVA is used instead of GDP at the sector level.

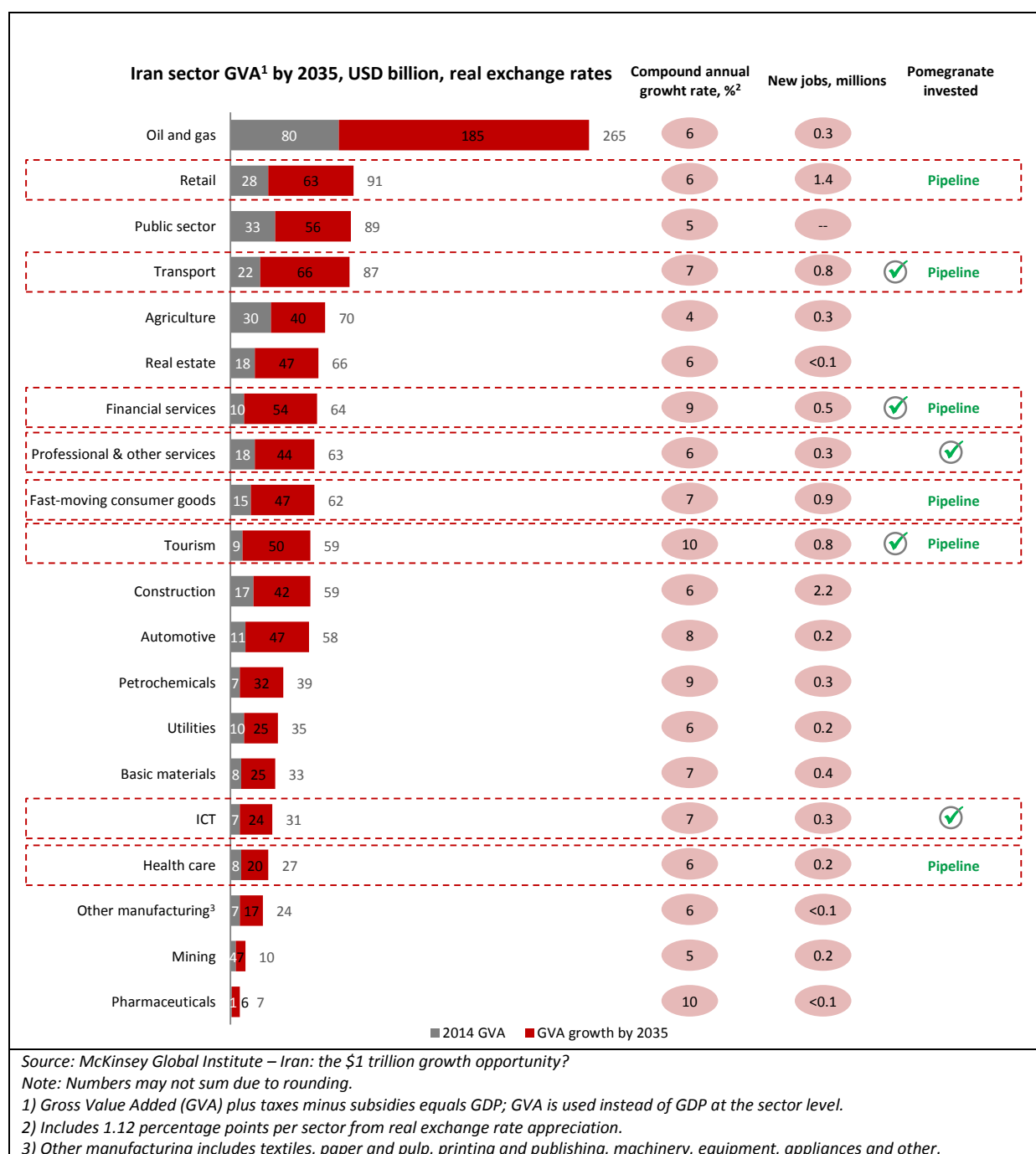
⁶⁸ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁶⁹ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁷⁰ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

Prior investments have predominantly been focused on online markets. Pomegranate has however identified that similar “winner-takes-all” dynamics exist also in the offline space within, for example, food retailing and Fast Moving Consumer Goods (“FMCG”). In addition, these markets remain highly fragmented in Iran, while consolidation by an experienced market incumbent has proven highly successful in other markets in the Middle East.

The sectors in which Pomegranate has historically invested and are looking to invest in the near future could alone add as much as USD 368bn in Gross Value Added (GVA) and 5.2 million jobs by 2035, implying sector growth rates between 6 and 10 % annually.⁷¹

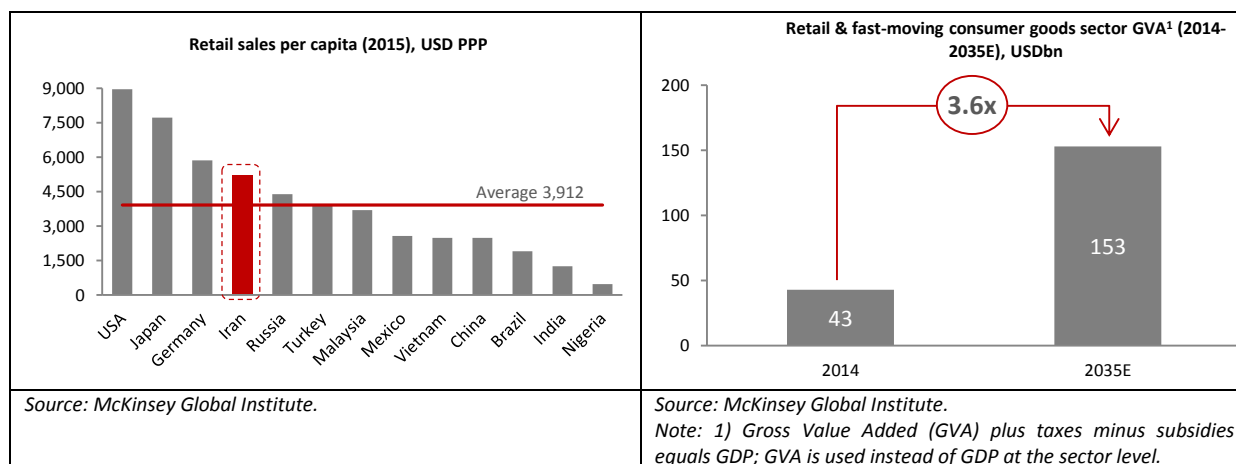


⁷¹ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

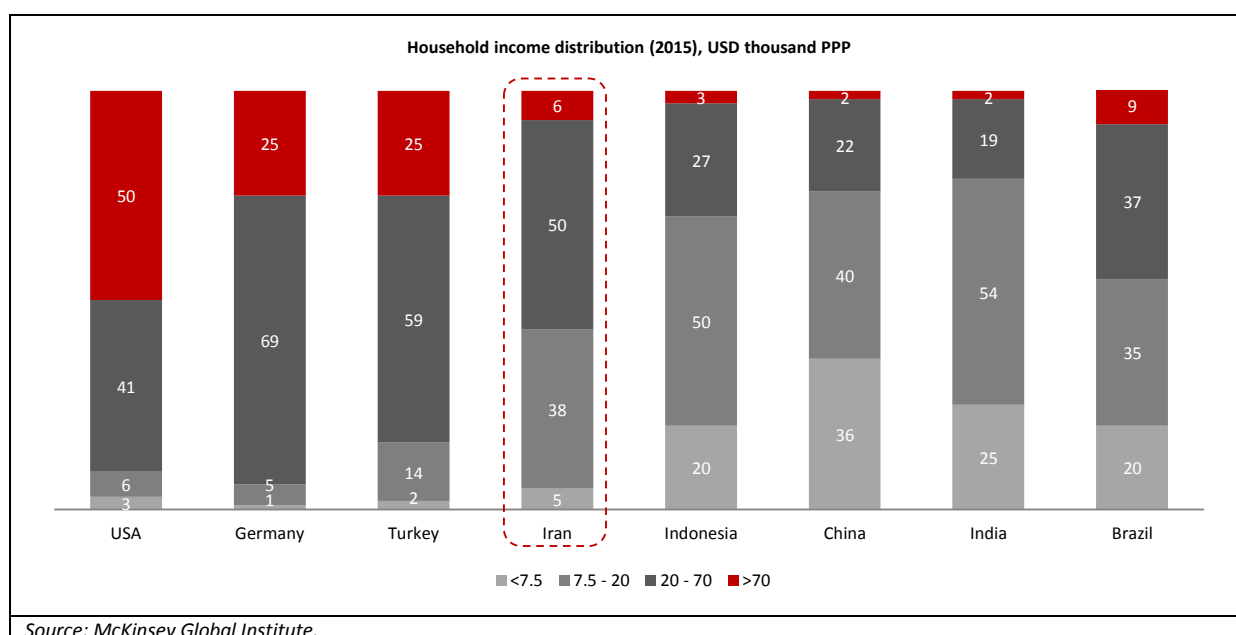
6.8 Iran's consumer retail space

Despite the adverse effects on the economy following years of international sanctions, Iranian retail spending per capita measured on a purchasing power parity basis remains higher than in Russia, Turkey, China and Brazil, and is just slightly lower than in Germany. In 2014, retail spending per capita in Iran amounted to USD 5,210 on a purchasing power parity basis.⁷²

Growth within the sector is expected to be significant with the contribution to GVA from the retail and FMCG sectors expected to grow at an annual rate of 7 % to reach USD 153bn by 2035, up from USD 43bn in 2014.⁷³



The relatively high retail spending per capita and expected growth within the sector is supported by strong underlying factors, most notably the size of Iran's growing "consuming class". In 2015 more than half of Iranian households had an annual income exceeding USD 20,000 on a purchasing power parity basis, more than double that of China and India. Out of the four BRIC-countries (Brazil, Russia, India and China), only Russia is on the same level as Iran.⁷⁴



⁷² McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁷³ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁷⁴ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

Due to the economic isolation of the country, both retail and FMCG are dominated by domestic brands, and there is almost no international presence in the sectors. French supermarket operator Carrefour is the only global retailer active in Iran, and only a few global brands, such as Nestlé, Beiersdorf and Unilever have production on the ground in Iran. Domestic brands dominate the food retail sector in particular; all of Iran's top ten packaged food brands are local and processed by Iranian companies.⁷⁵

The Iranian FMCG market is characterised by significant fragmentation. Although modern shopping centres are becoming more common, especially in Iran's larger cities, retail outlets predominantly consist of smaller "mom and pop" stores operating independently. In 2014, about 94% of total sales (both food and non-food) came from traditional, smaller, retail-outlets. Refah Chain Stores, the largest food retailer in Iran has a market share of only 1.4%, which is significantly below market leaders in Europe, such as Tesco in the United Kingdom with a market share of 28%. In total, there are around 850,000 retail outlets in Iran, corresponding to about one outlet per 90 people.⁷⁶

Although traditional formats, such as smaller independent food retailers, often prove to be resilient to change toward modernisation, there are cases where change has been rapid. In Turkey, for example, traditional "mom and pop" stores accounted for more than 80% of grocery sales in 2006; by 2013 that share had dropped to just below 62%, and supermarket sales gained 42% in the same period.⁷⁷

6.9 Iran's consumer internet space

Despite a number of favourable underlying factors, Iran's consumer internet space is still in a relatively early stage in terms of its development. Factors contributing to that over time range from international sanctions to domestic regulation. Because of this, company valuations remain low relative to peers in similar countries. Pomegranate is however encouraged by developments both externally and internally which should enable Iran to develop this sector in line with its own goals and aspirations, and for these companies to reach their full potential.

6.9.1 Political backdrop – The landscape is changing

Whereas the earlier conservative regime under president Ahmadinejad (2005-2013) sought to restrict internet speed and tightly regulate website access, the current, more moderate, president Hassan Rouhani (2013-present) is actively promoting internet usage, and recent political developments indicate a clear policy change.⁷⁸ In a 2014 address, president Rouhani said that "We ought to see (the internet) as an opportunity. We must recognise our citizens' right to connect to the World Wide Web".⁷⁹

Under the regime of Mr. Rouhani, a five-year development plan has been set forth, including a focus on progress in science and technology.⁸⁰ Consequently, the government's ambition is to expand media and internet freedom and develop Iran's 3G and 4G networks. In late 2014 the Iranian government granted the first 3G and 4G licenses to the two major mobile operators in Iran, which are now accelerating the rollout of high speed internet connections to their large subscriber bases.

This change in perception and increased tolerance towards internet usage may in the long run help accelerate both mobile and internet penetration levels in the country.

⁷⁵ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁷⁶ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁷⁷ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁷⁸ The New York Times, website: nytimes.com/2014/09/03/world/asia/iran-speeds-up-cellphone-connections.html?_r=0.

⁷⁹ Balali, Mehrdad., Time to embrace the Internet, Iran president says. website: in.reuters.com/article/uk-iran-internet-idINKBN0E01JC20140520.

⁸⁰ World Bank – Iran Country Overview.

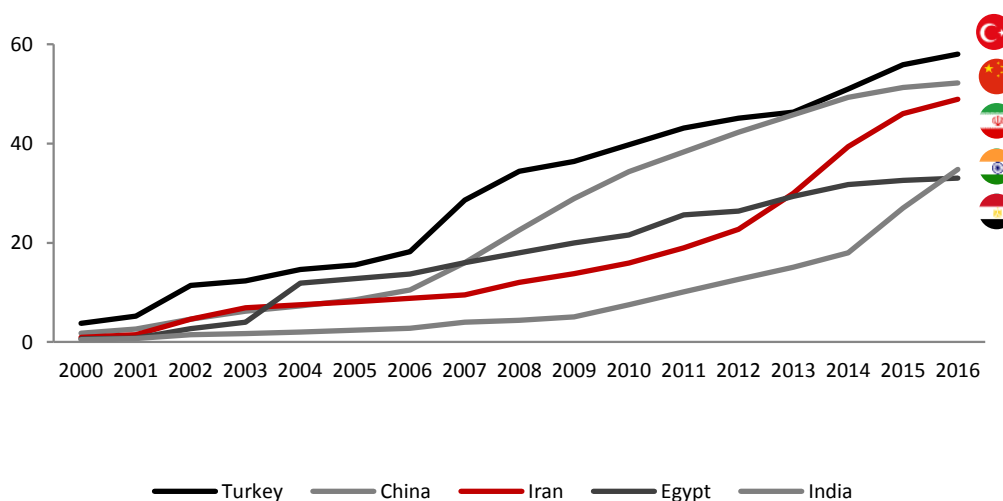
6.9.2 Internet penetration

Iranian internet penetration around 50 % is still relatively low compared to many other emerging and frontier markets, but outperforming countries such as India (26 %) and Egypt (36 %). Growth, however, has in recent years been significant, moving the penetration rate from around 39 % in 2014 to almost 50 % in 2016, indicating an annual growth rate of around 11 % over the two-year period.⁸¹

Although internet penetration remains moderate, Iran ranks high on affordability. Out of 140 surveyed countries, Iran ranked 19th in broadband affordability on a purchasing power parity basis.⁸² Reduced costs and increased access to foreign technology as a result of sanction easing, as well as increased development of the domestic 3G and 4G networks will likely help enhance the growth of internet penetration even further in coming years. Iran's young and highly educated population may enable Iran to leapfrog ahead in the development of its information technology infrastructure and adopt the latest technology immediately rather than transitioning using older and outdated technology. One recent example of this leapfrogging is the rollout of 4G by MTN Irancell just two months after its launch of 3G services. Companies within other sectors such as e-commerce have also shown the ability to leapfrog. Sarava portfolio-company Digikala, Iran's largest e-commerce player, took no more than one year to generate 20 % of its sales through mobile channels, a level which has increased to over 30% during 2016.

Rapid growth in internet penetration

Internet penetration development (2000-2016), Internet users per 100 people



Source: InternetLivestats.com.

6.9.3 Mobile penetration

As opposed to internet penetration, Iran's mobile penetration is relatively well developed. Mobile penetration in Iran is at 142 phones per 100 people, which is more than 50% higher than China, Mexico and Turkey, slightly higher than in Germany and the US, and around the same level as mobile penetration in Malaysia and Brazil.⁸³ The increase in 3G / 4G availability in Iran has been particularly strong, reaching 60% at the end of 2015, a

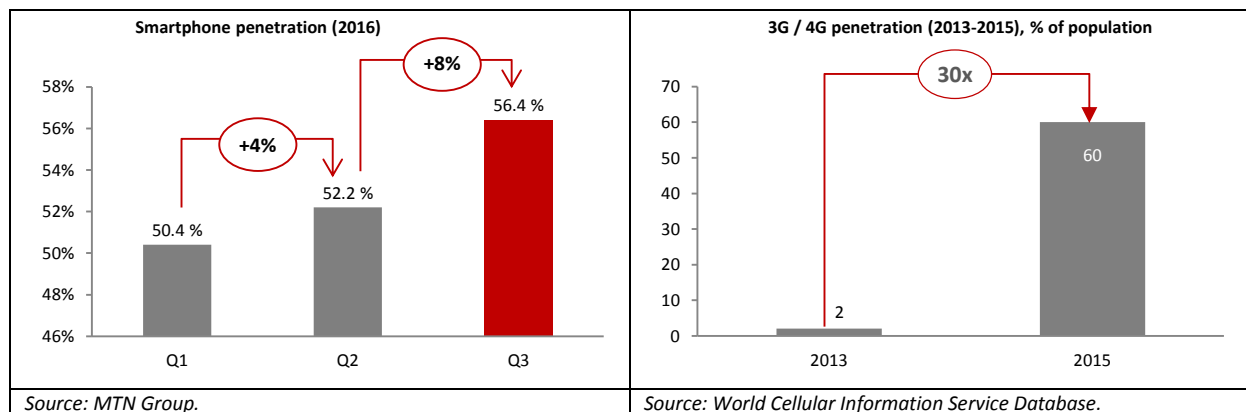
⁸¹ Internet Live Stats, website: internetlivestats.com.

⁸² World telecommunication indicators, International Telecommunication Union (ITU); Global information technology report 2015: ICTs for inclusive growth, World Economic Forum and INSEAD, April 2015.

⁸³ World Cellular Information Service Database.

thirtyfold increase compared to 2013 when 3G / 4G penetration amounted to 2%.⁸⁴ Iran's smartphone penetration has been growing at explosive rates from 50.4% in the first quarter 2016 to 56.4% in the third quarter of 2016, an increase of 12% in just nine months⁸⁵.

Just as with internet penetration, the government's clear focus and current actions towards technological development and rollout of 3G and 4G networks in Iran will likely further boost the transition toward increased smartphone usage. In addition, increased access to foreign mobile technology and products resulting from the 2016 easing of sanctions will contribute to growth in mobile usage and increased mobile penetration rates.



6.9.4 Online consumption behaviour

The way in which Iranians use their smartphones has changed markedly in recent years, indicating a more active usage. In a survey conducted first in 2012 and then again in 2016, results showed that the share of respondents who use their smartphones in one of the surveyed categories (streaming music, watching video clips, sharing photos, downloading apps, instant chat and playing games) increased multiple times over the four-year period.⁸⁶

Similar results were found when looking at online shopping behaviour. Over the four-year period, Iranians who participated in the survey indicated that the share of respondents who made online purchases had increased by a factor of 3–5x in each category.⁸⁷

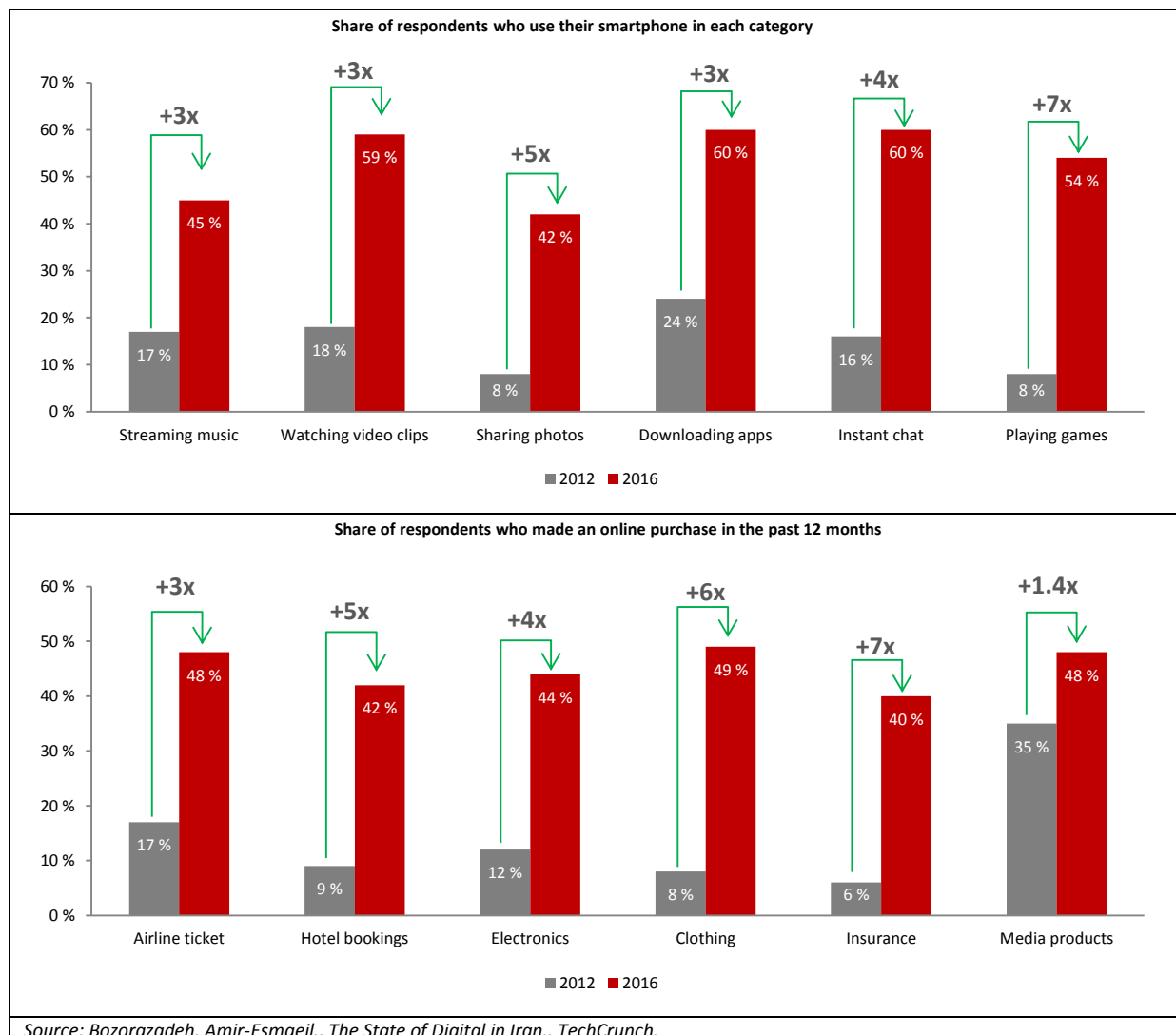
As internet penetration and smartphone usage gain traction in tandem with a developing domestic regulatory environment for the space, it would be reasonable to expect an acceleration of recent developments in regards to online consumer behaviour.

⁸⁴ World Cellular Information Service Database.

⁸⁵ MTN Group.

⁸⁶ Bozorgzadeh, Amir-Esmaeil., The State of Digital in Iran., TechCrunch.

⁸⁷ Bozorgzadeh, Amir-Esmaeil., The State of Digital in Iran., TechCrunch.



Source: Bozorgzadeh, Amir-Esmaeil, *The State of Digital in Iran*, TechCrunch.

6.9.5 Online consumer retail infrastructure

Common infrastructure hurdles to the development of the consumer internet space are not present in Iran. Therefore, once underway, the development of the sector has the potential to be rapid.

Iran is a highly urbanised country with 73% of the population living in an urban area⁸⁸ and eight cities with over one million inhabitants⁸⁹. A large and increasing urban population consisting primarily of well-educated people below the age of 35 will likely help the technological change accelerate as soon as the necessary policy changes have been properly put in place.

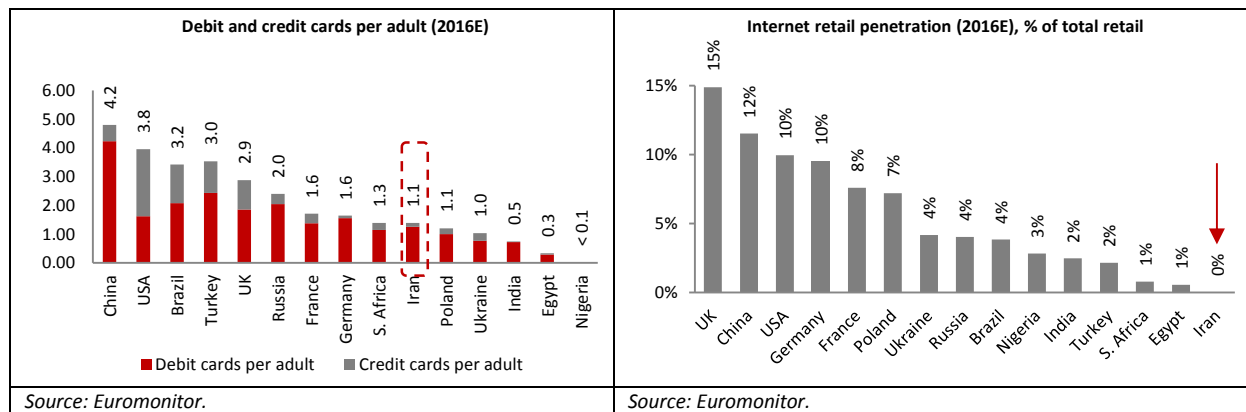
Payment infrastructure in Iran is fairly well developed with an average of 1.1 debit/credit cards per adult (person above the age of 15). Compared to countries such as China or the United States, Iranians do not have the same number of debit/credit cards. Iran is, however, not far behind some western European countries with well-developed online retail sectors such as France and Germany (1.6 debit/credit cards per adult).⁹⁰

⁸⁸ World Bank – World Development Indicators.

⁸⁹ McKinsey Global Institute – Iran: the \$1 trillion growth opportunity?

⁹⁰ Euromonitor.

