APOLLO

ALTERNATIVE ASSETS

AP ALTERNATIVE ASSETS, L.P.

Interim Financial Report

(UNAUDITED)

As of and for the three months ended September 30, 2007 and 2006, the nine months ended September 30, 2007, and the period from June 15, 2006 (commencement of operations) to September 30, 2006

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Certain Information

Statement of Responsibility

The portions of this financial report that relate to AP Alternative Assets, L.P. ("AP Alternative Assets"), including the financial statements and other financial information of AP Alternative Assets contained herein, are the responsibility of and have been approved by AAA Guernsey Limited as the Managing General Partner of AP Alternative Assets. AAA Guernsey Limited is responsible for preparing such portions of this financial report to give a true and fair view of the state of affairs of AP Alternative Assets at the end of the fiscal period and of the profit or loss for such period as well as for preparing such financial statements in accordance with the rules of Euronext Amsterdam N.V.'s Eurolist by Euronext (the "Euronext Rules"), applicable Guernsey law and accounting principles generally accepted in the United States of America ("U.S. GAAP").

The portions of this financial report that relate to AAA Investments, L.P., including the financial statements and other financial information of AAA Investments, L.P., contained herein, are the responsibility of and have been approved by AAA MIP Limited, as the General Partner of AAA Associates, L.P., which serves as the general partner of AAA Investments, L.P. AAA MIP Limited is responsible for preparing such portions of this financial report to give a true and fair view of the state of affairs of AAA Investments, L.P., at the end of the fiscal period and of the profit or loss for such period as well as for preparing such financial statements in accordance with applicable Guernsey law and U.S. GAAP.

In preparing their financial reports, both AAA Guernsey Limited and AAA MIP Limited are required to (i) select suitable accounting policies and apply them consistently; (ii) make judgments and estimates that are reasonable and prudent; (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Accounts; and (iv) prepare the financial statements on a going-concern basis, unless it is inappropriate to presume that the Partnerships will continue in business.

Directors and Advisors

The board of directors of AAA Guernsey Limited consists of Leon Black, Josh Harris, Marc Rowan, Beno Suchodolski, Louise MacBain, Paul Guilbert and Rupert Dorey. The address of each of these individuals is c/o AAA Guernsey Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands, GY1 3QL.

The board of directors of AAA MIP Limited consists of Leon Black, Josh Harris and Brooks Newmark. The address of each of these individuals is c/o AAA MIP Limited, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands, GY1 3QL.

Northern Trust International Fund Administration Services (Guernsey) Limited has been retained to serve as the Guernsey administrator for each of AP Alternative Assets and AAA Investments, L.P. The address of Northern Trust International Fund Administration Services (Guernsey) Limited is Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands, GY1 3QL.

Certain Information

Deloitte & Touche LLP has been retained to serve as the independent registered public accounting firm of each of AP Alternative Assets and AAA Investments, L.P. The address of Deloitte & Touche LLP in Guernsey is Regency Court, Glategny Esplanade, St. Peter Port, Guernsey, Channel Islands, GY1 3HW.

Apollo Alternative Assets, L.P. provides investment management, operational and financial services to AP Alternative Assets and AAA Investments, L.P. under a services agreement. The address of Apollo Alternative Assets, L.P. is Walker House, P.O. Box 908GT, Mary Street, George Town, Grand Cayman, Cayman Islands.

The website address for AP Alternative Assets, L.P. is www.apolloalternativeassets.com

About AP Alternative Assets

Overview

We commenced operations on June 15, 2006, and are a closed-end limited partnership established by Apollo under the laws of Guernsey. AP Alternative Assets is managed by Apollo Alternative Assets, L.P. ("Apollo Alternative Assets") and invests in private equity and capital markets investment opportunities sponsored by Apollo. Apollo Alternative Assets implements our investment policies and procedures and carries out the day-to-day management and operations of our business pursuant to a services agreement. Apollo is a leading alternative asset manager with over 17 years of experience investing across the capital structure of leveraged companies.

We expect to invest substantially all of our capital in Apollo-sponsored entities, funds and private equity transactions. Our current portfolio consists of: (1) private equity co-investments in Apollo Investment Fund VI portfolio companies (either held directly or through its ownership in certain other entities); (2) investments in Apollo Strategic Value Offshore Fund, Ltd. ("Apollo Strategic Value Fund"), an Apollo-sponsored fund focused on value-driven, distressed and special opportunity investments; (3) investments in AP Investment Europe Limited ("Apollo Investment Europe"), an Apollo-sponsored European mezzanine and performing debt investment fund; (4) investments in Apollo Asia Opportunity Offshore Fund, Ltd., ("Apollo Asia Opportunity Fund"), an Apollo-sponsored fund focused on debt and equity investment opportunities in the public and private markets in Asia; (5) investments in Apollo European Principal Finance Fund, L.P. ("Apollo European Principal Finance Fund"), an Apollo sponsored vehicle focused on opportunities in the non-performing loans sector in Europe; (6) other opportunistic investments; and (7) temporary investments. Over time, we expect to invest in additional Apollo-sponsored funds identified by Apollo Alternative Assets.

The net asset value of the portfolio as of September 30, 2007, in addition to all additional investments and private equity co-investments made on or before November 7, 2007, is $2.6 billion. We expect that over time approximately 50% of our investments will be in private equity investments.

Competitive Strengths

We believe our competitive strengths include:

- the strong track record of Apollo in targeted investment classes
- our diversified exposure to the investment strategies managed by Apollo
- our ability to rapidly deploy capital
- the active involvement of Apollo's experienced and cohesive investment team in our investments
- our ability to benefit from Apollo's integrated and collaborative investment platform

About Apollo

Founded in 1990, Apollo is a recognized leader in private equity and capital markets investing with assets under management of approximately $28 billion at June 30, 2007. Apollo is led by its managing partners Leon Black, Josh Harris and Marc Rowan. At September 30, 2007, the business employed approximately 175 professionals and has offices in New York, London, Los Angeles, Singapore, Frankfurt and Paris.

About AP Alternative Assets

The private equity business is the cornerstone of Apollo's investment activities. From its inception in 1990 through June 30, 2007, Apollo has invested and committed more than $21 billion. We believe Apollo is unique in its ability to invest in both traditional and distressed buyouts. This flexible investment strategy enables the firm to quickly adapt to changing market environments and take advantage of market dislocations.

Apollo's investment approach is value-oriented and often contrarian. The firm focuses on industries in which it has considerable knowledge, emphasizing downside protection and the preservation of capital. Apollo has successfully applied this investment approach in flexible and creative ways over its 17-year history, allowing it to consistently find attractive investment opportunities, deploy capital up and down the balance sheet of industry leading, or "franchise," businesses and create value throughout economic cycles.

Apollo's capital markets operations commenced in 1990 as a complement to its private equity investment activity. Apollo currently manages several capital markets-focused vehicles. We may invest in, or alongside of, its capital markets vehicles to take advantage of the same disciplined, value-oriented investment philosophy employed with respect to private equity. Our current investments include: Apollo Strategic Value Fund, Apollo Asia Opportunity Fund, Apollo Investment Europe and Apollo European Principal Finance Fund. These vehicles focus primarily on debt and equity investment opportunities in the public and private markets. We believe each capital markets vehicle benefits from the market insight, management contacts, industry consultants, banking contacts and exposure to a broad array of potential investment opportunities of Apollo's private equity business. Similarly, we believe the Apollo private equity funds benefit from the capital markets vehicles' deep involvement in, and span of relationships within, the debt and equity markets.

Overview of Investment Results

As of September 30, 2007, the net asset value of AP Alternative Assets was $2,186 million, or $22.62 per unit. This reflects a net increase in net assets after distributions and contributions of approximately $117 million, or $1.21 per unit during the quarter. From inception to September 30, 2007, the increase in net asset value from operations is approximately $385 million in total and $3.99 per unit.

FIGURE 1: Net Asset Value Per Unit

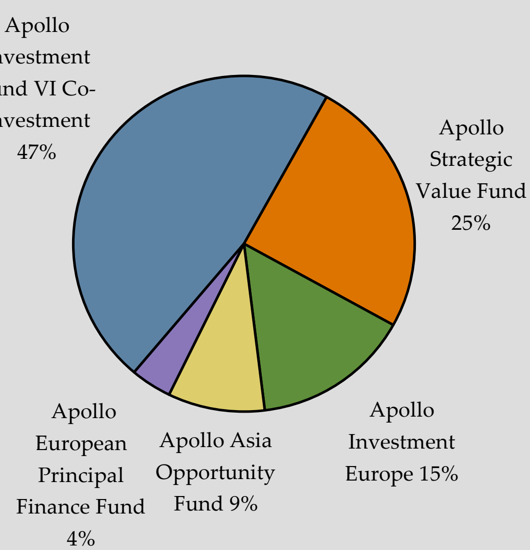
Overview of Investment Portfolio

The following portfolio allocation includes the net asset value of the portfolio as of September 30, 2007, in addition to all additional investments and private equity co-investment commitments made on or before November 7, 2007, but excludes temporary investments.

FIGURE 2: Portfolio Allocation

(Figures in thousands)

Apollo Investment Fund VI Co-Investment	$ 1,222,414
Apollo Strategic Value Fund	641,708
Apollo Investment Europe	389,016
Apollo Asia Opportunity Fund	228,751
Apollo European Principal Finance Fund	96,805
Total	**$2,578,694**



Private equity co-investment with Apollo Investment Fund VI

Apollo Investment Fund VI, a private equity fund sponsored by Apollo, has $10.1 billion of committed capital. Under a co-investment agreement with Apollo Investment Fund VI, we co-invest with the fund in each of its investments in an amount equal to 12.5% of the total amount invested by us and by Apollo Investment Fund VI. This represents an aggregate co-investment opportunity projected to equal approximately $1.5 billion.

About AP Alternative Assets

Apollo Investment Fund VI made its first investment in July 2006. As of November 7, 2007, Apollo Investment Fund VI had invested or committed to invest $8.1 billion, or approximately 80% of its capital, in seventeen companies, of which fourteen were funded. AAA invested or committed to co-invest, approximately $1.1 billion to these investments. Apollo is the sole sponsor in all but one of the transactions, ten are proprietary to Apollo, and six of these transactions are strategic platforms. All of the investments are in industries well known to Apollo.

The fourteen funded investments as of November 7, 2007, include Apollo Fund VI BC, L.P. (“Bondco”), Berry Plastics Group, Inc. (“Berry Plastics”), CEVA Logistics, Claire’s Stores Inc. (“Claire’s”), Countrywide PLC (“Countrywide”), Deepwood, L.P. (“Deepwood”), Jacuzzi Brands (“Jacuzzi”), Momentive Performance Materials Holdings, Inc. (“Momentive”), Noranda Aluminum Holdings Corporation (“Noranda”), Oceania Cruise Lines (“Oceania”), Realogy Corporation (“Realogy”), Rexnord Corporation (“Rexnord”), Smart and Final Inc (“Smart and Final”) and Verso Paper Holdings LLC (“Verso Paper”). Subsequent to September 30, 2007 and through November 7, 2007, the Investment Partnership made a follow-on co-investment in the distressed investment vehicles.

As of September 30, 2007, the fair value of our Fund VI co-investments has increased $232.4 million from net appreciation of existing investments. In the third quarter, the fair value of four of our private equity co-investments – CEVA Logistics, Momentive Specialty Materials, Noranda Aluminum and Rexnord – appreciated a combined total of approximately $132.0 million for the quarter. This was a result of improved operating conditions as well as currency movements. As of September 30, 2007, the combined fair value of these investments was approximately $313.6 million, which is 2.6 times their combined cost basis of approximately $121.4 million.

FIGURE 3: Private Equity Co-Investments and Commitments

Investments as of November 7, 2007

Company	Original Investment Cost (in millions)	Industry	Description
Berry Plastics Corporation	$43.2	Packaging & materials	One of the world's leading manufacturers and suppliers of value-added plastic packaging products, merged with Covalence Specialty Materials, a portfolio company of a related Apollo fund, in April 2007. Covalence is one of the largest manufacturers of plastic film products in the world and a leading manufacturer of of adhesives and flexible packaging products
CEVA	52.5	Distribution & transportation	Formerly TNT Group's logistics division which employs approximately 38,000 people, operates in 26 countries and manages 7.4 million square meters of warehouse space
claire's	62.3	Retail	A leading international specialty retailer offering value-priced costume jewelry and accessories to tweens, teens and young adult females through its two store concepts: Claire's and Icing by Claire's. Claire's operates approximately 3,000 stores in the United States, Canada, Puerto Rico, the Virgin Islands, the United Kingdom, Ireland, France, Switzerland, Austria, Germany, Spain, Portugal, Holland and Belgium as well as approximately 195 stores in Japan as a joint venture. The company also licenses approximately 135 stores in the Middle East, Turkey and South Africa
Countrywide plc	35.9	Financial & Business Services	The leading provider of residential real estate services in the United Kingdom. The company has a leading market position in all of its business areas in the UK with the number one market share in residential property sales, residential property lettings and property management, arranging mortgages, insurance and related financial products, surveying and valuation services for mortgage lenders and prospective homebuyers, and residential property conveyance services
Debt Investment Vehicles[1]	39.1	Financial & Business Services	Invests in the debt securities of a number of companies to take advantage of the recent volatility in the credit markets
Jacuzzi	13.4	Manufacturing & industrial	A global leader in whirlpool baths, outdoor spas and shower products marketed under the Jacuzzi, Sundance Spas, Bathcraft and Astracast brands. Upon the completion of Apollo Investment Fund VI's and our investment in Jacuzzi Brands, the Zurn business unit of Jacuzzi Brands was acquired by Rexnord Corporation
Momentive performance materials	56.6	Packaging & materials	Formerly General Electric's advanced materials division, which manufactures silicone-based products (including sealants, urethane additives, and adhesives), high-purity fused quartz and ceramics materials, and employs over 5,000 people worldwide
noranda Aluminum	26.8	Packaging & materials	Noranda Aluminum is a vertically integrated producer of commodity grade primary aluminum as well as high quality rolled coils. Through a 50/50 joint venture with Century Aluminum, Noranda owns a bauxite mine in Jamaica and an alumina refinery in Gramercy, LA. Gramercy supplies alumina (primary input to make aluminum) to Noranda's 100% owned aluminum smelter in New Madrid, MO, which produces 10% of the U.S.'s primary aluminum production. Through four world-class rolling mills, Noranda produces 22% of North America's aluminum foil and light

[1] Included in Debt Investments Vehicles are investments in Apollo Fund VI BC, L.P. and Deepwood, L.P.

Investments as of November 7, 2007

			gauge sheet. Noranda's target markets are in the United States and Mexico
Oceania Cruises	40.6	Media, cable & leisure	A leading cruise line focused on the destination-oriented, upper premium cruise market. Oceania owns three 684-berth vessels and offers itineraries in the Mediterranean, Far East, South America, the Caribbean, Australia and New Zealand
Realogy	131.2	Financial & business services	Leading provider of residential real estate and relocation services in the world. Through its portfolio of leading brands (Coldwell Banker, Century 21, Sotheby's International Realty, ERA, Corcoran Group and Coldwell Banker Commercial), Realogy is the world's largest real estate brokerage franchisor and the largest U.S. residential real estate brokerage firm. Realogy is also the largest U.S. provider and a leading global provider of outsourced employee relocation services, as well as a provider of title and settlement services
Rexnord	89.2	Manufacturing & industrial	A leading diversified, multi-platform manufacturer of highly-engineered products primarily focused on the power transmission and water management sectors. Concurrent with Apollo Investment Fund VI's and our investment in Jacuzzi Brands, the Zurn water management business unit of Jacuzzi Brands was acquired by Rexnord
Smart&Final	32.8	Consumer & retail	Los Angeles-based operator of 185 non-membership warehouse stores under the Smart & Final name that sell perishable and non-perishable food items, beverages, paper products, cleaning supplies, cooking equipment and janitorial supplies to both the traditional household customer and small business owners. These stores are located in Northern and Southern California, Nevada, Arizona and Mexico. In addition, the company operates 52 wholesale cash & carry warehouse stores under the Cash & Carry banner in Oregon, Washington and California that sell to "mom and pop" restaurant owners that are too small to purchase their products from the large foodservice companies
Verso.	32.6	Packaging & materials	Formerly International Paper's coated papers division, which produces annually approximately 2 million tons of coated freesheet and coated groundwood papers for the magazine, catalog and retail insert markets

Commitments as of November 7, 2007

Company	Industry	Description
Harrah's Entertainment, Inc.	Media, cable & leisure	One of the premier gaming and lodging companies in the world, with a #1 or #2 share in each market in which it competes. The company owns, operates, or manages 56 casinos in eight countries, representing approximately 40,000 hotel rooms and 3 million square feet of casino gaming space under the Harrah's, Caesars, Horseshoe and Bally's brand names, among others
Hexion™ Specialty Chemicals Huntsman	Chemicals	The largest producer of thermosetting resins. Hexion serves the global wood and industrial markets through a broad range of thermoset technologies, specialty products and technical support for customers in a diverse range of applications and industries. Hexion operates 104 manufacturing facilities and employs more than 7,000 associates worldwide. The company was formed in 2005 by the combination of Borden Chemical, Inc., Resolution Performance Products LLC and Resolution Specialty Materials LLC. Concurrent with Apollo Investment Fund VI and our investment in Hexion, Hexion will acquire Huntsman Corporation, a global manufacturer and marketer of differentiated chemicals
NCL	Media, cable & leisure	NCL is a cruise company headquartered in Miami, Florida, with a fleet of 14 ships in service or under construction and oversees the operations of Norwegian Cruise Line, NCL America, and Orient Lines

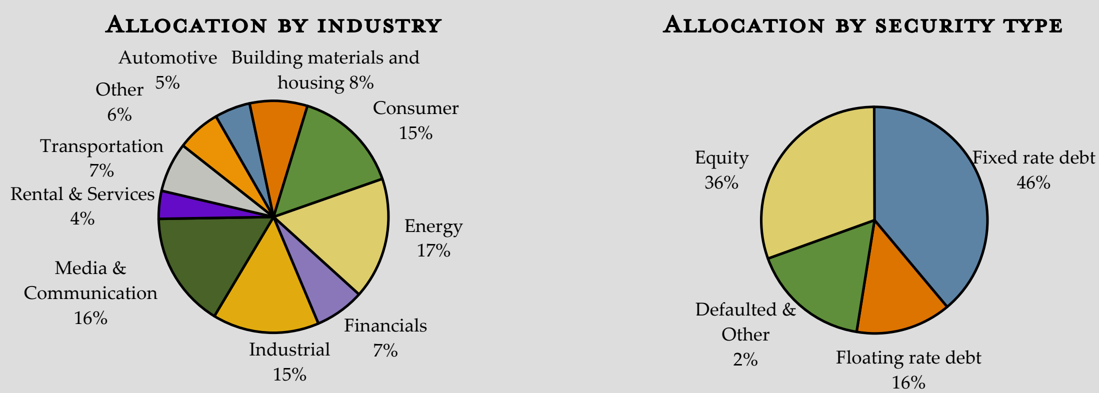
Investment in Apollo Capital Markets Fund

AAA has invested approximately $1.2 billion in four of Apollo's capital markets funds: Apollo Strategic Value Fund, Apollo Investment Europe, Apollo Asia Opportunity and the Apollo European Principal Finance Fund. Each of these funds took advantage of the recent capital markets conditions by adding exposure through new positions and by selectively adding to existing positions in the portfolio.

