

A P Management III Company Inc.
509 South Exeter Street, Suite 210
Baltimore, MD 21202
443-573-3010

Website: www.patriot-capital.com

March 28, 2014

This brochure ("Brochure") provides information about the qualifications and business practices of A P Management III Company Inc. ("APM III"). If you have any questions about the contents of this Brochure, please contact us at 443-573-3010 or by email at tholland@patriot-capital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"). Additional information about APM III is also available at the SEC's website www.adviserinfo.sec.gov (click on the link, select "investment adviser firm" and type in our firm name). Results will provide you with both Part 1 of our Form ADV as well as this Brochure, which is Part 2 of our Form ADV.

APM III is an SEC registered investment adviser. Registration as an investment adviser does not imply that APM III or any of the principals, employees or related entities possess a particular level of skill or training in the investment advisory business or any other business.

Item 2 – Material Changes

1. We are updating this Brochure as part of our annual updating amendment for year ending December 31, 2013. It contains updates to our AUM.
2. We may, at any time, update this Brochure if there is a material change. If we do, we will either send you a copy of the updated Brochure (either by email or in hard copy form) or provide access to a copy via a secure website.
3. If you would like an additional copy of this Brochure, please download it from the SEC's public disclosure website (IARD) www.adviserinfo.sec.gov or contact our Chief Compliance Officer, Thomas Holland, at 443-573-3010 or tholland@patriot-capital.com.

Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management.....	3
Item 7 – Types of Clients	4
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	5
Item 9 – Disciplinary Information	8
Item 10 – Other Financial Industry Activities and Affiliations.....	9
Item 11 – Code of Ethics.....	10
Item 12 – Brokerage Practices	12
Item 13 – Review of Accounts	14
Item 14 – Client Referrals and Other Compensation	15
Item 15 – Custody	16
Item 16 – Investment Discretion	17
Item 17 – Voting Client Securities	18
Item 18 – Financial Information.....	19

Item 4 – Advisory Business

A P Management III Company Inc. (“APM III” or the “Advisor”) is an SEC registered investment adviser. APM III is part of the Patriot Capital Group. The Patriot Capital Group consists of three investment advisors: Patriot Management Company (“PMC”), AP Management Company (“APMC”) and APM III (collectively “the Advisors”). PMC and APMC provide management and advisory services for two structured debt and equity funds: Patriot Capital, L.P. and Patriot Capital II, L.P., respectively. Patriot Capital, L.P. and Patriot Capital II, L.P. are Small Business Investment Companies (“SBICs”) licensed by the U.S. Small Business Administration (“SBA”) and typically invest in subordinated debt (85% to 90% of capital) and equity (10% to 15% of capital) of small businesses (as defined by the SBA). Because APM and APM II provide advisory services solely to SBIC funds, they are exempt from registration.

APM III is owned by the following principals: Thomas O. Holland, Jr. (20.0%), Charles P. McCusker (20.0%), Chris M. Royston (20.0%), Charles A. Bryan (20.0%) and Thomas M. Neale (20.0%). The principals have more than 100 combined years of financial services and investment management experience. The principals are also principals of one or more of the other investment advisors in the Patriot Capital Group.

APM III provides investment advice to Patriot Capital III LP (“PC III Fund”) and to Patriot Capital III SBIC, L.P. (PC III SBIC) related to certain types of investments in accordance with the Fund’s specific investment guidelines and restrictions as set forth in the Fund’s confidential private placement memorandum, limited partnership agreement and other governing documents (collectively, the “Governing Documents”). Advisory services are provided to the Fund on a discretionary basis.

The PC III Fund and PC III SBIC are private pooled investment funds. APM III advises the PC III Fund and PC III SBIC on selections for diversified portfolios of private investments made directly in later stage, cash generating, lower middle market companies (each, a “Portfolio Company”).

In accordance with common industry practice, APM III may enter into “side letters” with Limited Partners.

The Advisors do not participate in any wrap fee programs.

The APM III’s committed assets total \$7,019,658 in the PC III Fund; and \$128,217,186 in the PC III SBIC Fund. Total assets under management are \$135,235,844.