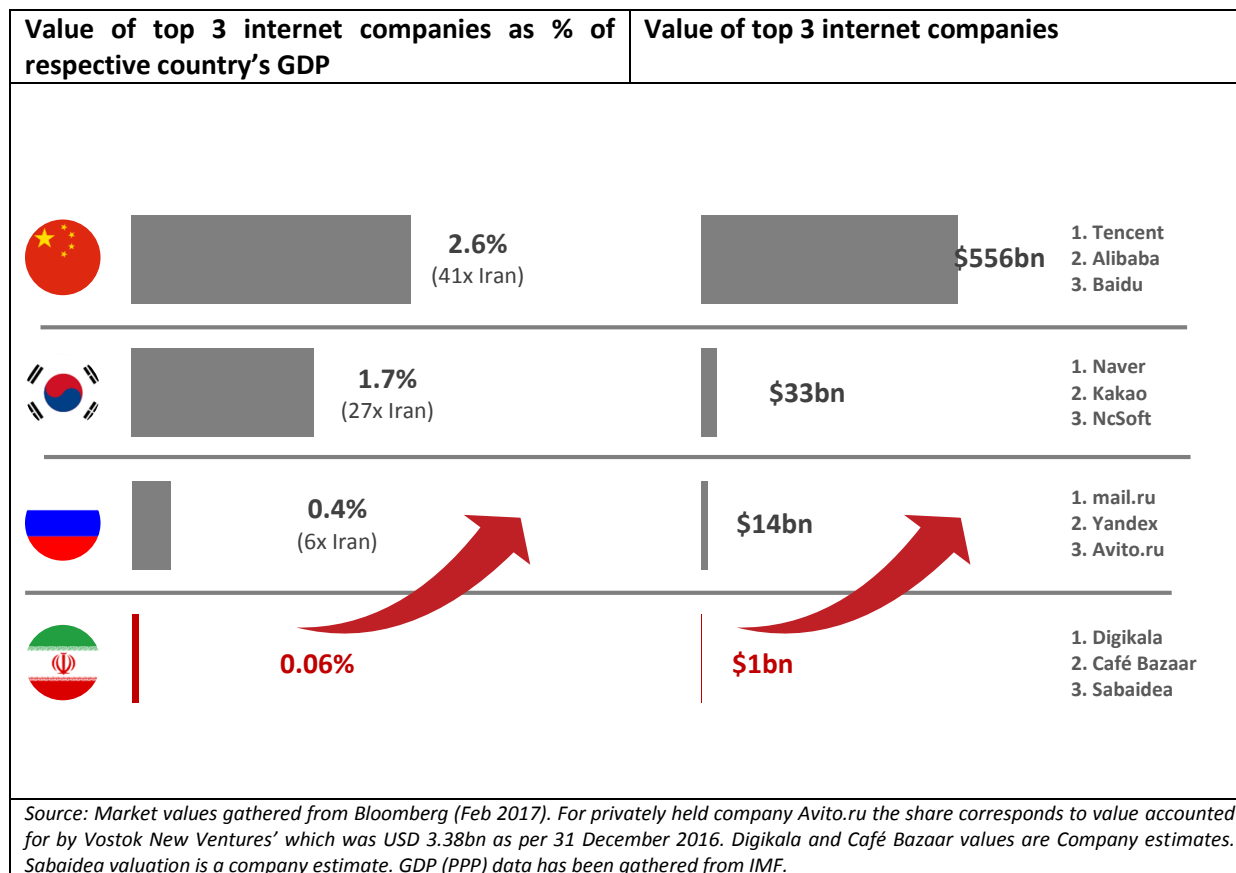
Despite the infrastructure being in place, Iran has seen little development in the internet retail sector. With a value of only USD 120m in 2014, internet-based retailing accounted for a mere 0.1% of total retailing in the country. This can be compared to roughly 13.8% and 3.1% in China and India respectively.⁹¹ As 3G and 4G rollout continues, however, the current state of the country's demographics and infrastructure provides a solid foundation without major obstacles for the sector to expand relatively rapidly in coming years. Pomegranate's early entry into the industry, with holdings in prominent players on the market, puts them in a favourable position to capitalise on any future growth in this sector going forward.



6.9.6 Sector valuations globally

Given the untapped state of the consumer internet space, Iranian companies in the sector are valued significantly lower than in comparable countries. This indicates an under-developed Iranian internet market which has the potential for expansion. The top three internet companies in China, South Korea and Russia are worth 2.6 %, 1.7 % and 0.4 % of GDP respectively. In Iran, the corresponding number is 0.07 %. If technological reform has the desired effects, and economic growth following sanction easing spurs domestic demand, the potential for value appreciation in the sector will be significant.

⁹¹ Euromonitor.



7 BUSINESS OVERVIEW

7.1 Business concept and objectives

Pomegranate Investment AB (publ) was founded in Sweden in 2014 by a pioneering team with a long and successful track record of investing in high growth companies in emerging markets. Pomegranate has identified opportunities in Iran in consumer technology, e-commerce and offline retail companies and has invested in that market, with a view to transfer knowhow and partner with Iranian entrepreneurs.

Pomegranate believes that there is an opportunity for smaller, focused investment companies and private capital to identify sector specific investment opportunities in Iran with attractive risk-reward profiles outside of mainstream developed markets. In Pomegranate's view, Iran's consumer technology, e-commerce and offline retail sectors represent an extraordinary growth opportunity for investors with the 2016 easing of UN and EU sanctions, and on a more limited basis, US secondary sanctions. Having entered the market early, in July 2014, well before the implementation of the JCPOA in January 2016, Pomegranate has gained an important first-mover advantage in Iran.

Pomegranate has invested in those categories within consumer technology, e-commerce and offline retail sectors in which the Company believes that one incumbent can be a clear market leader, network and scalability effects are significant features, and the value appreciation potential is strong for prominent players.

Category	Top companies in selected markets	Noteworthy companies in Iran ¹	Pomegranate invested directly or indirectly ²
E-commerce; General merchandise	Amazon; JD.com	Digikala 	☒
E-commerce; Marketplace	Alibaba; Rakuten	Digikala ⁵ 	☒
E-commerce; Fashion	Asos; Zalando	Digistyle 	☒
Appstore	Apple App Store; Google Play	Cafe Bazar 	☒
Classifieds	Blocket; Avito	Divar; Sheypoor  	☒
Transport; Taxi	Uber; Gett; Lyft	One of Iran's largest taxi hailing verticals ⁶	☒
Transport; Ride-sharing	BlaBlaCar	Carvanro 	☒
Digital advertising	WPP, Axel Springer	PPG 	☒
Category	Top companies in selected markets	Market leading company in Iran	Pomegranate's investment pipeline ⁴
FMCG ³	Nestle	n/a, fragmented market	☒
Food retail	BIM	n/a, fragmented market	☒

Table above: Pomegranate's business concept. ¹Sources for position: Digikala - based on Digikala's internal assessments and estimates based on estimates of daily gross sales; Café Bazaar - based on Café Bazaar's internal assessments and estimates; Sheypoor and Divar - based on traffic statistics on Similarweb; Snapp, Carvanro and PPG – based on publicly available information; ²Directly and indirectly through Sarava; ³FMCG; fast-moving consumer goods; ⁴Please read more about the pipeline in "Pipeline and use of proceeds" below;

⁵*Digikala has recently implemented the market place strategy, please read more in “Investment portfolio” below;* ⁶*This transaction is not yet completed.*

During 2016, Pomegranate has increased its stake and exposure in all its portfolio companies. The rapid expansion growth paths of internet penetration, smartphone distribution and online shopping combined with the fact that Iranian internet-related assets are valued significantly lower than internet companies in countries similar to Iran suggest that the Iranian consumer internet sector has a continued potential for value appreciation.

In 2017, the Company is intending to further diversify its portfolio by entering the offline consumer sector, particularly in FMCG and food retail. Investments within such sectors are deemed to have a de-risking effect on the Company’s investment portfolio, while still potentially providing growth rates similar to the consumer technology and e-commerce sectors.

Pomegranate is currently focused mainly on the urban areas in Iran. Iran’s urbanisation rate is relatively high at 73 %⁹². In the future, Pomegranate may also consider entering the most populated of Iran’s Middle Eastern neighbours.

The Company has mainly invested in equity in unlisted companies but may consider providing debt and hybrid financing if deemed appropriate on a case-by-case basis.

Pomegranate has found and identified new investment opportunities through expertise, experience and a widespread network built up during the Board members’ and management’s long history in the relevant sectors and emerging and frontier markets. The Company has strived to obtain sizeable minority stakes with board representation and the possibility to assert positive influence and add value as an active owner, leveraging on its extensive experience and networks but may deviate from these principles if the risk/reward of an investment opportunity is deemed sufficiently attractive.

Pomegranate has invested in strong individuals as much as businesses. A key basis of any investment has been strong leadership and a team with a track record of execution, feeding off the broad networks accessible within Pomegranate’s management, Board and shareholders.

Short-term Objectives

Pomegranate aims to build on its head-start in Iran by increasing stakes in its portfolio companies and maximising the opportunity set while the window of opportunity created by the 2016 easing of sanctions is still open and competition is relatively limited in general terms. The Company aims to maximise returns to all stakeholders, while helping to develop local Iranian ecosystems.

Long-term Objectives

Pomegranate is a long-term oriented partner with a perpetual capital structure aiming to focus on growth opportunities in the markets in which the Company operates. Pomegranate supports local entrepreneurs with capital and know-how as well as experience from both developed and emerging markets.

History

Pomegranate was founded in 2014 by emerging market specialists with a strong track record of success in emerging markets. Pomegranate managed to take advantage of the unique opportunity in the Iranian emerging

⁹² World Bank – World Development Indicators.

market by entering the market early and get a significant head-start and the advantage of being an early market performer.

Since 2014, Pomegranate's organisation and investment portfolio have grown significantly, as illustrated in the chart below. Pomegranate has applied for listing of the Company's shares on NGM Equity⁹³. As part of this process and in order to meet the listing requirements, Pomegranate intends to convert to IFRS accounting during 2017. A listing on NGM Equity may take place at the earliest after the announcement of the Company's second quarterly report for 2017 provided that Pomegranate meets all the listing requirements and deem a listing to be appropriate, subject to approval from NGM and favourable market sentiment.

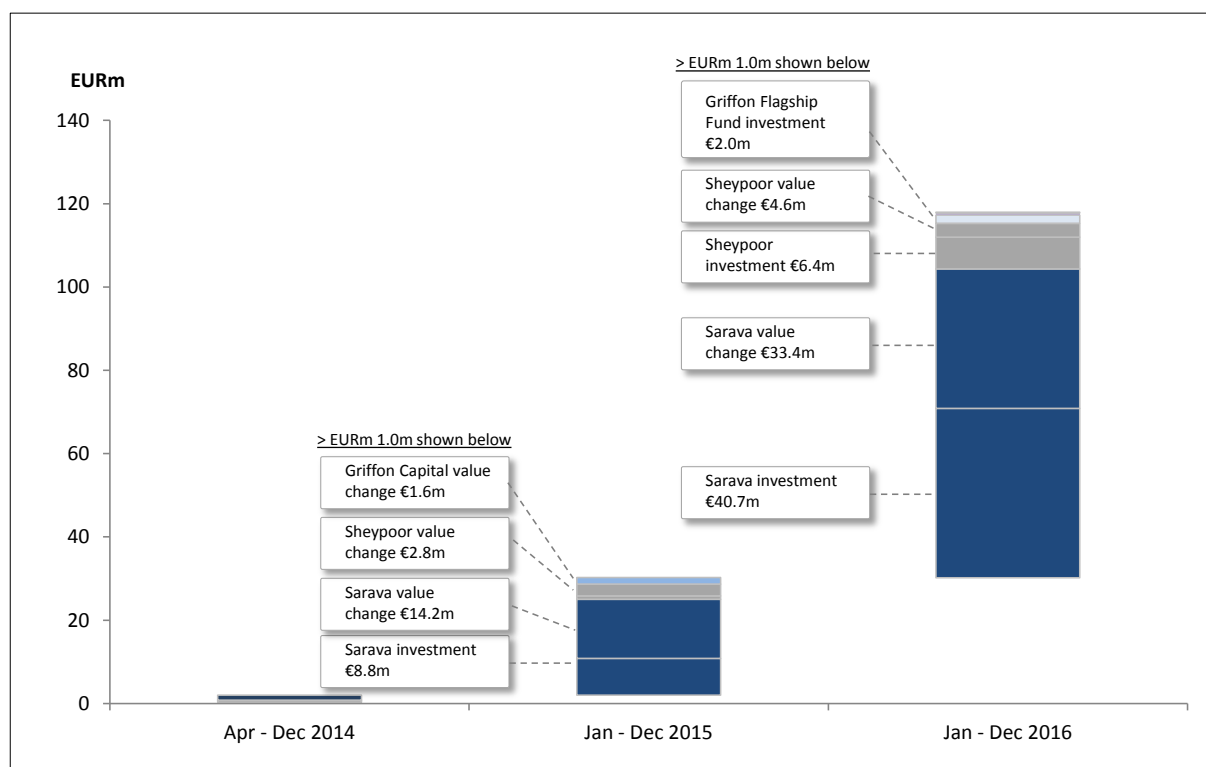


Chart above: Pomegranate's investments in portfolio holdings April 2014 - December 2016. Note: Commitment based and excluding cash.

2014

- The Company was established in April 2014
- The following investments were made:
 - EUR 0.5m in Sheypoor for 12.7 % ownership in the company;
 - EUR 0.3m in Sarava for 0.4 % ownership in the company; and
 - EUR 1.2m in Griffon Capital for 15.2 % ownership in the company

⁹³ Nordic Growth Market (NGM) is an authorised exchange operating in Sweden, Norway, Denmark and Finland. The exchange was founded in 1984 and is today a wholly owned subsidiary of Börse Stuttgart, the leading retail exchange in Germany. NGM offers a complete marketplace for exchange-traded investment products and listed companies.

2015

- CEO Florian Hellmich joined the Company in October 2015
- EUR 8.8m was invested in Sarava for 9.2 % ownership in the company
- Term sheet to seed-fund Carvanro was signed December 2015

2016

- Investment agreement with Sarava to increase ownership from 9.6 % to 15 % the following year was signed 26 January 2016
- The Company raised a total of c. EUR 60.0m in March 2016 through a private placement to increase its ownership in existing portfolio assets and secure a pipeline for 2017
- In connection with the capital raising, the number of shareholders increased to c. 200
- The Company's NAV per share increased to EUR 31.92 in 2016 from EUR 23.89 in 2015
- The Company's organization grew by several key people including:
 - Henrik Stenlund, COO; Rickard Strömgren, Investment Manager; and Leo Kia, Investment Manager
 - Gustav Wetterling joined as CFO in February 2017
- The Company adopted quarterly reporting
- The Company increased its ownership or exposure in all its portfolio companies. The following investments were made:
 - c. EUR 0.5m in Carvanro for 25.0 % ownership in the company
 - EUR 40.7m follow-on investment in Sarava, ownership increased to 15.0 %
 - EUR 6.4m follow-on investment in Sheypoor, ownership increased to 44.1 %
 - EUR 2.0m investment in Griffon Flag Ship Fund
 - Pomegranate also committed to make a follow-on investment of EUR 768,300 in Carvanro, payable in two installments, taking the Company's ownership to c. 40.0 % post transaction. Carvanro's latest funding round is likely to be closed in Q1 2017

2017

Pomegranate believes that by having entered Iran earlier than most, it has established a critical head-start in the country and is well-positioned to continue expanding in Iran's rapidly evolving consumer technology and e-commerce sectors.

In 2017, the Company is intending to further diversify its portfolio which involves entering the offline consumer sector, particularly in retail fast-moving consumer goods and food retail. Investments within such sectors are deemed to have a de-risking effect on the Company's investment portfolio, while still providing growth rates similar to the consumer technology and e-commerce sectors.

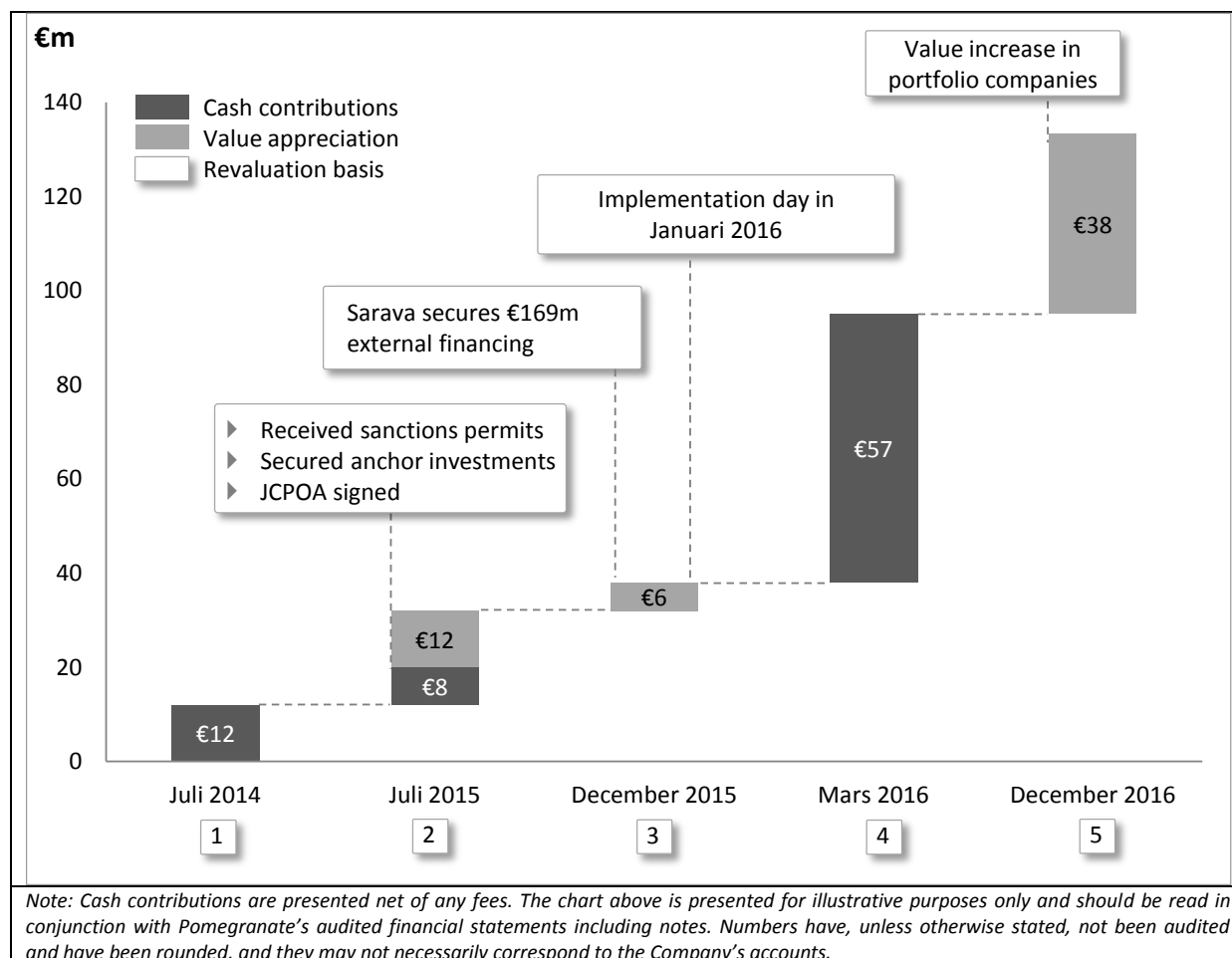
Pomegranate has identified two new opportunities in the offline retail sector in Iran and the proceeds of the Offering may among other things be allocated to these new investments. Please read more about the offline retail investments in "Use of proceeds".

- 2017 Pipeline - two new landmark transactions in addition to a basket of smaller deals
 - Project Hard Discount Iran ("Project HDI"): Total investment of up to c. EUR 30m between 2017- 2020
 - Network of small store size (200-400 sqm) consumer goods stores in Iran

- Applying a hard discount concept modelled on similar principles as for example BIM in Turkey or Aldi in Germany (at earlier stage) and not providing any fresh food items
- Pomegranate is the lead investor and has committed to invest a total of c. EUR 30m between 2017-2020, translating into a net holding of c. 21.2% of HDI
- Team includes the founders and former members of BIM's management team. BIM is the largest discount food retailer in Turkey
- Pomegranate will appoint at least one of HDI's seven board members
- Pomegranate signed a term sheet at the end of 2016 which is conditional upon Project HDI receiving financing commitments of c. EUR 110m in total, including Pomegranate's c. EUR 30m commitment
- As of the date of this Prospectus, around twenty store locations have been leased and a fulfillment center has been identified in Tehran
- Fast-Moving Consumer Goods Joint Venture – "Project Safi": Total investment of up to c. EUR 5-15m
 - Joint venture between Pomegranate, a successful, profitable Iranian sauces brand (the "JV Partners") and a global fast-moving consumer goods brand (the "FMCG Brand") to produce and distribute three food products in Iran and the neighboring countries
 - Pomegranate and the FMCG Brand will co-invest in the JV Partners' already existing, profitable business in Iran
 - The JV Partners will retain a significant majority stake of around 60% in Project Safi. Together with additional investors, Pomegranate will hold around 30% of Project Safi, and the FMCG Brand will hold the rest 10%
 - Pomegranate, together with the additional investors, will appoint three out of nine board members
 - The estimated investment horizon is 6-9 years
 - The JV Partners have already signed a term sheet with the FMCG Brand. Pomegranate is still negotiating the details of the partnership.
- Basket of smaller deals: Total investment of EUR 4.5-8m in 2017
 - Pomegranate is currently in discussions regarding several smaller investment opportunities in the consumer technology sector in Iran

7.1.1 Prior funding rounds and the current Offering

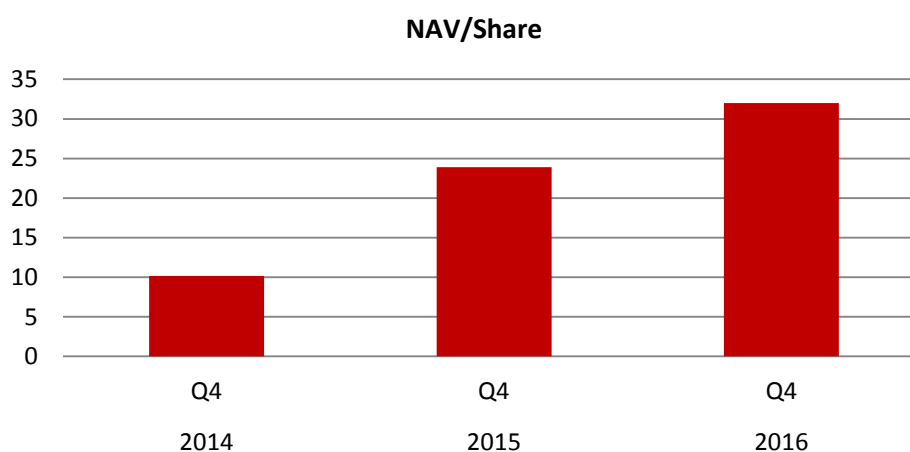
Figure below: Pomegranate's previous funding rounds.



- 1) **Funding round #1:** The first major funding round was resolved in July 2014 when EUR 12m was raised, mainly from emerging market-experienced investors within the network of Pomegranate's founder Per Brilioth and most of Pomegranate's key management became shareholders as well. In this funding round, the value of Pomegranate was essentially equivalent to the amount of raised cash, corresponding to a price per share of EUR 10.0.
- 2) **Funding round #2:** The second major funding round was resolved in July 2015 when c. EUR 8m was raised, mainly from existing shareholders (+60%). In this funding round, the post-money valuation of Pomegranate was c. EUR 33m, which could be broken down into c. EUR 20m of raised capital and a c. EUR 12m value appreciation. The value appreciation was mainly seen as attributable to Pomegranate having received the necessary approvals from the Swedish sanctions authority, as required under EU sanctions then in effect, to make payments in connection with its successful anchor investments in Iran, as well as the favourable progress of the Iran nuclear deal framework, culminating in the signing of the JCPOA on 14 July 2015, which significantly de-risked the Pomegranate enterprise in contrast to funding round #1 one year earlier. The price per share in the second funding round was EUR 20.0.

- 3) Value appreciation in Sarava revaluation:** In December 2015, Pomegranate's largest holding Sarava first signed a c. EUR 169m funding round in which Sarava was valued higher than in its prior funding round (Pomegranate participated with c. EUR 41m in this funding round of which c. EUR 28m was paid in 2016 and the final instalment of c. EUR 13m in January 2017). By year-end 2015, Pomegranate increased its valuation by EUR 6.4m principally related to the implied new Sarava valuation from the December 2015 funding round, as reflected by the Company's NAV as of 31 December 2015. The NAV as of 31 December 2015 corresponds to a value per share of approximately EUR 24.0.
- 4) Funding round #3:** In March 2016, c. EUR 60m was raised at a price of EUR 24.0 per share which approximately corresponds to Pomegranate's net asset value as of 31 December 2015, despite significant positive events before the capital raising. Implementation Day occurred on 16 January 2016, de-risking the Pomegranate enterprise considerably, and The Tehran Stock Exchange TEPIX index was up 26% year to date 19 February 2016 (likely largely due to the Implementation Day on 16 January 2016)⁹⁴.
- 5) Value appreciation in portfolio companies:** In connection with the closing of the books in December 2016 Pomegranate revalued its portfolio holdings. The increase is mainly attributable to the upward revaluations of the portfolio companies Sarava and Sheypoor. Sarava is valued based on the latest transaction in the company adjusted for a revaluation of Digikala, the company's most significant asset. Sheypoor's revaluation is based on the latest primary transaction in Sheypoor which closed in December 2016. Pomegranate led the round, which also included the participation of one other local existing shareholder. For a more detailed description please see the section *"Selected financial information – Financial assets held for trading and estimates of fair value"*.

7.1.2 Net asset value ("NAV") per share development⁹⁵

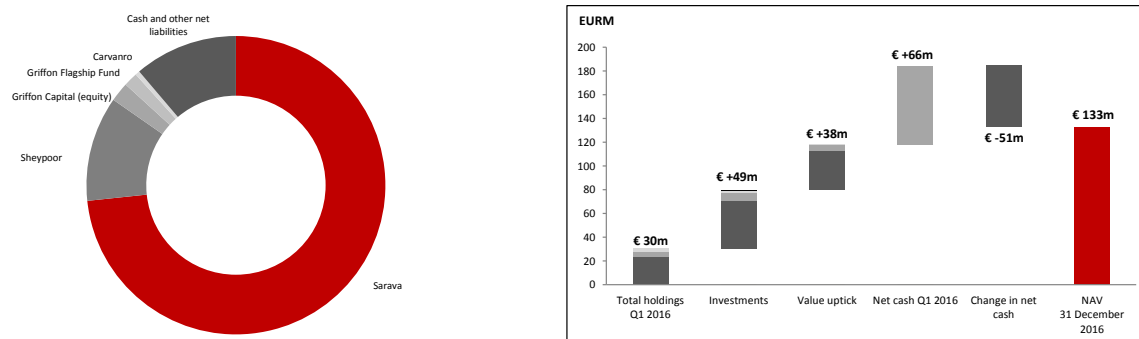


⁹⁴ FactSet.

⁹⁵ NAV / share reported on a non-diluted basis. For a definition and explanation of the metrics "net asset value" and "net asset value per share", see section *"Selected financial information – Alternative performance measures"*.

7.1.3 *Investment portfolio*

The below exhibit illustrates Pomegranate's portfolio as of 31 December 2016.



Portfolio overview , EUR

Company	Fair value 31 December 2016	% of net asset value	Fair value 31 December 2015	% of net asset value
Sarava	97,414,031	73 %	23,300,580	59 %
Sheypoor	15,105,074	11 %	4,162,107	11 %
Griffon Capital (equity)	2,772,647	2 %	2,785,321	7 %
Griffon Flagship Fund	2,021,786	2 %		
Carvanro	650,000	0 %		
Total portfolio companies	117,963,538	89 %	30,248,008	77 %
Cash and bank	29,009,273	22 %	12,317,402	31 %
Total assets	146,972,811		42,565,410	
Other net liabilities	-14,355,877		-3,044,093	
Total net asset value	132,616,934	100 %	39,521,318	100 %
Net asset value per share, EUR	31.92⁹⁶		23.89	
Net asset value per share, EUR (fully diluted)	30.49⁹⁶		23.19	

Sarava⁹⁷

As per December 31, 2016	
Indicative valuation (EURm)	649.4
Pomegranate's ownership (%)	15.0 %
Fair value of Pomegranate's holding	97.4
Share of Pomegranate's NAV (%)	73.5 %
Pomegranate's total invested amount (EURm)	49.8

⁹⁶ For definitions and explanations of the terms "net asset value" and "net asset value per share", see section "Selected financial information – Alternative performance measures".