Investment in Apollo Strategic Value Fund

The Apollo Strategic Value Fund primarily invests in the securities of leveraged companies in North America and Europe through distressed, value-driven and special opportunity investments. This flexible investment strategy is intended to enable the Apollo Strategic Value Fund to capture investment opportunities as they arise across the capital structure of a company through the purchase or sale of senior secured bank debt, second lien debt, high yield debt, trade claims, credit derivatives, preferred stock and equity. The Apollo Strategic Value Fund primarily focuses on companies in sectors before, during and after a distressed cycle and other undervalued securities with near-term catalysts for value readjustment. Once an investment opportunity is identified, the investment team seeks to invest at a favorable point within the capital structure to optimize the Apollo Strategic Value Fund's risk/return profile. As of September 30, 2007, we had invested $550.0 million in Apollo Strategic Value Fund.

FIGURE 4: Apollo Strategic Value Fund Portfolio



Note: Information is as of September 30, 2007

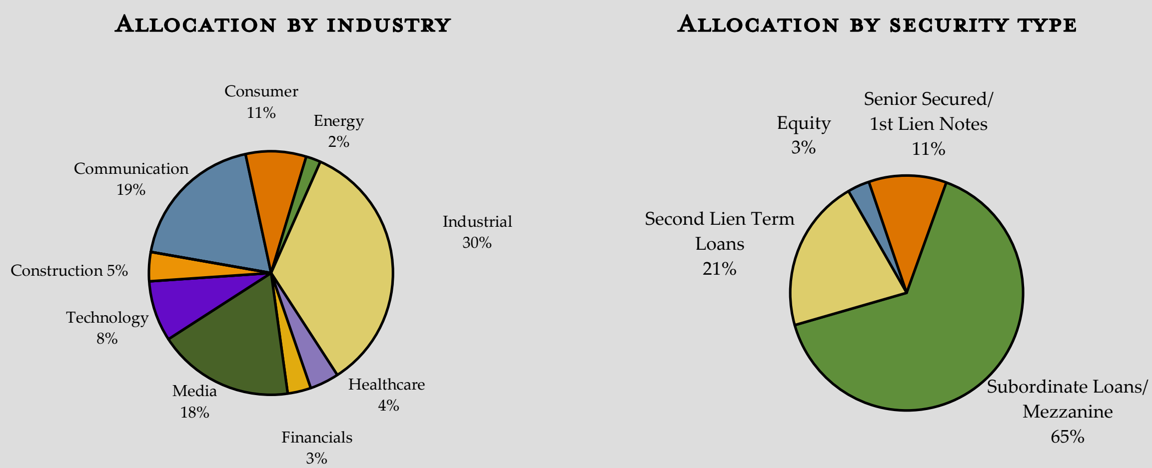
As of September 30, 2007, Apollo Strategic Value Fund had investments spread across a wide spectrum of industries, and the Investment Partnership's share of the largest investment of Apollo Strategic Value Fund is less than 3% of our net asset value. From its inception on June 15, 2006 through September 30, 2007, the Apollo Strategic Value Fund has generated a 18.8% gross annualized return and a 12.9% net annualized return. From our initial investment on June 15, 2006 through September 30, 2007, we earned a net unrealized investment gain of $91.7 million on our investment. For the quarter ended September 30, 2007, Strategic Value Fund generated a 0.7% gross return and a 0.1% net return; our net unrealized investment gain was $0.3 million. The Apollo Strategic Value Fund generated slightly positive returns for the quarter in the face of a significant market sell-off. Overall gains in the consumer and industrial sectors were partially offset by decreases in the transportation sector. The fund's focus on a bottoms-up, name by name investment process, allowed it to source seven attractive investments during this quarter.

Investment in Apollo Investment Europe

Apollo Investment Europe invests in mezzanine, debt and equity investments of both public and private, companies primarily located in Europe. The fund seeks to generate current income and capital appreciation though its flexible investment strategy which is intended to capture opportunities across the capital structure. Apollo Investment Europe utilizes a disciplined approach to evaluate the most appropriate part of the capital structure in which to invest based on the risk/reward profile of the investment opportunity. On June 15, 2007, in connection with a private placement of the fund, Apollo Investment Europe became a Euro denominated fund. As a result, the Investment Partnership is subject to foreign exchange risks on its position.

As of September 30, 2007, we had invested approximately $339.5 million in Apollo Investment Europe.

FIGURE 5: Apollo Investment Europe Portfolio



Note: Information is as of September 30, 2007.

As of September 30, 2007, Apollo Investment Europe’s investments were allocated across a spectrum of industries, and the Investment Partnership’s share of the largest investment of Apollo Investment Europe was less than 3% of our net asset value. From its inception on July 14, 2006 through September 30, 2007, Apollo Investment Europe has generated a 13.4% gross annualized return and a 7.9% net annualized return. From our initial investment on July 14, 2006 through September 30, 2007, we earned a net unrealized investment gain of $49.5 million on our investment including the impact of changes in foreign exchange rates. For the quarter ended September 30, 2007, our net unrealized investment gain was $13.0 million. During the quarter, the U.S. dollar, our functional currency, devalued versus the Euro in excess of 5%. This resulted in unrealized gains from foreign currency movements of approximately $19.8 million, which were partially offset by decreases of $6.8 million in the Euro-based net asset value of the

Apollo Investment Europe portfolio. For the quarter, Apollo Investment Europe generated a -0.7% gross return and a -1.8% net return with several Apollo Investment Europe positions, including positions in the wireless services, gaming, chemical, media and educational publishing sectors, rallying later in the quarter to partially offset mark-to-market losses from earlier in the quarter. Also during the quarter, the fund took advantage of buying opportunities in the secondary market during the quarter to selectively add to existing and new positions in the portfolio.

Investment in Apollo Asia Opportunity Fund

Apollo Asia Opportunity Fund is an investment vehicle that seeks to generate attractive risk-adjusted returns across market cycles by capitalizing on investment opportunities created by the increasing demand for capital in the rapidly expanding Asian markets. The fund primarily invests in the securities of public and private companies in need of capital for acquisitions, refinancing, monetization of assets and distressed financings, among other special situations. Apollo Asia Opportunity Fund focuses on two core strategies, event driven investments and strategic opportunity investments, to capture opportunities created by the increased demand for capital. The fund's flexible investment strategy as a provider of capital is intended to enable it to take advantage of opportunities in the Asian capital markets. We believe that the fund's investment team has the ability to source unique deal flow through their local relationships with entrepreneurs, management teams and regional financial institutions. We believe this local expertise is complemented by Apollo's global reach across its core industry verticals.

The Investment Partnership committed $400.0 million to the fund. The fund's first investment was made in February 2007. As of September 30, 2007, we had invested capital of $218.0 million in Apollo Asia Opportunity Fund.

As of September 30, 2007, the Investment Partnership's share of the largest investment in Apollo Asia Opportunity Fund was less than 3% of our net asset value. From its inception on February 12, 2007 through September 30, 2007, the Apollo Asia Opportunity Fund generated a 24.8% gross annualized return and a 17.7% net annualized return. From our initial investment on February 12, 2007 through September 30, 2007, we earned a net unrealized investment gain of $10.8 million on our investment. For the quarter ended September 30, 2007, Apollo Asia Opportunity Fund generated a 2.3% gross return and a 1.8% net return; our net unrealized investment gain was $2.5 million. The fund's gains in the third quarter were widespread with the greatest contributions from the fund's investments in the infrastructure, metals and mining and oil and gas sectors.

Investment in Apollo European Principal Finance Fund

Apollo European Principal Finance Fund is an investment vehicle that seeks to generate attractive risk-adjusted returns by capitalizing on opportunities in the non-performing loans ("NPLs") sector in Europe. Substantial NPL growth is expected as a result of significant loan issuance and relaxed underwriting standards in the past, overleveraged consumers and softening real estate markets. The team will capitalize on the opportunities created by increased pressures on European financial institutions from a number of regulatory and competitive forces to divest their NPL portfolios. The team's local expertise and knowledge complements Apollo's background in distressed and private equity investing.

About AP Alternative Assets

In May 2007, the Investment Partnership made a commitment of approximately $400 million to Apollo European Principal Finance Fund that will be drawn over time as investments are made. The fund made its first investment in July. During the third quarter, $45.8 million of capital was invested in Apollo European Principal Finance Fund with $25.8 million distributed back to us as recallable commitments. From our initial investment on July 9, 2007 through September 30, 2007, we recorded net unrealized depreciation of $2.4 million on our investment, primarily related to expenses incurred by the fund. Subsequent to September 30, 2007 through November 7, 2007, $79.2 million of additional capital was invested in Apollo European Principal Finance Fund.

As of November 7, 2007, the Apollo European Principal Finance Fund has invested or committed to invest in five investments, including NPL portfolio acquisitions in Portugal and Spain and three smaller strategic investments. As of September 30, 2007, the Investment Partnership's share of the largest investment in Apollo European Principal Finance Fund was less than 3% of our net asset value.

Introduction

The following discussion contains forward-looking statements that involve numerous risks and uncertainties. Our actual results could differ materially from those discussed in the "Forward-Looking Statements" as a result of these risks and uncertainties, including those set forth under "Forward-Looking Statements" and "Risk Factors," below. For a more detailed description of our business and related risks, see our Prospectus. Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Financial Report as of and for the period from June 15, 2006 (commencement of operations) to December 31, 2006. The following discussion should also be read in conjunction with our financial statements and related notes and the financial statements and related notes to the financial statements of the Investment Partnership, which are included elsewhere in this report.

We have prepared this report using a number of conventions, which you should consider when reading the information contained herein. Unless the context suggests otherwise, references to:

- "we," "us," "our" and "our partnership" are to AP Alternative Assets, L.P. ("AAA", "AP Alternative Assets" or the "Partnership"), a Guernsey limited partnership;
- our "Managing General Partner" are to AAA Guernsey Limited, a Guernsey limited company, which serves as our general partner;
- the "Investment Partnership" are to AAA Investments, L.P. ("AAA Investments"), a Guernsey limited partnership and its subsidiaries through which our investments are made;
- the "Investment Partnership's General Partner" are to AAA Associates, L.P., a Guernsey limited partnership, which serves as the general partner of the Investment Partnership;
- the "Managing Investment Partner" are to AAA MIP Limited, a Guernsey limited company, which serves as the general partner of the Investment Partnership's General Partner; and
- "Apollo" are, as the context may require, to Apollo Advisors, L.P., Apollo Management III, L.P. (formerly known as Apollo Management, L.P.), Apollo Management IV, L.P., Apollo Management V, L.P., Apollo Management VI, L.P. (manager to Apollo Investment Fund VI, L.P., herein referred to as "Apollo Investment Fund VI"), Apollo Investment Management, L.P., Apollo Europe Management, L.P., Apollo SVF Management, L.P., Apollo Asia Management, L.P., Apollo EPF Management, L.P. and Apollo Alternative Assets, L.P., each of which is a limited partnership formed to act as manager of a particular Apollo fund (and its co-investment entities), and any other entity formed to act as manager of an Apollo fund, and to any other persons that, directly or indirectly through one or more intermediaries, control, are controlled by or are under common control with Apollo Alternative Assets, L.P. ("Apollo Alternative Assets"), the investment manager to AAA and to the Investment Partnership, which provides certain investment management, operational and financial services to us and others involved in our investments.

Additionally, unless the context suggests otherwise, we use the term "our investments" to refer both to AP Alternative Asset's limited partner interest in the Investment Partnership, which is the only investment that we record in our statement of assets and liabilities, and to investments that are made through the Investment Partnership. Although the investments that the Investment Partnership makes with our capital do not appear as investments in the Partnership's financial statements, AAA is the primary beneficiary of such investments and bears substantially all the risk of loss. We also use the term "our investments" to refer to portfolio investments of the investment funds in which the Investment Partnership invests. While there may be other investors in those portfolio company investments, the Investment Partnership, and therefore the Partnership, is generally entitled to share ratably in the returns generated by such investments and suffer substantially all the risk of loss with respect to such investments.

Our financial statements and the financial statements of the Investment Partnership were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars. On May 31, 2007, the Netherlands Authority for the Financial Markets ("AFM") sent us a letter in which it approved the preparation of our financial statements in accordance with U.S. GAAP instead of the Dutch financial reporting rules or International Financial Reporting Standards ("IFRS"). Prior to May 31, 2007, we prepared our financial statements and the financial statements of the Investment Partnership in accordance with U.S. GAAP under a series of temporary approvals from the AFM.

We are subject to the ongoing supervision of the Guernsey Financial Services Commission. The Partnership is also registered with the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) as a foreign investment institution under Article 2:73 of the Netherlands Financial Supervision Act ("FSA"), as a result of which it is excepted from the need to obtain a license under the FSA, but it is subject to certain ongoing obligations, including reporting obligations, under that legislation.

We utilize an annual reporting schedule comprised of four three-month quarters, with an annual accounting period ending on December 31. Our quarterly periods end on March 31, June 30, September 30 and December 31. The financial results presented herein include activity for the three months ended September 30, 2007 and 2006, the nine months ended September 30, 2007 and for period from June 15, 2006 (commencement of operations) to September 30, 2006.

Forward-Looking Statements

This report contains certain forward-looking statements. Forward-looking statements speak only as of the date of the document in which they are made and relate to expectations, beliefs, projections (including anticipated economic performance and financial condition), future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts and are subject to risks and uncertainties including, but not limited to, statements as to:

- our future operating results;
- our business prospects and the prospects of our portfolio companies;
- the impact of investments that we expect to make;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- the adequacy of our cash resources and working capital; and
- the timing of cash flows, if any, from the operations of our portfolio companies.

In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "will," and "would," or the negative of those terms or other comparable terminology.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Factors and events that could cause our business, financial condition, liquidity and results of operations to vary materially include, among other things, general economic conditions, securities market conditions, private equity market conditions, the level and volatility of interest rates and equity prices, competitive conditions, liquidity of global markets, international and regional political conditions, regulatory and legislative developments, monetary and fiscal policy, investor sentiment, availability and cost of capital, technological changes and events, outcome of legal proceedings, changes in currency values, inflation, credit ratings and the size, volume and timing of transactions, as well as other risks described elsewhere in this report and our prospectus.

The foregoing is not a comprehensive list of the risks and uncertainties to which we are subject. Except as required by applicable law, we undertake no obligation to update or revise any forward-looking statements to reflect any change in our expectations, or any changes in events, conditions or circumstances on which the forward-looking statement is based. In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements might not occur. We qualify any and all of our forward-looking statements by these cautionary factors.

Business Description

AP Alternative Assets

The Partnership is a Guernsey limited partnership (managed by Apollo Alternative Assets) whose business consists of making investments in, and co-investments with, Apollo-sponsored private equity funds or capital markets-focused funds. The Partnership has one investment, AAA Investments, L.P.

We anticipate that, over time, approximately 50% or more of our capital will be invested (through the Investment Partnership) in private equity. Private equity investments consist mainly of (i) co-investments alongside Apollo's private equity funds, or (ii) purchases of secondary interests in such funds. Our partnership currently has a co-investment agreement with the private equity fund currently being invested by Apollo, Apollo Investment Fund VI, which represents an aggregate co-investment opportunity of approximately $1.5 billion.

In addition to our private equity investments, capital is deployed through investments in, or co-investment arrangements with, Apollo's capital markets-focused funds, including (i) Apollo Strategic Value Offshore Fund, Ltd. ("Apollo Strategic Value Fund"), an Apollo-sponsored fund that primarily invests in the securities of leveraged companies in North America and Europe through distressed investments, value-driven investments and special opportunities, (ii) AP Investment Europe Limited ("Apollo Investment Europe"), an Apollo-sponsored European mezzanine and leveraged debt investment vehicle, (iii) Apollo Asia Opportunity Offshore Fund, Ltd. ("Apollo Asia Opportunity Fund"), the Apollo-sponsored vehicle focused on value-driven, mezzanine and special opportunity corporate investments in the Asia Pacific region and (iv) Apollo European Principal Finance Fund, L.P. ("Apollo European Principal Finance Fund"), an Apollo-sponsored vehicle focused on opportunities in the non-performing loans sector in Europe. We may also invest in additional capital markets funds, private equity funds and opportunistic investments identified by Apollo Alternative Assets.