Item 5 – Fees and Compensation

The specific manner in which investment advisory and management services fees (the “Fees”) are calculated and paid to APM III are established in the Fund’s Governing Documents. For the PC III Fund, no compensation is paid on initial commitment of \$4M. To the extent the limited partner assets exceed \$4M, fees will be negotiated. For the PC III SBIC Fund, during the Initial Investment Period (essentially the first five years of the fund’s life) a management fee equal to approximately one-half of one percent (.5%) of committed capital is charged monthly. After the Initial Investment Period the monthly management fee is reduced to approximately .167% of the fair market value of portfolio investments. Fees are deducted from client assets.

In addition to the Fees paid to APM III, the Funds also pay certain expenses relating to the formation and operation of the Funds, certain legal, reporting and certain travel expenses, and other expenses incurred in connection with providing investment advisory and management services to the Fund.

The aforementioned management fees paid to the Investment Adviser/Manager cover most expenses associated with operation of the fund (e.g., salaries, office expenses, travel, business development, office and equipment rental, bookkeeping, and development, investigation and monitoring of investments). The Fund is responsible for payment of interest on indebtedness (if any), amounts payable to the SBA (if applicable), taxes payable to Federal, state, local and other governmental agencies, expenses incurred in the actual proposed acquisition or disposition of assets (e.g., accounting diligence fees, legal fees, transfer taxes, etc. (Note: these expenses are generally passed through to the portfolio companies)), fees incurred in connection with membership in trade associations for small business investment companies (if appropriate)), reimbursement of actual expenses of any advisory boards for the Fund, and all organizational expenses. While clients are not billed directly for those items, such expenses impact their capital accounts.

Because APM III is a registered investment adviser and this Brochure is delivered only to its clients, a fee schedule is not required to be provided.

Item 6 – Performance-Based Fees and Side-By-Side Management

APM III does not receive any performance-based fees in its capacity as investment advisor. However, certain supervised persons of APM III are also members of the general partner of the fund. The general partner typically receives 20% of the net profits of the various funds after the limited partner's investment plus an eight percent (8%) preferred return has been earned. The 20% is typically referred to as "carried interest".

Item 7 – Types of Clients

APM III provides advisory services to the PC III Fund and PC III SBIC Fund, which are private pooled investment funds, on a discretionary basis. The PC Funds' investors include publicly traded corporations, commercial banks, trusts, pension plans, family offices, and high net worth individuals.

The minimum an investor may invest in the PC III Fund is \$1,000,000.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

APM III performs extensive due diligence before making an investment decision. This includes financial analysis (which frequently includes quality of earnings diligence performed by a qualified third party), competitive market analysis, meetings with the management teams of prospective portfolio companies, legal diligence, conversations with customers and suppliers, etc. to identify and confirm key attributes of the Portfolio Companies' management teams, including the team cohesiveness, viability and consistency of their business strategy, their prior experience, and ability to deliver successful outcomes in addition to analysis and verification of company financial performance, customers, sales, inventories, internal processes and controls, and (as applicable) prospects, product and service development, product offerings, etc. Final approval to buy or sell an investment requires the unanimous vote of the investment committee of APMIII. After an investment is made, the Advisor will engage in active portfolio monitoring, including verifying adherence to business strategy, tracking performance and general oversight.

Risk of Loss

The Advisor's investment strategy and method of analysis involves the risk of loss that the Fund and its limited partners should be prepared to bear, including, but not limited to, the following:

- 1) Dependence on Key Personnel. The Advisor's performance is dependent upon APM III retaining its principals. In the event that any of the principals leave APM III, there can be no assurance that APM III will be able to replace them with individuals of equivalent caliber, experience and firm relationships. The loss of any of the principals could have a significant adverse impact on the performance of the APM III.
- 2) Due Diligence. APM III's clients are reliant upon the Advisor's due diligence process and analysis. Failure of the Advisor to adequately conduct the due diligence process and analysis could have a negative impact on the performance of an investment.
- 3) Nature of Fund Investments. The Fund concentrates on making investments in privately held companies ("Portfolio Companies") that have significant risks as a result of business, financial, market or legal uncertainties. There can be no assurance that the Advisor will correctly evaluate the nature and magnitude of the various factors that could affect the value of a return on investments of the Fund. Valuations of the Fund's investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic

and political developments, as well as fluctuations in public and private capital markets may significantly affect the results of a Fund's activities and the value of its investments. The past performance of funds advised by the Advisor provides no assurance of future results.