⁹⁷ Pomegranate owns 15% of Sarava. Unless otherwise stated, the information pertaining to Sarava has been gathered from Sarava's internal systems for accounting and reporting.

Sarava is a pioneer in Internet and e-commerce investments in Iran and has established an outstanding track record in supporting local entrepreneurs to build some of the most successful consumer technology companies in the country and region.

Sarava was founded in 2011 by its CEO, Said Rahmani, a serial entrepreneur and Naspers alumnus of Iranian heritage, and is applying a broad market leadership strategy, aiming to establish successful companies in attractive market segments to achieve high and sustained profitability. Before establishing Sarava, Mr. Rahmani was part of Naspers' management and also the company's country representative and GM in Iran. Later on, Mr. Rahmani built the Sarava team around some of the most capable talents in the country.

Sarava's investment focus is on companies operating in the universe of internet, mobile, e-commerce, games, cloud computing and software as a service ("SaaS"). Sarava currently has invested in more than thirty companies including the prominent businesses in Iran's e-commerce and online classifieds sectors. The company is one of the very few technology investment companies in the region and particularly the only one of its size in Iran.

Sarava and its subsidiary Nouava (startup technology and business consulting practice) employ approximately 60 people and the organization is built around a number of practices, including portfolio management, investment, corporate finance and operations teams. Sarava supports its start-ups with mentorship and best of breed local services for example in strategy, performance marketing, design, business intelligence, technology, talent recruitment and offers them financial and legal advisory. The company is an active owner in its portfolio companies and a significant part of Sarava's operations is focused on providing support and knowledge-sharing within the company's network.

Similarly to Pomegranate, Sarava, as an investment holding company, and does not have a management fee structure. Shareholder rights are distributed equally between all investors in the company with a strong corporate governance heritage.

Sarava has a number of assets, including a significant stake in the leading Iranian e-commerce player Digikala⁹⁸, the largest Persian Android marketplace Café Bazaar, including the online classifieds company Divar, the first digital marketing holding in Iran PPG (which includes A-Network, ADRO, and ADAD) and technology accelerator Avatech. Currently, Digikala and Café Bazaar represent around 75.0 % of Sarava's total NAV.

The number of startups in Iran has increased significantly in the past few years. According to Iran's Minister of Communications, Iranian startups have created about 100,000 jobs in total. Sarava's main holdings Digikala and Café Bazar are among the startups which have created the most jobs.⁹⁹

Sarava is located at Argentine Square, center of Tehran's financial district and Nouava is based in Pardis Innovation and Technology Park, which enjoys government's Science and Technology Vice Presidency's support and is the most successful center of research, innovation and technology in Iran. The companies located at the innovation park also benefit from legal advantages for foreign investment and financial exchange such as the free zone at the park. The area is situated close to Tehran and Imam Khomeini international Airport.

As per December 31, 2016, Pomegranate holds a 15.0 % minority stake in Sarava, which remains the Company's anchor holding.

⁹⁸ Digikala's estimated market share of 90% is based on Digikala's internal assessments and estimates based on estimates of daily gross sales. According to web-traffic ranking website Alexa.com, Digikala is the third most visited website in Iran.

⁹⁹ Techrasa, website: techrasa.com/2017/01/21/irans-minister-vaezi-startups-created-100k-jobs/.

Ownership structure

Pomegranate has been a shareholder of Sarava since 2014. The company has around 20 shareholders including a consortium of international investors who invested in the company as part of Sarava's latest capital raising in Q1 2016. The total invested amount in the capital raise in Q1 2016 was EUR 183.5 million, at a pre-money valuation of c. EUR 243.0m for the entire company. The transaction comprised a complete overhaul of the corporate structure of Sarava with its post-money valuation of EUR 426.6 million.

Pomegranate invested in Sarava first in August 2014, and has since invested a total of c. EUR 49.8m in the company. By investing c. EUR 41.0m in Sarava in connection with the company's latest capital raising in 2016, Pomegranate increased its ownership in Sarava to 15.0 % from prior 9.6 %.

Foreign investors hold c. 45.0 % of Sarava (of which c. 15.0 % belong to Pomegranate), with the remaining c. 55.0 % being controlled by the founders, the management and other Iranian shareholders.

Corporate Governance

Sarava's board of directors consists of seven members and has general oversight over the company in issues such as risk, audit, legal, strategy and compensation. All strategic decisions are made by the board of directors, provided that certain decisions shall require the shareholders meeting resolution.

Three members of the board are appointed by the local investors. The international investors including Pomegranate appoint three members, with Pomegranate having one direct representative on the board. The seventh member of the board is the CEO of Sarava.

The company also has an investment board (the "Investment Board") of five members. The Investment Board prepares the investment decisions and formulates the investment and exit strategies proposed to the Board.

The CEO is a member and chairman of the Investment Board and all nominations need to be endorsed by the CEO and approved by the Audit & Risk Committee. Pomegranate is entitled to nominate one member in the Investment Board.

Investment decisions are made by the Investment Board with a simple majority of the members of the Investment Board, including the CEO with enhanced majority and referral to the Board of Directors required for investments above certain thresholds.

Board and management

Selected biographies:

Chairman – Hafez Kamal Hedayat:

- CEO of Ara Investment Management
- Chairman and board member of several Iranian companies
- Graduate of Sharif University

Vice-chairman of the board - Shapoor Khastoo:

- Doctorate of Law from Berkeley CA
- Representative of Dina Corporation, an FMCG corporation with brands such as Cheetos and Pepsi Cola

CEO – Said Rahmani:

- Serial entrepreneur and cofounder of successful start-ups in the US, Europe and Emerging Countries
- Senior Vice President of Corporate and Business Development at Naspers

- EMBA from NYU Stern Business School, London School of Economics and Political Science and HEC School of Management

CFO – Saeed Bajalan:

- Academic member of finance department at Tehran University
- Chief consultant of Tejarat Bank and previous MD of Tadbirgaran Investment company
- Member of the board in various Iranian companies

CIO – Shiva Saadat:

- Extensive work experience includes CSFB, Ernst & Young, American Express, Ama Industrial, Nortel Networks and RSM Tenon, among others
- ACA from UK, CVA from US, MBA from Berkley University and Degree from LSE

Website: saravapars.com/en/

Pomegranate and the other shareholders in Sarava have entered into a shareholders' agreement.

Pomegranate and the three European investors together have the right to appoint three out of seven members of Sarava's Board of Directors. In addition, Pomegranate has the right to nominate one out of five members of Sarava's Investment Board.

Sarava's Board of Directors and management (31 December 2016):

Board of Directors	Name	Represents
Chairman of the board	Hafez Kamal Hedayat	ARA Investment
Vice-chairman of the board	Shapour Kastoo	Pars Gostar Dina investment Company
Director/CEO	Said Rahmani	-
Director	Ahmad Fayazbakhsh	Kardan Investment Bank
Director	Per Brilioth	Pomegranate Investment
Director	Manuel Stotz	Kingsway Capital
Director	Arjan Bakker	Garvest Investment Co.
Senior management	Name	
CEO	Said Rahmani	
CFO	Saeed Bajalan	
CIO	Shiva Saadat	

Sarava's portfolio

Sarava's portfolio consisted of more than thirty holdings as of 31 December 2016, of which the most important assets are briefly described below. Please see some of the key Sarava portfolio companies as of 31 December 2016 below.

Company name	Description	Global peers	Sarava's ownership %	Value of Sarava's holding, EURm	Share of Sarava's NAV (%)
Growth Stage					
DigiKala	e-Commerce	Amazon, Alibaba	61 %		
Café Bazaar	Android application marketplace	Google Play, Avito	20 %		
Pulse and Pixels Group	Online advertising (includes Anetwork, ADRO, ADAD, DMC and 10 others)	WPP	70 %		
Avatech	Start-up incubator & accelerator	500 Startups	35 %		
Nouava	Sarava's operating company		100 %		
				504.4	78 %

Mid- and early stage		
Takhfifan	Website offering discounts	Groupon
Zoraq	Travel portal	Expedia, Hotels.com
Homapay	Payment services	PayPal, iZettle
Fidibo	Digital books	Vital Source, Kindle
Shezan	Nano Biotech accelerator incubator	
Chaparak	Messaging	WhatsApp, Telegram
Evand	Online events	Eventbrite
Jobinja	Online jobs	Monster
Reyhoon	Food delivery	Delivery Hero, Foodora
Taskulu	SaaS Task Management platform	Slack, Trello
Navaar	Audio books	Storytel
Faranesh	Online video learning marketplace	Lynda.com, Udemy
Kikojas	Online business directory / Maps	Yelp.com
Honari	Handicraft online platform	Etsy
Donate	Crowdfunding	Kickstarter
Robin	Handicraft online marketplace	
Akhbar Rasmi	News Wire	

Digikala (Sarava holding)¹⁰⁰

As per December 31, 2016	
Indicative valuation (EURm)	757
Pomegranate's ownership through Sarava (%)	9 %
Pomegranate's holding through Sarava (EURm)	68
Sarava's ownership (%)	61 %
Fair value of Sarava's holding (EURm)	454
Share of Sarava's NAV (%)	70 %

Digikala is a general e-commerce company and with an estimated market share of 85-90% it is also Iran's largest internet company.¹⁰¹ Sarava, as the sole investor, made a follow-on investment of c. EUR 92.0 million in Digikala in 2016 and increased its ownership from 51.0 % to around 61.0 %. The use of proceeds was primarily allocated in further expansion and capacity growth including fulfilment and logistics platform, marketing and new strategic initiatives.

Digikala, which means “digital products” in Persian, was founded in 2007 by two brothers, Hamid and Saeed Mohammadi, as a combined online retail and product review website similar to Amazon. The Mohammadi's personal needs and experience were pivotal in the establishment of the company. The brothers first got the idea when they wanted to buy a digital camera online but could not find an Iranian website giving specific information and reviews on various models. In the beginning, the company offered only mobiles and digital products such as cameras.

Today, Digikala ranks as the third and fourth most visited website in Iran according to Alexa and SimilarWeb, respectively, and has more than 1m daily unique visitors and more than 3.5 million subscribed users. Digikala aims to empower customers to buy smarter and is especially known for the reviews and product content on its website and as a price reference website. Digikala's current offering comprises more than 100,000 units across

¹⁰⁰ Pomegranates indirect shareholding of Digikala through Sarava is 9%. Unless otherwise stated, the information pertaining to Digikala has been gathered from Digikala's internal systems for accounting and reporting.

¹⁰¹ Market share data is based on Digikala's internal assessments and estimates based on estimates of daily gross sales.

multiple product categories. The company is considering to potentially expand to neighbouring countries in the future.

Digikala has grown from around 800 employees in 2015 to more than 2,000 currently. The company grew by approximately 105 % in terms of GMV in 2015 and 85 % in the nine months ending December 2016, respectively. Digikala's EBITDA to GMV¹⁰² ratio is around -3% which can be considered low compared to peers in the industry. For example, Linio in South Africa and Jabong in India have EBITDA to GMV ratios of around -28 % and -34 % respectively¹⁰³.

Until the easing of the EU sanctions and US secondary sanctions, capital and investments were, and still are, limited in Iran. The capital-scarce environment has encouraged Digikala to develop highly efficient operations and its capital efficiency ratios, inventory turnover and gross margin are at world-class levels.

Digikala has a fully vertically integrated, wholly-owned logistics setup which is a significant competitive advantage and barrier to entry as Iran's logistics systems are poor in both public and private sectors. The logistics set-up includes two highly automated fulfillment centres, 24 distribution centers throughout the country and a large fleet of lorries and motorcycles. Digikala's average delivery time is four hours in Tehran and the company also provides next day delivery guarantee in twenty main cities across Iran, enabled by Digikala's efficient logistics platform and well developed and maintained highway network in Iran.

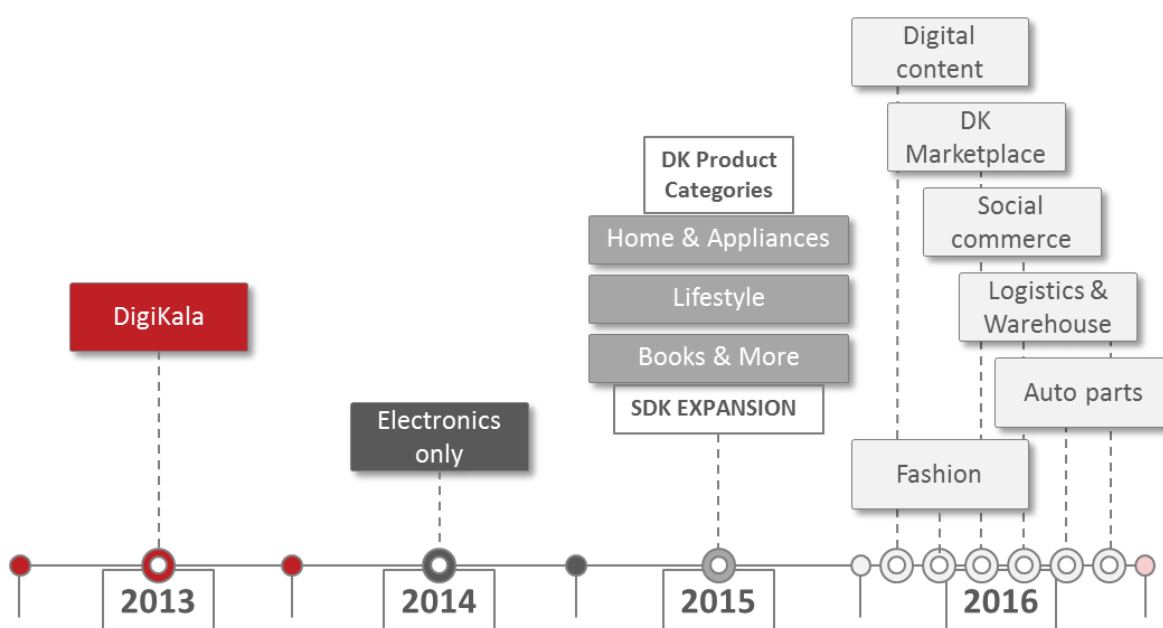


Chart above: General e-commerce roadmap. Source: Sarava

Growth initiatives in 2016

Digikala has successfully implemented its growth initiatives in 2016, including a new larger fulfillment centre, a fashion store Digistyle and a marketplace strategy.

¹⁰² See definitions of EBITDA and EBITDA to GMV in section "Business overview – Investment portfolio – Sarava's portfolio – Digikala (Sarava holding) – Definitions of alternative performance measures".

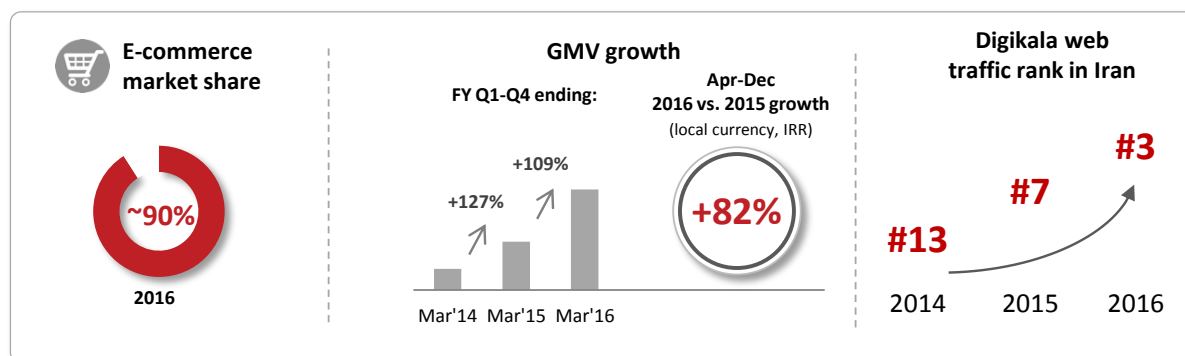
¹⁰³ Source: Rocket Internet annual report 2015.

Fulfillment center: In 2016, Digikala invested further in its logistical capabilities including a new fully automated fulfillment centre, new distribution centres and logistical infrastructure overall. Part of Sarava's EUR 92m investment in Digikala in 2016 was allocated for the new fulfillment centre, including machinery that automates the sorting and packaging which was previously done manually. The new fulfillment centre was partially launched recently in February 2017 and will become fully operational in April 2017. On the date of this Prospectus the project has stayed on budget. The combined capacity of the old and new fulfillment centres is estimated to be around 85,000 orders per day when fully operational, meaning a four time capacity increase compared with the current capacity of 20,000 orders per day.

Digistyle: Digikala launched a new vertical, an online fashion store Digistyle, in the fall of 2016 and the preliminary data has been promising with number of items sold per week increasing more than seven times during the three months ending mid-January 2017. Around 65 different international and local brands are currently selling through Digistyle. Mango and Geox are two of the brands being traded, alongside a vast variety of other local labels. However, it is still too early to know which brands are going to sell well in Iran as in general brand awareness is only now being built for various brands. The current fulfillment centre will be used for storing, packaging and shipping Digistyle orders as the general merchandise will move to the new fulfillment centre.

Marketplace: Digikala also implemented a marketplace strategy in the fall of 2016 and the platform has shown very strong results in terms of client acceptability with a growing selection of products. Digikala currently has approximately 100 professional third party vendors selling 10,000 unique SKUs¹⁰⁴ products through the company's Marketplace platform resulting in more than 5% of GMV in 1395. Digikala receives a commission fee from the third party vendors. For example Alibaba's business model is solely based on a marketplace strategy and Amazon has also implemented it.

Digikala's key performance data



Source: All financial data in the figure pertains from Digikala's internal reporting and accounting systems. Market share data is based on Digikala's internal assessments and estimates based on estimates of daily gross sales. Digikala web traffic rank in Iran from Alexa.com.

¹⁰⁴ "SKU" refers to stock keeping unit, i.e. a distinct type of item for sale.

Definitions of alternative performance measures

GMV	Gross Merchandise Value (“GMV”) equals Digikala’s gross sales. Net sales equal gross sales less returns, discounts and rebates. The alternative performance measure GMV is presented because it is believed to contribute to the reader’s understanding of the size and development in Pomegranate’s underlying portfolio holding.
GMV growth	GMV growth is defined as the percentage change in GMV (see definition above) between the periods in question. GMV growth is presented because it is believed to contribute to the reader’s understanding of the growth in Pomegranate’s underlying portfolio holding between the periods in question.
EBITDA	EBITDA is defined as operating profit before depreciation and amortization. EBITDA is presented because it is commonly used by some investors, securities analysts and other stakeholders as a measure of companies’ financial performance. The Company deems EBITDA to contribute to investors’ understanding of the financial development in the underlying portfolio holding during the period.
EBITDA to GMV	EBITDA to GMV is defined as EBITDA (see definition above) divided by GMV (see definition above). EBITDA to GMV is presented because it is commonly used by some investors, securities analysts and other stakeholders as measure of companies’ financial performance. The Company deems EBITDA to GMV to contribute to investors’ understanding of the financial development in the underlying portfolio holding during the period.

Digikala’s offering

Digikala distinguishes itself from its competitors with a high level of service including price match policy, around-the-clock customer service and one of the largest and most efficient distribution networks in Iran.

Digikala offers:

- Free 4-hour same day delivery in Tehran and next day delivery in other cities
- Wide range of products
- All payment methods; online payment, POS, COD, mobile and USSD¹⁰⁵
- In-house developed powerful e-commerce platform (both web and mobile platform)
- Fulfilling orders through the largest and the most automated fulfillment center in Iran
- One of the largest and most efficient distribution network across the country
- Unbiased reviews and useful content
- Significant user reviews for products
- Professional in-house photo and video reviews

Digikala’s position in the retail market in Iran

¹⁰⁵ “POS” refers to point-of-sale payments, “COD” refers to cash on delivery, “USSD” refers to mobile payments.

The retail market in Iran is at an inflection point and there are over 100 shopping malls under development. A convergence of the offline and online worlds is taking place in the industry with almost limitless choices at all prices levels. However, the lack of available logistics services serves as a high barrier of entry in the online retail business. In addition, most of Iran's organized retailing is still centered around food franchises and other traditional outlets with no real international presence. Modern retail formats accounted for just over 6% of total retail sales in Iran in 2014¹⁰⁶.

As the market leading e-commerce player in Iran¹⁰⁷, Digikala provides the broadest selection of goods and products to consumers in Iran including electronics, home appliances, digital content, books, decoration, cosmetics and personal care appliances. The company also constantly expands its selection to new product categories and their sub-categories.

The 2016 easing of EU sanctions and US secondary sanctions is an opportunity for Digikala since it gets access to foreign capital. It can additionally expand its selection to higher margin products by using its stakeholders' extensive international network among brand names.

Valuation

Sarava made its first investment in Digikala in October 2012, and a follow-on investment of c. EUR 92.0m in 2016. Pomegranate values Sarava's 61.0 % holding in Digikala at c. EUR 454 million based on Pomegranate's estimated value of Digikala as of 31 December 2016 of EUR 757 million. The rest, 39.0 % of Digikala, is owned by the founders. Pomegranate indirectly owned c. 9.0% of Digikala through Sarava as of 31 December 2016. Please read more about Digikala's valuation in the section "*Selected financial information*".

Website: digikala.com

Café Bazaar (Sarava holding)¹⁰⁸

As per December 31, 2016	
Indicative valuation (EURm)	166 ¹⁰⁹
Pomegranate's ownership through Sarava (%)	3 %
Pomegranate's holding through Sarava (EURm)	5
Sarava's ownership (%)	20 %
Fair value of Sarava's holding (EURm)	33
Share of Sarava's NAV (%)	5 %

Café Bazaar is a prominent consumer internet company in Iran that runs the largest persian Android application marketplace for Farsi speaking users. The company connects millions of smartphone users, advertisers and application developers through its highly scalable and technology-based platforms such as Bazaar app store and Adad mobile advertising network, which is now 65% owned by PPG.

Café Bazaar was established in 2010/2011 and was one of the first companies to enter the application distribution business in Iran. Before Café Bazaar, it was challenging for people in Iran to download reliable software for their mobile devices and Café Bazaar filled a large part of this gap for Android applications. Café Bazaar is also pre-installed on the vast majority of android phones sold in Iran.

¹⁰⁶ McKinsey Global Institute – "Iran: The \$1 trillion growth opportunity?" June 2016.

¹⁰⁷ Digikala's estimated market share of 90% is based on Digikala's internal assessments and estimates based on estimates of daily gross sales. According to web-traffic ranking website Alexa.com, Digikala is the third most visited website in Iran.

¹⁰⁸ Pomegranate's ownership of Café Bazaar through Sarava is 5%. Unless otherwise stated, the information pertaining to Café Bazaar has been gathered from Café Bazaar's internal systems for accounting and reporting.

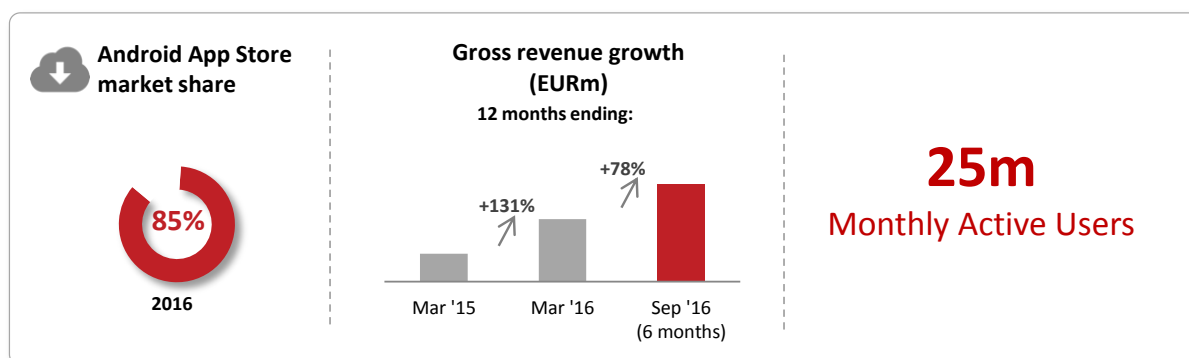
¹⁰⁹ This valuation is only relevant to Café Bazaar's core business and excludes its other businesses such as Divar.

Café Bazaar started monetizing its appstore in 2016 and the company also maintained its market share at around 85% in 2016 despite Google Play having entered the market. Today, the company has c. 15,000 developer partners including both companies and individuals.

Café Bazaar's gross sales growth was approximately 130%¹¹⁰. Games are currently the largest single segment in Café Bazaar's appstore and they account for approximately 80% of the company's appstore revenue. The company charges around 30% revenue share on the games downloaded through its appstore which is a global market practice. The company lists many global best-selling games. The gaming companies market the games themselves and consequently Café Bazaar doesn't incur any marketing costs relating to the games. In addition to games, the appstore offers subscription content across the spectrum.

Café Bazaar also owns 100% of Iran's largest mobile classifieds company, Divar, which means the "wall" in Persian. Divar offers a platform where users can buy and sell products and services and browse through advertisements. Divar has been implemented with mobile-first mindset and has been the first platform to introduce in-app messaging to facilitate transactions. In 2016, Divar started monetizing its platform albeit on a limited scale.

Café Bazaar's estimated key performance data



Source: All data in the figure pertains from Café Bazaar's internal reporting and accounting systems. Market share data is based on Café Bazaar's internal assessments and estimates.

¹¹⁰ Gross revenue consists of Café Bazaar's sales in the app store as well as other income before deduction of payment to app developers. Net revenue estimate equals Gross revenues x 30% cut fee.

Definitions of alternative performance measures

Gross revenue	Gross revenue consists of Café Bazaar's sales in the app store as well as other income before deduction of payment to app developers. Café Bazaar's net revenue estimate equals Gross revenues x 30% cut fee. Gross revenue is presented because it is deemed to contribute to the readers understanding of the size and development of Pomegranate's underlying portfolio companies.
Gross revenue growth	Gross revenue growth is defined as the percentage change in gross revenue (see definition above) between the periods in question. Gross revenue growth is presented because it is believed to contribute to the reader's understanding of the growth in Pomegranate's underlying portfolio holding between the periods in question.

Café Bazaar's offering

The content on Café Bazaar is tailored to local language and interest. In addition, the platform is simple to use and reliable and users can easily make payments using a credit option. The company also conducts several reviews prior to launching any application including security, privacy and quality checks.

Café Bazaar's key value proposition to the application developers includes access to around 85% of the local Android users, high market reach at launch, easy access to payments through local banks, special recognition for Persian apps and high review activity.

To advertisers, Café Bazaar offers effective targeting based on cities, local internet service providers, mobile network operators, device and geographic location.

Café Bazaar's position in the application distribution market in Iran

Café Bazaar is a strategic asset in Iran's internet ecosystem since it controls application distribution and a substantial developers network of more than 17,000.

Café Bazaar has the most comprehensive collection of local Iranian applications. The company estimates that it has approx. 85% market share of app distribution in Iran, and two other companies, Myket and Kandoo, accounting for around 10% and 4% respectively.