AAA Investments

The Investment Partnership is a Guernsey limited partnership. The Investment Partnership's General Partner is responsible for managing the business and affairs of the Investment Partnership, and in its sole discretion, may allocate assets and liabilities of the Investment Partnership to the relevant class of interests in accordance with the terms and conditions of the Investment Partnership's limited partnership agreement. The Investment Partnership's General Partner also determines the amount of all distributions, profits and losses relating to each class, as well as corresponding expense allocations to each class.

We, the Managing General Partner, the Investment Partnership and its General Partner and the Managing Investment Partner, have entered into a services agreement with Apollo Alternative Assets pursuant to which Apollo Alternative Assets has agreed to provide each of us with certain investment, financial advisory, operational and other services. Under the services agreement, Apollo Alternative Assets is also responsible for each of our day-to-day operations and is subject at all times to the supervision of our respective governing bodies, including the board of directors of the Managing General Partner and the board of directors of the Managing Investment Partner. The Investment Partnership's limited partnership agreement provides that investments made by the Investment Partnership must comply with the investment policies and procedures that are established for the Partnership.

Due to the exclusion for investment companies included in Financial Accounting Standards Board ("FASB") Interpretation No. 46, "Consolidation of Variable Interest Entities," as amended by Interpretation No. "FIN" 46R, we do not consolidate the results of operations, assets, or liabilities of the Investment Partnership in our financial statements. Therefore, operating expenses of the Investment Partnership are recognized only to the extent that they affect the fair value of the limited partner interests in the Investment Partnership. Our operating expenses are limited to the expenses that we directly incur in connection with our direct operations. These expenses consist primarily of our share of the total management fee that is payable under our services agreement, expenses of Apollo Alternative Assets and its affiliates that are attributable to our operations and reimbursable under our services agreement, the directors' fees that our Managing General Partner pays its independent directors, the fees and expenses of our Guernsey administrator, professional fees, interest expense on any borrowings, organization costs and other general and administrative costs.

Operating expenses of the Investment Partnership consist primarily of its share of the management fees that are payable under our services agreement, the expenses of certain Apollo entities that are directly attributed to its operations and reimbursable under our services agreement, certain transaction and other costs incurred when making investments and other professional fees, interest expense on any borrowings, organization costs and administrative costs.

The offering costs incurred by the Partnership and the Investment Partnership were not significantly different than those disclosed in the prospectus, of which no material costs were attributable to the Managing General Partner or related parties. During the three and nine months ended September 30, 2007, all purchases and sales made by the Partnership or the Investment Partnership of non-cash and non-temporary investments were with related parties and direct expenses for management fees or incentive fees were paid to the related parties.

Overview

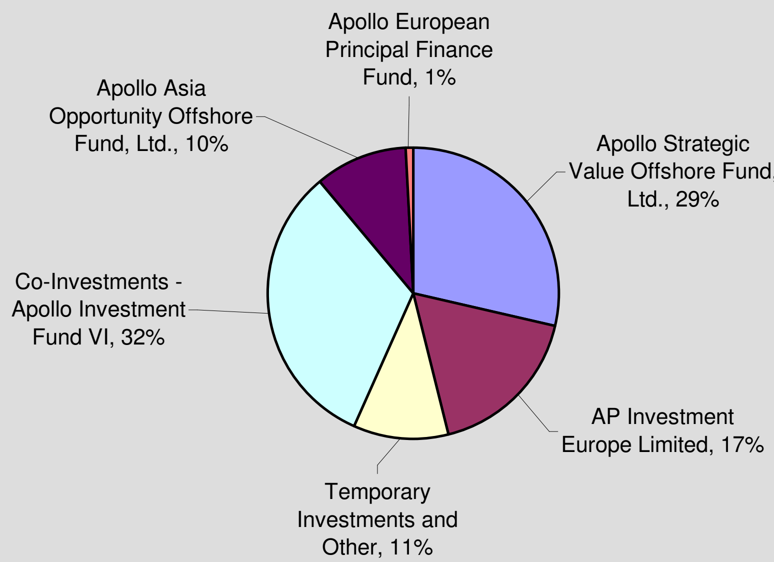
As of September 30, 2007 and December 31, 2006, the net asset value of AP Alternative Assets was $2,185.7 million, or $22.62 per unit, and $1,917.4 million, or $19.86 per unit, respectively. For the three months ended September 30, 2007 and 2006, the net increase in net assets from operations for AP Alternative Assets was $120.1 million and $24.3 million, respectively. For the nine months ended September 30, 2007 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, the net increase in net assets from operations for AP Alternative Assets was $289.3 million and $26.8 million, respectively.

During the third quarter of 2007, the primary sources of revenue were increases in the fair value of certain private equity co-investments and a benefit from foreign currency fluctuations of the U.S. dollar versus the Euro and British Pound. Through September 30, 2007, the Investment Partnership did not hedge its investments denominated in foreign currency and benefited from the foreign currency movements. Such foreign currency fluctuations are recorded as part of the net change in unrealized appreciation on investments in the Investment Partnership's statement of operations. Future changes in exchange rates, if such exposures continue to remain unhedged, may lead to significant fluctuations, both positive or negative, in the value of our foreign denominated investments.

Portfolio and Investment Activity

Capital is being deployed as we continue to identify investment opportunities that meet or exceed our risk-reward standards, with approximately 89.4% of the Investment Partnership's net assets invested in Apollo-sponsored private equity or capital markets focused funds at September 30, 2007. Consistent with the investment criteria outlined for the Partnership, as of September 30, 2007, the Investment Partnership has invested in five categories of investments: (1) private equity co-investments alongside Apollo Investment Fund VI; (2) investments in Apollo Strategic Value Fund; (3) investments in Apollo Investment Europe, (4) investments in Apollo Asia Opportunity Fund, and (5) investments in Apollo European Principal Finance Fund.

FIGURE 6: Fair Value as a Percentage of the Investment Partnership's Net Assets as of September 30, 2007



The Investment Partnership had the following investments recorded as of September 30, 2007 and December 31, 2006 (in thousands, except percentages):

		Cost		Fair Value	Fair Value as a Percentage of the Investment Partnership's Net Assets	
As of September 30, 2007 (unaudited):						
Private equity Co-Investments:						
Berry Plastics	$	9,947	$	47,800	2.1	%
Bondco		34,077		33,596	1.5	
CEVA Logistics		17,174		115,952	5.2	
Claire's		62,272		62,272	2.8	
Countrywide		34,494		31,296	1.4	
Jacuzzi		13,369		13,287	0.6	
Momentive		56,613		74,906	3.3	
Noranda		10,114		53,500	2.4	
Oceania		40,000		44,048	2.0	
Realogy		131,233		128,339	5.7	
Rexnord		37,461		69,200	3.1	
Smart & Final		32,750		32,750	1.5	
Verso Paper		9,738		14,700	0.7	
Total Private Equity Co-Investments		489,242		721,646	32.3	
Apollo Strategic Value Fund		550,000		641,708	28.7	

		Cost		Fair Value	Fair Value as a Percentage of the Investment Partnership's Net Assets	
Apollo Investment Europe Fund		339,488		389,016	17.4	
Apollo Asia Opportunity Offshore Fund		218,000		228,751	10.2	
Apollo European Principal Finance Fund		20,011		17,590	0.8	
	$	1,616,741	$	1,998,711	89.4	%
As of December 31, 2006:						
Private equity Co-Investments:						
Berry Plastics	$	43,249	$	43,249	2.3	%
CEVA Logistics		41,241		41,241	2.1	
Momentive		56,644		56,644	2.9	
Rexnord		54,756		54,756	2.9	
Verso Paper		32,495		43,700	2.3	
Total Private Equity Co-Investments		228,385		239,590	12.5	
Apollo Strategic Value Fund		550,000		595,081	31.0	
Apollo Investment Europe Fund		238,674		253,549	13.2	
	$	1,017,059	$	1,088,220	56.7	%

(1) Private equity co-investments in Apollo Investment Fund VI portfolio companies:

At September 30, 2007, the fair value of this overall category of investments approximated $721.6 million, 32.3% of the net asset value of the Investment Partnership, which resulted in net life-to-date unrealized appreciation of $232.4 million. For the three months ended September 30, 2007, the net unrealized appreciation increased by $134.8 million. For the year-to-date period ended September 30, 2007, the net unrealized appreciation increased by $221.2 million. The increase in the net unrealized appreciation in the third quarter was primarily due to increases in the fair value, including foreign currency movements, of our co-investments in CEVA Logistics of $62.8 million, Noranda of $36.4 million, Momentive of $18.3 million and Rexnord of $14.5 million. For the three and nine months ended September 30, 2007, approximately $6.2 million and $12.6 million of the net unrealized appreciation is the result of foreign currency movements on our foreign currency denominated co-investments in CEVA Logistics and Countrywide.

During the three months ended September 30, 2007, the Investment Partnership made investments in one private equity co-investment, Apollo Fund VI BC, L.P. ("Bondco") and a follow-on co-investment in CEVA Logistics. The Investment Partnership also made a commitment to invest approximately $146.3 million in NCL Corporation. For the preceding six months, the Investment Partnership made investments in seven new private equity co-investments, Claire's, Countrywide, Jacuzzi, Noranda, Oceania, Realogy and Smart & Final, a follow-on co-investment in Rexnord and received distributions from private equity co-investments in excess of $173.0 million.

Bondco was formed by affiliates of Apollo to invest in the debt securities of a number of companies to take advantage of the recent volatility in the credit markets.

Subsequent to September 30, 2007 and through November 7, 2007, the Investment Partnership made follow-on investments in Bondco and Deepwood, L.P., an investment vehicle formed by affiliates of Apollo with similar investment goals as to those of Bondco, of $5.1 million.

(2) Investment in Apollo Strategic Value Fund:

At September 30, 2007, the fair value of investments in this category approximated $641.7 million, 28.7% of the net asset value of the Investment Partnership, which resulted in a net life-to-date unrealized appreciation of $91.7 million. For the quarter ended September 30, 2007, the net unrealized appreciation increased $0.3 million. For the year-to-date period ended September 30, 2007, the net unrealized appreciation increased $46.6 million. The fund generated slightly positive returns for the third quarter in the face of a significant market sell off by generating gains in the consumer and industrial sectors that were partially offset by decreases in the transportation sector.

(3) Investment in Apollo Investment Europe:

During the nine months ended September 30, 2007, the Investment Partnership invested $100.8 million in Apollo Investment Europe. At September 30, 2007, the fair value of this investment was $389.0 million, 17.4% of the net asset value of the Investment Partnership, which resulted in a net life-to-date unrealized appreciation of $49.5 million. For the quarter ended September 30, 2007, the net unrealized appreciation increased $13.0 million. For the year-to-date period ended September 30, 2007, the net unrealized appreciation increased $34.6 million. On June 15, 2007, in connection with a private placement of the fund, Apollo Investment Europe became a Euro denominated fund. As a result, the Investment Partnership is subject to foreign exchange risks on its position. During the three months ended September 30, 2007, the U.S. Dollar, the Investment Partnership's functional currency devalued versus the Euro in excess of 5%. For the three months ended September 30, 2007, approximately $19.8 million of the net unrealized appreciation was the result of foreign currency fluctuations, offset in part by decreases of $6.8 million in the Euro-based net asset value of Apollo Investment Europe. For the nine months ended September 30, 2007, approximately $23.9 million of the net unrealized appreciation was the result of foreign currency fluctuations.

(4) Investment in Apollo Asia Opportunity Offshore Fund:

During the three months ended September 30, 2007, the Investment Partnership invested $83.0 million in Apollo Asia Opportunity Offshore Fund. For the proceeding six months, the Investment Partnership invested $135.0 million in Apollo Asia Opportunity Offshore Fund. At September 30, 2007, the fair value of investments in this category approximated $228.8 million, 10.2% of the net asset value of the Investment Partnership, which resulted in a net life-to-date unrealized appreciation of $10.8 million. For the quarter ended September 30, 2007, the net unrealized appreciation increased $2.5 million. For the year-to-date period ended September 30, 2007, the net unrealized appreciation increased $10.8 million. The fund's gains in the third quarter were widespread with the greatest contributors being the fund's investments in the infrastructure, metals and mining and oil and gas sectors.

The Investment Partnership committed $400.0 million to the Apollo Asia Opportunity Offshore Fund of which $182.0 million remained undrawn at September 30, 2007.

(5) Investment in Apollo European Principal Finance Fund

During the three months ended September 30, 2007, the Investment Partnership made investments totaling $45.8 million in Apollo European Principal Finance Fund by way of partial draw downs of its aggregate commitment of $400.0 million. In September 2007, $25.8 million of these investments were refunded to the Investment Partnership as a recallable distribution. This resulted in a net aggregate commitment to Apollo European Principal Finance Fund of $380.0 million at September 30, 2007. At September 30, 2007, the fair value of investments in this category approximated $17.6 million, 0.8% of the net asset value of the Investment Partnership, which resulted in a net life-to-date and quarter-to-date unrealized depreciation of $2.4 million, primarily related to expenses incurred by the Fund.

Subsequent to September 30, 2007 and through November 7, 2007, the Investment Partnership made investments of $79.2 million in Apollo European Principal Finance Fund by way of partial draw downs of its aggregate commitment.

Results of Operations

Operating Results of AP Alternative Assets, L.P

The following table sets forth AP Alternative Assets, L.P.'s operating results for the three months ended September 30, 2007 and 2006, the nine months ended September 30, 2007 and the period from June 15, 2006 (commencement of operations) to September 30, 2006 (in thousands):

	For the Three Months ended September 30, 2007	For the Three Months ended September 30, 2006	For the Nine Months ended September 30, 2007	For the Period from June 15, 2006 (Commencement of Operations) to September 30, 2006
Investment income	$ 4,899	$ 14,497	$ 38,371	$ 17,104
Investment expense	(5,070)	(495)	(7,720)	(2,244)
General and administrative expenses	(713)	(234)	(2,123)	(236)
Net investment (loss) income	(884)	13,768	28,528	14,624
Net change in unrealized appreciation on investments in AAA Investments, L.P.	120,980	10,517	260,795	12,207
Net increase in net assets resulting from operations	$ 120,096	$ 24,285	$ 289,323	$ 26,831

AAA generates income from its proportional share of the Investment Partnership's investment income, net of investment expenses, and from its share of the unrealized appreciation or depreciation on the

Investment Partnership investments and foreign currency exposure. Under a services agreement, AAA incurs expenses from direct expenses, allocated expenses from the Investment Partnership for professional services, management fees and other general expenses, as well as expenses of our Managing General Partner's board of directors and other administrative costs.

Investment income—For the three months ended September 30, 2007 and 2006, investment income allocated from the Investment Partnership was $4.9 million and $14.5 million, respectively, which primarily represented interest income from cash management activities. For the nine months ended Setpember 30, 2007, investment income allocated from the Investment Partnership was $38.4 million which primarily represented interest income from cash management activities, dividend income from portfolio investments and realized gains from sales. For the period from June 15, 2006 (commencement of operations) to September 30, 2006, investment income allocated from the Investment Partnership was $17.1 million which primarily represented interest income from cash management activities.

Investment expense and general and administrative expenses—These expenses, all allocated from the Investment Partnerhip, were approximately $5.8 million and $0.7 million for the three months ended September 30, 2007 and 2006, respectively. The increase is primarily due to management fees which began in 2007 and an allocation of broken deal costs in the third quarter of 2007. For the nine months ended September 30, 2007, these expenses were approximately $9.8 million, compared to $2.5 million for the period from June 15, 2006 (commencement of operations) to September 30, 2006.

Net change in unrealized appreciation on investments in AAA Investments, L.P.—For the three months ended September 30, 2007 and 2006, the net change in unrealized appreciation of our limited partner interests in the Investment Partnership was approximately $121.0 million and $10.5 million, respectively. For the nine months ended September 30, 2007 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, the net change in unrealized appreciation of our limited partner interests in the Investment Partnership was approximately $260.8 million and $12.2 million, respectively. The change for all periods was due to the net underlying increase in the unrealized value of investments held by the Investment Partnership, including the benefit in 2007 from foreign currency movements impacting the Investment Partnership's foreign currency denominated investments.

Net increase in net assets resulting from operations—the net increase in net assets resulting from operations was approximately $120.1 million, or $1.24 per common unit, for the three months ended September 30, 2007 compared to $24.3 million, or $0.25 per common unit for the three months ended September 30, 2006. The net increase in net assets resulting from operations was approximately $289.3 million, or $2.99 per common unit, for the nine months ended September 30, 2007, compared to $26.8 million, or $0.28 per common unit, for the period from June 15, 2006 (commencement of operations) to September 30, 2006.

Operating Results of the Investment Partnership

The following table sets forth the Investment Partnership's operating results for the three months ended September 30, 2007 and 2006, the nine months ended September 30, 2007, and the period from June 15, 2006 (commencement of operations) to September 30, 2006 (in thousands):

	For the Three Months ended September 30, 2007	For the Three Months ended September 30, 2006	For the nine Months ended September 30, 2007	For the Period from June 15, 2006 (Commencement of Operations) to September 30, 2006
Investment income – interest, dividends and gains on investments	$ 4,901	$ 14,505	$ 38,808	$ 17,114
Expenses	(5,071)	(496)	(7,722)	(2,246)
Net investment income (loss)	(170)	14,009	31,086	14,868
Net change in unrealized appreciation on investments	148,235	10,523	310,809	12,214
Net Increase in net assets resulting from operations	$ 148,065	$ 24,532	$ 341,895	$ 27,082

The Investment Partnership's General Partner was allocated income and expenses related to its initial $1.0 million capital contribution, which it made to the Investment Partnership in respect of its general partner interest.