The Fund's investment strategy involves a high degree of business and financial risk that can result in substantial losses. Among these are the following: (i) risks of investing in companies operating with substantial variation in operating results from period to period; (ii) risks of investing in companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position; and (iii) risks of companies that themselves have leveraged capital structures.

- 4) Leveraged Investments. The fund invests primarily in subordinated debt of privately held companies. The leveraged capital structure of the Portfolio Companies will increase the exposure of the Fund to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. If a Portfolio Company is unable to generate sufficient cash flow to meet principal and interest payments on its senior indebtedness, a Fund may suffer a partial or total loss of capital invested in the issuer, which, given the size of the Fund's investments, could adversely affect its returns.

If a Portfolio Company enters bankruptcy, other lenders may control the method and manner of distribution or exert substantial power with respect to the bankruptcy proceeding. The original lending agreement may also limit the rights of the Fund during bankruptcy for the benefit of more senior lenders. This may diminish a Fund's recovery or ability to claim an interest in the collateral of that Portfolio Company.

- 5) Challenging Debt Markets. An important factor in the Fund's strategy will be the ability of the Portfolio Companies to obtain senior debt financing on a timely basis and on competitive terms. If senior debt financing becomes unavailable or is excessively restrictive or costly, the proposed operations of the Portfolio Companies and thus the Fund could be adversely affected.
- 6) Subordinated Debt and Equity Investments. The Fund's investments generally will have implied or imputed ratings below investment grade. Such investments generally have greater credit and liquidity risk than is typically associated with investment grade obligations.
- 7) Issues of Collateral. The investments by the Fund, when secured, may be subordinate in lien to more senior creditors and therefore may be subject to greater

risks than first priority lenders. Fluctuations in the market, prices or the economy may decrease the value of collateral that secures the Fund's secured mezzanine loans. This may expose such loans to the risk of being under collateralized, as the available collateral may only be sufficient to cover more senior liens. Also, junior lien holders may have less ability to negotiate favorable collateral terms and repayment rights, and may be forced to give up rights or subordinate rights to more senior lenders. There is a risk that junior lien holders like the Fund will receive unfavorable treatment in the case of default with respect to distributions, rights to collateral and the ability to enforce their rights against the collateral, or during bankruptcy.

- 8) Difficulty of Locating Suitable Investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable the Fund to invest all of its committed capital in opportunities that satisfy its investment objectives. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, and competition for such opportunities may become more intense.
- 9) Illiquidity of Investments. An investment in the Fund requires a long-term commitment with no certainty of return. Many of the Fund's investments will be highly illiquid, and there can be no assurance that the Fund will be able to realize such investments at attractive prices or otherwise be able to affect a successful realization or exit strategy. An aspect of the Fund's strategy is to invest in lower middle market companies, which have often been ignored by other private debt funds and the capital markets. Consequently, dispositions of such investments may require a lengthy time period or may result in distributions in-kind. Additionally, a Fund may acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in accordance with Rule 144 promulgated under the Securities Act. There can be no assurance that private purchasers can be found for a Fund's investments. Finally, in some cases, a Fund may be prohibited by contract from selling securities for a period of time.

Item 9 – Disciplinary Information

The Advisor does not have any legal or other disciplinary event to report to you. This statement applies to APM III and every employee of Patriot Capital Group.