Due to the international sanctions, Apple's App Store cannot e.g. facilitate payments from banks or financial institutions in Iran, which complicates monetizing on its App Store in Iran and may discourage future investments and market expansion. Pomegranate estimates that Google Play started operating in Iran in 2016, but has yet, based on public sources, to start monetizing on its appstore in Iran. Once the applicable sanctions regime allows, it might be easier for international application distributors to do business in the Iranian market. This would mean increased competition. However, Café Bazaar's strong position in the market should be defensible to a certain degree due to its strong user base including paying customers, local content available in local language and deep integration in the Iranian mobile application ecosystem. In addition, being pre-

installed on the vast majority of android phones sold in Iran, as well as existing payment systems should enhance customer loyalty and act as barriers to entry.

Café Bazaar's estimated user statistics¹¹¹

- Installed on more than 30 million Android phones
- 100k published applications
- 40 % of the Iranian population uses Café Bazaar
- Approximately 10 % of all internet traffic in Iran
- Approximately 25 million monthly active users
- 45k monetizing applications
- Average time spent on Café Bazaar is over 500k hours daily

Valuation

Pomegranate values Sarava's 20.0 % holding in Café Bazaar on the basis of the Sarava transaction completed in the first quarter of 2016, at a value of c. EUR 33.3 million based on the estimated value of Café Bazaar of c. EUR 166.4 million as of 31 December 2016. The valuation of Café Bazaar in the first quarter of 2016 did not attribute any value to Divar at that time. Café Bazaar's founder and management own 50 % while another Iranian investor owns 30 % of the company. Please read more about Café Bazaar's valuation in the section *"Selected financial information – Financial assets held for trading and estimates of fair value"*.

Website: cafebazaar.ir/?l=en

Pulse and Pixel Group (formed around A-Network, Sarava holding)¹¹²

As per December 31, 2016	
Indicative valuation (EURm)	14 ¹¹³
Pomegranate's ownership through Sarava (%)	11 %
Pomegranate's holding through Sarava (EURm)	2
Sarava's ownership (%)	75 %
Fair value of Sarava's holding (EURm)	11
Share of Sarava's NAV (%)	2 %

Pulse and Pixel Group ("PPG") was formed around the company A-Network and operates as a media holding company, that has consolidated several online advertising labels, which has been a successful strategy in developed markets.

PPG now employs more than 200 people and comprises more than 15 prominent Iranian digital businesses, including A-Network, ADRO, ADAD, DMC, RASANEX and a host of other successful content, technology, data, mobile and digital consultancy businesses.

Many global consumer brands are evaluating how to market their products in Iran and PPG is well equipped to partner with these companies.

¹¹¹ All data pertains from Café Bazaar's internal reporting and accounting systems. Data as of September 2016.

¹¹² Pomegranate indirectly controls 11% of Pulse and Pixel Group ("PPG") through Sarava. Unless otherwise stated, the information pertaining to PPG has been gathered from PPG's internal systems for accounting and reporting.

¹¹³ This is an indicative valuation of A-Network standalone, in the first quarter of 2016 i.e. prior to its new round of investment and does not include the valuation of other companies in PPG group, which was formed in Q4-2016.

WPP, the world's leading and largest communications services group¹¹⁴, signed an affiliation agreement with PPG at the end of 2016, providing the latter with access to valuable knowledge and connections in marketing communications.

A-Network originally launched in 2010 as a cost per click ad-network, and in a short span of time grew to be the largest digital advertising network in Iran. In 2015, A-Network made a strategic decision to expand its services to become the first digital media agency in Iran.

Pomegranate's indicative valuation of PPG as of 31 December 2016 is based on the indicative valuation of A-Network standalone, in Sarava's capital raise in the first quarter of 2016, before the PPG group was formed.

Website: pulseandpixel.com

Avatech (Sarava holding)¹¹⁵

As per December 31, 2016	
Indicative valuation (EURm)	10
Pomegranate's ownership through Sarava (%)	5 %
Pomegranate's holding through Sarava (EURm)	0.5
Sarava's ownership (%)	35 %
Fair value of Sarava's holding (EURm)	3
Share of Sarava's NAV (%)	1 %

Avatech runs Iran's largest and the most successful start-up accelerator program that provides entrepreneurs with the necessary ingredients to succeed. Mentorship, entrepreneurial training, seed funding, a creative workspace, and investor demo days are a few of the services provided by Avatech.

Avatech recently launched its pre-accelerator program with seventeen teams for the first round in 2017. The pre-accelerator program is called 'Avacamp' and it is designed to host businesses before the company selects them to the full program after a few months. At the end of the acceleration period, Avatech typically aims to own around 8-15% of the participating start-up.

Avatech's network is Sarava's main channel for sourcing early stage startups in Iran. As the start-ups mature, Sarava might do additional follow-on investments in the companies. Over the last two years, 40 startups have graduated from Avatech.

Pomegranate's indicative valuation of Avatech as of 31 December 2016 uses the same indicative valuation as in Sarava's capital raise in the first quarter of 2016.

Website: avatech.ir

¹¹⁴ With 200,000 employees spread across 3,000 offices in 113 countries and revenue of c. GBP 55bn, WPP is the world's largest communications services group. Source: WPP Group, website: wpp.com/wpp/about/whoweare/, New York Times, website: nytimes.com/2016/03/05/business/international/wpp-worlds-largest-ad-agency-reports-strong-2015-growth.html?_r=0.

¹¹⁵ Pomegranate indirectly owns 5% of Avatech through Sarava. Unless otherwise stated, the information pertaining to Avatech has been gathered from Avatech's internal systems for accounting and reporting.

Sheypoor¹¹⁶

As per December 31, 2016	
Indicative valuation (EURm)	34.2
Pomegranate's ownership (%)	44.1 %
Fair value of Pomegranate's holding	15.1
Share of Pomegranate's NAV (%)	11.4 %
Pomegranate's total invested amount (EURm)	7.7

Established in 2012, Sheypoor, which translates “trumpet” in Persian (with the meaning of a megaphone as well) is the number two online classifieds marketplace in Iran. Sheypoor offers a platform where users can buy and sell their products quickly and easily free of charge or browse through thousands of advertisements, either on Sheypoor’s website or smartphone application. On Sheypoor the user can buy and sell a wide range of goods and services ranging from property and vehicles to mobiles, laptops, furniture, antiques and clothing.

Sheypoor is Pomegranate’s second largest portfolio holding. Pomegranate made its first investment of EUR 0.5m in Sheypoor in 2014 and has since then consistently increased its exposure in the company. Sheypoor’s key performance indicators have shown promising results and for example the number of total users and page views more than doubled in the second half of 2016. As part of Sheypoor’s latest funding round at the end of 2016, Pomegranate made a follow-on investment in the company totaling EUR 7.7m and increased its ownership to 44.1 % from previous 26.7 %.

Sheypoor will allocate the use of proceeds from the most recent funding round primarily to marketing efforts. The company launched two marketing campaigns in 2016 including TV, digital and offline advertising, generating up to twofold increase in the number of users and listings, which continued to increase also after the campaigns. In addition, Sheypoor has recently upgraded its technical infrastructure and i.a. improved the speed of the website in order to enhance user friendliness. Currently, the page speed of Sheypoor.com is 905ms, which is approximately 42% faster than the closest competitor Divar who has a page speed of 1559ms.¹¹⁷

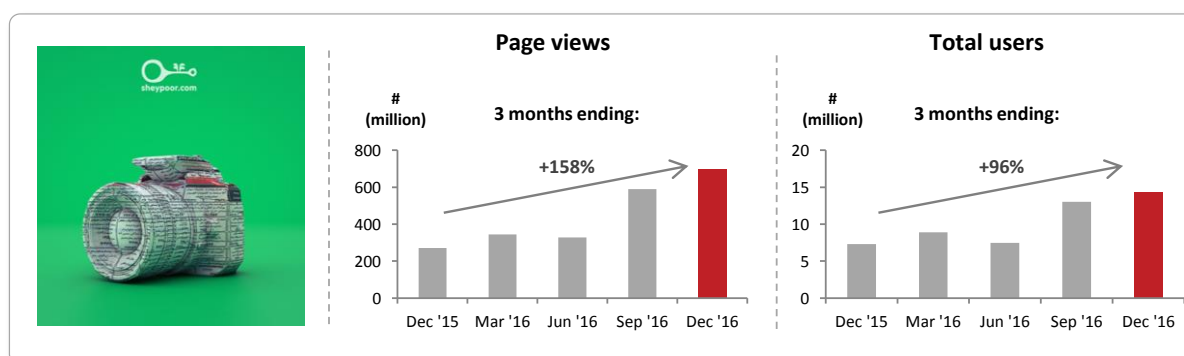
Sheypoor is still in a pre-revenue phase and does not forecast any revenue in the next twelve months or longer. The company intends to start monetizing through selling value added services to private listers as well as subscription packages for professional listers once liquidity and Sheypoor’s market position allow it.

The majority of Sheypoor’s revenues are expected to be generated from value added services and the rest coming from banner advertising and subscription-models for professional listers. Sheypoor’s near and medium term focus will remain on traffic growth and increasing liquidity on the platform.

¹¹⁶ Pomegranate controls 44.1% of Sheypoor. Unless otherwise stated, the information pertaining to Sheypoor has been gathered from Sheypoor’s internal systems for accounting and reporting.

¹¹⁷ Source: Hypestat.com.

Sheypoor's key performance data



Source: All data in the figure pertains from Sheypoor's internal reporting and accounting systems.

Sheypoor's position in the online classifieds market in Iran

Sheypoor and Divar, a Café Bazar asset and the largest online classifieds company in Iran, have a combined market share of approximately 90 %. Other main competitors include local offline players such as Hamshari, a newspaper which dominates the print classifieds market, and Bama.ir, which is an auto vertical. There are no large international competitors established in Iran, and no other large general classifieds competitors. Anecdotal, however, Naspers has recently conducted a soft launch of OLX, and Rocket Internet is allegedly present through a joint venture with MTN Group, which owns and operates Irancell.



Divar is Sheypoor's direct competitor and was established a few years earlier than Sheypoor. Divar is approximately two times larger than Sheypoor in terms of monthly unique users and is attempting monetisation while Sheypoor continues to focus on increasing market share.

Online classifieds is one of the world's most attractive markets for "the winner who takes most". For example, the Russian market leader Avito was valued at approximately 25.6x sales in October 2015¹¹⁸ when Naspers bought a significant block of shares. Café Bazaar owned 100 % of Divar and Sarava owned 20 % in Café Bazaar at year-end 2016. Divar and Sheypoor are both aiming to become the online classified platform of Iran, similarly to Avito's position in Russia, Craigslist in the US, blocket.se in Sweden or Finn.no in Norway.

¹¹⁸ Avito's 25.6x sales multiple calculation = "Valuation" (USD ~2.7bn) / "Annualized Q3 2015 sales" (Q3 2015 sales x 4 = USD 26.4m x 4 = USD 105.6m). Information about Avitos valuation and sales was gathered from Vostok New Venture's nine-months report for the period January – September 2015 and from Vostok New Venture's annual report for 2015.



Sheypoor's estimated user statistics:

- 600k active ads
- 20,000+ new ads per day
- 12m sessions per month on web
- 220m monthly page views on web
- Around 500k daily unique visitors
- 1.1m users per month in the mobile app

Valuation

Pomegranate increased its ownership in Sheypoor in 2016 in connection with two funding rounds. The first funding round, which was led by Pomegranate, consisted of a larger primary part and a smaller secondary portion and valued the company at c. EUR 20.0m post-money. A second funding round in December 2016 valued Sheypoor at c. EUR 34.0m post-money. As per December 31, 2016 Pomegranate owned 44.1 % of the company with the remaining 55.9 % owned by the founders and other investors.

Pomegranate and the other shareholders in Sheypoor have entered into a shareholders' agreement during the course of 2016.

Pomegranate is represented by two members on Sheypoor's Board of Directors.

Website: sheypoor.com

Griffon Capital¹¹⁹

As per December 31, 2016	Griffon	Griffon Fund
Indicative valuation (EURm)	18.3	n/a
Pomegranate's ownership (%)	15.2 %	n/a
Fair value of Pomegranate's holding	2.8	2.0
Share of Pomegranate's NAV (%)	2.1 %	1.5 %
Pomegranate's total invested amount (EURm)	1.3	2.0

¹¹⁹ Pomegranate owns 15.2% of Griffon Capital. Unless otherwise stated, the information pertaining to Griffon Capital has been gathered from Griffon Capital's internal systems for accounting and reporting.

Griffon Capital (“**Griffon**”) is an Iran-focused financial advisory, asset management and private equity group offering investment opportunities to local and international institutional investors through purpose-built vehicles and investment products spanning from traditional to alternative assets.

Griffon Capital was established in 2014 by Homan Harandian and Xanyar Kamangar and obtained all necessary permits and licenses in 2015. The rest of the founding team consists of internationally experienced bankers with Iranian descent.

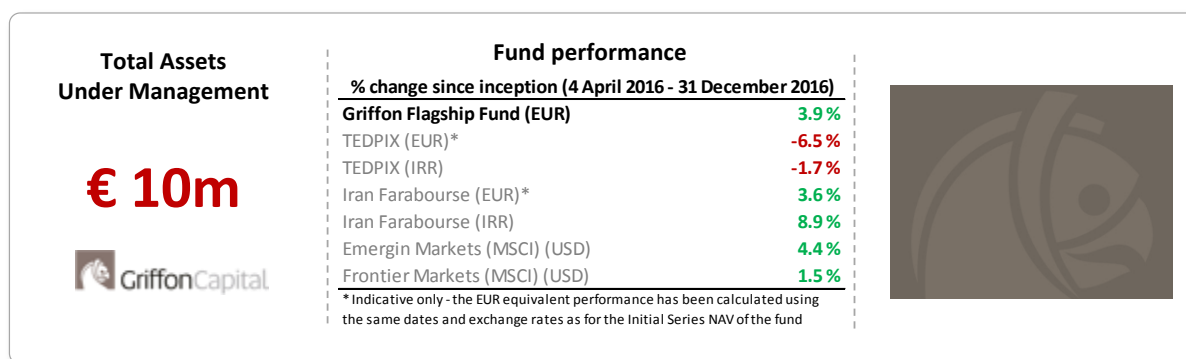
In the first quarter of 2016, Griffon started to market its products and services to international investors. With EU sanctions and US secondary sanctions eased, Griffon is well placed to capitalize on the increasing activity from international players on the Iranian financial markets. There are only a few other boutique investment banks in Iran.

The company now has an attractive pipeline in its corporate finance and private equity business. The corporate finance team closed two international mandates in 2016. Griffon also successfully launched its Iran Flagship fund with currently c. EUR 10.0m assets under management (“AUM”), a number which is expected to grow going forward. The fund, which was incepted in April 2016, has outperformed the benchmark index, TEDPIX, and delivered a 3.9 % in total return since inception. Approximately 80 % of the fund is invested in twenty different equities and 20 % is in fixed income and cash.

Griffon’s current efforts are focused on raising capital for its asset management and private equity fund as well as on marketing and roadshow activities.

Griffon gives Pomegranate additional optionality in the Iranian consumer sector by being able to co-invest if agreed.

Griffon’s key performance data



Source: All data in the figure pertains from Griffon’s internal reporting and accounting systems.

Valuation

The company’s valuation of c. EUR 18.3m as per 31 December 2016 is based on a secondary transaction consisting of c. 5.0 % of the outstanding shares in Griffon. The transaction was finalized in the first quarter of 2016.

Website: griffoncapital.com

Pomegranate and the other shareholders in Griffon have entered into a shareholders' agreement. Pomegranate has one seat in Griffon's Board of Directors.

Product portfolio

Asset management

Discretionary managed accounts

Griffon Iran (Homa) offers investors bespoke asset management services in the form of discretionary, managed accounts, with a minimum account size of EUR 1m.

Griffon Public Market Fund

Griffon offers a structured long-only equities fund to domestic and international investor. The fund is managed using a fundamental, bottom-up strategy based on proprietary research by seasoned professionals with significant experience of the Iranian public markets.

Private equity

Griffon Capital Consumers Private Equity Fund I

Griffon Capital is a pioneer in the Iranian private equity market, currently marketing a private equity ("PE") fund with a target size of EUR 100m. The fund will focus on identifying attractive assets in consumer market sectors such as consumer packaged goods, consumer services, distribution, retailing and pharmaceuticals.

Carvanro¹²⁰

As per December 31, 2016	
Indicative valuation (EURm)	2.6
Pomegranate's ownership (%)	25.0 %
Fair value of Pomegranate's holding	0.7
Share of Pomegranate's NAV (%)	0.5 %
Pomegranate's total invested amount (EURm)	0.5

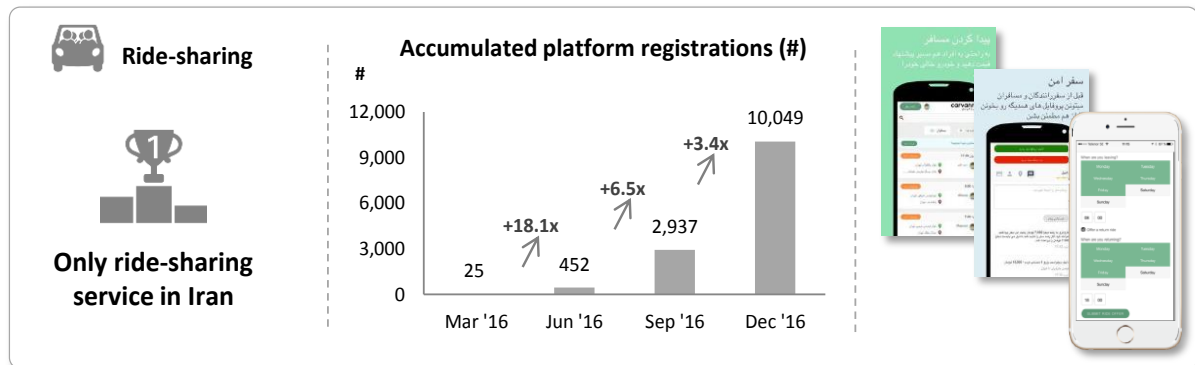
Carvanro is the first online ride-sharing service in Iran and was founded by Rouzbeh H. Pasha, Daniel Stocks and Filip Premberg in 2015. The company launched its online platform in Iran in early 2016 and recorded more than 125,000 unique visitors and more than 10,000 accumulated platform registrations by year end 2016.

Pomegranate first invested in Carvanro in January 2016 and has also committed to make a follow-on investment of EUR 768,300 in Carvanro, payable in two installments, taking the Company's ownership to around 40.0 % post transaction. The latest funding round is likely to be closed in Q1 2017.

The company started advertising in mid-2016 and executed different marketing campaigns and also conducted a marketing road trip with promising results. The use of proceeds from the ongoing funding round will be primarily allocated to marketing efforts.

¹²⁰ Pomegranate owns 25% of Carvanro. Unless otherwise stated, the information pertaining to Carvanro has been gathered from Carvanro's internal systems for accounting and reporting.

Carvanro's key performance data



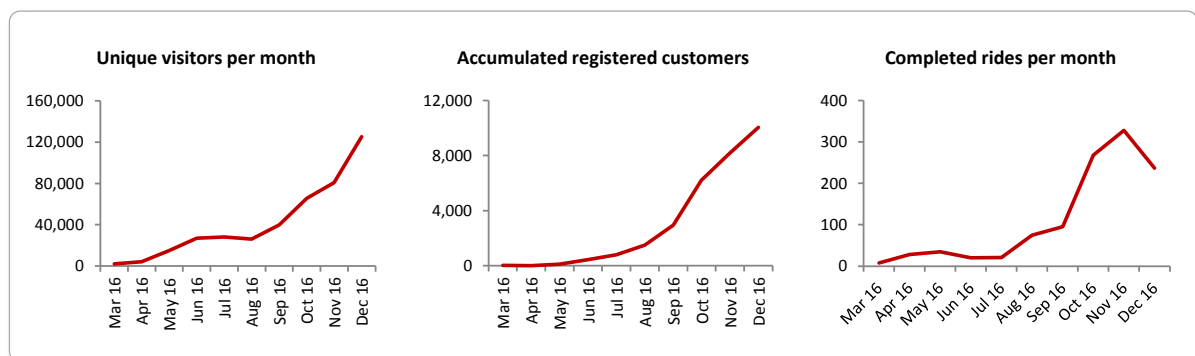
Source: All data in the figure pertains from Carvanro's internal reporting and accounting systems.

Carvanro's offering

Carvanro brings the element of trust and accountability in the ride-sharing process to improve the overall user experience throughout the value chain. The company aims to connect verified passengers with reliable and trusted drivers in simple and easy steps in a transparent and safe environment by leveraging technology.

Carvanro's platform is light and easy to use and offers simple search and research functionalities. The company deploys agent business model to mitigate fraud and payment risks.

In the future, the company aims to scale up the service within other emerging markets and grow further through partnerships and collaboration. Carvanro's system architecture allows easy international roll out and addition of new languages. Carvanro's booking platform can also be integrated and aligned with large number of smaller players and can therefore capture the potential of smaller agencies.



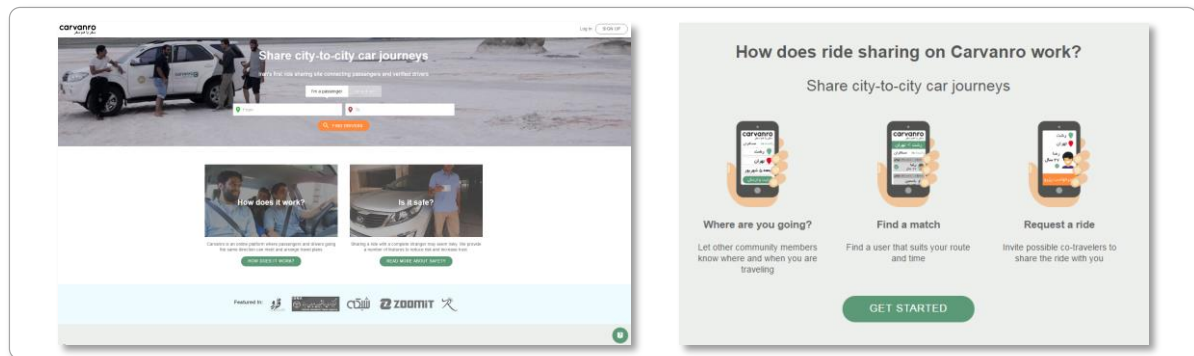
Carvanro's value proposition to the passengers (demand side):

- Improved user experience through accountability and reliability
- Trustworthy source to meet car transportation needs
- Transparent pricing and price comparison capabilities
- Easy to access and use
- Available anytime, any day and from anywhere

Carvanro's value proposition to the drivers (supply side):

- A powerful tool to decrease down time and "dead" mileage

- Trustworthy source to find passengers
- Increase earning potential and profitability
- A technology platform to manage driving schedules and work planning



Carvanro's position in the ride-sharing market in Iran

The Iranian market is an attractive opportunity for a ridesharing platform since Iran has a strong and well maintained technical infrastructure and underserved market of c. 80 million people with regards to online services and applications. Transportation is a large vertical globally and Carvanro has an important first-mover advantage in the ride-sharing segment in Iran.

The Iranian market for car transportation is dominated by traditional players, and competitors within ride sharing have limited or no online presence. The vast majority of all business is conducted by phone or by physical presence in terminals or at location, which translates into limited online competition. Reducing pollution is an important aspect in Iran and Carvanro's positioning as an environmentally friendly company is also viewed favorably.

In similar companies to Carvanro the online offering is in early days and the only player with a meaningful presence is "payaneh.ir" which is a bus ticket booking service (road transport). Taxi hailing applications Snapp and Tap30 are operating in Iran and have experienced rapid growth. However, Carvanro's business model is different compared to the taxi hailing apps. Carvanro primarily operates longer trips and transports for example regular commuters from the outskirts of Tehran to the city centre. Therefore, Carvanro is mainly competing against private vehicles, buses and trains.

Pomegranate is not expecting that global ride-sharing and taxi hailing services such as BlaBlaCar or Lyft would enter the Iranian market in the near short term. In the longer term, they can be viewed as competitors, partners or potential acquirers of Carvanro.

Example of business model and cost benefits – BlaBlaCar



Source: Vostok New Ventures Corporate Presentation, October 2016.

Note: (1) Rough estimated for illustrative purposes.

Valuation

Pomegranate's holding in Carvanro amounts to c. EUR 0.7m, corresponding to c. 25.0 % of the company as at 31 December 2016 and the founders of Carvanro own the rest.

Founders and management

Project lead - Rouzbeh H. Pasha:

- Founder of Pilotfish Networks (acquired by Volvo in 2001) and Tecc Systems
- Managed Skype online store and headed ecommerce business unit reaching USD 35m in revenue
- Head of CEMEA at Skype, turning the region into one of the fastest growing regions globally and increasing sales from USD 6m to USD 155m
- Head of International business unit at ODIGEO eDreams online travel group, launching the business in 28 new markets and increasing sales from USD 30m to USD 430m
- Experienced in start-ups, e-commerce, online services and online travel.
- M.Sc. Industrial Engineering, Chalmers University, Sweden

Development lead - Daniel Stocks:

- Former lead architect at Saltside Technologies, a successful provider of online classified ads platforms and sites across Southeast Asia and Africa, attracting more than USD 75m in venture capital funding
- Experienced in online start-ups and software architecture in large scale deployments

Design and UX lead - Filip Premberg:

- Former user experience ("UX") designer at Saltside Technologies and user experience architect at DigitasLBi, a prominent Scandinavian digital agency with global brands such as Volvo, Husqvarna, AtlasCopco among its clients

Pomegranate and the other shareholders in Carvanro have entered into a shareholders' agreement.

Carvanro's Board of Directors has five members and Pomegranate appoints two of them.

Website: carvanro.com

7.1.4 Pipeline and use of proceeds

During 2016 Pomegranate has increased its stake and exposure in all its portfolio companies. The rapid expansion growth paths of internet penetration, smartphone distribution and online shopping combined with the fact that internet companies in countries similar to Iran are valued higher than Iranian internet-related assets suggest that the Iranian consumer internet sector has a continued potential for value appreciation.

In 2017, the Company is intending to further diversify its portfolio which involves entering the offline consumer sectors, particularly in fast-moving consumer goods and food retail. Investments within such sectors are deemed to have a de-risking effect on the Company's investment portfolio, while still providing growth rates similar to the consumer technology and e-commerce sectors.

The Company believes that there is an opportunity for smaller, focused investment companies and private capital to identify sector specific investment opportunities in Iran with attractive risk-reward profiles outside of mainstream developed markets. In Pomegranate's view, Iran's consumer technology, e-commerce and offline retail sectors represent an extraordinary growth opportunity for investors and the proceeds of the Offering may among other things be allocated to a pipeline of two new landmark investment opportunities in the Iranian offline retail sector (please see "Summary of use of proceeds" below) as well as to follow-on investments in existing portfolio companies.

Summary of use of proceeds

Sources of cash	EURm	Uses of cash	EURm
Net cash (end of 4Q16)	15	Project HDI 2017-2020	30
The Offering (1Q17, indicative)	25 - 30	Project Safi 2017	5 - 15
		Tech JV	0.5 - 2
		Follow-on investment (Sarava company)	1
		Other deals 2017	3 - 5
Total	40 - 45	Total	39.5 - 53

Table above: Summary of sources and uses of cash.

A) Project Hard Discount Iran ("Project HDI"): Total investment of up to EUR 30m between 2017-2020

Pomegranate has signed a term sheet with an experienced management team to build a network of small size consumer goods stores in Iran. The stores will apply a hard discount concept, modelled on similar principles as for example BIM in Turkey or Aldi in Germany (at earlier stage). As of the date of this Prospectus, around twenty store locations have been committed to be leased and a fulfillment center has been identified in Tehran.