The Investment Partnership generates income from interest, dividends, realized gains or losses, and unrealized appreciation or depreciation on investments and foreign currency positions. The Investment Partnership incurs expenses from management fees, direct expenses, such as professional fees and administrative expenses, and allocated expenses under the services agreement with Apollo Alternative Assets, L.P.

<u>Investment Income</u>—Investment income approximated $4.9 million and $14.5 million for the three months ended September 30, 2007 and 2006, respectively, which primarily represented interest income from cash management activities. Investment income approximated $38.8 million for the nine months ended September 30, 2007, which represented interest income from cash management activities, dividend income from portfolio investments and realized gains from sales. For the period from June 15, 2006 (commencement of operations) to September 30, 2006, investment income approximated $17.1 million which primarily represented interest income from cash management activities.

<u>Expenses</u>—For the three months ended September 30, 2007 and 2006, expenses approximated $5.1 million and $0.5 million, respectively. For the third quarter of 2007, these expenses primarily relate to management fees, professional fees, broken deal costs and other administrative costs, while in the third quarter of 2006, these expenses primarily related to organization costs and professional fees. For the nine

months ended September 30, 2007 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, expenses approximated $7.7 million and $2.2 million, respectively. For 2007, these expenses primarily relate to management fees, professional fees, broken deal costs and other administrative costs, while in 2006, these expenses primarily related to organization costs and professional fees. Under the terms of the partnership agreements, once applicable earnings and other hurdles were met, management fees were incurred commencing in the second quarter of 2007.

Net Change in Unrealized Appreciation on Investments— Our investments are valued as described below under "Critical Accounting Policies – Valuation of Limited Partner Interests and Investments," which resulted in a net change in unrealized appreciation for the three months ended September 30, 2007 and 2006 of approximately $148.2 million and $10.5 million, respectively. For the nine months ended September 30, 2007 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, the net change in unrealized appreciation on investments was $310.8 million and $12.2 million respectively.

For the three and nine months ended September 30, 2007, the net change in unrealized appreciations for the capital market investments was $13.4 million and $89.6 million, respectively, and for our private equity investments was $134.8 million and $221.2 million, respectively. For the three months ended September 30, 2006 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, the net change in unrealized appreciation on investments was $10.5 million and $12.2 million respectively, resulting from our investments in capital markets funds.

Net Increase in Net Assets Resulting from Operations—the net increase in net assets resulting from operations was approximately $148.1 million and $24.5 million for the three months ended September 30, 2007 and 2006, respectively. For the nine months ended September 30, 2007 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, the net increase in net assets resulting from operations was approximately $341.9 million and $27.1 million, respectively. The results for 2007 reflect a larger and slightly more mature portfolio of investments as compared to 2006.

Liquidity and Capital Resources

The Partnership's Sources of Cash and Liquidity Needs

The Partnership's primary use of cash is to make capital contributions to the Investment Partnership for use in investments, to make distributions to our unitholders in accordance with our distribution policy and to pay our operating expenses. Taking into account generally expected market conditions, we believe that the sources of liquidity described below will be sufficient to fund our working capital requirements.

Our initial source of liquidity consisted of the capital contributions that we received in connection with the initial offering of common units and related transactions. We contributed all of these net proceeds to the Investment Partnership for use in connection with our investments. As a result, our future liquidity depends primarily on cash distributions made to us by the Investment Partnership, capital contributions that we receive in connection with the issuance of additional equity and the issuance of indebtedness, if any.

We expect to receive cash distributions from the Investment Partnership from time to time to assist us in making cash distributions to our unitholders in accordance with our distribution policy and to allow us to pay our operating expenses as they become due. We believe that the Investment Partnership will fund its distributions with returns generated by its investments. The ability of the Investment Partnership to make cash distributions to us will depend on a number of factors, including among others, the actual results of operations and financial condition of the Investment Partnership, restrictions on cash distributions that are imposed by applicable law or the charter documents of the Investment Partnership, the timing and amount of cash generated by investments that are made by the Investment Partnership, any contingent liabilities to which the Investment Partnership may be subject, the amount of taxable income generated by the Investment Partnership and other factors that the Managing Investment Partner deems relevant. During the three and nine months ended September 30, 2007, the Investment Partnership made cash distributions of $21.0 million to the Partnership. The Partnership used the proceeds from this distribution to fund its working capital needs and for cash distributions to unitholders. During the three months ended September 30, 2007, the Partnership made, or is deemed to have made, distributions of approximately $3.0 million, or approximately $0.03 per common unit, on behalf of unitholders. During the nine months ended September 30, 2007, the Partnership made, or is deemed to have made, distributions of approximately $22.7 million, or approximately $0.24 per common unit, on behalf of the unitholders.

We may also issue additional common units and other securities to other investors with the objective of increasing our available capital. We generally expect to contribute to the Investment Partnership any cash proceeds that we receive from the issuance of common units or other securities to the extent that such cash is not used to fund distributions to our unitholder or to pay operating expenses. We expect that such contributions will be used by the Investment Partnership to make investments that meet our investment criteria as set forth in our investment policies and procedures and our limited partnership agreement.

On October 11, 2007, July 27, 2007, and April 30, 2007, AAA issued 511 common units, 10,234 common units and 78,977 common units, respectively, in the form of restricted depository units, to AAA Holdings, L.P. ("AAA Holdings"), an affiliate of Apollo, at a price per unit of $16.83, $18.22 and $19.485, respectively. The units issued were subscribed by AAA Holdings in fulfillment of Apollo's obligation to reinvest a portion of the carried interests received by it in respect of investments made by the Investment Partnership as set forth in our prospectus.

The Investment Partnership's Sources of Cash and Liquidity Needs

During the nine months ended September 30, 2007, cash decreased $581.1 million. Cash flows used in operating activities of the Investment Partnership were $557.2 million due primarily to net purchases approximating $338.7 million of investments in Apollo-sponsored funds and net purchases of co-investments approximating $260.9 million in portfolio companies of an Apollo-sponsored private equity fund.

The Investment Partnership uses its cash primarily to fund investments, to make distributions to AAA, to pay its operating expenses and to fund any distributions to Apollo affiliates pursuant to the carried interest that is applicable to our investments. Taking into account generally expected market conditions, we believe that the sources of liquidity described below will be sufficient to fund the working capital requirements of the Investment Partnership. During the nine months ended September 30, 2007, the Investment Partnership made cash distributions of $25.7 million to or on behalf of the Partnership.

During the nine months ended September 30, 2006, cash increased $1.0 billion. Cash flows used in operating activities of the Investment Partnership were $813.2 million due primarily to purchases approximating $692.2 million of investments in Apollo-sponsored funds and co-investments approximating $130.6 million in portfolio companies of an Apollo-sponsored private equity fund. Cash flows approximating $1.8 billion were received from financing activities representing contributions received from partners.

The Investment Partnership used the cash that it received from us in connection with the initial offering and related transactions to fund its initial liquidity needs. Because the Investment Partnership is expected to follow an over-commitment approach described below under "Commitments and Contingencies" when making investments in private equity funds, the amount of capital committed by the Investment Partnership for future private equity investments may ultimately exceed its available cash at a given time. Any available cash that is held by the Investment Partnership is temporarily invested in accordance with our cash management policy, which provides liquidity for funding capital calls that may be made by the private equity funds and capital markets funds in which the Investment Partnership has made commitments.

The Investment Partnership receives cash from time to time from the investments that it makes. The source of cash is in the form of capital gains and dividends on equity investments, payments of interest and principal on fixed income investments and cash consideration received in connection with the disposal of investments. Temporary investments made in connection with our cash management activities provide a more regular source of cash than less liquid private equity, capital markets and opportunistic investments, but generate returns that are generally lower than returns generated by private equity, capital markets and opportunistic investments. Other than amounts that are used to pay expenses or that are distributed to us, any returns generated by investments made by the Investment Partnership are reinvested in accordance with our investment policies and procedures.

We may make further capital contributions to the Investment Partnership from time to time in the future with the objective of increasing the amount of investments that are made on our behalf. We believe that any further capital contributions will consist primarily of the capital contributions that we receive from investors in connection with future issuances of common units, including common units issued to affiliates of Apollo pursuant to our services agreement.

Credit Facility

To increase financial flexibility, the Investment Partnership obtained from U.S. financial institutions a $900 million senior secured revolving credit facility with the objective of funding our liquidity needs, increasing the amount of cash that it has available for working capital or for making additional investments or temporary investments. Interest on borrowings is based on LIBOR plus 1.25%, and there is a commitment fee of 0.20% on any undrawn commitment. The revolving credit facility matures on May 31, 2012. At September 30, 2007, there were no borrowings outstanding on the loan facility.

The Investment Partnership may enter into one or more additional credit facilities and other financial instruments from time to time with the objective of funding our liquidity needs, increasing the amount of cash that it has available for working capital or for making additional investments or temporary investments. These debt financing arrangements may include a working capital facility that may be used to fund short-term liquidity needs, warehousing credit facilities under which specific investments will be pledged as collateral to a warehouse lender and repurchase agreements pursuant to which particular investments will be sold to counterparties with an agreement to repurchase the investments at a price equal to the sale price plus an interest factor. The Investment Partnership may also use match-funded, non-recourse debt in the form of securitization transactions, collateralized debt obligations or one or more extendible asset-backed commercial paper programs in order to leverage investments. Depending on the circumstances, other forms of indebtedness may also be used.

Commitments and Contingencies

As is common with investments in private equity funds, we expect that the Investment Partnership will generally follow an over-commitment approach when making investments in order to maximize the amount of our capital that is invested at any given time. When an over-commitment approach is followed, the aggregate amount of capital committed by the Investment Partnership to, or to co-investment programs with, private equity funds and capital markets funds at a given time may exceed the aggregate amount of cash and available credit lines that the Investment Partnership has available for immediate investment. Because the general partners of Apollo-sponsored private equity funds and capital markets funds are permitted to make calls for capital contributions and because we may be obliged to make payments on completion of co-investments following the expiration of a relatively short notice period when an over-commitment approach is used, the Investment Partnership is required to time investments and manage available cash in a manner that allows it to fund capital commitments when capital calls are made.

The Investment Partnership has committed to a co-investment agreement with Apollo Investment Fund VI pursuant to which the Investment Partnership is committed to co-invest with Apollo Investment Fund VI in each of Apollo Investment Fund VI's investments, with Apollo Investment Fund VI allocated 87.5% of each investment and 12.5% allocated to the Investment Partnership, which represents an aggregate co-investment opportunity projected to total approximately $1.5 billion.

As of September 30, 2007, the Investment Partnership had the following outstanding commitments for future funding, with amounts in thousands:

		Outstanding Capital Commitments
Private equity Co-Investments	$	490,267
Apollo Asia Opportunity Offshore Fund		182,000
Apollo European Principal Finance Fund		379,989
	$	1,052,256

Whether these commitments will be consummated depends on the satisfaction of a number of conditions, some or all of which may not be in our control. No assurances can be made as to whether or when these commitments will be consummated, if at all.

Legal Proceedings

As with any business, we may become subject to various legal actions, including claims and litigations arising in the ordinary course of business. Additionally, we may also become involved in reviews, investigations or proceedings by governmental and self-regulatory agencies regarding our business. Although the ultimate outcome of these matters cannot be ascertained at this time, we do not believe that we or the Investment Partnership have any pending or threatened legal or other proceedings that, if adversely determined, would have a material adverse effect on our financial position, results of operations or cash flows.

Risk Factors

Market Risks

We are exposed to a number of market risks due to the types of investments that we make and the manner in which we and the Investment Partnership raise capital. Our exposure to market risks will relate primarily to damages to the values of our investments, movements in prevailing interest rates and changes in foreign currency exchange rates. We may seek to mitigate such market risks through the use of hedging arrangements and derivative instruments, which could subject us to additional market risk. Additionally, the entities in which we invest or co-invest alongside may also seek to hedge or otherwise mitigate such risks. Apollo Alternative Assets, as the service provider under our services agreement, is responsible for monitoring all market risks and for carrying out risk management activities relating to our investments.

Securities Market Risks

Our investments may include investments in publicly traded securities. The Investment Partnership and the private equity funds and capital markets funds with which it invests may also make investments in publicly traded securities or in portfolio companies whose securities are publicly traded or offered to the public in connection with the process of exiting an investment. The market prices and values of publicly traded securities may be volatile and are likely to fluctuate due to a number of factors beyond our control. These factors include actual or anticipated fluctuations in the quarterly and annual results of such companies or of other companies in the industries in which they operate, market perceptions concerning the availability of additional securities for sale, general economic, social or political developments, industry conditions, changes in government regulation, shortfalls in operating results from levels forecast by securities analysts, the general state of the securities markets and other material events, such as significant management changes, refinancings, acquisitions and dispositions. The Investment Partnership is required to value investments based on current market prices at the end of each accounting period, which may lead to significant changes in the net asset values and operating results that it reports from quarter to quarter.

Our investments may include investments that are not publicly traded. In many cases, we may be prohibited by contract or by applicable securities laws from selling such securities for a period of time. We generally cannot sell these securities unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. The ability to dispose of an investment maybe heavily dependent on the public equity markets, inasmuch as the ability to realize value from an investment may depend upon the ability to complete an initial public offering of the portfolio company in which such investment is held. Furthermore, large holdings even of publicly traded equity securities can often be disposed of only over a substantial period of time, exposing the investment returns to risks of downward movement in market prices during the disposition period.

Interest Rate Risks

We may incur indebtedness to fund our liquidity needs, and the Investment Partnership may incur indebtedness to fund its liquidity needs, to leverage investments and potentially to leverage certain of our temporary investments. The Investment Partnership may also make fixed income investments that are sensitive to changes in interest rates. As a result, we are exposed to risks associated with movements in prevailing interest rates. An increase in interest rates may make it more difficult or expensive for us or for the Investment Partnership to obtain financing, may negatively impact the values of fixed income investments and may decrease the returns that our investments generate.

Our ability to achieve attractive rates of return on investments is impacted by our continued ability to access sufficient sources of indebtedness at attractive rates. An increase in either the general levels of interest rates or in the risk spread demanded by sources of indebtedness would make it more expensive to finance those investments. Increases in interest rates could also make it more difficult to locate and consummate private equity investments because other potential buyers, including operating companies acting as strategic buyers, may be able to bid for an asset at a higher price due to a lower overall cost of capital. In addition, a portion of the indebtedness used to finance private equity investments often includes high-yield debt securities issued in the capital markets. Availability of capital from the high-yield debt markets is subject to significant volatility, and there may be times when we might not be able to access those markets at attractive rates, or at all.

We are also subject to additional risks associated with changes in prevailing interest rates due to the fact that a portion of our capital is invested in portfolio companies whose capital structures have a significant degree of indebtedness. Investments in highly leveraged companies are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would be the case if money had not been borrowed. As a result, the risk of loss associated with an investment in a leveraged company is generally greater than for companies with comparatively less debt.

The Apollo funds in which we invest may also choose to use leverage as part of their respective investment programs. The use of leverage poses additional risk and enhances the possibility of a significant loss in the value of the investment portfolio. The fund may borrow money from time to time to purchase or carry securities. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried, and will be lost—and the timing and magnitude of such losses may be accelerated or exacerbated—in the event of a decline in the market value of such securities. Gains realized with borrowed funds may cause the fund's net asset value to increase at a faster rate than would be the case without borrowings. However, if investment results fail to cover the cost of borrowings, the fund's net asset value could also decrease faster than if there had been no borrowings.

Increases in interest rates could also decrease the value of fixed-rate debt investments that our funds make.

Any of the foregoing circumstances could have a material adverse effect on our net assets, results of operations and cash flow.

Foreign Currency Risks

Our functional currency and the functional currency of the Investment Partnership is the U.S. dollar, and as a result, the investments that are carried as assets in our financial statements and the investments that are carried as assets in the Investment Partnership's financial statements are stated in U.S. dollars. When valuing investments that are denominated in currencies other than the U.S. dollar, we and the Investment Partnership are required to convert the values of such investments into U.S. dollars based on prevailing exchange rates as of the end of the applicable accounting period. As a result, changes in exchange rates between the U.S. dollar and other currencies could lead to significant changes in the net asset values that we and the Investment Partnership report from quarter to quarter. Among the factors that may affect currency values are trade balances, levels of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Hedging Arrangements

When managing our exposure to market risk, Apollo Alternative Assets may enter into transactions in a variety of cash and derivative financial instruments to limit our exposure to changes in the relative values of investments that may result from market developments, including changes in prevailing interest rates and currency exchange rates. Such derivative contracts may include forward contracts, options, swaps, caps, collars and floors. The scope of risk management activities undertaken by Apollo Alternative Assets will vary based on the level and volatility of interest rates, prevailing foreign currency exchange rates, the type of investments that are made and other changing market conditions. The use of hedging transactions and other derivative instruments to reduce the effects of a decline in the value of a position does not eliminate the possibility of fluctuations in the value of the position or prevent losses if the value of the position declines. However, such activities can establish other positions designed to gain from those same developments, thereby offsetting the decline in the value of the position. Such transactions may also limit the opportunity for gain if the value of a position increases. Moreover, it may not be possible to limit the exposure to a market development that is so generally anticipated that a hedging or other derivative transaction cannot be entered into at an acceptable price.