Item 10 – Other Financial Industry Activities and Affiliations

Two of APM III's principals, Charles A. Bryan (Series 7, 24, 27, 65, and 79) and Chris M. Royston (Series 7 and 24), are registered representatives and also principals of Bengur Bryan & Co., Inc., a broker-dealer registered in the State of Maryland. Bengur Bryan shares office space with Patriot Capital Group and several Patriot Group employees perform services for Bengur Bryan. None of Patriot Capital Group's advisors, employees or principals direct clients to Bengur Bryan nor do they receive compensation for referring deals to Bengur Bryan. To date no conflicts of interest have arisen. Any conflicts of interest that may arise in the future are properly managed by each fund having a financial advisory board which, in addition to other responsibilities, has the authority to identify and resolve conflicts of interest in the best interest of the Fund and the Fund's investors.

Neither APM III nor any of its principals or related persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

The Advisor is solely engaged in providing investment advice to the Fund and does not sell products or services other than investment advice to clients. The Advisor does not have any arrangements to receive additional compensation from non-clients nor does it directly or indirectly compensate any person for client referrals.

As discussed in Section 4, APM III has two other related unregistered investment advisors: PMC and APMC who are advisors solely to SBIC funds and therefore exempt from registration as investment advisers on that basis.

When considered appropriate by the general partners of the Fund, Patriot Capital Groups's officers and employees may also serve as directors of the Portfolio Companies in which the Fund may acquire an interest.

The Advisor has business relationships with other Patriot Capital Group advisors and funds that may create a material conflict of interest. In the event of a potential conflict of interest, the Fund's partnership agreements and/or management agreements have guidelines and policies as to the appropriate action to take with respect to such conflicts.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Patriot Capital Group has adopted a Code of Ethics (the “Patriot Code”) under Rule 204A-1 of the Advisers Act. The Patriot Code applies to the Advisors, all and of the Advisors’ access persons. The Patriot Code was designed to ensure the Advisors meet their fiduciary obligations to their clients and the Advisors’ obligation with respect to the use of material non-public information. The Patriot Code also reinforces a culture of compliance within the firm.

The Patriot Code describes Patriot Capital Group’s high standards of business conduct and fiduciary duty to the Funds to which they provide investment advisory and management services. It includes provisions relating to the prohibition on insider trading, personal securities trading procedures, trading restrictions, reporting requirements of holdings and transactions, record keeping, restrictions and reporting on gifts and business entertainment, among other items. The Patriot Code emphasizes Patriot Capital Group’s philosophy of honesty, integrity and professionalism, setting forth standards of conduct expected of the our personnel, promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and promoting compliance with applicable government laws, rules and regulations.

Access persons are required to report their trading activities in accordance with the provisions in the Patriot Code. Under the Patriot Code, certain securities have been or may be designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of the Funds. In addition, Patriot Capital Group has an Insider Trading Policy applicable to all its access persons which prohibits the use of material non-public information in connection with personal securities transactions and prohibits the tipping of material non-public information to other persons who may trade on the basis of the information. The Patriot Code and investment policies are overseen by the Chief Compliance Officer, who is responsible for the review of such transactions to reasonably prevent conflicts of interest between and amongst the Advisors, their affiliated investment advisors and affiliated personnel, the Funds and their limited partners.

All of Patriot Capital Group’s access persons must comply with and acknowledge compliance with the terms of the Patriot Code annually, and as amended.

Participation or Interest in Client Transactions

The Advisor may recommend to the General Partner the purchase or sale of a security in which the Advisor's affiliates directly or indirectly have a position of interest. Any such transaction would be subject to Patriot Capital Group's conflict of interest guidelines, as discussed more fully above and in the Governing Documents of each Fund.

Principal and Agency Cross Transactions

It is the Advisor's policy not to engage in any principal or agency cross securities transactions for the Funds.

Item 12 – Brokerage Practices

The Advisor typically does not utilize broker-dealers to effect investments. However, in very rare circumstances the Fund may directly invest in certain equity securities of privately held companies or as a result of an IPO may receive shares of such companies as part of a general distribution. The Fund may sell the securities received in share distributions such that the proceeds can then be distributed to the Fund's limited partners. The Advisor will generally have discretionary authority to select the broker or dealer to be used to execute transactions on behalf of the Fund and to negotiate the commission cost to be paid by the Fund.