The stores will provide a selection of goods to fulfill basic needs, excluding fresh food items, and they will have a limited rented store size (200-400 sqm) in secondary streets. Limited shelves and number of stock keeping

units aim to keep control of costs and logistics. Over time up to 40 % of the selection of the goods will consist of private label products. Please see a comparison of different concepts in the table below.

Pomegranate is the lead investor and is negotiating about investing a total of c. EUR 30m between 2017 and 2020, which translates into a net pro-rata right to approximately 21.2 % of any distributions in the event of a sale of Project HDI. Pomegranate will appoint at least one of Project HDI's seven board members. The proceeds from the capital raising may be allocated into growing the company and building a network of more than 1,000 stores in Iran in the next few years.

The key team of Project HDI consists of the founders and former members of the Turkish discount food retailer BIM's management team. Aziz Zapsu, executive chairman of Project HDI, founded BIM in Turkey in 1995, and ten years later, BIM's IPO was valued at a cash-on-cash multiple of around 22x¹²¹. Since the IPO until March 2017, BIM's share price has increased around 24 times. In addition, Mr. Zapsu founded another hard discount store A101 in Turkey in 2008 (current sales around USD 3.8bn) and co-founded hard discount chain Kazyon in Egypt. Mr. Zapsu sold his stake in A101 in 2011 and still holds a board seat in Kazyon. The CEO of Project HDI, Vedat Diriker, founded and led Iran's first hard discount chain, CANBO, from 2011 to 2013 as CEO. In addition, Mr. Diriker also worked at BIM previously and was a member of BIM's operations committee.

Today, BIM is the largest food retailer in Turkey. BIM offers basic food items and consumer goods at low prices. Only two years after being founded by Mr. Zapsu, the chain opened its 100th store. In 1999 the company secured financing from Merrill Lynch Global Emerging Markets Partnership and Bank of America International Investment and five years later in 2004 it opened its 1,000th store. Today BIM has over 5,600 stores and annual revenue of around USD 6.6bn.

In terms of the food retail market and its development stage, there are many similarities between the current market in Iran and the market in Turkey around twenty years ago. The food retail market in Iran remains fragmented although large in total size. Market research firm Vistar Business Monitor estimates the total value of Iran's retail sector at USD 70 billion, of which only 8.5% is accounted for by chain stores, including hypermarkets, while the remaining 91.5% can be attributed to traditional retailers such as neighbourhood stores and bazaar vendors. In contrast, the market share of the top 3 food retailers in European markets range between 50 % and 60 %¹²². There are two discount food retailers present in Iran: CANBO, with 150 stores and HAFT with 70 stores¹²³.

According to Euromonitor, real retail sales in Iran were USD 128bn in 2014. By gross value added ("GVA"), retail is the nation's fifth-largest sector (USD 28bn) and the fourth-largest employer, with more than 2.6m employees, or about 12 % of all Iranian jobs¹²⁴. McKinsey estimates that by 2035, domestic annual retail sales would increase to more than USD 400bn. This implies that GVA could rise to more than USD 90bn by 2035, translating to a CAGR rate of nearly 6 %. Even with productivity gains of close to 70%, this could result in additional 1.4m retail employees in Iran.

Summary of terms: Pomegranate to invest a total of c. EUR 30m between 2017-2020, for a net pro-rata share to 21.2 % of the total funds committed and all distributions from a future sale of the company. EUR 5.7m is payable by when full funding has been secured. The transaction is conditional upon Project HDI receiving financing commitments of c. EUR 110m in total by the second quarter of 2017, including Pomegranate's c. EUR 30m commitment.

¹²¹ In this case, cash-on-cash multiple refers to the relation between proceeds from the divestment and the invested amount.

¹²² Planet Retail – European Grocery Retailing.

¹²³ Vistar Business Monitor.

¹²⁴ Source: CIE.

	Hard Discount	Soft Discount	Supermarket
Store Location	Accessible secondary streets	Primary and secondary streets	Mostly primary streets and malls
Store Size	Typically 200-400 sqm	Typically 200-400 sqm	400-2,500 sqm
Personnel/ Store	Typically 4-6	Between 6-12	Between 25-75
Store Layout	Limited Shelves	Shelves	Full shelves
Number of SKUs	750-1,200	2,000-3,000	5,000-15,000
% Private Label	40-90%	10-40%	Approx. 5%
Merchandise	Only packaged fish and meat. Limited produce and frozen goods	Meat, fish, produce and frozen goods	Meat, fish, poultry, fresh produce, frozen goods, non-food articles

Table above. Comparison of different food retail concepts. Source: AzD

B) Fast-Moving Consumer Goods Joint Venture - “Project Safi”: Total planned investment of up to EUR 5-15m

Pomegranate’s joint venture partners (the “JV Partners”) have signed a term sheet with a large global fast-moving consumer goods brand (the “FMCG Brand”). The purpose is to produce and distribute three market leading sauces in Iran and the neighboring countries. The JV Partners currently have a profitable and growing business in Iran of three mid-priced successful sauces in different categories as well as a factory and a distribution network. The FMCG Brand manufactures and distributes different food and beverage products globally. Project Safi plans to acquire 100 % of this existing business in Iran.

Pomegranate and the FMCG Brand will co-invest in the JV Partners’ existing business, with the FMCG Brand providing an in-kind contribution in the form of machinery. With the use of proceeds and partnership with the FMCG Brand, Project Safi plans to expand the production of the existing local sauces and also introduce similar products carrying the name of the FMCG Brand. The existing local sauces are priced in the mid-segment and by introducing the FMCG’s premium products, Project Safi can also enter the high-end sauce segment.

Project Safi plans to distribute sauces to both small and large grocery stores, similarly to the current distribution set-up of JV Partners’ existing products. Successful distribution has been an important supporting factor of JV Partners’ growing business and Project Safi plans to use the same distributor.

The JV Partners consist of the original shareholders behind the successful, profitable Iranian brand, and they will retain a significant majority stake of around 60 % in Project Safi. Together with additional investors, Pomegranate will hold around 30 % of Project Safi, and the FMCG Brand will hold the rest 10 %.

The JV Partners have already signed a term sheet with the FMCG Brand. Pomegranate is still negotiating the details of the partnership. Out of nine board members, the JV Partners will appoint four, Pomegranate together with the additional investors will appoint three and the FMCG Brand will appoint two board members. The

project has a potential exit mechanism in place at the end of Pomegranate's estimated investment horizon of 6 to 9 years.

The FMCG Brand initiated Project Safi since they wanted to enter the Iranian market. Some of the FMCG Brand's products are already being sold in Iran in small volumes via imports, which are not controlled by the FMCG Brand.

Import tariffs on finished goods in Iran are higher than those imposed on raw materials or in-process goods, and therefore major international players need to consider to either produce locally or partner with local producers instead of simply importing their goods. Import tariffs especially in the sauces category are at the higher end of the tariffs range¹²⁵.

In Pomegranate's opinion, the underlying market trends are supportive of this investment opportunity. Iran is a populous country of around 80m inhabitants and has a large middle class. In addition, many of the typical fast-moving consumer brands, which are present in developing countries, either haven't entered Iran yet or are only being imported via parallel channels.

Iran's FMCG manufacturing sector supplies much of the domestic retail market, and McKinsey estimates that domestic sales totaled nearly USD 60bn in 2015. McKinsey further estimates that total FMCG sales may reach USD 235bn by 2035, and that total annual sales opportunity for global food and beverage companies manufacturing in Iran could reach USD 53bn by 2035, from both domestic sales and regional exports.

Summary of terms: Up to EUR 5-15m total investment with an estimated investment horizon of around 6-9 years.

C) Basket of smaller new deals: Total of c. EUR 4.5-8m in 2017

Pomegranate is currently having ongoing discussions regarding several smaller investment opportunities in the consumer technology/ internet sector in Iran. These investments amount to a total of c. EUR 4.5-8m.

¹²⁵ Source: Iran Customs Administration.

8 SANCTIONS

The United Nations, the European Union, the United States and other jurisdictions administer a range of economic sanctions designed to further their foreign policy goals. Such sanctions include broad comprehensive embargoes on a number of countries and regions, as well as more targeted restrictive measures against certain listed persons and entities ("**Sanctioned Persons**"). While the United States currently imposes a comprehensive embargo on Iran,¹²⁶ the more limited sanctions administered by the EU and UN do not seek to prevent all trade or business with Iran, but rather, only business that involves Sanctioned Persons or transactions involving arms, missile technology, nuclear-related transfers and activities, as well as certain telecommunication monitoring equipment.¹²⁷

Prior to 2016, the United Nations, the European Union, the United States and other jurisdictions imposed broad sweeping sanctions against Iran, which largely prevented Iran from participating in the global economy or financial system. In January 2016, in exchange for Iran's curtailment of its nuclear-related activities, the EU and UN lifted most of their former sanctions against Iran, which had targeted broad sectors of the Iranian economy, including financial, banking and insurance restrictions; sanctions on the Iranian energy sector, including oil, gas and petrochemicals; restrictions on software, gold, precious metals, banknotes and coinage and on payments between the EU and Iranian persons. At the same time, the US government lifted many of its so called "secondary sanctions", under which non-US persons could be penalised without any nexus to the United States, which had broadly targeted similar sectors of the Iranian economy with extraterritorial effect, including the financial and banking; insurance; oil, gas and petrochemicals; shipping, shipbuilding and ports; precious metals, metals and software; and automotive sectors.¹²⁸

Despite this dramatic easing of international sanctions, US sanctions continue to prohibit US persons from engaging in most commercial activity involving Iran and globally restrict the use of US dollars in connection with Iran. In addition, remaining US secondary sanctions continue to provide penalties for non-US persons who engage in significant transactions with certain designated Iranian persons or relating to Iranian missile technology, nuclear-related activities or human rights abuses.¹²⁹ Certain limited activities involving Iran are now permitted for US persons, including imports from Iran of carpets and foodstuffs¹³⁰ and exports to Iran of medicine, medical devices and agricultural commodities.¹³¹ In addition, the US government introduced a favourable licensing policy in January 2016 for commercial passenger aircraft¹³² and authorised non-US companies that are owned or controlled by US persons to engage in Iran-related activities, subject to certain

¹²⁶ See the US Iranian Transactions and Sanctions Regulations, 31 C.F.R. §560.204 Prohibited exportation, reexportation, sale, or supply of goods, technology, or services to Iran.

¹²⁷ See Council Regulation (EU) No 359/2011 of 12 April 2011, as amended and Council Regulation (EU) No 267/2012 of 23 March 2012, as amended.

¹²⁸ See the European Council and Council of the European Union webpage on the Joint Comprehensive Plan of Action and restrictive measures and the Statement Relating to the Joint Comprehensive Plan of Action "Implementation Day" of January 16, 2016 and related guidance published by the US Department of the Treasury.

¹²⁹ See, e.g., Executive Order 13382 of June 28, 2005 Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters. Order 13553 of September 28, 2010 Blocking Property of Certain Persons With Respect to Serious Human Rights Abuses by the Government of Iran and Taking Certain Other Actions. Executive Order 13606 of April 22, 2012 Blocking the Property and Suspending Entry Into the United States of Certain Persons With Respect to Grave Human Rights Abuses by the Governments of Iran and Syria via Information Technology as well as Executive Order 13628 of October 9, 2012 Authorizing the Implementation of Certain Sanctions Set Forth in the Iran Threat Reduction and Syria Human Rights Act of 2012 and Additional Sanctions With Respect to Iran.

¹³⁰ See the US Iranian Transactions and Sanctions Regulations, 31 C.F.R. §560.534 Importation into the United States of, and dealings in, certain foodstuffs and carpets authorized.

¹³¹ See the US Iranian Transactions and Sanctions Regulations, 31 C.F.R. §560.530 Commercial sales, exportation, and reexportation of agricultural commodities, medicine, medical devices, and certain related software and services.

¹³² See the Statement of Licensing Policy for Activities Related to the Export or Re-export to Iran of Commercial Passenger Aircraft and Related Parts and Services issued by the US Department of the Treasury on 16 January 2016.

restrictions.¹³³

8.1 The Joint Comprehensive Plan of Action

On 24 November 2013, China, France, Russia, the United Kingdom, the United States and Germany (the so called “P5+1”) the European Union and Iran reached an interim agreement, known as the Joint Plan of Action, regarding the Iranian nuclear program.¹³⁴ Under this agreement, in return for Iran taking several steps to limit the progress of its nuclear program, on 20 January 2014 certain US and EU economic sanctions on Iran were eased, including an increase in the threshold amount (from EUR 40,000) to EUR 400,000 for transfers of funds between EU persons and Iranian persons that triggered a prior authorisation requirement.¹³⁵

On 14 July 2015, the P5+1, the EU and Iran reached a final agreement regarding Iran’s nuclear program, known as the Joint Comprehensive Plan of Action (“**JCPOA**”), which provides a long-term plan for limiting Iran’s uranium enrichment and related nuclear activities, extensive monitoring of those activities by the International Atomic Energy Agency (“**IAEA**”) and, in exchange, the suspension and eventual termination of nuclear-related UN, EU and US economic sanctions which apply to non-US persons.¹³⁶

On 16 January 2016 the IAEA confirmed that Iran had fully satisfied its obligations under the JCPOA. Accordingly, on the same day (referred to as “**Implementation Day**”), the United Nations, the European Union and the United States lifted the majority of their nuclear-related secondary sanctions.¹³⁷ The JCPOA provides a dispute resolution mechanism that permits the parties to raise concerns about significant non-performance under the JCPOA and, if unresolved, allows for sanctions to “snap back”.¹³⁸

The changes in UN, EU and US sanctions against Iran were significant, particularly to the extent they previously related to non-US individuals and entities. US primary sanctions applicable to US persons (as defined below) remain largely in place. However, the European Union now permits most business with Iran, and there is no longer a general obligation to notify the EU authorities about payments to and from Iran or Iranian persons.

Nevertheless, such relief is partial (due to remaining sanctions) and provisional (due to the possibility of a “snap-back”). Given these limitations, many global banks have so far refused to finance or otherwise support Iran-related business. Furthermore, the inauguration of President Trump in the United States, who has sharply criticised both Iran and the JCPOA, has increased the uncertainty about the future of the sanctions relief. President Trump at various times has stated that he would rescind the JCPOA,¹³⁹ which he could do with the stroke of a pen, at least with regard to US obligations to ease sanctions, which could then trigger a “snap-back” for the other JCPOA parties. He could also use the threat of re-imposing previous sanctions or issuing new sanctions to renegotiate a better deal, or alternatively he could offer the promise of further easing of US sanctions to bring Iran back to the negotiating table. Consequently, it has become very difficult for companies

¹³³ See General License H, issued by the US Department of the Treasury on 16 January 2016.

¹³⁴ See the Joint Plan of Action. See Information relating to the extension of the sanctions relief provided for in the Joint Plan of Action between the P5+1 and the Islamic Republic of Iran, published by the US Department of the Treasury.

¹³⁵ See Council Regulation (EU) No 42/2014 of 20 January 2014.

¹³⁶ See the Joint statement by EU High Representative Federica Mogherini and Iranian Foreign Minister Javad Zarif Vienna, 14 July 2015, published by the European External Action Services and the Statement Relating to the July 14, 2015 Announcement of a Joint Comprehensive Plan of Action Regarding the Islamic Republic of Iran’s Nuclear Program published by the US Department of the Treasury.

¹³⁷ See the European Council and Council of the European Union webpage on the Joint Comprehensive Plan of Action and restrictive measures and the Statement Relating to the Joint Comprehensive Plan of Action “Implementation Day” of January 16, 2016 and related guidance published by the US Department of the Treasury.

¹³⁸ See “Dispute Resolution Mechanism”, paragraphs 36-37, Joint Comprehensive Plan of Action.

¹³⁹ See, e.g., “Donald Trump: Amateur hour with the Iran nuclear deal”, USA Today, 8 September 2015, available here: [usatoday.com/story/opinion/2015/09/08/donald-trump-amateur-hour-iran-nuclear-deal-column/71884090/](http://www.usatoday.com/story/opinion/2015/09/08/donald-trump-amateur-hour-iran-nuclear-deal-column/71884090/), as well as “Trump election puts Iran nuclear deal on shaky ground”, Reuters, 9 November 2016, available here: [reuters.com/article/us-usa-election-trump-iran-idUSKBN13427E](http://www.reuters.com/article/us-usa-election-trump-iran-idUSKBN13427E).

considering investing in Iran to predict with any accuracy the future of Iran sanctions.

8.2 EU Sanctions

EU sanctions apply to EU nationals wherever located, to any legal entity incorporated under the law of an EU Member State, to any person located in the territory of an EU Member State and to any business activities carried out in whole or part in an EU Member State.¹⁴⁰ The primary measures of applicable EU sanctions against Iran after Implementation Day are asset freezes, particularly prohibitions on dealing with such frozen assets and on making funds or economic resources available to persons listed on the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions, and sector-specific limitations, for example restrictions on nuclear- or arms-related activities.¹⁴¹

Prior to Implementation Day, the EU imposed broad economic and financial sanctions related to Iran's nuclear program, with prohibitions in connection with many sectors of the Iranian economy, including the financial, banking, insurance, energy (oil, gas and petrochemical), shipping, shipbuilding and transport sectors, as well as restrictions on software, metals, gold, other precious metals, banknotes and coinage. Payments between EU and Iranian persons were also subject to requirements for prior notification (for payments between EUR 10,000 and EUR 400,000) or prior authorisation (for payments exceeding EUR 400,000) from relevant EU Member State authorities.¹⁴²

On Implementation Day, the EU lifted most of its economic and financial sanctions related to Iran's nuclear program.¹⁴³ All general restrictions on transfers of funds between EU individuals or entities and Iranian individuals or entities were terminated, and a significant number of individuals and entities were delisted. These persons are no longer subject to asset freezes, prohibitions on making funds available to such persons, or travel bans.¹⁴⁴

EU sanctions that relate to the human rights situation in Iran and support for terrorism remain in place. Certain individuals and entities designated under UN and EU sanctions continue to remain subject to an asset freeze and visa ban. Also remaining are EU bans on the export to Iran of arms and related materiel, missile technology, certain nuclear-related transfers and activities, certain metals and software, and equipment which could be used for internal repression or for monitoring telecommunications.¹⁴⁵

8.3 US Sanctions

US sanctions can be divided into primary sanctions and secondary sanctions. US primary sanctions apply to US persons (including US citizens and permanent residents, companies organised in the US and any persons located in the US) ("**US persons**")¹⁴⁶ or activities that involve a US nexus, such as payments in US dollars¹⁴⁷ or exports of certain US-origin items.¹⁴⁸ US secondary sanctions are applicable to non-US persons, even where

¹⁴⁰ See, e.g., Article 15 of Council Regulation (EU) No 359/2011 of 12 April 2011, as amended, and Article 49 of Council Regulation (EU) No 267/2012 of 23 March 2012, as amended.

¹⁴¹ See Council Regulation (EU) No 359/2011 of 12 April 2011, as amended and Council Regulation (EU) No 267/2012 of 23 March 2012, as amended.

¹⁴² See Section A. European Union, of Annex II – Sanctions-related commitments, under the Joint Comprehensive Plan of Action.

¹⁴³ Ibid.

¹⁴⁴ For a list of such persons, see Attachment 1 to Annex II of the Joint Comprehensive Plan of Action.

¹⁴⁵ See Council Regulation (EU) No 359/2011 of 12 April 2011, as amended and Council Regulation (EU) No 267/2012 of 23 March 2012, as amended.

¹⁴⁶ See the US Iranian Transactions and Sanctions Regulations, 31 C.F.R. §560.314 United States person; U.S. person.

¹⁴⁷ See the US Iranian Transactions and Sanctions Regulations, 31 C.F.R. §560.410 Provision of services.

¹⁴⁸ See the US Export Administration Regulations, 15 C.F.R. §746.7 Iran.

there is no connection to the United States, so a US nexus is not required in order for the secondary sanctions to apply.¹⁴⁹

US persons are prohibited from undertaking essentially any type of transaction or dealing involving, directly or indirectly, Iran,¹⁵⁰ its government (including government owned or controlled entities) and financial institutions,¹⁵¹ persons on the list of Specially Designated Nationals and Blocked Persons (the “SDN List”) administered by the US Department of Treasury’s Office of Foreign Assets Control (“OFAC”) and entities in which one or more SDNs directly or indirectly hold an aggregate 50 % or greater ownership interest.¹⁵² US sanctions also prohibit any US person from approving, assisting, financing, guaranteeing or otherwise “facilitating” any business involving sanctioned countries or persons.¹⁵³ US primary sanctions also apply where there is a US nexus, including the use of US dollars in transactions or taking or causing action in the US.¹⁵⁴

The JCPOA largely did not affect US primary sanctions,¹⁵⁵ apart from limited exceptions, such as authorising non-US companies owned or controlled by US persons to engage in business with Iran (subject to certain conditions) under OFAC’s new “General License H”.¹⁵⁶ In addition, in December 2016, the US government further eased restrictions on exports to Iran by US persons of medical devices, agricultural commodities, and related parts and services.¹⁵⁷

Prior to Implementation Day, US secondary sanctions provided for penalties against non-US persons who engaged in significant transactions in many sectors of the Iranian economy, including the financial, banking and insurance; energy (oil, gas and petrochemical); shipping, shipbuilding and ports; precious metals, metals and software; and automotive sectors.¹⁵⁸ On Implementation Day, the United States lifted most such secondary sanctions and removed over 400 individuals and entities from the SDN List.¹⁵⁹ However, many Iranian entities and individuals remain on the SDN List, because they were designated for non-nuclear reasons (for example, terrorism, human rights abuses, affiliation with the Islamic Revolutionary Guard Corps (“IRGC”) or proliferation of weapons of mass destruction). In addition, OFAC has designated a number of new Iranian SDNs in the last year in connection with ballistic missile-related activities, which are outside the scope of the JCPOA, including a round of such designations as recently as 3 February 2017.¹⁶⁰ Non-US persons can still be penalised under US

¹⁴⁹ See, e.g., Executive Order 13628 of October 9, 2012 Authorizing the Implementation of Certain Sanctions Set Forth in the Iran Threat Reduction and Syria Human Rights Act of 2012 and Additional Sanctions With Respect to Iran as well as Executive Order 13645 of June 3, 2013, Authorizing the Implementation of Certain Sanctions Set Forth in the Iran Freedom and Counter-Proliferation Act of 2012 and Additional Sanctions With Respect To Iran.

¹⁵⁰ See the US Iranian Transactions and Sanctions Regulations, 31 C.F.R. §560.204 Prohibited exportation, reexportation, sale, or supply of goods, technology, or services to Iran.

¹⁵¹ See Executive Order 13599 of February 5, 2012 Blocking Property of the Government of Iran and Iranian Financial Institutions.

¹⁵² See Frequently Asked Questions on Entities Owned by Persons Whose Property and Interest in Property are Blocked (50 % Rule), published by the US Department of the Treasury.

¹⁵³ See the US Iranian Transactions and Sanctions Regulations, 31 C.F.R. §560.208 Prohibited facilitation by United States persons of transactions by foreign persons.

¹⁵⁴ See Council Regulation (EU) No 359/2011 of 12 April 2011, as amended and Council Regulation (EU) No 267/2012 of 23 March 2012, as amended.

¹⁵⁵ See Question A.3. in Frequently Asked Questions Relating to the Lifting of Certain US Sanctions Under the Joint Comprehensive Plan of Action (JCPOA) on Implementation Day, published by the US Department of the Treasury.

¹⁵⁶ See the Statement of Licensing Policy for Activities Related to the Export or Re-export to Iran of Commercial Passenger Aircraft and Related Parts and Services issued by the US Department of the Treasury on 16 January 2016.

¹⁵⁷ See 81 FR 94257, 23 December 2016 as well as the US Iranian Transactions and Sanctions Regulations, 31 C.F.R. §560.530 Commercial sales, exportation, and reexportation of agricultural commodities, medicine, medical devices, and certain related software and services.

¹⁵⁸ See Section B. United States, of Annex II – Sanctions-related commitments, under the Joint Comprehensive Plan of Action.

¹⁵⁹ For a list of such persons, see Attachment 3 to Annex II of the Joint Comprehensive Plan of Action.

¹⁶⁰ The list of persons designated on that date is available here: [website: treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20170203.aspx](https://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20170203.aspx). See also “Trump administration sanctions Iran over missile test”, The Washington Post, 3 February 2017, available here: [website: washingtonpost.com/world/national-security/trump-administration-sanctions-iran-on-missile-test/2017/02/03/dfb101ce-4107-409e-ab45-f49449e92c1f_story.html?utm_term=.060bfdcb8e2](https://www.washingtonpost.com/world/national-security/trump-administration-sanctions-iran-on-missile-test/2017/02/03/dfb101ce-4107-409e-ab45-f49449e92c1f_story.html?utm_term=.060bfdcb8e2).

secondary sanctions for engaging in significant transactions with, or providing material support to, Iranian entities or individuals remaining on the SDN List.¹⁶¹

The penalties with respect to US secondary sanctions are aimed at prohibiting activity within the US or access to US financial markets. Penalties include targeted entities being barred from access to the US financial system and US financial institutions, visa denials for corporate officers or principals and controlling shareholders, and in extreme cases the inclusion of targeted persons and entities on US sanctions lists.¹⁶²

8.4 Pomegranate's compliance with sanctions

The Company believes that its activities have at all times been conducted in full compliance with all applicable sanctions.

8.4.1 Sanctions compliance strategy

The Company adopted a Sanctions Compliance Strategy on 26 June 2014 setting out the fundamental position of the Board of Directors that the Company shall strive to observe strict compliance with all rules that apply to the Company, including the prevailing international sanctions applicable to investments in Iran. The Sanctions Compliance Strategy sets out principles for compliance with EU sanctions administered by the Swedish competent authorities, primarily the Agency for Non-Proliferation and Export Controls (Sw. *Inspektionen för strategiska produkter* or "*ISP*"), including prior ISP approval for any financial transactions between the Company and Iranian entities above EUR 400,000 (which is no longer required following the easing of EU sanctions in January 2016). In addition, the Sanctions Compliance Strategy states that the Company will not allow US or Canadian citizens, residents or corporations to invest in the Company.

The Sanctions Compliance Strategy sets out procedures for performing legal due diligence on each target company, in order to identify all officers, shareholders and beneficiaries, based on target companies' records, publicly registered documents and, where deemed necessary, information obtained through a business intelligence provider specialising in the Middle East. The Sanctions Compliance Strategy also provides for a general review of the Company's portfolio from a compliance perspective to be undertaken periodically. The first such review was completed by the Board of Directors on 30 June 2015, reviewing the Company's investment in Sheypoor and its initial investment in Sarava. The Board of Directors found no changes in shareholder or other circumstances in relation to the Company's portfolio companies that would render any of the Company's investments non-compliant with then current sanctions against Iran.

On 22 February 2016, in connection with the March 2016 equity issue in the Company, the Board of Directors adopted a new more detailed Trade Controls Policy, replacing the Sanctions Compliance Strategy, addressing compliance with applicable Swedish, EU and US trade controls and economic sanctions. The Trade Controls Policy sets out the compliance roles and responsibilities of the Board of Directors and Pomegranate's employees, and includes provisions for transaction screening and due diligence, continuous monitoring, compliance by Pomegranate's portfolio companies, record keeping, violations and disciplinary action, reporting of violations and training.