The success of any hedging or other derivative transactions that Apollo Alternative Assets enters into generally depends on its ability to correctly predict market changes. As a result, while Apollo Alternative Assets may enter into such transactions in order to reduce our exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the transaction had not been executed. In addition, the degree of correlation between price movements of the instruments used in connection with hedging activities and price movements in a position being hedged may vary. Moreover, for a variety of reasons, Apollo Alternative Assets may not seek to or be successful in establishing a perfect correlation between the instruments used in hedging or other derivative transactions and the position being hedged. An imperfect correlation could prevent Apollo Alternative Assets from achieving the intended result and create new risks of loss. In addition, it may not be possible to fully or perfectly limit our exposure against all changes in the values of our investments, because the values of our investments are likely to fluctuate as a result of a number of factors, some of which will be beyond our control.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the making of certain estimates and assumptions that could materially affect the amounts reported in the financial statements and related notes. For a description of our significant accounting policies, see Note 2 to the financial statements of the Partnership and the Investment Partnership. Critical accounting policies are those policies that are the most important to the financial statements and/or those that require significant management judgment related to matters that are uncertain. The following valuation policies are considered critical accounting policies due to the judgment and significance involved in their applications. The development and selection of these policies and their related disclosures have been reviewed by the board of directors of our Managing General Partner and the board of directors of the Managing Investment Partner.

Valuation of Investments

Our Managing General Partner's board of directors is responsible for reviewing and approving valuations of investments that are carried as assets in our financial statements, and the board of directors of the Managing Investment Partner is responsible for reviewing and approving valuations of investments that are carried as assets in the Investment Partnership's financial statements. Because valuing investments requires the application of valuation principles to the specific facts and circumstances of the investments, in satisfying their responsibilities, each board of directors utilizes the services of Apollo Alternative Assets to estimate the investment values. An investment for which a market quotation is readily available is valued using a market price for the investment as of the end of the applicable accounting period, and an investment for which a market quotation is not readily available is valued at the investment's fair value as of the end of the applicable accounting period as determined in good faith. While there is no single standard for determining fair value in good faith, the methodologies described below are generally followed when the fair value of individual investment is determined.

Value of Limited Partner Interest in the Investment Partnership

Our limited partner interest in the Investment Partnership does not have a readily available market value and is valued using fair value pricing. Such limited partner interest is generally valued at an amount that is equal to the aggregate value of the assets of the Investment Partnership that we would receive if such assets were sold in orderly dispositions over a reasonable period of time between willing parties other than in a forced or liquidation sale and the distribution of the net proceeds from such sales were distributed to our partnership in accordance with the Investment Partnership's limited partnership agreement. This amount is generally expected to be equal to the Investment Partnership's net asset value as of the valuation date, as adjusted to reflect the allocation of net assets to the Investment Partnership's General Partner. The Investment Partnership's net asset value is expected to increase or decrease from time to time based on the amount of investment income, operating expenses and realized gains and losses on the sale or repayment of investments, if any, that it records and the net changes in the appreciation and depreciation of the investments that it carries as assets in its financial statements. Such investments consist of limited partner interests in Apollo-sponsored private equity funds, co-investments in portfolio companies of Apollo-sponsored private equity funds, opportunistic investments and temporary investments, which are valued using market prices or fair value pricing as described below.

Value of Interests in Apollo-sponsored Private Equity and Capital Market Funds

Our interests in Apollo-sponsored private equity funds do not have a readily available market and are generally valued using the following methodology. Each interest is generally valued at an amount that is equal to the aggregate unrealized value of the fund's portfolio company investments that the holder of the interest would receive if such investments were sold in orderly dispositions over a reasonable period of time between willing parties other than in a forced or liquidation sale and the distribution of the net proceeds from such sales were distributed to investors in accordance with the documentation governing the fund. The Investment Partnership may be required to value such investments at a premium or discount if other factors lead the Managing Investment Partner to conclude that the net asset values do not represent fair value. Each fund's net asset value will increase or decrease from time to time based on the amount of investment income, operating expenses and realized gains and losses on the sale or repayment of investments, if any, that the fund records and the net changes in the appreciation and depreciation of the investments that it carries as assets in its financial statements. Each fund's assets are expected to consist of investments in portfolio companies, which are expected to be individually valued using the valuation methodologies for co-investments in portfolio companies and other equity investments that are described below.

Values of Co-Investments in Portfolio Companies and Other Equity Investments

Depending on the circumstances, co-investments in portfolio companies of Apollo-sponsored private equity funds and equity investments that are made in other companies as opportunistic investments may be publicly traded, in which case the investments are valued using period-end quoted market prices, or non-publicly traded, in which case the investments are valued at their fair value as determined in good faith. When market prices are used, they do not necessarily take into account various factors which may affect the value that the Investment Partnership would actually be able to realize in the future, such as the possible illiquidity associated with a larger ownership positions, subsequent illiquidity in a market for a company's securities, future market price volatility or the potential for a future loss in market value based on poor industry conditions or the market's view of overall company and management performance.

When determining fair value when no market value exists, the value attributed to an investment is generally based on the enterprise value at which the underlying company could be sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. A market multiple approach that considers a specific financial measure (such as Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"), adjusted EBITDA, cash flow, net income revenues, or net asset value) or a discounted cash flow or liquidation analysis is generally used.

Consideration may also be given to such factors as the company's historical and projected financial data, valuations given to comparable companies, the size and scope of the company's operations, expectations relating to the market's receptivity to an offering of the company's securities, any control associated with interest in the company that is held by Apollo and its affiliates, including the Investment Partnership, information with respect to transactions or offers for the portfolio company's securities (including the transaction pursuant to which the investment was made and the period of time that has elapsed from the date of the investment to the valuation date), applicable restrictions on transfer, industry information and assumptions, general economic and market conditions and other factors deemed relevant. At September 30, 2007 and December 31, 2006, all co-investments in portfolio companies are non-publicly traded.

Taxes and Maintenance of Status as Partnerships for U.S. Federal Tax Purposes

AAA and the Investment Partnership are not taxable entities in Guernsey, have made protective elections to be treated as partnerships for U.S. federal income tax purposes and incur no U.S. federal income tax liability. Each unitholder is required to take into account its allocable share of items of income, gain, loss and deduction of the partnership in computing its U.S. federal income tax liability regardless of whether cash distributions are made.

Our investment polices and procedures provide that our investments must be made in a manner that permits AAA and the Investment Partnership to continue to be treated as partnerships for U.S. federal income tax purposes. To maintain compliance with this requirement, under current U.S. federal income tax laws, 90% or more of each partnership's respective gross income (determined by reference to gross income included in determining taxable income for U.S. federal income tax purposes) for every taxable year, including any short year resulting from a termination under Section 708 of the U.S. Internal Revenue Code, will be required to consist of "qualifying income" as defined in Section 7704 of the U.S. Internal Revenue Code. Qualifying income generally includes, among other things:

- interest not derived in the conduct of a financial or insurance business or excluded from the term "interest" under section 856(f) of the U.S. Internal Revenue Code;
- dividends; and
- any gain from the disposition of a capital asset held for the production of qualifying interest or dividends.

RECENT ACCOUNTING AND REPORTING DEVELOPMENTS

In October 2007, the FASB indefinitely deferred the AICPA Statement of Position No. 07-1, *Clarification of the Scope of the Audit and Accounting Guide* Investment Companies *and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies* ("SOP 07-1") for issuance. SOP 07-1 addresses whether the accounting principles of the AICPA Audit and Accounting Guide *Investment Companies* (the "Guide") may be applied to an entity by clarifying the definition of an investment company and whether those accounting principles may be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting

In 2003, the effective date for applying the provisions of FIN No. 46, "Consolidation of Variable Interest Entities," as amended by FIN 46R, was temporarily deferred by the FASB for investment companies that are not regulated by the U.S. Securities and Exchange Commission ("SEC") but that currently account for their investments in accordance with the specialized accounting guidance in the Guide. In May 2007, the FASB issued Staff Position No. FIN 46(R)-7, "Application of FASB Interpretation No. 46(R) to Investment Companies", exempting non-regulated investment companies that account for investments at fair value in accordance with the specialized accounting guidance in the Guide, from consolidation requirements of FIN 46R. As such, AAA does not consolidate the results of operations, assets or liabilities of the Investment Partnership in its financial statements.

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes–an interpretation of FASB Statement No. 109" ("FIN 48"). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS No. 109"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 must be implemented for fiscal years beginning after December 15, 2006. The adoption of FIN 48 had no material impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. SFAS No. 157 requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy (i.e., levels 1, 2, and 3, as defined). Additionally, companies are required to provide enhanced disclosure regarding instruments in the level 3 category, including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact of the adoption of SFAS No. 157 on the investments, which may affect entrance costs and volume discounts in the valuation of our investments.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB No. 115." SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments and applies to all entities. However, the amendment to FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities", applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157. We are currently evaluating the impact of the adoption of SFAS No. 159 on the investments.

Unaudited Financial Statements of AP Alternative Assets, L.P.

Index To Financial Statements

Independent Review Report to the General Partner of AP Alternative Assets, L.P.

We have been engaged by the General Partner to review the interim financial information in the quarterly financial report of AP Alternative Assets, L.P. for the nine months ended 30 September 2007 which comprises the Statement of Assets and Liabilities, Statement of Operations, Statement of Changes in Net Assets and the Statement of Cash Flows and related notes 1 to 9. We have read the other information contained in the quarterly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial information.

This report is made solely to the company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

General Partner's responsibilities

The quarterly financial report is the responsibility of, and has been approved by, the General Partner. The General Partner is responsible for preparing the quarterly financial report in accordance with the Limited Partnership Agreement.

As disclosed in note 2, the interim financial information included in this quarterly financial report have been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (US GAAP).

Our responsibility

Our responsibility is to express to the Company a conclusion on the interim financial information in the quarterly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with US GAAP.

Fair Value of Investment in AAA Investments, L.P.

As stated in Note 2, the Directors of the General Partner have estimated the fair value of the investment in AAA Investments LP at $2,186,505,219 (100.0% of net assets). This value has been estimated by the Directors of the General Partner in the absence of a readily ascertainable market value. However, because of the inherent uncertainty of the valuation, the estimated value may differ materially from the value that would have been realised had a disposal of the investments been made as between a willing buyer and seller. Our review conclusion is not qualified in this respect.

Deloitte & Touche LLP
Chartered Accountants
Guernsey, Channel Islands
13 November 2007

AP ALTERNATIVE ASSETS, L.P.
STATEMENT OF ASSETS AND LIABILITIES
(In thousands, except per unit amounts)

	As of September 30, 2007 (Unaudited)	As of December 31, 2006
ASSETS		
Investment in AAA Investments, L.P. (cost of $1,803,511 and $1,822,816 at September 30, 2007 and December 31, 2006, respectively)	$ 2,186,506	$ 1,918,723
Other assets	428	-
TOTAL ASSETS	2,186,934	1,918,723
LIABILITIES - Accounts payable and accrued liabilities	1,153	1,107
Due to Affiliates	60	226
NET ASSETS	$ 2,185,721	$ 1,917,390
NET ASSETS CONSIST OF:		
Partners' capital contribution, net (96,635,211 and 96,546,000 common units outstanding at September 30, 2007 and December 31, 2006, respectively)	$ 1,824,543	$ 1,822,818
Partners' capital distributions	(23,924)	(1,207)
Accumulated increase in assets resulting from operations	385,102	95,779
	$ 2,185,721	$ 1,917,390
Net asset value per common unit	$ 22.62	$ 19.86
Market price	$ 17.00	$ 18.50

See accompanying notes to financial statements.

AP ALTERNATIVE ASSETS, L.P.
STATEMENT OF OPERATIONS (UNAUDITED)
(In thousands)

	For the Three Months ended September 30, 2007	For the Three Months ended September 30, 2006	For the Nine Months ended September 30, 2007	For the Period from June 15, 2006 (Commencement of Operations) to September 30, 2006
NET INVESTMENT INCOME ALLOCATED FROM AAA INVESTMENTS, L.P.				
Interest, dividends and gains from short-term investments	$ 4,686	$ 14,497	$ 35,455	$ 17,104
Net realized gains from sales	213	-	2,916	-
Expenses	(5,070)	(495)	(7,720)	(2,244)
	(171)	14,002	30,651	14,860
EXPENSES - General and administrative expenses	(713)	(234)	(2,123)	(236)
NET INVESTMENT (LOSS) INCOME	(884)	13,768	28,528	14,624
NET CHANGE IN UNREALIZED APPRECIATION OF INVESTMENT IN AAA INVESTMENTS, L.P.	120,980	10,517	260,795	12,207
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 120,096	$ 24,285	$ 289,323	$ 26,831

See accompanying notes to financial statements.

AP ALTERNATIVES ASSETS, L.P.
STATEMENT OF CHANGES IN NET ASSETS
(In thousands)

	For the Nine Months Ended September 30, 2007 (Unaudited)	For the Period from June 15, 2006 (Commencement of Operations) to December 31, 2006
INCREASE IN NET ASSETS FROM OPERATIONS:		
Net investment income	$ 28,528	$ 24,658
Net change in unrealized appreciation of investment in AAA Investments, L.P.	260,795	71,121
Net increase in net assets resulting from operations	289,323	95,779
NET CHANGE FROM CAPITAL TRANSACTIONS:		
Partners' capital contributions (96,635,211 and 96,546,000 common units outstanding at September 30, 2007 and December 31, 2006, respectively)	1,725	1,930,920
Offering costs	-	(108,102)
Partners' capital distributions	(22,717)	(1,207)
Net change in net assets resulting from capital transactions	(20,992)	1,821,611
TOTAL INCREASE IN NET ASSETS	268,331	1,917,390
NET ASSETS - Beginning of period	1,917,390	-
NET ASSETS - End of period	$ 2,185,721	$ 1,917,390

See accompanying notes to financial statements.

AP ALTERNATIVE ASSETS, L.P.
STATEMENT OF CASH FLOWS
(In thousands)

	For the Nine Months Ended September 30, 2007 (Unaudited)	For the Period from June 15, 2006 (Commencement of Operations) to September 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in net assets resulting from operations	$ 289,323	$ 26,831
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:		
Net investment income allocated from AAA Investments, L.P.	(30,651)	(14,860)
Net change in unrealized appreciation on investment in AAA Investments, L.P.	(260,795)	(12,207)
Changes in operating assets and liabilities:		
Purchase of limited partner interests in AAA Investments, L.P.	(1,725)	(1,822,764)
Operating distribution received from AAA Investments, L.P.	21,030	
Increase in other assets	(428)	-
(Decrease) increase in accounts payable, accrued liabilities and due to affiliates	(120)	234
Net cash flows provided by (used in) operating activities	16,634	(1,822,766)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Partners' capital contributions	1,725	1,930,920
Partners' capital distributions	(18,359)	-
Offering costs	-	(108,154)
Net cash flows (used in) provided by financing activities	(16,634)	1,822,766
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS - Beginning and end of period	$ -	$ -
Supplemental Schedule of Non-Cash Financing Activities – Partners' capital distribution	$ 4,358	$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. BUSINESS

AP Alternative Assets, L.P. ("AAA" or the "Partnership") is a Guernsey limited partnership that is comprised of (i) AAA Guernsey Limited (the "Managing General Partner"), which holds 100% of the general partner interests in AAA, and (ii) the holders of common units representing limited partner interests in AAA. The common units are non-voting and are listed on Euronext Amsterdam N.V.'s Eurolist by Euronext ("Euronext Amsterdam") under the symbol "AAA" effective August 8, 2006.

The Managing General Partner is a Guernsey limited company and, effective July 13, 2007, is owned 55% by an individual and 45% by Apollo Principal Holdings III, L.P., both of whom are affiliated with Apollo Advisors, L.P., Apollo Management III, L.P. (formerly known as Apollo Management, L.P.), Apollo Management IV, L.P., Apollo Management V, L.P., Apollo Management VI, L.P., Apollo Investment Management, L.P., Apollo Europe Management, L.P., Apollo SVF Management, L.P., Apollo Asia Management, L.P. and Apollo EPF Management, L.P. and Apollo Alternative Assets, L.P. (collectively "Apollo"), each of which is a limited partnership formed to act as a manager of a particular Apollo fund (and its co-investment entities). Prior to July 13, 2007, the Managing General Partner was 100% owned by individuals affiliated with Apollo. The Managing General Partner is responsible for managing the business and affairs of AAA. The Partnership's business consists of making investments in, and co-investments with, Apollo-sponsored private equity funds and capital markets-focused funds. AAA Investments, L.P. (the "Investment Partnership") currently has a co-investment agreement with Apollo Investment Fund VI, L.P. ("Apollo Investment Fund VI"), along with its parallel co-investment funds. In addition to investments in private equity, capital are deployed through investments in, or co-investment arrangements with, Apollo's capital markets-focused funds, including the Apollo Strategic Value Offshore Fund, Ltd. ("Apollo Strategic Value Fund") (one of Apollo's debt and equity investment funds focused on value-oriented and distressed securities), AP Investment Europe, Limited ("Apollo Investment Europe") (the Apollo-sponsored European mezzanine and leveraged debt investment vehicle), Apollo Asia Opportunity Offshore Fund, Ltd., ("Apollo Asia Opportunity Fund") (the Apollo-sponsored vehicle focused on value driven, mezzanine and special opportunity corporate investments in the Asia Pacific region) and Apollo European Principal Finance Fund, L.P. ("EPF") (the Apollo-sponsored vehicle focused on opportunities in the non-performing loans ("NPLs") sector in Europe). The Partnership may also invest in additional capital market funds, including Apollo Investment Corporation ("AIC Co-investments") (the Apollo-sponsored U.S. mezzanine and leveraged debt investment vehicle), private equity funds and investments identified by Apollo Alternative Assets, L.P. ("Apollo Alternative Assets", the investment manager to both AAA and the Investment Partnership – see Note 6, "Relationship with Apollo and Related Party Transactions"), other opportunistic investments and in temporary investments that are made in connection with cash management activities. AAA generally makes all of these investments through the Investment Partnership, of which AAA is the sole limited partner.