The Advisor shall seek best execution for the Fund's securities transactions and the general partner will have final approval. Brokers are selected according to various characteristics that support the Fund's interest in receiving the most favorable execution. Many criteria are considered, including but not limited to: the integrity, ethics and trustworthiness of the broker regarding any relations and agreements with the Advisors and the applicable Fund, the speed and quality of trading execution to minimize market price impact and maximize value for the Fund, the broker's capability to provide services at the lowest possible cost, competent broker personnel and support staff, the efficient clearance and settlement of trades, commitment to technology and a preeminent trading system, the broker's overall ability to provide best execution for the Funds, and timely acknowledgement and correction of trade errors. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

If any Advisor ever has occasion to select brokers and dealers, it will do so on the basis of its judgment of their professional capability to provide the service at reasonably competitive rates. If, in the Advisor's judgment, the commission is reasonable in relation to the brokerage services provided, such Advisor may recommend that its respective Fund pay a brokerage commission in excess of the commission another broker would have received for effecting the same transaction.

Research or Other Soft Dollar Benefits

The Advisors do not engage in soft dollar arrangements with respect to securities transactions for the Funds.

Brokerage for Client Referrals

The Advisor typically does not use broker-dealers. However, in the event that it does, the Advisor will not consider, in selecting or recommending broker-dealers, whether it or a related person receives client referrals from a broker-dealer or a third party.

Directed Brokerage

The Funds are not permitted to direct securities transactions to a specific broker. This policy allows the Advisor to achieve most favorable execution of client transactions.

Item 13 – Review of Accounts

The Advisor will review the Portfolio Companies of each Fund on an ongoing basis to ensure the investment guidelines and objectives of the Funds are being met. Financial reports are sent to limited partners on a quarterly basis and are audited by an independent accounting firm on an annual basis. Further information on the reports provided by the Funds is contained in the Governing Documents.

Item 14 – Client Referrals and Other Compensation

The Advisor has no arrangements for client referrals, and, therefore has not compensated any person regarding client referrals.

Item 15 – Custody

The Advisor advises a private fund that invests in privately placed uncertificated securities. Cash in the PC III Fund is maintained with a qualified custodian. APM III delivers quarterly financial statements on behalf of the Fund to all Limited Partners. In addition to the quarterly statements, an annual GAAP compliant audited financial statement is also issued to Limited Partners. Audited statements are prepared by an independent public accountant registered with and subject to regular inspection by the PCAOB. Audited financial statements are distributed to Limited Partners in the Fund within 180 days of the end of the Fund's fiscal year.

Item 16 – Investment Discretion

APM III has discretionary authority to determine, without the specific consent of the Limited Partners, the securities to be bought or sold, and the amount of securities to be bought or sold as provided for in the Governing Documents of the Fund.

Item 17 – Voting Client Securities

When exercising voting authority over any Fund's securities, the general partners of such Fund retain full discretion. At the present time, the Advisors do not anticipate that any Fund will acquire any publicly traded securities where they would be required to vote proxies.

To the extent the Fund receives proxies or other solicitations, the general partners may contact the Advisor. An Advisor shall advise the general partners based on the performance, activities and events related to each investment, and the evaluation of other issues that could have an impact on the value of the security. An Advisor shall review each proposal submitted for a vote on a case-by-case basis and shall recommend the general partner vote all proxies in a prudent manner, considering the prevailing circumstances at the time and in a manner consistent with the Fund's proxy voting policies and procedures and general partner's fiduciary duties to the Fund and its limited partners.

Investors may obtain a copy of Patriot Capital Group's proxy voting policy upon request by contacting Thomas Holland, Chief Compliance Officer, at 443-573-3010 or Tholland @patriot-capital.com.

Item 18 – Financial Information

The Advisor does not require or solicit prepayment of more than \$1,200 in fees from the Funds six months or more in advance. Therefore no financial information is provided.

The Advisor has no financial commitment or conditions that are reasonably likely to impair its ability to meet contractual and fiduciary commitments to the Fund, and it has not been the subject of a bankruptcy proceeding.