¹⁶¹ See Executive Order 13645 of June 3, 2013, Authorizing the Implementation of Certain Sanctions Set Forth in the Iran Freedom and Counter-Proliferation Act of 2012 and Additional Sanctions With Respect To Iran.

¹⁶² See, e.g., Section 6 of the Iran Sanctions Act of 1996, Pub.L. 104-172, as amended, codified at 50 U.S.C. § 1701 Note as well as the list of penalties set out in Sections 1(b), 2(b), 3(b), 6 and 7 of Executive Order 13645 of June 3, 2013.

8.4.2 Compliance to date

The Board of Directors administers the Company's Trade Controls Policy, and Anders F. Börjesson, Director and acting General Counsel, is the individual chiefly responsible for ensuring the Company's compliance with sanctions.

In connection with the Company's investments in 2014, 2015 and 2016, the Company evaluated the permissibility of each individual investment on a case-by-case basis, with a focus on identifying key persons in the target entity – including Board members, members of management, and shareholders – in order to verify that no such key persons appeared on the SDN List or the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions. Pomegranate has representation on the Board of each of its investments from which it is in a position to monitor and promote sanctions compliance by its portfolio companies. The Company's investment agreements have also generally included representations regarding compliance with applicable laws and regulations.

Payments in connection with the Company's investments have been made in full compliance with EU requirements, including the following:

- prior notification to the ISP on 18 November 2014 of the transfer of EUR 380,000 to Iranian persons in connection with the Company's initial purchase of shares in Sheypoor;
- prior authorisation granted by the ISP on 19 January 2015 for the transfer of EUR 800,000 to Iranian persons in connection with the further payment for shares in Sheypoor; and
- prior authorisation granted by the ISP on 3 December 2015 for the investment of the equivalent of approximately EUR 8 million in Sarava.

In each case, the prior notification or request for prior authorisation submitted to the ISP included detailed specifics of each transaction and the Iranian entities, key Iranian persons and financial institutions involved in Iran. In addition, the Company purchased additional shares in Sheypoor in December 2014 under three transactions amounting to EUR 46,000 each. Pomegranate was not required under the relevant EU sanctions regulation in effect at the time to make any prior notification in connection with these purchases. Subsequently, as part of the easing of EU sanctions in January 2016, the EU lifted its former requirements for prior notification or prior authorisation of Iran-related payments.

In connection with Pomegranate's further investment in Sarava, for which it signed the final agreements after Implementation Day in January 2016, Pomegranate engaged international legal counsel to conduct a detailed sanctions due diligence exercise that included screening searches against the SDN List and Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions of

- directors, senior management, and operations of Sarava;
- investors and shareholders (including selling shareholders) of Sarava;
- portfolio companies/subsidiaries of Sarava and their founders;
- corporate shareholders of Sarava (representatives, beneficial owners, and board members); and
- parties involved in the investment transaction.

Corporate documents and lists of names for these searches were sourced by Pomegranate's Iranian counsel and from publicly available information found on Sarava's and its portfolio companies' websites, and elsewhere on the internet. In the course of such due diligence, no evidence was found of the involvement of any Sanctioned Person in the transaction, with the exception of the following:

- an unverified document indicated a 0.25% indirect holding in Sarava by an entity that is both an SDN and an EU-designated person, but this information could not be verified from any of the current shareholder records of the relevant Sarava shareholder;
- a publicly available source suggested that the IRGC may in the past have held an unknown stake in a 14.81% shareholder of Sarava, but this could not be verified from any of the current shareholder records of the relevant Sarava shareholder; and
- another 14.81% direct shareholder of Sarava, Kardan Investment Bank, is majority owned by three Iranian financial institutions, which were all removed from the SDN List on Implementation Day but remain blocked under US primary sanctions. Prior to Implementation Day, one of these three institutions, which holds a 33% direct interest in Kardan Investment Bank (and accordingly, a 4.9% indirect interest in Sarava), was subject to US secondary sanctions and an EU-designated person. This shareholder's minority holding was not sufficient to render Kardan Investment Bank itself subject to US secondary sanctions or EU sanctions prior to Implementation Day, and the minority shareholder was removed from the SDN List and was delisted by the EU on Implementation Day.

All fund transfers in connection with the Company's investments have been made in currencies other than US dollars, no Company employee or member of the Board of Directors is a US person, and no Company personnel have engaged in any business activities related to the Company while located in the US. In addition, to ensure that its investors do not subject it to the application of US primary sanctions, the Company has sought in all previous capital raisings to verify that potential investors are not US persons, by requesting passport copies from each investor as well as assurances that no investor is or is acting on behalf of any US person.

If EU and US sanctions returned to their pre-JCPOA substance and scope, either in a JCPOA "snap-back" scenario or otherwise, the Company believes that its current business activities in Iran would remain compliant with such restored sanctions and would not expose the Company to penalties. This is because the Company is not engaged in business activities in any of the sectors formerly targeted under pre-JCPOA EU sanctions or US secondary sanctions, and it does not currently deal directly with any persons that were formerly designated on the SDN List as subject to secondary sanctions or on the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions. The Company believes that any potential nexus between it and the indirect shareholders of Sarava discussed above who were formally sanctioned prior to Implementation Day, is not sufficient to expose the Company to penalties should US secondary sanctions targeting such persons be restored, and the Company would address any risk of violating restored EU sanctions targeting such persons through appropriate compliance procedures.

The Company's Trade Controls Policy provides for a general review of the Company's portfolio from a compliance perspective to be undertaken periodically. The most recent such review was completed by the Board of Directors on 19 December 2016, reviewing the Company's investments in its portfolio companies. The Board of Directors found no changes in shareholder or other circumstances in relation to the Company's portfolio companies that would render any of the Company's investments non-compliant with current sanctions against Iran.

8.5 Investment in Pomegranate in compliance with sanctions

Pomegranate is committed to compliance with all Swedish, EU and UN sanctions and believes it is in full compliance with such sanctions. As a result, Pomegranate believes EU citizens and entities may invest in Pomegranate in compliance with EU sanctions.

Because Pomegranate invests predominantly in Iran, US persons are not permitted to invest in Pomegranate,

and Offer Shares will not be allocated to any US persons. Entities organised and located outside the United States that are owned or controlled by US persons should consult their own legal advisers as to the suitability of an investment in Pomegranate, including their ability to rely on the authorisation under OFAC's General License H to engage in Iran-related activities. US persons should not be involved in any decision to invest in Pomegranate, or otherwise approve, finance or facilitate any investment in Pomegranate by a non-US person.

Any prospective investors that are citizens of, or organised or located in, jurisdictions other than an EU Member State or the United States should consult their own legal advisers to determine the suitability of an investment in Pomegranate under any applicable economic sanctions.

9 SELECTED FINANCIAL INFORMATION

The following tables provide selected financial information gathered from Pomegranate Investment's audited annual reports for the fiscal years ending 31 December 2014¹⁶³, 2015 and 2016, prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's General Principles BFNAR 2012:1 Annual report and consolidated accounts, K3 ("BFNAR").

Figures accounted for in the Prospectus have, in certain cases, been rounded off and, thus, the tables contained in the Prospectus do not necessarily sum up. If not otherwise stated, all financial amounts are stated in Euros ("EUR"). If not otherwise explicitly stated, no financial information in the Prospectus has been audited or reviewed by Pomegranate Investment's auditor. Financial information in the Prospectus pertaining to the Company not included in the audited information or reviewed by the Company's auditor in accordance with what is stated here, pertains from the Company's internal management accounting and reporting systems.

The financial information in this section should be read in conjunction with the sections "Comments to the selected financial information", "Capitalisation, indebtedness and other financial information" as well as Pomegranate Investment's audited annual reports including notes, which have been incorporated in the Prospectus by reference.

This Prospectus contains certain alternative performance measures which have not been defined or specified in accordance with BFNAR ("APM"), including but not limited to "Net Asset Value" ("NAV") and "Net Asset Value per share" ("NAV per share"). See section "Selected financial information – Alternative Performance Measures" for a description of these APMs. Pomegranate Investment believes that the APMs stated in this Prospectus serve a useful purpose as they are used by certain investors, analysts and other stakeholders as supplementary measures of financial performance and financial position. The APMs have, if not otherwise stated, not been audited and should not be considered separately or be viewed as substitutes for key performance indicators prepared in accordance with BFNAR. Furthermore, The APMs should, in the way Pomegranate Investment has defined them, not be compared to similarly defined measures used by other companies since these APMs are not always defined in the same way, and other companies may have calculated them in a different way than Pomegranate Investment.

9.1 Income statement in brief

	1 Jan - 31 Dec 2016 Audited	1 Jan - 31 Dec 2015 Audited	7 Apr - 31 Dec 2014 Audited
MEUR			
Result from financial assets at fair value through profit or loss	38.2	18.6	-
Operating expenses	-2.9	-0.3	-0.1
Currency exchange gains/(losses)	-0.1	0.9	0.3
Interest income and expense, net	0.0	0.0	0.0
Tax allocation reserve	0.2	-0.1	-0.1
Result before tax	35.4	18.9	0.2
Tax	0.0	-0.1	0.0
Net result for the year	35.4	18.9	0.1

9.2 Balance sheet in brief

	31 Dec 2016 Audited	31 Dec 2015 Audited	31 Dec 2014 Audited
MEUR			
Financial assets held for trading	118.0	30.2	2.0

¹⁶³ The fiscal year ending 31 December 2014 refers to the period 7 April 2014 – 31 December 2014.

Other current assets	0.1	0.0	-
Prepaid expenses and accrued income	0.0	-	-
Cash and bank	29.0	12.3	9.7
Total assets	147.1	42.6	11.7
Equity	132.6	39.5	11.1
Untaxed reserves	0.0	0.2	0.1
Current liabilities	14.5	2.9	0.5
Total shareholders' equity and liabilities	147.1	42.6	11.7

9.3 Cash flow statement in brief

	1 Jan - 31 Dec 2016 Audited	1 Jan - 31 Dec 2015 Audited	7 Apr - 31 Dec 2014 Audited
MEUR			
Operating activities			
Operating result	35.2	19.1	0.2
<i>Adjustments for non-cash transactions</i>			
Unrealised currency exchange gains	0.1	-0.3	-0.3
Warrants	0.6	0.1	-
Result from financial assets at fair value	-38.2	-18.6	-
	-2.2	0.3	-0.1
<i>Investment activities</i>			
Interest paid	0.0	0.0	0.0
Interest received	0.0	0.0	0.0
Change in net operating liabilities	0.6	0.1	0.0
Acquisition of financial assets	-38.6	-7.5	-1.5
<i>Cash flow from investing activities</i>	-38.0	-7.4	-1.5
Cash flow used in operating activities	-40.2	-7.1	-1.6
Financing activities			
New share issues, net of fees	57.1	9.4	10.9
Shareholders' contributions received	-	-	0.1
Cash flow from financing activities	57.1	9.4	11.0
Change in cash and cash equivalents	16.8	2.4	9.4
Cash and cash equivalents at beginning of the period	12.3	9.7	0.0
Exchange gains/losses on cash and cash equivalents	-0.1	0.3	0.3
Cash and cash equivalents at end of period	29.0	12.3	9.7

9.4 Financial assets held for trading and estimates of fair value

The table below shows securities that are reported at fair value, categorised as per the valuation method used. The different levels are defined as follows:

Level 1:

Unadjusted, quoted prices on active markets for identical assets or liabilities.

Level 2:

Observable data for the asset or liability other than quoted prices included in level 1. Either directly (i.e. as quoted prices) or indirectly (i.e. derived from quoted prices).

Level 3:

Data for the asset or liability that is not based on observable market data (i.e. non-observable data).

The Company's assets measured at fair value as at 31 December 2016

2016-12-31, EUR	Level 1	Level 2	Level 3	Total
Sarava			97,414,031	97,414,031
Sheypoor		15,105,074		15,105,074
Griffon Capital (equity)		2,772,647		2,772,647
Griffon Flagship Fund	2,021,786			2,021,786
Carvanro		650,000		650,000
Total financial assets held for trading	2,021,786	18,527,721	97,414,031	117,963,538

**The Company's assets measured at fair value as at
31 December 2015**

2015-12-31, EUR	Level 1	Level 2	Level 3	Total
Sarava		23,300,580		23,300,580
Sheypoor			4,162,107	4,162,107
Griffon Capital		2,785,321		2,785,321
Total financial assets held for trading		26,085,901	4,162,107	30,248,008

Changes in the Company's assets at level 3

EUR	Level 3
Opening balance 1 January 2016	4,162,107
Transfers from level 3 to level 2	-4,162,107
Transfers from level 2 to level 3	49,771,813
Change in fair value and other	47,642,218
Closing balance 31 December 2016	97,414,031

Different valuation techniques are used to establish the fair value of financial instruments that are not traded in an active market. As far as possible, market information is used in this respect when it is available, while company-specific information is used as little as possible. If all essential data required to establish the fair value of an instrument is observable, the instrument is placed at level 2. In cases where one or more items of essential input data are not based on observable market information, the instrument concerned is placed at level 3.

Fair value of financial investments that are not traded in an active market is established through the price of recently conducted market transactions or using various valuation techniques depending on the characteristics of the company and the nature of and risks associated with the investment. These valuation techniques include valuation of discounted cash flows (DCF), valuation based on a disposal multiple (also called LBO valuation), asset-based valuation and valuation according to future-oriented multiples based on comparable listed companies. Transaction-based valuations are normally used over a period of 12 months, provided that no significant reason for revaluation has arisen. After 12 months, one of the models described above is normally used to value unlisted holdings.

The validity of valuations based on previous transactions may unavoidably be eroded over time because the price when the investment was made reflects the prevailing conditions on the transaction date. On each reporting date, an assessment is carried out as to whether changes or events after the relevant transaction would mean any change in the fair value of the investment and, if such is the case, the valuation is adapted accordingly. Transaction-based valuations of unlisted holdings are continuously assessed against company-specific data and external factors that could affect the fair value of the holding.

The Company has five investments as at 31 December 2016, out of which four are classified as belonging to level 2 and one as level 3. This is because the value of Griffon Flagship Fund is directly observable and the values of the other holdings are based on the latest price paid per share in the most recent transaction of each company, except for Sarava in which case not all essential data required to establish the fair value is observable. Thus Sarava has been classified as belonging to level 3. The Company values the total holdings at EUR 117,963,538 as at 31 December 2016.

Sheypoor

During 2016, Pomegranate invested further into Sheypoor and is the largest minority holder with 44.2% of the outstanding shares in the company on a fully diluted basis as per 31 December 2016. The Company's investment in Sheypoor is valued at EUR 15.1 million as at 31 December 2016 and represents 11.4% of the Company's net asset value. The valuation is based on the latest primary transaction in Sheypoor which closed in December 2016. Pomegranate led the round, which also included the participation of one other existing shareholder. As per 31 December 2016, the valuation in the December-transaction is deemed to be the best fair value estimate of Sheypoor. Following the transaction, the investment in Sheypoor was transferred from level 3 to a level 2 investment. The transfer is outlined in the table showing changes in level 3 above. The transaction-based valuation is considered to be the best fair value estimate for the Sheypoor holding as per 31 December 2016.

Griffon Capital (equity)

Pomegranate invested EUR 1.3 million in total into Griffon Capital for 15.2 % of the company during 2015. During late 2015, Griffon Capital negotiated and agreed the sale of 5% of the outstanding shares to a new investor. Griffon Capital was valued at EUR 18.3 million at the time of the transaction. The transaction was completed in its entirety in the first quarter of 2016. The valuation of Griffon as per December 31, 2016 is based on this secondary transaction in the company. Since the investment was carried out during 2016, and no significant events have taken place in the company since then, the valuation in the latest transaction is considered to represent a good fair value estimate for the holding negotiated on market terms. As at 31 December 2016, the Company's holding in Griffon Capital is valued at EUR 2.8 million and corresponds to 2.1 % of the Company's net asset value. The holding in Griffon Capital is classified as level 2.

Griffon Flagship Fund

As part of its liquidity management operations, Pomegranate invested EUR 2.0 million during 2016 into Griffon's flagship fund which invests in the Iranian listed equity market. As per 31 December 2016 the fund's investment is valued at EUR 2.0 million (fund market price) and is classified as level 2.

Sarava

Sarava is a venture capital investment holding company in Iran. Sarava has a number of assets, including a significant stake in the e-commerce company Digikala, app marketplace Café Bazaar, and online advertising group PPG. Pomegranate's total investment in Sarava as at 31 December 2016 is valued at EUR 97.4 million, which corresponds to 15.0 % of the outstanding shares in the company. Of the EUR 97.4 million, EUR 13.6 million (the final tranche committed to Sarava) is accounted for as a current liability as at 31 December 2016 and was disbursed to Sarava in January 2017. Sarava is valued based on the latest transaction in the company adjusted for a revaluation of Digikala, the company's most significant asset. In the latest transaction, Sarava carried out a round of financing in which it obtained a further total of EUR 169 million in new capital. In this transaction, Sarava was valued at a total of EUR 243 million pre money. The investment memorandum was signed in December 2015 and the final agreements were signed and executed in January 2016. Pomegranate views the transaction-based valuation of Sarava, which was negotiated on market terms among several independent investor groups (including Pomegranate), adjusted with the model-based valuation of Digikala, as the best fair value estimate of the company as per 31 December 2016. The Company's investment in Sarava as at 31 December 2016 and represents 73.5 % of the Company's net asset value. The Company's holding in Sarava is classified as level 3.

Sarava's holdings in Digikala and Café Bazaar account for around 75% of Sarava's NAV and their valuation is further explained below.

- **Digikala**
Digikala is valued based on an EV/GMV¹⁶⁴ multiple model as per 31 December 2016. The EV/GMV-2017E multiple used in the valuation is 1.5x which is a conservative multiple compared to most peers and reflects a potential “Iran discount” on the valuation. With this model, Digikala is valued at EUR 757 million for the entire company.
- **Café Bazaar**
As at 31 December 2016 Café Bazaar is valued on the basis of the Sarava transaction completed in the first quarter of 2016, which values the Café Bazaar at EUR 166 million for the entire company and EUR 33 million for Sarava’s stake.

Carvanro

In January 2016, Pomegranate acquired 25 per cent of the shares in the newly established Iranian online-based car and ride sharing company Carvanro. The total investment amounted to EUR 458,551. As per 31 December 2016, the Company’s investment in Carvanro is valued according to an on-going transaction in the company at EUR 2.6 million pre-money valuation where Pomegranate and a new investor will invest an additional EUR 945,000 in the company. The transaction is expected to close during early February 2017. The Company’s investment in Carvanro is valued at EUR 650,000 as at 31 December 2016 and represents 0.5% of the Company’s net asset value. The Company’s holding in Carvanro is classified as level 2.

9.5 Alternative Performance Measures

The table below outlines the derivation of the alternative performance measures NAV and NAV per share.

Portfolio overview , EUR				
Company	Fair value 31 December 2016*	% of net asset value	Fair value 31 December 2015	% of net asset value
Sarava	97,414,031	73.5 %	23,300,580	59.0 %
Sheypoor	15,105,074	11.4 %	4,162,107	10.5 %
Griffon Capital (equity)	2,772,647	2.1 %	2,785,321	7.0 %
Griffon Flagship Fund	2,021,786	1.5 %		
Carvanro	650,000	0.5 %		
Total portfolio companies	117,963,538	89.0 %	30,248,008	76.5 %
Cash and bank	29,009,273	21.9%	12,317,402	31.2 %
Total assets	146,972,811		42,565,410	
Other net liabilities	-14,355,877		-3,044,093	
Total net asset value	132,616,934	100.0 %	39,521,318	100.0 %
Shares outstanding	4,154,601		1,654,601	
Net asset value per share, EUR	31.92		23.89	
Shares outstanding (fully diluted)	4,349,101		1,704,601	
Net asset value per share, EUR (fully diluted)	30.49		23.19	

¹⁶⁴ EV/GMV is a relative valuation methodology where a company’s valuation (EV is short for Enterprise Value) is put in relation to a financial metric, in this case GMV. Digikala’s GMV equals gross sales. Net sales = gross sales – returns – (discounts and rebates). This relative valuation metric can thus be used to compare valuations of companies with different sizes. Since Digikala is not listed and the shares lack a price from a liquid market, EV/GMV has in this case been used to estimate the fair value of Digikala. This metric is included in the prospectus to give the reader a better understanding of how the fair value of Digikala has been estimated.

Definitions of the alternative performance measures NAV and NAV per share

Net Asset Value	Net Asset Value is defined as the sum of the Company's financial assets held for trading, plus the Company's cash and bank, minus the Company's other net liabilities. The alternative performance measure Net Asset Value is presented because it is deemed to contribute to the reader's understanding of the underlying value of the Company's portfolio holdings and net liabilities.
Net Asset Value per share	Net Asset Value per share is defined as Net Asset Value (see definition above) divided by the number of shares outstanding. Net Asset Value Per share is presented because it is deemed to contribute to the readers understanding of the underlying value of the Company's portfolio holdings and net liabilities per share, which, i.a. can be put in relation to the price of the Company's shares.
Net Asset Value per share (fully diluted)	Net Asset Value per share (fully diluted) is defined as Net Asset Value (see definition above) divided by the number of outstanding shares and not yet exercised warrants. Net Asset Value per share (fully diluted) is presented because it is deemed to complement the alternative performance measure Net Asset Value per share and provides a more complete picture of what the Net Asset Value per share would have been if the outstanding but not yet exercised warrants had been exercised.

10 COMMENTS TO THE SELECTED FINANCIAL INFORMATION

The financial information and commentary in this section should be read in conjunction with the information in sections “Selected financial information”, “Capitalisation, indebtedness and other financial information” as well as Pomegranate Investment’s audited financial statements as of and for the fiscal years ending 31 December 2014¹⁶⁵, 2015 and 2016 including notes which have been incorporated in the Prospectus by reference. Figures accounted for in the Prospectus have, in certain cases, been rounded off and, thus, the aggregates and difference contained in the Prospectus do not necessarily sum up.

This section may contain certain forward-looking statements. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial position and results of operations, to differ materially from the results implied in such forward-looking statements.

10.1 Description of principal income statement line items

10.1.1 Result from financial assets at fair value through profit or loss

Result from financial assets at fair value through profit or loss refers to the gains or losses for Pomegranate as a result of changes in the fair value of the Company’s portfolio assets.

10.1.2 Operating expenses

Operating expenses refer to salary costs, administrative costs such as accountancy services, legal, travel, notarial and bank costs as well as miscellaneous costs. Operating expenses also includes accrued payments to the Company’s service providers and warrants related costs.

10.1.3 Currency exchange gains

Currency exchange gains primarily relate to unrealized exchange gains in the Company’s bank accounts.

10.1.4 Interest income and interest expense

Interest income mainly consists of interest earned on the Company’s cash and cash equivalents during the year. Interest expense primarily relates to interest paid on loans and other liabilities during the year.

10.1.5 Tax

Taxes consist of current and deferred tax. The current tax expense is calculated on the basis of the tax laws that have been enacted or substantively enacted on the balance sheet in the countries where the company operates and which generate taxable income. The board of directors periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the

¹⁶⁵ The fiscal year ending 31 December 2014 refers to the period 7 April 2014 – 31 December 2014.

balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

10.1.6 *Working capital statement*

Pomegranate believes that its existing working capital is sufficient to meet the Company's needs over the next twelve month period. Working capital in this sense refers to the Company's possibility to receive cash and cash equivalent to meet its payment obligations as they fall due.

10.2 *Income statement*

10.2.1 *Comparison between the periods 1 January – 31 December 2016 and 1 January – 31 December 2015*

10.2.1.1 *Result from financial assets at fair value through profit or loss*

During the period 1 January – 31 December 2016 result from financial assets through profit or loss amounted to EUR 38.22 million, corresponding to an increase of EUR 19.64 million, or 106%, compared to the period 1 January – 31 December 2015 when result from financial assets at fair value through profit or loss amounted to EUR 18.58 million.

The increase is mainly attributable to increases in the fair value of Pomegranate's portfolio companies Sarava, Sheypoor and Carvanro during the year.

10.2.1.2 *Operating expenses*

Operating expenses amounted to EUR 2.89 million during the period 1 January – 31 December 2016, which was an increase of EUR 2.55 million compared to the period 1 January – 31 December 2015 when operating expenses amounted to EUR 0.35 million.

The increase is primarily attributable to salary payments to the CEO who took up his position in October 2015 as well as salary payments to new employees in the Company; legal costs and warrants related costs.

10.2.1.3 *Currency exchange gains/losses*

During the period 1 January – 31 December 2016 currency exchange gains/losses decreased by EUR 1.01 million, or 115%, to EUR -0.13 million compared to EUR 0.88 million during the period 1 January – 31 December 2015.

10.2.1.4 *Financial items*

During the period 1 January – 31 December 2016 the Company's financial net (interest income less interest expense) amounted to EUR 0.01 million, an increase of EUR 0.04 million compared to the period 1 January – 31 December 2015 when the financial net amounted to a loss of EUR 0.03 million.

10.2.1.5 *Tax allocation reserve*

Tax allocation reserve amounted to EUR 0.18 million during the period 1 January – 31 December 2016, compared to EUR -0.13 million during the period 1 January – 31 December 2015.

10.2.1.6 Result before tax

During the period 1 January – 31 December 2016 the Company's reported result before tax amounted to EUR 35.39 million which was an increase of EUR 16.44 million, or 87%, compared to the period 1 January – 31 December 2015 when the Company's result before tax amounted to EUR 18.94 million. The increase is mainly attributable to the increases in result from financial assets at fair value through profit or loss.

10.2.1.7 Tax

The Company's reported tax expense amounted to EUR 0 during the period 1 January – 31 December 2016 which corresponds to a decrease of EUR 0.09 million, or 100% compared to the period 1 January – 31 December 2015 when the reported tax expense amounted to EUR 0.09 million.

10.2.1.8 Net result for the year

The net result during the period 1 January – 31 December 2016 increased with EUR 16.53 million to EUR 35.39 million, compared to the period 1 January– 31 December 2015 when the net result amounted to EUR 18.86 million. The increase is mainly attributable to the increases in result from financial assets at fair value through profit or loss.

10.2.2 Comparison between the periods 1 January – 31 December 2015 and 7 April – 31 December 2014

10.2.2.1 Results from financial assets at fair value through profit or loss

During the period 1 January – 31 December 2015 results from financial assets at fair value through profit or loss amounted to EUR 18.58 million, which corresponds to an increase of EUR 18.58 million compared to the period 7 April – 31 December 2014 when results from financial assets at fair value through profit or loss amounted to EUR 0.

The increase was mainly attributable to the change in fair value of Pomegranate Investment's portfolio companies Sarava, Sheypoor and Griffon Capital.

10.2.2.2 Operating expenses

The Company's operating expenses amounted to EUR 0.35 million in the period 1 January – 31 December 2015 which is an increase of EUR 0.27 million, or 345%, compared to the period 7 April – 31 December 2014 when operating expenses amounted to EUR 0.08 million

The increase in operating expenses is primarily attributable to remuneration to the Company's CEO who took up his post in October 2015.

10.2.2.3 Currency exchange gains/losses

Currency exchange gains/losses increased with EUR 0.57 million, or 184%, in the period 1 January – 31 December 2015 and amounted to EUR 0.88 million, compared to EUR 0.31 million during the period 7 April – 31 December 2014. Most of the currency exchange gains/losses relate to unrealized exchange gains in the Company's bank accounts.