The Investment Partnership is a Guernsey limited partnership that is comprised of (i) AAA Associates, L.P. (the "General Partner"), which holds 100% of the general partner interests in the Investment Partnership and is responsible for managing its business and affairs, and (ii) AAA, which holds 100% of the limited partner interests in the Investment Partnership and does not participate in the management of the business and affairs of the Investment Partnership. At September 30, 2007 and December 31, 2006, the General Partner's interest in the Investment Partnership was 2.283% and 0.055%, respectively, and the limited partner's interests in the Investment Partnership was 97.717% and 99.945%, respectively. The change in the partners' respective interests from December 31, 2006 to September 30, 2007 is due to carried interest relating to investments made by the Investment Partnership, which was recognized during 2007. The carried interest entitles the General Partner to receive a portion of the profits generated by the investments. Because the General Partner is itself a Guernsey limited partnership, its general partner, AAA MIP Limited (the "Managing Investment Partner"), a Guernsey limited company that is owned 55% by an individual and 45% by Apollo Principal Holdings III, L.P., both of whom are affiliated with Apollo, effectively is responsible for managing the Investment Partnership's business and affairs.

In connection with the Investment Partnership's credit facility on June 1, 2007, substantially all of the net assets of the Investment Manager were transferred to a series of wholly owned Guernsey limited partnerships, AAA Guarantor – SVF, L.P., AAA Guarantor – AIE, L.P., AAA Guarantor – Co-Invest VI, L.P., AAA Guarantor – Other, L.P., AAA Guarantor – Temp, L.P. AAA Guarantor – EPF, L.P. and AAA Guarantor – Asia, L.P. (collectively "AAA Guarantors"), that guarantee the credit facility. The AAA Guarantors make and hold all direct and indirect investments on behalf of the Investment Partnership. The financial statements of the Investment Partnership include the accounts of the wholly owned and consolidated AAA Guarantors.

The Partnership's investment policies and procedures, which were developed by Apollo Alternative Assets, currently provide that, among other things, over time the Investment Partnership will invest approximately 90% of its capital in Apollo-sponsored funds and private equity transactions and, subject to market conditions, target approximately 50% or more in private equity investments. In addition, the investment policies and procedures provide that the Investment Partnership cannot make any investment or commit to make any investment that would result in AAA or the Investment Partnership being deemed to have been formed for the purpose of making such investment for the purposes of the U.S. Investment Company Act of 1940, as amended and related rules. Depending on the facts and circumstances, this restriction may limit the amount of capital that we may invest, or commit to invest, in a single investment fund or other entity. We are required to limit the amount which we are permitted to invest in any single investment fund to 40% of our gross assets, although this limit will not apply to the aggregate amount we are able to commit to any co-investment program alongside any Apollo private equity fund. The Investment Partnership's limited partnership agreement provides that the investments it makes must comply with the investment policies and procedures that are established from time to time by the Managing General Partner's board of directors on behalf of AAA.

AAA's investment policies and procedures provide that we may make investments in common equity securities, preferred securities, limited partner interests, general partner interests, derivative instruments, debt securities and loans (including residential mortgage loans, residential mortgage-backed securities, commercial mortgages, commercial mortgage-backed securities, other asset-backed securities and bridge loans), money market securities, cash, cash equivalents, money market instruments, government securities and any other type of security, loan or financial instrument, provided that the investments otherwise comply with AAA's investment policies and procedures. Because AAA's investment policies and procedures require that its investments be made in a manner that permits it and the Investment Partnership to continue to be treated as partnerships for U.S. federal income tax purposes, neither AAA nor the Investment Partnership will be permitted to engage in lending activities that would result in AAA or the Investment Partnership being treated as engaged in a financial business.

AAA's and the Investment Partnership's investment policies and procedures anticipate that they may use leverage. As their service provider, Apollo Alternative Assets generally has broad discretion to determine the extent to which investments use leverage and is not required to obtain specific approval from the Managing General Partner's board of directors for the use of leverage.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation*—**Consistent with the preparation of the annual financial statements, these financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars.

AAA does not consolidate the results of operations, assets or liabilities of the Investment Partnership in its financial statements. The financial statements of the Investment Partnership, including a schedule of investments, are included elsewhere with this report and should be read in conjunction with the Partnership's financial statements.

AAA utilizes an annual reporting schedule comprised of four three-month quarters, with an annual accounting period ending on December 31. The quarterly periods end on March 31, June 30, September 30 and December 31. The financial results presented herein include activity for the three months ended September 30, 2007 and 2006, the nine months ended September 30, 2007 and for the period from June 15, 2006 (commencement of operations) to September 30, 2006.

The preparation of financial statements in conformity with U.S. GAAP requires the making of certain estimates and assumptions that could materially affect the amounts reported in the financial statements and related notes. Actual results could differ materially from these estimates. Critical accounting policies are those policies that are the most important to the financial statements and/or those that require significant management judgment related to matters that are uncertain.

The following valuation policies are considered critical accounting policies due to the judgment and significance involved in their applications. The development and selection of these policies and their related disclosures have been reviewed by the board of directors of our Managing General Partner and the board of directors of the AAA MIP Limited (the "Managing Investment Partner.")

***Valuation of Limited Partner Interests*—**AAA records its investment in the Investment Partnership at fair value. Valuation of securities held by the Investment Partnership is further discussed in the notes to the Investment Partnership's financial statements, which are included elsewhere in this report.

An investment for which a market quotation is not readily available is valued at the investment's fair value as of the end of the applicable accounting period as determined in good faith by the Managing General Partner and the Managing Investment Partner. AAA's investments in limited partner interests in the Investment Partnership do not have a readily available market and are valued by the Managing General Partner and are recorded at the estimated fair value. Such limited partner interests are generally valued at an amount that is equal to the aggregate unrealized value of the assets of the Investment

Partnership that AAA would receive if such assets were sold in orderly dispositions over a reasonable period of time between willing parties other than in a forced or liquidation sale, and the distribution of the net proceeds from such sale were distributed to AAA in accordance with the Investment Partnership's limited partnership agreement. This amount is generally expected to be equal to the Investment Partnership's net asset value as of the valuation date, as adjusted to reflect the allocation of net assets to the Investment Partnership's General Partner. The Investment Partnership's net asset value is expected to increase or decrease from time to time based on the amount of investment income, operating expenses and realized gains and losses on the sale or repayment of investments, if any, that it records and the net changes in the appreciation and depreciation of the investments that it carries as assets in its financial statements.

Net Investment Income—The Partnership records its proportionate share of the Investment Partnership's investment income, expenses and realized and unrealized gains and losses on investments.

Expenses—As the results of operations of the Investment Partnership are not consolidated in AAA's financial statements, the general and administrative expenses are limited to the expenses that AAA directly incurs. These expenses consist primarily of professional fees, directors' fees that the Managing General Partner pays to its independent directors, insurance and other administrative costs. There were no direct portfolio transaction expenses incurred during the three months ended September 30, 2007 and 2006, the nine months ended September 30, 2007 and for the period from June 15, 2006 (commencement of operations) to September 30, 2006.

Neither AAA nor its Managing General Partner employs any of the individuals who carry out the day-to-day management and operations of AAA. The investment professionals and other personnel that carry out investment and other activities are members of AAA's general partner or employees of Apollo. Their services are provided to AAA or for its benefit under the services agreement with AAA. None of these individuals, including the Managing General Partner's chief financial officer, are required to be dedicated full-time to the business of the Partnership.

Taxes—The Partnership is not subject to income taxes in Guernsey and is taxable as a partnership for U.S. federal income tax purposes. As a partnership, AAA incurs no U.S. federal income tax liability directly, and instead, each partner is required to take into account its allocable share of items of income, gain, loss and deduction in computing its U.S. federal income tax liability.

Distribution Policy—The Partnership intends to make cash distributions (which will be payable to all unitholders) in an amount in U.S. dollars that is generally expected to be sufficient to permit U.S. unitholders to fund their estimated U.S. tax obligations (including any federal, state and local income taxes) with respect to their distributive share of net income or gain, after taking into account any withholding tax imposed on the Partnership. For any particular unitholder, such distributions may not be sufficient to pay the unitholder's actual U.S. or non-U.S. tax liability. Under AAA's limited partnership agreement, distributions to the unitholders will be made only as determined by the Managing General Partner in its sole discretion.

Recent Accounting Pronouncements

In October 2007, the FASB indefinitely deferred the AICPA Statement of Position No. 07-1, Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies ("SOP 07-1") for issuance. SOP 07-1 addresses whether the accounting principles of the AICPA Audit and Accounting Guide Investment Companies (the "Guide") may be applied to an entity by clarifying the definition of an investment company and whether those accounting principles may be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting.

In 2003, the effective date for applying the provisions of FIN No. 46, "Consolidation of Variable Interest Entities," as amended by FIN 46R, was temporarily deferred by the FASB for investment companies that are not regulated by the U.S. Securities and Exchange Commission ("SEC") but that currently account for their investments in accordance with the specialized accounting guidance in the Guide. In May 2007, the FASB issued Staff Position No. FIN 46(R)-7, "Application of FASB Interpretation No. 46(R) to Investment Companies", exempting non-regulated investment companies that account for investments at fair value in accordance with the specialized accounting guidance in the Guide, from consolidation requirements of FIN 46R. As such, AAA does not consolidate the results of operations, assets or liabilities of the Investment Partnership in its financial statements.

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes–an interpretation of FASB Statement No. 109" ("FIN 48"). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS No. 109"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 must be implemented for fiscal years beginning after December 15, 2006. The adoption of FIN 48 had no material impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. SFAS No. 157 requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy (i.e., levels 1, 2, and 3, as defined). Additionally, companies are required to provide enhanced disclosure regarding instruments in the level 3 category, including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact of the adoption of SFAS No. 157 on the investments, which may affect entrance costs and volume discounts in the valuation of our investments.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities--Including an amendment of FASB No. 115." SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments and applies to all entities. However, the amendment to FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities", applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157. We are currently evaluating the impact that the adoption of SFAS No. 159 is expected to have on the investments.

3. INVESTMENTS IN LIMITED PARTNER INTERESTS OF THE INVESTMENT PARTNERSHIP

At September 30, 2007 and December 31, 2006, AAA's only investment consisted of limited partner interests in the Investment Partnership. AAA makes all of its investments through the Investment Partnership, and it is expected that AAA's only substantial assets will be limited partner interests in the Investment Partnership. Although investments made with the AAA's capital by the Investment Partnership do not appear as investments in AAA's financial statements, AAA is the beneficiary of such investments and bears substantially all of the risk of loss.

From time to time, the Investment Partnership makes distributions to or on behalf of AAA to assist AAA in making cash distributions to its unitholders in accordance with AAA's distribution policy and to allow AAA to pay its operating expenses as they become due. During the three and nine months ended September 30, 2007, the Investment Partnership made cash distributions of $21.0 million to AAA. AAA used the proceeds from this distribution to fund its working capital needs and cash distributions to unitholders.

4. CAPITAL TRANSACTIONS

In connection with the initial offering of the common units effective August 8, 2006, AAA issued and sold (i) 90,000,000 common units to investors in a global offering and (ii) 3,700,000 common units to an affiliate of Apollo. The issue price for the common unit was $20 per common unit, resulting in gross proceeds, before managers' commission, placement fees and other offering expenses of $1,874.0 million. In addition, on September 7, 2006, the managers of the initial offering purchased 2,846,000 common units pursuant to an over-allotment option, resulting in additional gross proceeds of approximately $56.9 million.

The expenses of the initial offering, including managers' commissions, placement fees, legal and accounting fees, travel costs and other expenses, were approximately $108.1 million, which were reflected as a capital transaction in our statement of assets and liabilities. The transactions related to the initial offering resulted in aggregate net proceeds to AAA of approximately $1,822.8 million.

In connection with the formation of AAA and the initial offering of its common units, certain of Apollo's investment professionals and senior advisors contributed $75 million in cash to AAA and the Investment Partnership, of which $74 million was contributed to AAA in exchange for common units and $1 million was contributed to the Investment Partnership in respect of general partner interests. In addition, under an investment agreement that the Partnership entered into with Apollo in connection with the initial offering, Apollo has agreed to cause its affiliates to acquire additional common units from AAA on a quarterly basis in an amount equal to 25% of the aggregate after-tax cash distributions, if any, that are made to AAA and its affiliates pursuant to the carried interests and incentive distribution rights that are applicable to investments that are made through the Investment Partnership. Common units issued to AAA's affiliates in connection with the initial offering or pursuant to the investment agreement are subject to a general prohibition on transfer for a period of three years from the date of issuance.

On July 27, 2007 and April 30, 2007, AAA issued 10,234 and 78,977 common units, in the form of restricted depository units, to AAA Holdings, L.P. ("AAA Holdings"), an affiliate of Apollo, at a price per unit of $18.22 and $19.485, respectively. The units issued were subscribed by AAA Holdings in fulfillment of Apollo's obligation to reinvest a portion of the carried interests received by it in respect of investments made by the Investment Partnership as set forth in its prospectus. At September 30, 2007, AAA had 96,635,211 common units outstanding.

AAA has established a restricted deposit facility for a portion of its common units pursuant to which common units are deposited with a depository bank in exchange for restricted depository units that are evidenced by restricted depositary receipts, subject to compliance with applicable ownership and transfer restrictions. The restricted depository units have not been listed on any securities exchange.

The Partnership distributed approximately $3.0 million on behalf of the unitholders for the quarter ended September 30, 2007 or approximately $0.03 per common unit. The Partnership distributed approximately $22.7 million to or on behalf of the unitholders for the nine months ended September 30, 2007 or approximately $0.24 per common unit. Approximately $4.4 million of these distributions were paid by the Investment Partnership and are included as non-cash financing activities on the Partnership's statement of cash flows.

5. CREDIT FACILITY

On June 1, 2007, the Investment Partnership obtained a $900 million senior secured revolving credit facility from U.S. financial institutions with the objective of funding our liquidity needs, increasing the amount of cash that is available for working capital and for making additional investments or temporary investments. The financial institutions have a security interest in the equity of AAA Guarantors. Interest on borrowings is based on LIBOR plus 1.25%, and there is a commitment fee of 0.20% payable on undrawn commitments. The credit facility matures on May 31, 2012. At September 30, 2007, there were no borrowings outstanding under the loan facility.

6. RELATIONSHIP WITH APOLLO AND RELATED PARTY TRANSACTIONS

Subject to the supervision of the board of directors of the Managing General Partner and the board of directors of the Managing Investment Partner, Apollo, through a services agreement with Apollo Alternative Assets, is responsible for selecting, evaluating, structuring, performing due diligence, negotiating, executing, monitoring and exiting the investments of AAA, as well as investments of the Investment Partnership and for managing the uninvested cash of the Investment Partnership. These investment activities are carried out by Apollo's investment professionals and Apollo's investment committee pursuant to the services agreement or under the investment management agreements between Apollo and its private equity funds. As the service provider, Apollo Alternative Assets' involvement in the investments of the Investment Partnership relate primarily to investments in Apollo-sponsored capital market funds, direct co-investments in portfolio companies of Apollo-sponsored private equity funds, other investments and cash management activities. Apollo, and/or its affiliates, also receive directly from portfolio companies in which the Investment Partnership has direct or indirect investments, transaction, management and other fees related to services provided in connection with acquisitions of such portfolio companies and ongoing management services rendered to such portfolio companies.

Commitment—The Investment Partnership has committed to a co-investment agreement with Apollo Investment Fund VI pursuant to which the Investment Partnership is committed to co-invest with Apollo Investment Fund VI in each of Apollo Investment Fund VI's investments, with Apollo Investment Fund VI allocated 87.5% of each investment and 12.5% allocated to the Investment Partnership, which represents an aggregate co-investment opportunity projected to total approximately $1.5 billion.

Services Agreement and Management Fee—AAA, the Managing General Partner, the Investment Partnership, its General Partner, and the Managing Investment Partner have entered into a services agreement with Apollo Alternative Assets pursuant to which Apollo Alternative Assets has agreed to provide certain investment, financial advisory, operational and other services to them.

Under the services agreement, Apollo Alternative Assets is responsible for the day-to-day operations of the service recipients and is subject at all times to the supervision of their respective governing bodies, including the board of directors of the Managing General Partner and the board of directors of the Managing Investment Partner.

Under the services agreement, AAA and the other service recipients have jointly and severally agreed to pay Apollo Alternative Assets a quarterly management fee, payable in arrears, in an aggregate amount equal to one-fourth of the sum of (i) AAA's adjusted assets up to and including $3 billion multiplied by 1.25% plus (ii) AAA's adjusted assets in excess of $3 billion multiplied by 1%. For the purposes of the agreement, "adjusted assets" is primarily defined for any quarterly period as the sum of (A)(i) the cumulative net proceeds in cash or otherwise of the issuance of limited partner interests in our Partnership, after deducting any underwriting costs or commissions and other expenses and costs related to the issuance, for such period and any prior period (ii) the proceeds of any borrowings by our Partnership or the Investment Partnership outstanding at the end of such period, and (iii) the cumulative distributable earnings of our Partnership for such period and any prior period (taking into account actual distributions but without taking into account the management fee payable for such period or any non-cash equity compensation expenses incurred in such period or any prior periods) less (B) the sum of (without duplication) (x) any amount paid by our Partnership for the repurchase of limited partner interests in our Partnership during such period, (y) an amount equal to our capital invested in Apollo-sponsored funds, and (z) the average of the daily values of our temporary investments held during such three month period, plus any of our cumulative distributable earnings for such three month period as are attributable to such temporary investments, and further adjusted to exclude (i) one-time events pursuant to changes in U.S. GAAP and (ii) any non cash items jointly agreed to by our Managing General Partner (with the approval of a majority of its Independent Directors), on behalf of itself and the other Service Recipients, and the Service Provider.