10.2.2.4 Financial items

During the period 1 January – 31 December 2015 the Company's financial net (interest income less interest expense) amounted to a loss of EUR 0.03 million, a decrease of EUR 0.03 million compared to the period 7 April – 31 December 2014 when the financial net amounted to EUR 0.0 million.

10.2.2.5 Tax allocation reserve

Tax allocation reserve amounted to EUR -0.13 million during the period 1 January – 31 December 2015, which was an increase of EUR 0.08 million, or 147% compared to the period 7 April – 31 December 2014 when tax allocation reserves amounted to EUR -0.05 million.

10.2.2.6 Result before tax

During the period 1 January – 31 December 2015 the Company's reported result before tax amounted to EUR 18.94 million which was an increase of EUR 18.77 million compared to the period 7 April – 31 December 2014 when the Company's result before tax amounted to EUR 0.17 million. The increase is mainly attributable to the increases in result from financial assets at fair value through profit or loss.

10.2.2.7 Tax

The Company's reported tax expense amounted to EUR 0.09 million during the period 1 January – 31 December 2015 which corresponds to an increase of EUR 0.05 million, or 142% compared to the period 7 April – 31 December 2014 when the reported tax expense amounted to EUR 0.04 million.

10.2.2.8 Net result for the year

The net result during the period 1 January – 31 December 2015 increased with EUR 18.72 million to EUR 18.86 million, compared to the period 7 April – 31 December 2014 when the net result amounted to EUR 0.14 million. The increase is mainly attributable to the increases in result from financial assets at fair value through profit or loss.

10.3 Assets

10.3.1 Comparison between the periods 1 January – 31 December 2016 and 1 January – 31 December 2015

Balance sheet items in parentheses are as at 31 December 2015.

The Company's total assets as at 31 December 2016 amounted to EUR 147.09 million (EUR 42.57 million), out of which EUR 117.96 million (EUR 30.25 million) were financial assets held for trading, EUR 0.00 million (EUR 0) were other current assets and EUR 29.01 million (EUR 12.32 million) were cash and bank.

10.3.2 Comparison between the periods 1 January – 31 December 2015 and 7 April – 31 December 2014

Balance sheet items in parentheses are as at 31 December 2014

The Company's total assets as at 31 December 2015 amounted to EUR 42.57 million (EUR 11.70 million), out of which EUR 30.25 million (EUR 2.02 million) were financial assets held for trading, EUR 0.00 million (EUR 0) were other current assets and EUR 12.32 million (EUR 9.68 million) were cash and bank.

10.4 Equity and liabilities

10.4.1 Comparison between the periods 1 January – 31 December 2016 and 1 January – 31 December 2015

Balance sheet items in parentheses are as at 31 December 2015

10.4.1.1 Shareholders' equity

Shareholder's equity in the Company as at 31 December 2016 amounted to EUR 132.62 million (EUR 39.52 million), representing an increase of EUR 93.10 million attributable to a new share issue of EUR 60 million during the year as well as directly related issue costs and a net profit for the year of EUR 35.39 million.

10.4.1.2 Liabilities

As at 31 December 2016 the Company's liabilities amounted to EUR 14.48 million (EUR 2.86 million) which were all accounted for as current liabilities.

10.4.2 Comparison between the periods 1 January – 31 December 2015 and 7 April – 31 December 2014

Balance sheet items in parentheses are as at 31 December 2014.

10.4.2.1 Shareholders' equity

Shareholder's equity in the Company as at 31 December 2015 amounted to EUR 39.52 million (EUR 11.10 million), representing an increase of EUR 28.42 million attributable to two new share issues during the year as well as net profit for the year.

10.4.2.2 Liabilities

As at 31 December 2015 the Company's liabilities amounted to EUR 2.86 million (EUR 0.54 million) which were all accounted for as current liabilities.

10.5 Cash flow

10.5.1 Cash flow from operating activities

The Company's cash flow used in operating activities amounted to EUR -40.24 million during the period 1 January – 31 December 2016, compared to EUR -7.06 million during the period 1 January – 31 December 2015. The increased outflow is mainly due to additional investments in existing and new portfolio companies.

Cash flow from operating activities during the period 1 January – 31 December 2015 amounted to EUR -7.06 million, which corresponds to an increased outflow of EUR 5.46 million, or 342%, compared to the period 7 April – 31 December 2014 when cash flow from operating activities amounted to EUR -1.60. The increased outflow is primarily attributable to additional investments in portfolio companies, reported as acquisition of financial assets.

10.5.2 Cash flow from financing activities

Cash flow from financing activities amounted to EUR 57.06 million during the period 1 January – 31 December 2016, compared to EUR 9.42 million during the period 1 January – 31 December 2015. The increase is due to the new share issue in the beginning of 2016.

During the period 1 January – 31 December 2015 cash flow from financing activities amounted to EUR 9.42 million which was a decrease of EUR 1.54 million compared to the period 7 April – 31 December 2014 when cash flow from financing activities amounted to EUR 10.96 million. In both periods ending 31 December 2014 and 2015 cash flow from financing activities primarily consisted of proceeds from new share issues. The decrease between the two periods is due to the smaller size of the new share issue in 2015.

10.6 Investments

Pomegranate Investment is an investment company and as such the Company's investments are predominantly made in existing and new portfolio companies. Due to the operations of the Company consisting of investing in, and managing, a portfolio of investments, Pomegranate's investments in fixed assets are negligible if not non-existent. Pomegranate's portfolio of investments currently exists of five holdings which are accounted for as "financial assets held for trading" in the Company's accounts. Historically Pomegranate's investments have been made in internet and technology companies in Iran. Despite the historical theme of Pomegranate's investments the Company is not limited to invest in any particular geography or sector and may at its discretion invest in other markets, sectors or geographies.

Pomegranate's investments have until now been financed with equity capital raised from existing and new shareholders in the company. A total of three prior funding rounds have been completed since the formation of the company in April 2014, raising a cumulative amount of EUR 80 million (gross of any transaction costs). For a detailed description of prior funding rounds please see section "*Business overview – Prior funding rounds and the current Offering*".

The table below outlines the Company's historical investments in its current portfolio companies. For a detailed description of Pomegranate's portfolio companies, please see section "*Business overview – Investment portfolio*"

Investments in portfolio holdings, EUR				
Security/company name	Apr 2014 - Dec 2016	Jan - Dec 2016	Jan - Dec 2015	Apr - Dec 2014
Sarava	49,771,813	40,690,246	8,792,330	289,237
Sheypoor	7,676,161	6,358,161	800,000	518,000
Griffon Capital (equity)	1,257,101	-12,674	56,013	1,213,762
Griffon Flagship Fund	2,000,000	2,000,000	0	0
Carvanro	458,551	458,551	0	0
Total investments in portfolio holdings	61,107,613	49,494,284	9,592,330	2,020,999

10.6.1 *Comparison between the periods 1 January – 31 December 2016 and 1 January – 31 December 2015*

During the period 1 January – 31 December 2016 the Company's total investments in portfolio holdings amounted to EUR 49.49 million which was an increase of EUR 39.90 million, or 416% compared to the period 1 January – 31 December 2015 when investments in portfolio companies amounted to EUR 9.59 million.

10.6.2 *Comparison between the periods 1 January – 31 December 2015 and 7 April – 31 December 2014*

Pomegranate's total investments in portfolio companies amounted to EUR 9.59 million during the period 1 January – 31 December 2015 which was an increase of EUR 7.57 million, or 375% compared to the period 7 April – 31 December 2014 when investments in portfolio companies amounted to EUR 2.02 million.

10.6.3 *Current and planned investments*

For an overview and more detailed description of Pomegranate's current and planned investments please see section "*Business overview – Pipeline and use of proceeds*"

10.7 Tangible fixed assets

The company has no material tangible fixed assets and there are no environmental factors which could affect the Company's use of its tangible fixed assets.

10.8 Intangible assets

The Company's intangible assets predominantly consist of financial assets held for trading which in turn consist of holdings in Pomegranate's portfolio companies. For an overview and detailed description of the Company's portfolio companies, the fair value of the Company's portfolio companies and historical investments in the Company's portfolio companies please refer to sections "*Business overview – Investment portfolio*", "*Selected financial information – Financial assets held for trading and estimates of fair value*" and "*Comments to the selected financial information – Investments*" respectively.

10.9 Significant events since 31 December 2016

Following the resolution of the Board of Directors' meeting held the 27th October, 2016, the Board decided to participate in the series-A funding round in Carvanro, which was concluded in February 2017. Pomegranate committed to invest an additional total of EUR 768,300, divided into two tranches. The first tranche corresponding to fifty per cent of the total investment was paid at the time of closing. The second tranche will be paid in July 2017, upon the company reaching a set of specific agreed KPIs. One new, local investor participated in the fund raising. Post completion of the total investment, Pomegranate's ownership in Carvanro will amount to 40.01%.

Gustav Wetterling was appointed Chief Financial Officer in February 2017. The CFO was allocated 3,000 warrants the company in February 2017.

11 CAPITALISATION, INDEBTEDNESS AND OTHER FINANCIAL INFORMATION

The tables in this section describe the Company's capitalisation and indebtedness as of 31 December 2016. See section "Share capital and ownership structure" for further information about the Company's share capital and shares. The tables in this section should be read in conjunction with sections "*Selected financial information*", "*Comments to the selected financial information*" and the Company's audited financial reports, including the related notes, which have been incorporated into the Prospectus by reference.

11.1 Capitalisation

MEUR	31 Dec 2016
CURRENT DEBT	0.0
Guaranteed	0.0
Secured	0.0
Unguaranteed/unsecured	14.5
TOTAL CURRENT DEBT	14.5
NON-CURRENT DEBT	
Guaranteed	0.0
Secured	0.0
Unguaranteed/unsecured	0.0
TOTAL NON-CURRENT DEBT	0.0
TOTAL CURRENT AND NON-CURRENT DEBT	14.5
SHAREHOLDER'S EQUITY	
Share capital	4.2
Share premium reserve	73.2
Retained earnings	55.2
TOTAL SHAREHOLDER'S EQUITY	132.6

11.2 Net indebtedness

MEUR	31 Dec 2016
(A) Cash	29.0
(B) Cash equivalents	0.0
(C) Trading securities	0.0
(D) Liquidity (A) + (B) + (C)	29.0
(E) Current financial receivables	0.0
(F) Current bank debt	0.0
(G) Current portion of non-current debt	0.0
(H) Other current financial debt	0.0
(I) Current debt (F) + (G) + (H)	0.0
(J) Net current financial indebtedness (I) - (E) - (D)	-29.0
(K) Non-current bank loans	0.0
(L) Bonds issued	0.0
(M) Other non-current debt	0.0
(N) Non-current financial indebtedness (K) + (L) + (M)	0.0
(O) Net indebtedness (J) + (N)	-29.0

12 BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITOR

12.1 Board of Directors

Pomegranate's Board of Directors consists of five ordinary members, including the chairman of the board, with no deputy board members, all of whom are elected for the period up until the end of the annual shareholders' meeting 2017. The table below shows the members of the Board of Directors and when they were first elected.

Name	Position	Member since
Per Brilioth	Chairman	2014
Nadja Borisova	Board member	2016
Anders F. Börjesson	Board member	2014
Mohsen Enayatollah	Board member	2016
Igor O. Gorin	Board member	2016

PER BRILIOTH

Born 1969. Chairman of the Board of Directors since 2014.

Education: Holds a degree in Business Administration from Stockholm University and a Master of Finance from the London Business School.

Other current assignments: Chairman of the board of directors and CEO of Vostok New Ventures AB. Chairman of the board of directors of Pet Sounds AB, Gavald Holdings AB, Pet Sounds Digitalt AB and THUNDERROAD AB. Member of the board of directors and CEO of Vostok New Ventures Ltd. Member of the board of directors of Tethys Oil AB, Kontakt East Holding AB, FG Stores Stockholm AB, Fotografiska Holding AB, LeoVegas AB (publ), Garantibil Sverige AB, Avito AB, NMS INVEST AB and Vostok Emerging Finance Ltd. Deputy member of the board of directors of Digital Agency Ryssland AB.

Previous assignments (last five years): Chairman of the board of directors of Cortus Energy AB, Vosvik AB and MRRM-Investment AB. Member of the board of directors and deputy CEO of Johan Örtengren AB. Member of the board of directors of Bukowski Strandvägen Auktioner Aktiebolag, Aktiebolag H Bukowskis Konsthandel, Bukowskis Market AB, Bukowskis Real Estate AB, Konsthandels Aktiebolaget Nybroviken, X5 Group AB, RusForest AB, Fotografiska Stockholm AB, RusForest Holding AB and Fotografiska International AB. Member of the board of directors and deputy member of the board of directors of Avito Holding AB and Kalasbitten AB. Deputy member of the board of directors of SMALLROOM AB and Avitohi JV AB.

Shareholding in the Company: Per Brilioth holds 44,500 shares and 22,500 warrants in the Company.

NADJA BORISOVA

Born 1968. Member of the Board of Directors since 2016.

Education:	Holds a Certified Accountant Degree from ACCA in England and a diploma in engineering from the St Petersburg Institute of Mechanics.
Other current assignments:	CFO of Vostok New Ventures Ltd and Vostok Emerging Finance Ltd. Member of the board of directors of Vostok New Ventures AB, Vostok Emerging Finance AB and St Petersburg Property Company AB. Deputy member of the board of directors of Russian Real Estate Investment Company DVA AB, Russian Real Estate Investment Company TRI AB, Russian Real Estate Investment Company Chetire AB and PDI Finance Sweden AB.
Previous assignments (last five years):	CFO of Pomegranate Investment AB (publ).
Shareholding in the Company:	Nadja Borisova holds 2,620 shares and 12,500 warrants in the Company.

ANDERS F. BÖRJESSON

Born 1971. Member of the Board of Directors since 2014.

Education:	Holds a law degree from Stockholm University and an LL.M. from NYU School of Law.
Other current assignments:	General Counsel of Vostok New Ventures Ltd and acting General Counsel of Vostok Emerging Finance Ltd. Member of the board of directors of Vostok New Ventures AB, Vostok Emerging Finance AB, RusForest Holding AB and Autumn Investments AB. Deputy member of the board of directors of Eastern Bio Holding AB. CEO of RusForest AB.
Previous assignments (last five years):	Member of the board of directors of Kontakt East Holding AB, Ystad Pellets AB, Vosvik AB, MRRM-Investment AB and Bostadsrättsföreningen Pelikanen 5. Deputy member of the board of directors of Kalasbitten AB. CEO and deputy CEO of RusForest Holding AB. Deputy CEO of RusForest AB.
Shareholding in the Company:	Anders F. Börjesson holds 10,000 shares and 10,000 warrants in the Company.

MOHSEN ENAYATOLLAH

Born 1968. Member of the Board of Directors since 2016.

Education:	Holds a Master of Science degree in Middle East Politics from SOAS, University of London.
Other current assignments:	-
Previous assignments (last five years):	Member of the board of directors of MRRM-Investment AB.
Shareholding in the Company:	Mohsen Enayatollah holds 2,500 shares and 5,000 warrants in the

Company.

IGOR O. GORIN

Born 1978. Member of the Board of Directors since 2016.

Education:	Holds a PhD from the Finance Academy under the Government of the Russian Federation.
Other current assignments:	Works as a Private Investment Counsel.
Previous assignments (last five years):	Member of the board of directors of Polyus Gold International Limited and Joint stock company RAZREZ INSKOY.
Shareholding in the Company:	Igor O. Gorin holds 5,000 warrants in the Company.

12.2 Executive management

FLORIAN HELLMICH

Born 1970. CEO since 2015.

Education:	Holds a degree in Economics and Business Administration from Vienna University.
Other current assignments:	-
Previous assignments (last five years):	Managing Director of Equity Distribution of Renaissance Capital Ltd.
Shareholding in the Company:	Florian Hellmich holds 15,300 shares and 55,000 warrants in the Company.

HENRIK STENLUND

Born 1976. COO since 2016.

Education:	Holds a M.Sc. in Business and Economics from Jönköping International Business School.
Other current assignments:	Member of the general management of Vostok New Ventures AB and Vostok Emerging Finance AB.
Previous assignments (last five years):	CEO of Strix Television AB, Strix Drama AB, Engine AB, and Strix Code AB.
Shareholding in the Company:	Henrik Stenlund holds 1,000 shares and 5,000 warrants in the Company.

ANDERS F. BÖRJESSON

Born 1971. Acting General Counsel since 2014.

Please refer to section 12.1 above.

GUSTAV WETTERLING

Born 1981. CFO since 2017.

Education:	Holds a Master of Science in Economics and Business from the Stockholm School of Economics.
Other current assignments:	CFO of RusForest AB. Member of the board of directors and deputy CEO of AGEFA Miljö AB. Member of the board of directors of Svensk-Ryska Handelskammaren Service Aktiebolag and Eastern Bio Holding AB. Deputy member of the board of directors of RusForest Holding AB.
Previous assignments (last five years):	Chairman of the board of directors of Eastern Bio Holding AB and Ystad Pellets AB. Chief Procurement Officer of Black Earth Farming Ltd.
Shareholding in the Company:	Gustav Wetterling holds 1,523 shares and 3,000 warrants in the Company.

In addition to the members of the executive management as described above, the Company employs two investment managers, Leo Kia and Rickard Strömgren. Leo Kia and Rickard Strömgren manages the Company's portfolio investments and are considered to be key employees by the Company.

12.3 Other information about the Board of Directors and executive management

There are no family ties between any of the members of the Board of Directors or executive management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the Board of Directors and executive management of the Company and their private interests and/or other undertakings.

During the last five years, none of the members of the Board of Directors or the members of the executive management have (i) been sentenced for fraud-related offences, (ii) represented a company which has been declared bankrupt or filed for liquidation, (iii) been the subject of sanctions or accused by authorities or bodies acting for particular professional groups under public law or (iv) been subject to injunctions against carrying out business.

All members of the Board of Directors and the members of the executive management are available at the Company's main office at Hovslagargatan 5, 3tr, SE-111 48 Stockholm, Sweden.

12.4 Auditor

PricewaterhouseCoopers AB has been the Company's auditor since 2014 and was, at the annual shareholders' meeting 2016, re-elected until the end of the annual shareholders' meeting 2017. Nicklas Kullberg (born 1970) is the auditor in charge. Nicklas Kullberg is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). PricewaterhouseCoopers AB's office address Torsgatan 21, SE-113 Stockholm, Sweden. PricewaterhouseCoopers AB has been auditor throughout the entire period which the historic financial information in this Prospectus covers.

13 CORPORATE GOVERNANCE

13.1 Corporate governance

Pomegranate is a Swedish public limited liability company incorporated in Sweden under the Swedish Companies Act (2005:551) (Sw. *aktiebolagslagen*) (the “**Companies Act**”). Corporate governance in the Company is based on Swedish law and internal rules and instructions.

13.2 Shareholders’ meeting

According to the Swedish Companies Act, the shareholders’ meeting is the Company’s ultimate decision-making body. At the shareholders’ meeting, the shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of the Company’s results, discharge from liability of members of the Board of Directors and the CEO, election of members of the Board of Directors and auditors and remuneration to the Board of Directors and the auditors.

The annual shareholders’ meeting must be held within six months from the end of the financial year. In addition to the annual shareholders’ meeting, extraordinary shareholders’ meetings may be convened. According to the articles of association, shareholders’ meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company’s website. At the time of the notice convening the meeting, information regarding the notice shall be published in Svenska Dagbladet.

13.2.1 *Right to participate in shareholders’ meetings*

Shareholders who wish to participate in a shareholders’ meeting must be included in the shareholders’ register maintained by Euroclear Sweden on the day falling five workdays prior to the meeting, and notify the Company of their participation no later than on the date stipulated in the notice convening the meeting. Shareholders may attend the shareholders’ meetings in person or by proxy and may be accompanied by a maximum of two assistants. Typically, it is possible for a shareholder to register for the shareholders’ meeting in several different ways as indicated in the notice of the meeting. A shareholder may vote for all Company shares owned or represented by the shareholder.

13.2.2 *Shareholder initiatives*

Shareholders who wish to have a matter brought before the shareholders’ meeting must submit a written request to the Board of Directors. Such request must normally be received by the Board of Directors no later than seven weeks prior to the shareholders’ meeting.

13.3 Board of Directors

The Board of Directors is the second-highest decision-making body of the Company after the shareholders’ meeting. According to the Swedish Companies Act, the Board of Directors is responsible for the organization of the company and the management of the company’s affairs, which means that the Board of Directors is responsible for, among other things, setting targets and strategies, securing routines and systems for evaluation of set targets, continuously assessing the financial condition and profits as well as evaluating the operating management. The Board of Directors is also responsible for ensuring that annual reports and interim reports are prepared in a timely manner. Moreover, the Board of Directors appoints the CEO.

Members of the Board of Directors are normally appointed by the annual shareholders’ meeting for the period until the end of the next annual shareholders’ meeting. According to the Company’s articles of association, the members of the Board of Directors elected by the shareholders’ meeting shall be not less than three and not more than five members with no deputy members.

The Board of Directors applies written rules of procedure, which are revised annually and adopted by the inaugural board meeting every year. Among other things, the rules of procedure govern the practice of the Board of Directors, functions and the division of work between the members of the Board of Directors and the CEO. At the inaugural board meeting, the Board of Directors also adopts instructions for the CEO, including instructions for financial reporting.

The Board of Directors meets according to an annual predetermined schedule. In addition to these meetings, additional board meetings can be convened to handle issues which cannot be postponed until the next ordinary board meeting. In addition to the board meetings, the chairman of the Board of Directors and the CEO continuously discuss the management of the Company.

Currently, the Company's Board of Directors consists of 5 ordinary members elected by the shareholders' meeting, who are presented in section "*Board of directors, executive management and auditor*".

13.4 The CEO and other executive management

The CEO is subordinated to the Board of Directors and is responsible for the everyday management and operations of the Company. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the board meetings and for presenting such materials at the board meetings.

According to the instructions for the financial reporting, the CEO is responsible for the financial reporting in the Company and consequently must ensure that the Board of Directors receives adequate information for the Board of Directors to be able to evaluate the Company's financial condition.

The CEO must continuously keep the Board of Directors informed of developments in the Company's operations, the development of sales, the Company's result and financial condition, liquidity and credit status, important business events and all other events, circumstances or conditions which can be assumed to be of significance to the Company's shareholders.

The CEO and executive management are presented in section "*Board of Directors, executive management and auditor*".

13.5 Remuneration to the members of the Board of Directors, CEO and executive management

13.5.1 Remuneration to the members of the Board of Directors

Fees and other remuneration to the members of the Board of Directors, including the chairman, are resolved by the shareholders' meeting. At the annual shareholders' meeting held on 21 June 2016, it was resolved that the fee to the chairman of the Board of Directors should be EUR 5,000 and that the fee to the other members should be EUR 10,000. The members of the Board of Directors are not entitled to any benefits following termination of their assignments as members of the Board of Directors.

13.5.2 *Remuneration to the Board of Directors during the 2016 financial year*

The table below presents an overview of remuneration to the Board of Directors elected by the shareholders for the 2016 financial year.¹⁶⁶

Name	Function	Board fee (EUR)
Per Brilioth	Chairman	11,413*
Nadja Borisova	Board member	612*
Anders F. Börjesson	Board member	5,706
Mohsen Enayatollah	Board member	4,341
Igor O. Gorin	Board member	2,644
Total		24,716

*Including Swedish social security contributions of 31.42 %

13.5.3 *Current employment agreements for the CEO and other executive management*

Decisions as to the current remuneration levels and other conditions for employment for the CEO and the other members of the executive management have been resolved by the Board of Directors.

The table below presents an overview of remuneration to the CEO and other members of executive management for the 2016 financial year.^{167 168}

Name	Basic salary/ board fee	Annual variable remuneration	Other benefits	Pension costs	Total
Florian Hellmich, CEO	330,994	105,615	131,200	0	567,809
Other senior executives (3 people)	57,375	60,933	0	8,781	127,089
Total	388,369	166,548	131,200	8,781	694,898

Agreements concerning pensions shall, wherever possible, be based on fixed premiums and must be in accordance with the levels, practice and collective bargaining agreements applicable in the country where the relevant member of the executive management is employed. The Company currently has defined contribution pension plans. Defined contribution plans are plans in which fixed fees are paid and there are no obligations, whether legal or informal, of additional payments. The Company has no other long-term employee benefits. The Company has no amounts set aside or accrued to provide pension, retirement or similar benefits to employees after the termination of the employment.

The CEO is entitled to a mutual period of notice of six months. Other members of the executive management domiciled in Sweden are entitled to a mutual period of notice of one to three months. The CEO is entitled to severance pay in the amount of six months' salary on top of the basic salary during the period of notice if his employment is terminated pursuant to another reason than his voluntary resignation or termination with immediate effect by the Company. Except for the CEO, no members of the executive management are entitled to severance pay.

The Company's general counsel, Anders F. Börjesson, is employed as a consultant. The agreement is valid until and including 30 June 2017.

The CEO is entitled to an allocation of 10,000 warrants if the Company is listed on the stock exchange. Additionally, the CEO will from time to time receive at the discretion of the Company a bonus payment

¹⁶⁶ In addition to the information set out in the table, the members of the Board of Directors have been allotted warrants. For further information, see section 14.4.

¹⁶⁷ In addition to the information set out in the table, the members of the management have been allotted warrants. For further information, see section 14.4.

¹⁶⁸ The basic salary to the current members of the executive management for the 2017 financial year will amount to EUR 666 thousand, provided that the members of the executive management retain their positions during the 2017 financial year.

calculated taking into account the financial performance of the Company and the CEO's contribution to it. The payment and amount of any payment is at the discretion of the Company's Board of Directors.

13.6 Number of employees per fiscal year

	2016	2015	2014
Average number of employees	2	1	0

13.7 Auditing

The auditor shall review the Company's annual reports and accounting, as well as the management of the Board of Directors and the CEO. Following each financial year, the auditor shall submit an audit report and a consolidated audit report to the annual shareholders' meeting.

Pursuant to the Company's articles of association, the Company shall have one auditor and no deputy auditors. The Company's auditor is PricewaterhouseCoopers AB, with Nicklas Kullberg as auditor in charge. The Company's auditor is presented in more detail in section "*Board of Directors, executive management and auditor*".

In 2016, the total remuneration of the Company's auditor amounted EUR 46,004.

14 SHARE CAPITAL AND OWNERSHIP STRUCTURE

14.1 General information

Pursuant to the Company's articles of association, the Company's share capital may not be less than EUR 1,600,000 and not more than EUR 6,400,000, and the number of shares may not be less than 1,600,000 and not more than 6,400,000. As at the date of this Prospectus, the Company has issued a total of 4,154,601 shares. The shares are denominated in EUR and the quota value of each share is EUR 1.

All shares in the Company have been issued pursuant to Swedish law. All issued shares have been fully paid and are freely transferrable.

The offered shares are not subject to a mandatory offering, redemption rights or sell-out obligation. No public takeover offer has been made for the offered shares during the current or preceding financial year.

14.2 Certain rights associated with the shares

The offered shares are all of the same class. The rights associated with the shares issued by the Company, including those pursuant to the articles of association, can only be amended in accordance with the procedures set out in the Swedish Companies Act.

14.2.1 Voting rights

Each share in the Company entitles the holder to one vote at shareholders' meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

14.2.2 Preferential rights to new shares etc.

If the Company issues new shares, warrants or convertibles in a cash issue or a set-off issue, shareholders shall, as a general rule, have preferential rights to subscribe for such securities proportionally to the number of shares held prior to the issue.

14.2.3 Rights to dividends and balances in case of liquidation

All shares give equal rights to dividends and the Company's assets and possible surpluses in the event of liquidation.

Resolutions regarding dividend are passed by shareholders' meetings. All shareholders registered as shareholders in the share register maintained by Euroclear Sweden on the record date adopted by the shareholders' meeting shall be entitled to receive dividends. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear Sweden, but may also be paid out in a manner other than cash (in-kind dividend). If shareholders cannot be reached through Euroclear Sweden, such shareholder still retains its claim on the Company to the dividend amount, subject to a statutory limitation of ten years. Upon the expiry of the period of limitations, the dividend amount shall pass to the company.

There are no restrictions on the right to dividends for shareholders domiciled outside Sweden. Shareholders not resident in Sweden for tax purposes must normally pay Swedish withholding tax, see also section "Tax issues in Sweden".

14.2.4 Central securities register

The Company's shares are registered in a CSD register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479). This register is managed by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. No

share certificates have been issued for the Company's shares. The account operator is Pareto Securities. The ISIN code for the Company's shares is SE0006117511.

14.3 Share capital development

The below table shows historic changes in the Company's share capital since its corporation in 2014.

Time	Event	Change in number of shares	Number of shares after the transaction	Share capital	
				Change, EUR	Total, EUR
2014-04-07	Incorporation	6,500	6,500	6,500.00	6,500.00
2014-06-19	Issue of shares	7,500	14,000	7,500.00	14,000.00
2014-08-21	Issue of shares	556,000	570,000	556,000.00	570,000.00
2014-09-18	Issue of shares	188,500	758,500	188,500.00	758,500.00
2014-11-04	Issue of shares	78,500	837,000	78,500.00	837,000.00
2014-12-17	Issue of shares	254,200	1,091,200	254,200.00	1,091,200.00
2015-01-20	Issue of shares	169,000	1,260,200	169,000.00	1,260,200.00
2015-01-30	Issue of shares	6,850	1,267,050	6,850.00	1,267,050.00
2015-10-28	Issue of shares	362,251	1,629,301	362,251.00	1,629,301.00
2015-11-25	Issue of shares	25,300	1,654,601	25,300.00	1,654,601.00
2016-03-29	Issue of shares	482,861	2,137,462	482,861.00	2,137,462.00
2016-03-30	Issue of shares	2,017,139	4,154,601	2,017,139.00	4,154,601.00

14.4 Convertibles, warrants, etc.

The Company has issued warrants to members of the Board of Directors, the management of the Company and persons who have contributed to the operations of the Company. Such resolutions have been taken at the extraordinary general meetings held on 10 December 2015, 18 February 2016 and 28 November 2016 respectively. The warrants issued at the extraordinary general meetings of 10 December 2015 and 18 February 2016, have a subscription period of up until 31 December 2018 and a strike price of EUR 20 per share. The warrants issued at the extraordinary general meeting of 28 November 2016, have a subscription period of up until 31 December 2019 and a strike price of EUR 24 per share.

As of the date of this Prospectus, the Company has issued 197,500 warrants to the persons set out in the table below.

Name	Number of warrants	Position
Florian Hellmich ¹	55,000	Managing Director/CEO
Per Brilieth ²	22,500	Chairman of the Board of Directors
Rickard Strömgren ³	20,000	Portfolio Manager
Leo Kia ³	20,000	Portfolio Manager
Filip Engelbert ⁴	15,000	Consultant
Jonas Nordlander ⁴	15,000	Consultant
Nadja Borisova ⁵	12,500	Member of the Board of Directors
Anders F. Börjesson ⁶	10,000	Member of the Board of Directors, acting General Counsel
Björn von Sivers ⁷	7,500	Acting Head of IR
Mohsen Enayatollah ³	5,000	Member of the Board of Directors
Igor O. Gorin ³	5,000	Member of the Board of Directors

Henrik Stenlund ³	5,000	COO
Gustav Wetterling ³	3,000	CFO
Anahita Zafari ³	2,000	Deputy CFO
Total	197,500	

1 Florian Hellmich holds 30,000 warrants with a subscription period ending 31 December 2018 and 25,000 warrants with a subscription period ending 31 December 2019.

2 Per Brillioth holds 12,500 warrants with a subscription period ending 31 December 2018 and 10,000 warrants with a subscription period ending 31 December 2019.

3 Rickard Strömberg, Leo Kia, Mohsen Enayatollah, Igor O. Gorin, Henrik Stenlund, Gustav Wetterling and Anahita Zafari hold warrants with a subscription period ending 31 December 2019.

4 Filip Engelbert and Jonas Nordlander hold warrants with a subscription period ending 31 December 2018.

5 Nadja Borisova holds 5,000 warrants with a subscription period ending 31 December 2018 and 7,500 warrants with a subscription period ending 31 December 2019.

6 Anders F. Börjesson holds 5,000 warrants with a subscription period ending 31 December 2018 and 5,000 warrants with a subscription period ending 31 December 2019.

7 Björn von Sivers holds 2,500 warrants with a subscription period ending 31 December 2018 and 5,000 warrants with a subscription period ending 31 December 2019.

Apart from what is stated in the above table, there are no outstanding warrants, convertible bonds or other equity related instruments in the Company.

In respect of the warrants resolved on at the extraordinary general meeting on 28 November 2016, employees resident in Sweden may elect to acquire their warrants by either of the following alternatives:

- No premium shall be paid for the warrants; or
- The warrants shall be offered to the employee at a purchase price corresponding to the market value of the warrants at the time of the offer.

In order to stimulate the participation of the program by employees resident in Sweden that have elected to pay for the warrants at a purchase price corresponding to the market value of the warrants at the time of the offer¹⁶⁹, the Company has resolved to subsidize such participation by way of a bonus payment which after tax corresponds to the purchase price. Half of the bonus will be paid in connection with the purchase of the warrants and the remaining half at the exercise of the warrants, or, if the warrants are not exercised, at maturity. The second bonus payment is subject to the requirement that the holder is still an employee of the Company at the time of exercise or maturity.

14.5 Ownership structure

The tables below set forth Pomegranate's ownership structure immediately before the Offering. The first table shows the ten largest shareholders of Pomegranate per 30 December 2016. The second table sets forth the total shareholding of the Company's Board of Directors and executive management.

Shareholder	Shareholding before the Offering	
	Number	Per cent
	Ordinary shares	
SEB ¹	1,386,115	33.36
Nordea Bank AB (publ) ¹	802,490	19.32
Pareto Securities AB ¹	483,176	11.63
Euroclear Sweden AB ¹	453,034	10.90
Zebra Holdings and Investments (Guernsey) Ltd	300,000	7.22
Svenska Handelsbanken AB (publ) ¹	206,394	4.97
Avanza Bank AB ¹	100,892	2.43
Carnegie Investment Bank AB ¹	93,870	2.26

¹⁶⁹ Subject to the fair value of the warrants being supported by a third party valuation.

Charles Ashley Heppenstall	91,446	2.20
Nordnet Bank AB ¹	59,638	1.44
Other shareholders	177,546	4.27
Total	4,154,601	100
New shareholders	-	-
Total	4,154,601	100

¹ Owner-registered Nominee.

Shareholder	Shareholding before the Offering	
	Number	Per cent
	Ordinary shares	
Board of Directors and executive management ¹	77,443	1.86
Other shareholders	4,077,158	98.14
Total	4,154,601	100
New shareholders	-	-
Total	4,154,601	100

¹ For information on the individual shareholdings of the members of the Board of Directors and the executive management see section 12.1 and 12.2.

14.6 Dividends

The Company has not adopted a dividend policy.

14.7 Lock-up arrangements, etc.

The Company's CEO Florian Hellmich has made an undertaking not to sell shares or warrants in the Company for a certain period ("**Lock-up period**") without prior written consent from Pareto Securities. The undertaking was made with customary exceptions which inter alia allow Florian Hellmich to sell his shares in the event of a tender offer in respect of the shares of the Company. The Lock-up period for Florian Hellmich lasts until 31 december 2018.

14.8 Dilution effect

The new share issue in connection with the Offering can cause that the number of shares in the Company increases with 1 250 000, which corresponds to a dilution of 30.1 %.

15 ARTICLES OF ASSOCIATION

POMEGRANATE INVESTMENT AB (PUBL)

Org. nr. / Reg. No. 556967-7247

BOLAGSORDNING/ARTICLES OF ASSOCIATION

1 § FIRMA/COMPANY NAME

Bolagets firma ska vara Pomegranate Investment AB (publ). Bolaget är ett publikt aktiebolag (publ).
The name of the company shall be Pomegranate Investment AB (publ). The company is a public limited liability company (publ).

2 § STYRELSENS SÄTE/DOMICILE OF THE BOARD OF DIRECTORS

Styrelsen ska ha sitt säte i Stockholms kommun.
The domicile of the board of directors shall be the municipality of Stockholm.

3 § VERKSAMHETSFÖREMÅL/OBJECT OF THE COMPANY'S BUSINESS

Bolaget ska direkt eller indirekt investera i och förvalta fast och lös egendom huvudsakligen i mellanöstern samt bedriva därmed förenlig verksamhet.
The Company shall directly or indirectly invest in and manage immovable and movable property mainly in the Middle East and conduct other business compatible therewith.

4 § AKTIEKAPITAL/SHARE CAPITAL

Aktiekapitalet ska utgöra lägst 1 600 000 euro och högst 6 400 000 euro.
The share capital shall be not less than EUR 1,600,000 and not more than EUR 6,400,000.

5 § ANTAL AKTIER/NUMBER OF SHARES

Antalet aktier ska uppgå till lägst 1 600 000 och till högst 6 400 000.
The number of shares shall be not less than 1,600,000 and not more than 6,400,000.

6 § AVSTÄMNINGSREGISTER/CENTRAL SECURITIES DEPOSITORY

Bolagets aktier ska vara registrerade i ett avstämningsregister enligt lagen (1998:1479) om kontoföring av finansiella instrument.
The company's shares shall be registered in a central securities depository register pursuant to the Swedish Financial Instruments Accounts Act (1998:1479).

7 § STYRELSEN/BOARD OF DIRECTORS

Styrelsen ska, till den del den utses av bolagsstämman, bestå av minst tre och högst fem ledamöter utan suppleanter.
The Board of Directors as elected by the General Meeting of Shareholders shall consist of no fewer than three and no more than five Directors with no Alternate Directors.

8 § REVISOR/AUDITOR

Bolaget ska ha en revisor, som kan vara ett registrerat revisionsbolag.
The company shall have one auditor, which may be a registered accounting firm.

9 § KALLELSE TILL BOLAGSSTÄMMA / NOTICE OF GENERAL MEETING

Kallelse till bolagsstämma ska ske genom annonsering i Post- och Inrikes Tidningar och genom att kallelsen hålls tillgänglig på bolagets webbplats. Samtidigt som kallelse sker ska bolaget genom annonsering i Svenska Dagbladet upplysa om att kallelse har skett.

Notice of General Meetings of Shareholders shall be published in the Swedish Official Gazette and be kept available on the company's website. At the time of the notice, an announcement with information that the notice has been issued shall be published in Svenska Dagbladet.

10 § ÖPPNANDE AV STÄMMA / NOTICE OF GENERAL MEETING

Styrelsens ordförande eller den styrelsen därtill utser öppnar bolagsstämman och leder förhandlingarna till dess ordförande vid stämman valts.

The Chairman of the Board of Directors or such other person as the Board of Directors may appoint shall call the General Meeting of Shareholders to order and lead the proceedings until a Chairman of the General Meeting has been elected.

11 § ÅRSSTÄMMA / ANNUAL GENERAL MEETING

Årsstämma hålles årligen inom 6 månader efter räkenskapsårets utgång.

An Annual General Meeting of Shareholders shall be held annually within 6 months of the end of the financial year.

På årsstämma ska följande ärenden förekomma:

- i) Val av ordförande vid stämman;
- ii) Upprättande och godkännande av röstlängd;
- iii) Godkännande av dagordning;
- iv) Val av en eller två justeringsmän;
- v) Prövning av om stämman blivit behörigen sammankallad;
- vi) Föredragning av framlagd av årsredovisning och revisionsberättelse samt, i förekommande fall, koncernredovisning och koncernrevisionsberättelse;
- vii) Beslut om fastställande av resultaträkning och balansräkning samt, i förekommande fall, koncernresultaträkning och koncernbalansräkning;
- viii) Beslut om dispositioner beträffande bolagets vinst eller förlust enligt den fastställda balansräkningen;
- ix) Beslut om ansvarsfrihet åt styrelseledamöter och verkställande direktör när sådan förekommer;
- x) Fastställande av styrelse- och, i förekommande fall, revisorsarvoden;
- xi) Val av styrelse och revisor samt eventuella revisorssuppleanter; och
- xii) Annat ärende, som ankommer på stämman enligt aktiebolagslagen eller bolagsordningen.

The agenda at the Annual General Meeting of Shareholders shall include the following items:

- i) Election of Chairman of the meeting;
- ii) Preparation and approval of a voting list;
- iii) Approval of the agenda;
- iv) Election of one or two people to verify the minutes;
- v) Determination of whether the meeting has been duly convened;
- vi) Presentation of the company's annual report and the auditor's report as well as, if applicable, the group consolidated annual accounts and group auditor's report;
- vii) Approval of the profit and loss statement and balance sheet and, if applicable, group profit and loss statement and group balance sheet;
- viii) Resolution on treatment of profit or loss in accordance with the approved balance sheet;
- ix) Resolution on discharge from liability of Directors and, if applicable, the Managing Director;
- x). Determination of remuneration to the Board and auditor;
- xi) Election of Board of Director and auditors and any alternate auditors; and
- xii) Other matters incumbent on the General Meeting of Shareholders under the Swedish Companies Act or the company's Articles of Association.

12 § RÄKENSKAPSÅR/*FINANCIAL YEAR*

Bolagets räkenskapsår ska vara kalenderår.

The financial year of the company shall be the calendar year.

Antagen vid extra bolagsstämma den 18 februari 2016.

Adopted by the Extraordinary General Meeting held on February 18, 2016.

16 LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

16.1 The Company

The Company is a public limited liability company incorporated and registered in accordance with the Swedish Companies Act, as amended, with the company name Pomegranate Investment AB (publ). The Company's registered office is Hovslagargatan 5, 3tr, SE-111 48 Stockholm, Sweden. The Company was incorporated on 7 April 2014 with registration number 556967-7247. The Company shall directly or indirectly invest in and manage immovable and movable property mainly in the Middle East and conduct other business compatible therewith.

16.2 Material agreements

The Company is an investment Company and enters into agreements in respect of its investments as part of its day-to-day activities. The Company's material agreements are described in the below.

16.2.1 Sarava

In 2014 the Company entered into a share purchase agreement regarding the purchase of 9.58% of the shares in the Iranian company Sarava. Through a share purchase agreement entered into in 2016, the Company further increased its ownership to 15.0% of the outstanding shares.

The share purchase agreement for the investment in 2016 contains customary provisions. Further, the agreement contains explicit representations and warranties from Sarava that the company is not engaged in businesses with EU restricted parties or persons listed on relevant sanctions lists, and that Sarava's operations are in compliance with all such laws and sanctions.

The Sarava shareholders' agreement, which was entered into in connection with the investment in 2016 and together with a members' agreement governs the ownership and corporate governance of Sarava, contains customary representations and warranties from the parties, e.g., concerning the companies' existence and legal capacity and that all necessary consents and authorisations have been obtained. Each shareholder agrees to hold the other shareholders harmless and indemnify the other parties against, for example, any liabilities or expenses that they sustain by reason of breach of any representation or warranties in the shareholders' agreement. The agreements also include a right for the Company to appoint a member of the board of directors provided the Company holds not less than 10% of the shares. The shareholders agreement also gives the Company, together with other international investors, a right to appoint one member to Sarava's investment board.

Pursuant to the Sarava shareholders' agreement, the Company has an obligation to, should the Company discover an investment opportunity in certain "competing countries" that is within the scope of the core business of Sarava or any of Sarava's portfolio companies, the Company must first propose that investment to the board of Sarava. The Company may only pursue the investment opportunity should the board of Sarava elect not to pursue the investment opportunity.

16.3 Intellectual property

The Company is the registered holder of the domain name pomegranateinvestment.com. The Company intends to apply for relevant protection for its other intellectual property.

16.4 Disputes

The Company is not, and has not been, party to any legal or arbitration proceedings during the last 12 months which may have, or have had, significant effects on Pomegranate's financial condition or profitability.

16.5 Insurance

The Company holds an occupational insurance relating to the Company's employees resident in Sweden and an insurance that covers the liability of the Board of Directors and the executive management. The Company believes that it maintains the types and amounts of insurance customary in the industry and countries in which it operates and that they are sufficient for the risks normally associated to the Company's business. However, there is no assurance that the Company will not suffer losses not covered by, or insufficiently covered by, insurances to avoid that unexpected costs will arise.

16.6 Related party transactions

Board member Anders F. Börjesson provides services as acting General Counsel to the Company through a service agreement with a wholly owned company on arm's length terms. The remuneration for the period October – December 2016 amounts to EUR 10 002, excluding VAT.

No member of the Board of Directors or the executive management has entered into any agreement with Company providing for benefits upon termination of their assignment.

For information on the warrants issued to certain members of the Company's Board of Directors, management and other persons that have acted on behalf of the Company, please see section "*Share capital and ownership structure - Convertibles, warrants, etc.*" above.

16.7 Interests of advisors

The Managers provide financial advisory and other services in connection with the Offering. From time to time the Managers may provide services, in the ordinary course of business and in connection with other transactions, to the Company and related parties.

16.8 Costs related to the Offering

Pomegranate's costs associated with the Offering are expected to amount to approximately MEUR 2.5. Such costs primarily relate to costs for financial advisors, auditors, attorneys, costs related to management presentations, etc.

16.9 Documents available for inspection

Pomegranate's (i) articles of association, (ii) annual reports for the financial years 2014, 2015 and 2016, including auditors' reports, are available for inspection during office hours at the Company's head office at Hovslagargatan 5, 3tr, SE-111 48 Stockholm, Sweden. These documents are also available in electronic form on Pomegranate's website, pomegranateinvestment.com.

17 TAX CONSIDERATIONS IN SWEDEN

Below is a summary of certain Swedish tax issues related to the Offering for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended to provide only general information.

The summary does not cover:

- *situations where shares are held as current assets in business operations;*
- *situations where shares are held by a limited partnership or a partnership;*
- *the special rules that in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares;*
- *the special rules that may be applicable to private individuals who make or reverse a so-called investor deduction (Sw: investeraravdrag);*
- *foreign companies conducting business through a permanent establishment in Sweden; or*
- *foreign companies that have been Swedish companies.*

Furthermore, special tax rules apply to certain categories of companies. The tax consequences for each individual shareholder depend on such shareholder's particular circumstances. Each shareholder is advised to consult an independent tax advisor as to the tax consequences that could arise from the Offering, including the applicability and effect of foreign tax legislation (including regulations) and provisions in tax treaties. Shares in Pomegranate are not and have not previously been subject to organized trade. The summary below is based on the assumption that the shares in Pomegranate are deemed not to be listed for tax purposes. If the shares are deemed listed for tax purposes, other tax rules than the ones summarized below may be applicable. However, there is no guarantee that the shares will not be deemed to be listed for tax purposes as from the time of the Offering. It should be noted that Pomegranate has applied for admission for trading of the shares on NGM Equity. Such an admission for trading may have tax consequences pursuant to the tax rules applicable at that time.

17.1 Private individuals

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains is taxed in the capital income category. The rules regarding capital gains taxation are normally also applicable to payments by a Swedish limited liability company as a result of redemption of the company's shares and repurchase of shares as well as upon liquidation of the company. Dividends and capital gains on shares in a Swedish limited liability company which is not listed are taxable up to five sixths in the capital income category. The tax rate in the capital income category is 30 per cent. This means that dividends and capital gains on shares in a Swedish limited liability company which is not listed are effectively taxed at 25 per cent in the capital income category.¹⁷⁰

The capital gain or the capital loss is computed as the difference between the consideration, less selling expenses, and the acquisition value. The acquisition value for all shares of the same class and type shall be added together and computed collectively in accordance with the so-called average method (Sw. *genomsnittsmetoden*).

¹⁷⁰ In order for dividends on shares in a Swedish limited liability company which is not listed to be taxed at 25 per cent, it is a prerequisite that the company has not (directly or indirectly through a subsidiary) owned shares representing 10 per cent or more of the capital or votes in a listed company during any of the four previous fiscal years. If this prerequisite is not fulfilled, the dividend is taxed at the ordinary rate of 30 per cent.

Capital losses on shares which are not listed may be offset to five sixths against taxable capital gains realized in the same year on shares, as well as on listed securities taxed as shares (however, not mutual funds (Sw. *värdepappersfonder*) or hedge funds (Sw. *specialfonder*) containing Swedish receivables only (Sw. *räntefonder*)).¹⁷¹ Capital losses on unlisted shares not absorbed by these set-off rules are deductible to five sixths of 70 per cent in the capital income category.

If there is a net loss in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as national and municipal property tax. This tax reduction is 30 per cent of the net loss that does not exceed SEK 100,000 and 21 per cent of any remaining net loss. A net loss cannot be carried forward to future tax years.

For private individuals resident in Sweden for tax purposes, a preliminary tax of 30 per cent is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee.

17.2 Limited liability companies

For limited liability companies (Sw. *aktiebolag*) all income, including taxable capital gains and taxable dividends, is taxed as income from business operations at a rate of 22 per cent. However, for Swedish limited liability companies, dividends and capital gains on shares in Pomegranate will be tax-exempt, provided that the shares in Pomegranate are deemed to be business related shares for tax purposes. Shares in a Swedish limited liability company which are not listed and which are held as capital assets by the holder, are deemed to be business related shares for tax purposes. Capital losses on business related shares are not tax deductible. Special tax rules may apply to certain categories of companies or certain legal persons, e.g. mutual funds and investment companies.

17.3 Shareholders not tax resident in Sweden

For shareholders not resident in Sweden for tax purposes that receive dividends on shares of a Swedish limited liability company, Swedish withholding tax is normally withheld.¹⁷² The same withholding tax applies to certain other payments made by a Swedish limited liability company, such as payments as a result of redemption of shares and repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain class. The withholding tax rate is 30 per cent.¹⁷³ The tax rate is, however, generally reduced through tax treaties. In Sweden, withholding tax deductions are normally carried out by Euroclear Sweden or, in respect of nominee-registered shares, by the nominee. The tax treaties Sweden has entered into generally enable the withholding tax deduction to be made in accordance with the tax rate stipulated in the treaty, provided that Euroclear Sweden or the nominee, as applicable, has the required information of the tax residency of the investor entitled to the dividend. Further, investors entitled to reduced tax rates under applicable tax treaties may seek a refund from the Swedish tax authorities if the full withholding tax rate at 30% has been withheld.

¹⁷¹ A special order of priority rule applies when capital losses are offset.

¹⁷² However, Swedish withholding tax is not withheld on dividends paid to a legal person that satisfies the criteria for being regarded as a "foreign company" for tax purposes, provided that certain additional conditions are met.

¹⁷³ With respect to dividends, the withholding tax is based on the dividend amount. Upon redemption (which in this context is considered as dividends) the withholding tax is based on the redemption amount. However, shareholders have upon redemption of share the right to get the withholding tax reduced by applying that the base for the tax should be adjusted with respect to the difference between the redemption price and the acquisition cost of the redeemed shares. Applications must be submitted to the Tax Agency by the end of the fifth calendar year after the redemption date.

Shareholders not resident in Sweden for tax purposes are normally not liable for capital gains taxation in Sweden upon disposals of shares. Shareholders may, however, be subject to taxation in their state of residence.

According to a special rule, private individuals not resident in Sweden for tax purposes are, however, subject to Swedish capital gains taxation upon disposals of shares in Pomegranate, if they have been residents of Sweden due to a habitual abode in Sweden or a stay in Sweden for six consecutive months at any time during the calendar year of disposal or the ten calendar years preceding the year of disposal. In a number of cases though, the applicability of this rule is limited by tax treaties.

18 DOCUMENTS INCORPORATED BY REFERENCE

The documents below are incorporated by reference and constitute a part of the Prospectus. The Company's annual reports for 2014, 2015 and 2016 have been audited by PricewaterhouseCoopers AB with authorized auditor Nicklas Kullberg as auditor in charge. The auditors' reports contain no observations. The documents incorporated by reference are available throughout the entire period of validity of the Prospectus from the Company on its website, pomegranateinvestment.com.

- (i) The Company's audited financial statements for the financial year ended 31 December, 2016, including the auditor's report ("**Annual Report 2016**");
- (ii) The Company's audited financial statements for the financial year ended 31 December, 2015, including the auditor's report ("**Annual Report 2015**"); and
- (iii) The Company's audited financial statements for the financial year ended 31 December, 2014, including the auditor's report ("**Annual Report 2014**").

INFORMATION	PAGES
Income statement, balance sheet, cash flow statement, change in equity, notes to the financial statements and the auditor's report for the financial year.	Annual Report 2016, pages 21-33
Income statement, balance sheet, cash flow statement, change in equity, notes to the financial statements and the auditor's report for the financial year.	Annual Report 2015, pages 9-20
Income statement, balance sheet, cash flow statement, change in equity, notes to the financial statements and the auditor's report for the financial year.	Annual Report 2014, pages 5-17

19 DEFINITIONS

The terms defined below are used in the Prospectus:

Acquirer	Any party that applies for Offer Shares in the Offering
Application Form	Application form for the Offer Shares
EUR	Euro
Euroclear Sweden	Euroclear Sweden AB, Swedish reg. no. 556112-8074
Existing Shareholders	Shareholders as of the Record Date
Gazprombank	GBP-Financial Services Limited, Reg. No. HE246301 (Cyprus)
Global Coordinator	Pareto Securities
Institutional Offering	The offering to institutional investors in Sweden and internationally; private individuals and legal entities subscribing for more than 4,400 Offer Shares in the Offering
IRR	Iranian Rial
Managers	Pareto Securities and Gazprombank
Material Negative Events	Events which have such a materially negative effect on the Company that it would be inappropriate to complete the Offering
MEUR	Million euro
NAV	Net asset value
Offering	The Offering of shares in Pomegranate Investment AB (publ)
Offering Price	The Offering Price which is expected to be determined within the range of EUR 24 – 26
Offering Price Range	EUR 24 – 26 per Offer Share
Offer Shares	The shares offered by the Company in the Offering
Pareto Securities	Pareto Securities AB, Swedish reg. no. 556206-8956
Pomegranate or the Company	Pomegranate Investment AB (publ)
Prospectus	This Prospectus
Record Date	Shareholders as of 17 March 2017
Retail Offering	The offering to the general public in Sweden; private individuals and legal entities subscribing for no more than 50 Offer Shares with the Offering
SEK	Swedish Crowns
USD	U.S. Dollar

Currency and exchange rates

Period starting	1 Apr 2014	1 Apr 2015	1 Apr 2016
Period ending	31 Mar 2015	31 Mar 2016	31 Dec 2016
Average	33,680.4	32,679.9	33,930.9
Close	30,174.0	34,406.6	34,134.7

The above table sets out: (i) the average of daily closing rates of exchange for one Euro expressed in Iranian Rial in respective period and (ii) the closing rate of exchange for one Euro expressed in Iranian Rial in the respective period. On 17 March, 2016, the closing exchange rate for one Euro expressed in Iranian Rial as reported by Factset was 34,845.5.

Source: Factset.

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