The foregoing calculation of "adjusted assets" will be adjusted to exclude (i) one-time events pursuant to changes in U.S. GAAP as well as (ii) any non-cash items jointly agreed to by the Managing General Partner (with the approval of a majority of its independent directors) and Apollo. Generally, it is anticipated that adjusted assets for the purpose of the management fee will be approximately equal to our asset value, which includes the value of assets acquired with the proceeds of borrowings incurred by us, if any, less (i) the value of our capital investments in the Apollo-sponsored funds and (ii) the value of our temporary investments. The management fee under the services agreement therefore reflects the value of unrealized investments, other than in respect of capital invested in Apollo-sponsored funds. In respect of capital invested in Apollo-sponsored funds, Apollo will receive management fees directly from the relevant funds. There will be no double charging of management fees.

Prior to the second quarter of 2007, the period that the profits on the investments of the Investment Partnership that were subject to a carried interest equaled the managers' commissions and placement fees and the other fees and expenses that AAA incurred in connection with AAA's initial offering and related transactions, the management fee that was payable under our services agreement in respect of the quarterly period was subject to reduction by the lower of (i) the aggregate amount of "allocable fund distributions" to Apollo and its affiliates during such period and (ii) (x) 5% of the gross income (other than income that qualifies as capital gain) earned by or allocated to AAA for U.S. federal income tax purposes during such period minus (y) any gross income earned by or allocated to our partnership for U.S. federal income tax purposes during such period that is not "qualifying income" as defined in Section 7704(d) of the U.S. Internal Revenue Code. To the extent that the amount of reductions to the management fee in a particular quarterly period exceeded the amount of the management fee payable in respect of that period, Apollo Alternative Assets was required to credit the difference against any future management fees that became payable under our services agreement. For the three and nine months ended September 30, 2007, the Investment Partnership's management fees were $2.3 million and $3.8 million, respectively. There were no management fees for the three months ended September 30, 2006 and the period from June 15, 2006 (commencement of operations) to September 30, 2006.

The services agreement contains certain provisions requiring AAA to indemnify Apollo and its affiliates with respect to all claims, liabilities, losses, costs, expenses or damages arising from the services agreement or the services provided by Apollo Alternative Assets, except to the extent that such claims, liabilities, losses, costs, expenses or damages are finally determined by a court of competent jurisdiction to have resulted from the indemnified person's willful misconduct or gross negligence. The Managing General Partner has determined that these guarantees do not have an impact on the financial statements of AAA at September 30, 2007 and December 31, 2006.

Carried Interests and Investments—Each investment that is made by the Investment Partnership is subject to one carried interest, which will generally entitle an affiliate of Apollo to receive a portion of the profits generated by the investment. There will not be any duplication of carried interest on a given investment. In particular:

- ***Private Equity Fund Investments***—The general partner of each Apollo-sponsored private equity fund in which an investment is made is generally entitled to a carried interest that will allocate to it 20% of the net returns generated by the fund after capital contributions in respect of realized investments and expenses have been returned to limited partners and subject to realized gains and losses of portfolio investments will not be netted across funds and each carried interest will apply only to the results of an individual fund.

- ***Co-investment Facilities***—The General Partner is generally entitled to a carried interest that will allocate to it 20% of the realized gains on each co-investment made pursuant to a co-investment facility (such as the agreement with Apollo Investment Fund VI) after capital contributions in respect of realized investments made pursuant to that co-investment facility have been recovered. The General Partner's carried interest in respect of each investment made pursuant to the co-investment agreement with Apollo Investment Fund VI is subject to the Investment Partnership first achieving a preferred return of 8% per annum on the capital invested pursuant to the agreement. Once such preferred return has been achieved, the General Partner will be entitled to the next 2% (25% of 8%) of net realized gains and, thereafter, such gains will be allocated as 80% to the Investment Partnership and as to 20% to the General Partner. Realized gains and losses on investments made pursuant to one co-investment facility will not be netted against other co-investment facilities in future Apollo private equity funds.

- ***Apollo Strategic Value Fund*** —An affiliate of Apollo will be entitled to a carried interest for each year amounting to 20% of any appreciation in net asset value, subject to first making up any losses carried forward from prior years other than losses attributable to capital that the Investment Partnership withdraws from Apollo Strategic Value Fund after losses were incurred.

- ***Apollo Investment Europe and AIC Co-investments***—An affiliate of Apollo will be entitled to receive a performance-based incentive fee in respect of Apollo Investment Europe. The General Partner will be entitled to receive a carried interest in respect to AIC Co-investments. The fee for Apollo Investment Europe and the carried interest for AIC Co-investments is calculated in two parts: the first payable quarterly and calculated as 20% of the investment income (excluding any realized capital gain) on investments of Apollo Investment Europe or AIC Co-Investments (as the case may be), subject to a preferred return of 7% per annum (with a full catch-up) and the second payable annually and calculated as 20% of the realized capital gains of Apollo Investment Europe or AIC Co-investments (as may be the case) and in each case net of realized capital losses and unrealized capital depreciation. The performance of Apollo Investment Europe will not be netted against the performance of AIC Co-investments.

- ***Apollo Asia Opportunity Fund***—An affiliate of Apollo will be entitled to a carried interest for each year amounting to 20% of any appreciation in net asset value, subject to first making up any losses carried forward from prior years other than losses attributable to capital that the Investment Partnership withdraws from Apollo Asia Opportunity Fund after losses were incurred.

- ***Apollo European Principal Finance Fund*** — For an interim period, an affiliate of Apollo will be entitled to a carried interest that will allocate to it 20% of the realized returns on each investment made by this fund. Realized gains and losses on one such investment will not be netted against any other such investments. If and when significant third party investors are admitted to this fund, it is anticipated that the carried interest payable in respect of investments made by such fund will be subject to change.

- ***Additional investments***—The General Partner is generally entitled to a carried interest that will allocate to it 20% of the realized returns of each of the additional investments made by the Investment Partnership. Realized gains and losses on an additional investment will not be netted against any other additional investments. The General Partner will not be entitled to a carried interest in respect to temporary investments.

Until such time as the profits on the Investments Partnership's investments that are subject to a carried interest equal the commissions and placement fees and other fees and expenses that AAA incurred in connection with the Partnership's initial offering and related transactions, the General Partner will forego its carried interest otherwise earned through the Investment Partnership's co-investment facilities and carried interest earned on additional investments. In addition, until such time, subject to certain limitations, Apollo Alternative Assets will reduce the management fee that is payable under the services agreement based on the amount of distributions that are made in respect of carried interests allocated to Apollo by Apollo-sponsored funds and attributable to the Investment Partnership's investments. At September 30, 2007, the General Partner was allocated $49.8 million related to carried interest on private equity co-investments. For nine months ended September 30, 2007, $0.4 million was distributed to the General Partner by the Investment Partnership for carried interest on realized gains on private equity co-investments. For the three and nine months ended September 30, 2007, affiliates of Apollo received $0.1 million and $11.7 million related to carried interest for appreciation in net asset values in Strategic Value Fund and Apollo Investment Europe. There was no carried interest at December 31, 2006.

Apollo enters into monitoring agreements with the portfolio companies of its private equity funds in which it receives periodic fees for assisting the portfolio companies on an ongoing basis with respect to management, operational and other matters. Apollo may also receive transaction and closing fees in connection with portfolio company investments and, in the case of unconsummated investments, potential break-up fees. For the three and nine months ended September 30, 2007, Apollo recognized monitoring, transaction, closing and break-up fees of $3.5 million and $20.9 million, respectively, related to the Investment Partnership's investments in private equity co-investments. For the three months ended September 30, 2006 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, Apollo recognized monitoring, transaction, closing and break-up fees of $6.2 million, respectively, related to the Investment Partnership's investments in private equity co-investments.

Due to affiliates—Included in due to affiliates at September 30, 2007 and December 31, 2006, is $0.1 million and $0.2 million, respectively, payable to the Investment Partnership for expense reimbursements.

Apollo Fund VI BC, L.P.— At September 30, 2007, included in the Investment Partnership's co-investments in portfolio companies of Apollo Investment Fund VI is an investment in Apollo Fund VI BC, L.P. ("Bondco") This vehicle was formed by affiliates of Apollo to invest in the debt securities of a number of companies to take advantage of volatility in the credit markets. At September 30, 2007, approximately 86% of Bondco's portfolio of debt securities includes the debt of Berry Plastics Group, Inc., CEVA Logistics, Countrywide PLC, Realogy Corporation and Rexnord Corporation, all Apollo Investment Fund VI portfolio companies.

Personal Interests of Directors —Certain directors of the Managing General Partner, the Managing Investment Partner and Apollo Alternative Assets, GP Limited, the general partner of Apollo Alternative Assets, L.P., the manager of the Investment Partnership, participate in certain of the investments in which the Investment Partnership invests. The following is a summary of the personal interests of the directors in such investments:

(in thousands)	As of September 30, 2007	As of December 31, 2006
Apollo Strategic Value Fund	$ 12,576	$ -
Apollo Investment Europe	30,199	-
Apollo Asia Opportunity Fund	5,114	-
Apollo Investment Fund VI [a]	58,974	17,900

[a] Note: The Investment Partnership invests alongside Apollo Investment Fund VI for private equity investments. Investments in Apollo Investment Fund VI are as of June 30, 2007, the most recent reporting period available.

In addition, certain directors of the Managing General Partner, the Managing Investment Partner and Apollo Alternative Assets, GP Limited are AAA unitholders. At September 30, 2007 and December 31, 2006, the directors owned 1,895,064 and 0 units of AAA, respectively. This excludes 3.0 million and 3.7 million units owned by an affiliate of Apollo, which certain directors are deemed to beneficially own at September 30, 2007 and December 31, 2006.

7. FINANCIAL HIGHLIGHTS

Financial highlights for AAA were as follows (in thousands, except per unit amounts):

	For the Nine Months Ended September 30, 2007	For the Period From June 15, 2006 (Commencement of Operations) to December 31, 2006
Per unit operating performance:		
Net asset value at the beginning of the period	$ 19.86	$ -
Income from investment operations:		
Net investment income	0.30	0.26
Net change in unrealized appreciation of investment in AAA Investments, L.P.	2.70	0.73
Total from investment operations	3.00	0.99
Effect of dilution	(0.02)	-
Partners' capital contributions	0.02	20.00
Offering costs		(1.12)
Capital distributions	(0.24)	(0.01)
Net asset value at end of the period	$ 22.62	$ 19.86
Total return (annualized)	20.24%	9.79%
Percentage and supplemental data:		
Net assets at the end of the period	$ 2,185,721	$ 1,917,390
Ratio to average net assets:		
Expenses (annualized)	0.70%	0.30%
Net investment income (annualized)	1.83%	2.68%

These financial highlights have been calculated using a methodology in accordance with U.S. GAAP. The total return and ratios to average net assets have been presented on an annualized basis and were calculated on a weighted average basis.

8. COMMITMENTS AND CONTINGENCIES

We may become subject to various legal actions including claims and litigations arising in the ordinary course of business. Additionally, we may also become involved in reviews, investigations or proceedings by governmental and self regulatory agencies regarding our business. Although the ultimate outcome of these potential matters cannot be ascertained at this time, we do not believe that we or the Investment Partnership have any pending or threatened legal or other proceedings that, if adversely determined, would have a material adverse effect on our financial position, results of operations or cash flows.

During the normal course of business, through its co-investments in portfolio companies of Apollo Investment Fund VI and investments in Apollo sponsored funds, the Investment Partnership makes commitments to fund such investments in the future. As of September 30, 2007, the Investment Partnership's outstanding commitments for future funding totaled approximately $1,052.3 million. Whether these commitments will be consummated depends on the satisfaction of a number of conditions, some or all of which may not be in our control. No assurances can be made as to whether or when these commitments will be consummated, if at all.

9. SUBSEQUENT EVENTS

On October 11, 2007, AAA issued 511 common units, in the form of restricted depository units, to AAA Holdings, L.P. ("AAA Holdings"), an affiliate of Apollo, at a price per unit of $16.83. The units issued were subscribed by AAA Holdings in fulfillment of Apollo's obligation to reinvest a portion of the carried interests received by it in respect of investments made by the Investment Partnership as set forth in our prospectus.

Subsequent to September 30, 2007, the Investment Partnership made investments of $79.2 million in Apollo European Principal Finance Fund by way of partial draw downs of its aggregate commitment of $400 million.

Subsequent to September 30, 2007, the Investment Partnership made follow-on investments in Bondco and Deepwood, L.P., an investment vehicle formed by affiliates of Apollo with similar investment goals to those of Bondco, for $5.1 million.

Whether these commitments will be consummated depends on the satisfaction of a number of conditions, some or all of which may not be in our control. No assurances can be made as to whether or when these commitments will be consummated, if at all.

Unaudited Financial Statements of AAA Investments, L.P.

Index to Financial Statements

INDEPENDENT REVIEW REPORT TO THE GENERAL PARTNER OF AAA INVESTMENTS, L.P.

We have been engaged by the General Partner to review the interim financial information in the quarterly financial report of AAA Investments, L.P. for the nine months ended 30 September 2007 which comprises the Statement of Assets and Liabilities, Statement of Operations, Statement of Changes in Net Assets and the Statement of Cash Flows and related notes 1 to 9. We have read the other information contained in the quarterly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the interim financial information.

This report is made solely to the company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

General Partner's responsibilities

The quarterly financial report is the responsibility of, and has been approved by, the General Partner. The General Partner is responsible for preparing the quarterly financial report in accordance with the Limited Partnership Agreement.

As disclosed in note 2, the interim financial information included in this quarterly financial report has been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (US GAAP).

Our responsibility

Our responsibility is to express to the Company a conclusion on the interim financial information in the quarterly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with US GAAP.

Fair Value of Investments

As stated in note 2 to the financial statements, the Directors of the General Partner have estimated the fair value of investments that are not publicly traded at $1,998,710,755 (89.4% of the net assets). This value has been estimated by the Directors of the General Partner in the absence of a readily ascertainable market value. However, because of the inherent uncertainty of the valuation, the estimated value may differ materially from the value that would have been realised had a disposal of the investments been made as between a willing buyer and seller. Our review conclusion is not qualified in this respect.

Deloitte & Touche LLP
Chartered Accountants
Guernsey, Channel Islands
13 November 2007

AAA INVESTMENTS, L.P.
STATEMENT OF ASSETS AND LIABILITIES
(In thousands)

	As of September 30, 2007 (Unaudited)	As of December 31, 2006
ASSETS:		
Investments:		
Investment in Apollo Strategic Value Offshore Fund, Ltd. at fair value (cost of $550,000 in 2007 and 2006)	$ 641,708	$ 595,081
Co-investments - Apollo Investment Fund VI at fair value (cost of $489,242 in 2007and $228,385 in 2006)	721,646	239,590
Investment in AP Investment Europe Limited at fair value (cost of $339,488 in 2007 and $238,674 in 2006)	389,016	253,549
Investment in Apollo Asia Opportunity Offshore Fund, Ltd. at fair value (cost of $218,000 in 2007 and $0 in 2006)	228,751	-
Investment in Apollo European Principal Fund, L.P. at fair value (cost of $20,011 in 2007 and $0 in 2006)	17,590	-
Total Investments	1,998,711	1,088,220
Cash and cash equivalents	251,234	832,371
Other assets	8,736	642
Due from affiliates	2,171	226
TOTAL ASSETS	2,260,852	1,921,459
LIABILITIES:		
Accounts payable and accrued liabilities	1,235	1,582
Due to affiliates	22,039	102
NET ASSETS	$ 2,237,578	$ 1,919,775
NET ASSETS CONSIST OF:		
Partners' capital	$ 1,798,516	$ 1,822,608
Accumulated increase in net assets resulting from operations	439,062	97,167
	$ 2,237,578	$ 1,919,775

See accompanying notes to financial statements.

AAA INVESTMENTS, L.P.
SCHEDULE OF INVESTMENTS
(In thousands)

	Cost	Fair Value	Fair Value as a Percentage of Net Assets
As of September 30, 2007 (Unaudited)			
Apollo Strategic Value Offshore Fund, Ltd.			
Class A - Series 1	$ 482,611	$ 569,497	25.5%
Class S - Series 2	33,368	31,739	1.4%
Class A - Series 2	26,632	27,346	1.2%
Class S - Series 1	7,389	13,126	0.6%
	550,000	641,708	28.7%
Co-investments in portfolio companies of Apollo Investment Fund VI:			
Realogy Corporation	131,233	128,339	5.7%
CEVA Logistics	17,174	115,952	5.2%
Momentive Performance Materials Holdings, Inc.	56,613	74,906	3.3%
Rexnord Corporation	37,461	69,200	3.1%
Claire's Stores Inc.	62,272	62,272	2.8%
Noranda Aluminum Holding Corporation	10,114	53,500	2.4%
Berry Plastics Group, Inc	9,947	47,800	2.1%
Oceania Cruise Lines	40,000	44,048	2.0%
Apollo Fund VI BC, L.P.	34,077	33,596	1.5%
Smart & Final Inc.	32,750	32,750	1.5%
Countrywide PLC	34,494	31,296	1.4%
Verso Paper Holdings LLC	9,738	14,700	0.7%
Jacuzzi Brands	13,369	13,287	0.6%
	489,242	721,646	32.3%
AP Investment Europe Limited	339,488	389,016	17.4%
Apollo Asia Opportunity Offshore Fund, Ltd.	218,000	228,751	10.2%
Apollo European Principal Finance Fund, L.P.	20,011	17,590	0.8%
	$ 1,616,741	$ 1,998,711	89.4%
As of December 31, 2006			
Apollo Strategic Value Offshore Fund, Ltd.			
Class A - Series 1	$ 295,940	$ 322,943	16.8%
Class A - Series 2	98,658	106,787	5.6%
Class A - Series 3	98,673	105,533	5.5%
Class A - Series 4	49,340	52,454	2.7%
Class S - Series 1	7,389	7,364	0.4%
	550,000	595,081	31.0%
AP Investment Europe Limited	238,674	253,549	13.2%
Co-investments in portfolio companies of Apollo Investment Fund VI:			
Momentive Performance Materials Holdings, Inc.	56,644	56,644	2.9%
Rexnord Corporation	54,756	54,756	2.9%
Berry Plastics Group, Inc	43,249	43,249	2.3%
CEVA Logistics	41,241	41,241	2.1%
Verso Paper Holdings LLC	32,495	43,700	2.3%
	228,385	239,590	12.5%
	$ 1,017,059	$ 1,088,220	56.7%

See accompanying notes to financial statements.

AAA INVESTMENTS, L.P.
STATEMENT OF OPERATIONS (UNAUDITED)
(In thousands)

	For the Three Months ended September 30, 2007	For the Three Months ended September 30, 2006	For the Nine Months ended September 30, 2007	For the Period from June 15, 2006 (Commencement of Operations) to September 30, 2006
INVESTMENT INCOME:				
Interest, dividends and gains from short-term investments	$ 4,688	$ 14,505	$ 35,474	$ 17,114
Net realized gains from sales	213	-	3,334	-
	4,901	14,505	38,808	17,114
EXPENSES :				
Management fees	(2,306)	-	(3,847)	-
General and administrative expenses	(2,765)	(496)	(3,875)	(2,246)
NET INVESTMENT (LOSS) INCOME	(170)	14,009	31,086	14,868
Net change in unrealized appreciation on investments	148,235	10,523	310,809	12,214
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 148,065	$ 24,532	$ 341,895	$ 27,082

See accompanying notes to financial statements.

AAA INVESTMENTS, L.P.
STATEMENT OF CHANGES IN NET ASSETS
(In thousands)

	General Partner	Limited Partner	Total
For the Period from June 15, 2006 (Commencement of Operations) to December 31, 2006:			
INCREASE IN NET ASSETS FROM OPERATIONS:			
Net investment income	$ 14	$ 25,993	$ 26,007
Net change in unrealized appreciation on investments	39	71,121	71,160
Net increase in net assets resulting from operations:	53	97,114	97,167
NET CHANGE FROM CAPITAL TRANSACTIONS:			
Partners' capital contributions	1,000	1,822,816	1,823,816
Partners' capital distributions	(1)	(1,207)	(1,208)
Net change from capital transactions	999	1,821,609	1,822,608
TOTAL INCREASE IN NET ASSETS	1,052	1,918,723	1,919,775
NET ASSETS - Beginning of period	-	-	-
NET ASSETS - December 31, 2006	$ 1,052	$ 1,918,723	$ 1,919,775
For the Nine Months Ended September 30, 2007: (Unaudited)			
INCREASE IN NET ASSETS FROM OPERATIONS:			
Net investment income	19	31,067	31,086
Net change in unrealized appreciation on investments	50,430	260,379	310,809
Net increase in net assets resulting from operations:	50,449	291,446	341,895
NET DECREASE FROM CAPITAL TRANSACTIONS:			
Partners' capital contributions	-	1,725	1,725
Partners' capital distributions	(429)	(25,388)	(25,817)
Net change from capital transactions	(429)	(23,663)	(24,092)
TOTAL INCREASE IN NET ASSETS	50,020	267,783	317,803
NET ASSETS - September 30, 2007	$ 51,072	$ 2,186,506	$ 2,237,578

See accompanying notes to financial statements.

AAA INVESTMENTS, L.P.
STATEMENT OF CASH FLOWS (UNAUDITED)
(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	For the Nine Months Ended September 30, 2007	For the Period From June 15, 2006 (Commencement of Operations) to September 30, 2006
Net increase in net assets resulting from operations	$ 341,895	$ 27,082
Adjustments to reconcile net increase in net assets resulting from operations to cash and cash equivalents used in operating activities:		
Net change in unrealized appreciation on investments	(310,809)	(12,214)
Net realized gains from sales of investments	(3,334)	-
Changes in operating assets and liabilities:		-
Investment in Apollo Strategic Value Offshore Fund, Ltd.	-	(500,000)
Investment in Apollo Asia Opportunity Offshore Fund Ltd.	(218,000)	-
Investment in AP Investment Europe Limited	(100,814)	(192,159)
Investment in European Principal Finance Fund, L.P.	(45,827)	-
Distributions from European Principal Finance Fund, L.P.	25,924	-
Investments in portfolio companies	(433,066)	(130,630)
Distributions from portfolio companies	172,127	-
Investment in opportunistic investment	(53,591)	-
Proceeds from sale of opportunistic investment	55,579	-
Increase in other assets and due from affiliates	(10,039)	(5,381)
Increase in accounts payable, accrued liabilities, due to affiliates	22,798	140
Net cash flows used in operating activities	(557,157)	(813,162)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Partners' capital contributions	1,725	1,823,764
Partners' capital distributions	(25,705)	-
Net cash flows (used in) provided by financing activities	(23,980)	1,823,764
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(581,137)	1,010,602
CASH AND CASH EQUIVALENTS - Beginning of period	$ 832,371	$ -
CASH AND CASH EQUIVALENTS - End of period	$ 251,234	$ 1,010,602
Supplemental Schedule of Non-Cash Financing Activities – Partners' capital distribution	$ 1,320	$ -

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. BUSINESS

AAA Investments, L.P. (the "Investment Partnership") is a Guernsey limited partnership that is comprised of (i) AAA Associates, L.P. (the "General Partner"), which holds 100% of the General Partner interests in the Investment Partnership and is responsible for managing its business and affairs, and (ii) AP Alternative Assets, L.P. ("AAA" or the "Partnership"), which holds 100% of the limited partner interests in the Investment Partnership and does not participate in the management of the business and affairs of the Investment Partnership. Because the General Partner is itself a Guernsey limited partnership, its general partner, AAA MIP Limited (the "Managing Investment Partner"), a Guernsey limited company that is owned 55% by an individual and 45% by Apollo Principal Holdings III, L.P., both of whom are affiliated with Apollo Advisors, L.P., Apollo Management III, L.P. (formerly known as Apollo Management, L.P.), Apollo Management IV, L.P., Apollo Management V, L.P., Apollo Management VI, L.P., Apollo Investment Management, L.P., Apollo Europe Management, L.P., Apollo SVF Management, L.P., Apollo Asia Management, L.P. and Apollo EPF Management, L.P. and Apollo Alternative Assets, L.P. (collectively "Apollo"), each of which is a limited partnership formed to act as a manager of a particular Apollo fund (and its co-investment entities), effectively is responsible for managing the Investment Partnership's business and affairs. Prior to July 13, 2007, the shares in the Managing Investment Partner were held by certain individuals affiliated with Apollo.

The Investment Partnership is the partnership through which AAA and the General Partner make investments. These investments include investments in Apollo-sponsored private equity funds and capital markets-focused funds. The investments in private equity consist primarily of (i) co-investments alongside private equity funds sponsored by Apollo, and (ii) purchases of secondary interests in such funds. AAA currently has a co-investment agreement with Apollo Investment Fund VI, L.P. ("Apollo Investment Fund VI"), along with its parallel co-investment funds. In addition to investments in private equity, capital will be deployed through investments in, or co-investment arrangements with, Apollo's capital markets-focused funds, including the Apollo Strategic Value Offshore Fund, Ltd. ("Apollo Strategic Value Fund") (an Apollo-sponsored debt and equity investment fund focused on value-oriented and distressed securities), AP Investment Europe Limited ("Apollo Investment Europe") (the Apollo-sponsored European mezzanine and leveraged debt investment vehicle), Apollo Investment Corporation ("AIC Co-investments") (the Apollo-sponsored U.S. mezzanine and leveraged debt investment vehicle), Apollo Asia Opportunity Offshore Fund, Ltd. ("Apollo Asia Opportunity Fund") (the Apollo-sponsored vehicle focused on value driven, mezzanine and special opportunity corporate investments in the Asia Pacific region) and Apollo European Principal Finance Fund, L.P. ("EPF") (the Apollo-sponsored vehicle focused on opportunities in the non-performing loans ("NPLs") sector in Europe. AAA may also invest in additional capital markets funds, private equity funds and investments identified by Apollo Alternative Assets, L.P. ("Apollo Alternative Assets," the investment manager to both the Investment Partnership and the Partnership – see Note 6, "Relationship with Apollo and Related Party Transactions"), other opportunistic investments and in temporary investments that are made in connection with cash management activities. The Investment Partnership's limited partnership agreement provides that the investments made by the Investment Partnership must comply with the investment policies and procedures that are established from time to time by the board of directors of AAA's general partner, AAA Guernsey Limited (the "Managing General Partner").

In connection with the Investment Partnership's credit facility on June 1, 2007, substantially all of the net assets of the Investment Manager were transferred to a series of wholly owned Guernsey limited partnerships, AAA Guarantor – SVF, L.P., AAA Guarantor – AIE, L.P., AAA Guarantor – Co-Invest VI, L.P., AAA Guarantor – Other, L.P., AAA Guarantor – Temp, L.P., AAA Guarantor-EPF, L.P. and AAA Guarantor – Asia, L.P. (collectively "AAA Guarantors"), that guarantee the credit facility. The AAA Guarantors make and hold all direct and indirect investments on behalf of the Investment Partnership. The financial statements of the Investment Partnership include the accounts of the wholly owned and consolidated AAA Guarantors.

The Investment Partnership's limited partnership agreement provides that the investments it makes must comply with the investment policies and procedures that are established from time to time by the Managing General Partner's board of directors on behalf AAA. The Partnership's investment policies and procedures, which were developed by Apollo Alternative Assets, currently provide that, among other things, over time the Investment Partnership will invest approximately 90% of its capital in Apollo-sponsored funds and private equity transactions and, subject to market conditions, target approximately 50% or more in private equity investments. In addition, the investment policies and procedures provide that the Investment Partnership cannot make any investment or commit to make any investment that would result in AAA or the Investment Partnership being deemed to have been formed for the purpose of making such investment under the provisions of the U.S. Investment Company Act of 1940 and related rules. Depending on the facts and circumstances, this restriction may limit the amount of capital that the Investment Partnership may invest, or commit to invest, in a single investment fund or other entity. The Investment Partnership is required to limit the amount which it is permitted to invest in any single investment fund to 40% of our gross assets, although this limit will not apply to the aggregate amount it is able to commit to any co-investment program alongside any Apollo private equity fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and are presented in U.S. dollars. The unaudited financial statements include the financial statements of the Investment Partnership and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The Investment Partnership utilizes the U.S. dollar as its functional currency.

The Investment Partnership utilizes an annual reporting schedule comprised of four three-month quarters with an annual accounting period ending on December 31. The quarterly periods end on March 31, June 30, September 30 and December 31. The financial results presented herein include activity for the three months ended September 30, 2007 and 2006, the nine months ended September 30, 2007 and for the period from June 15, 2006 (commencement of operations) to September 30, 2006 for the Investment Partnership.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require the making of certain estimates and assumptions that could materially affect the amounts reported in the financial statements and related notes. Actual results could differ materially from these estimates.

Critical accounting policies are those policies that are the most important to the financial statements and/or those that require significant management judgment related to matters that are uncertain. The following valuation policies are considered critical accounting policies due to the judgment and significance involved in their applications. The development and selection of these policies and their related disclosure have been reviewed by the board of directors of our Managing General Partner and the board of directors of the Managing Investment Partner.

Valuation of Investments**—**The investments carried as assets in the Investment Partnership's financial statements are recorded at estimated fair value. The Managing General Partner's board of directors is responsible for reviewing and approving valuations of investments that are carried as assets in the Investment Partnership's financial statements. Because valuing investments requires the application of valuation principles to the specific facts and circumstances, of the investments, in satisfying its responsibilities, the Managing General Partner's board of directors utilizes the services of Apollo Alternative Assets, who will make calculations as to investment value, and the services of an independent valuation firm, who performs certain agreed upon procedures with respect to valuations that are prepared by Apollo Alternative Assets to confirm that such valuations are not unreasonable. An investment for which a market quotation is readily available is valued using a market price for the investment as of the end of the applicable accounting period, and an investment for which a market quotation is not readily available is valued at the investment's fair value as of the end of the applicable accounting period as determined in good faith. While there is no single standard for determining fair value in good faith, the methodologies described below are generally followed when the fair value of individual investments is determined.

Values of Interests in Apollo-sponsored Private Equity and Capital Market Funds**—**The Investment Partnership's interests in Apollo-sponsored private equity funds or its capital market funds do not have a readily available market value and generally will be valued using fair value pricing. Each interest is generally valued at an amount that is equal to the aggregate unrealized value of the fund's portfolio company investments that the holder of the interest would receive if such investments were sold in orderly dispositions over a reasonable period of time between willing parties other than in a forced or liquidation sale and the distribution of the net proceeds from such sales were distributed to investors in accordance with the documentation governing the fund. The Investment Partnership may be required to value such investments at a premium or discount to net asset value if other factors lead the Managing General Partner's board of directors to conclude that net asset value does not represent fair value. Each fund's net asset value is expected to increase or decrease from time to time based on the amount of investment income, operating expenses and realized gains and losses on the sale or repayment of investments, if any, that the fund records and the net changes in the appreciation and depreciation of the investments that it carries as assets in its financial statements.

Values of Co-Investments in Portfolio Companies of Apollo-sponsored Private Equity Funds and Other Equity Investments**—**Depending on the circumstances, the Investment Partnership's co-investments in portfolio companies of Apollo-sponsored private equity funds and equity investments that are made in other companies as investments may be publicly traded, in which case the investments are valued using period-end quoted market prices, or non-publicly traded, in which case the investments are valued at their fair value as estimated in good faith. When market prices are used, they do not necessarily take into account various factors which may affect the value that would actually be able to be realized in the future, such as the possible illiquidity associated with a larger ownership position, subsequent illiquidity in a market for a company's securities, future market price volatility or the potential for a future loss in market value based on poor industry conditions or the market's view of overall company and management performance.

When determining fair value pricing when no market value exists, the value attributed to an investment is based on the enterprise value at which the company could be sold in an orderly disposition over a reasonable period of time between willing parties other than in a forced or liquidation sale. A market multiple approach that considers a specific financial measure (such as earnings before interest, taxes, depreciation and amortization "EBITDA", adjusted EBITDA, cash flow, net income, revenues or net asset value) or a discounted cash flow or liquidation analysis is generally used. Consideration may also be given to such factors as the company's historical and projected financial data, valuations given to comparable companies, the size and scope of the company's operations, the company's strengths, weaknesses, expectations relating to the market's receptivity to an offering of the company's securities, the size of Apollo's holding in the portfolio company and any control associated with interests in the company that are held by Apollo and its affiliates, including the Investment Partnership, information with respect to transactions or offers for the portfolio company's securities (including the transaction pursuant to which the investment was made and the period of time that has elapsed from the date of the investment to the valuation date), applicable restrictions on transfer, industry information and assumptions, general economic and market conditions and other factors deemed relevant. At September 30, 2007 and December 31, 2006, all co-investments in portfolio companies are non-publicly traded.

Value of Temporary Investments—The investments that the Investment Partnership will carry as assets in its financial statements are expected to include investments that constitute temporary investments. Initially, these temporary investments will result primarily from cash proceeds received from the issuance of common units prior to those proceeds being fully invested in investments over time. In addition, from time to time this cash is expected to be paid out in the form of distributions and dividends on equity investments, payments of interest and principal on fixed income investments and cash consideration received in connection with the disposal of investments. Temporary investments will be valued using readily available market prices.

Foreign Currency—The foreign currency denominated investments of the Investment Partnership are translated into U.S. dollar amounts at the date of the statement of assets and liabilities. Purchases and sales of foreign currency denominated investments are translated into U.S. dollars on the respective dates of such transactions. The Investment Partnership does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in value. Such fluctuations are included within the net realized gains from sales and net change in unrealized appreciation on investments in the statement of operations. At September 30, 2007, the foreign denominated investments on the books of the Investment Partnership are CEVA Logistics, Countrywide PLC, Apollo Investment Europe and Apollo European Principal Finance Fund. For the three and nine months ended September 30, 2007, included in net change in unrealized appreciation on investments is $26.9 million and $37.4 million, respectively, related to exchange rate fluctuations on foreign denominated investments.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash held in bank and liquid investments with maturities, at the date of acquisitions, not exceeding 90 days. Surplus cash may be invested in government securities, cash equivalents, money market instruments, asset-backed securities and other investment grade securities. At September 30, 2007 and December 31, 2006, cash and cash equivalents were primarily comprised of investments in money market funds sponsored by a U.S. financial institution. During both the three and nine months ended September 30, 2007, interest on cash and cash equivalents was earned at an average rate of 5.18% and 5.17%, respectively. For the three months ended September 30, 2006 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, interest on cash and cash equivalents was earned at an average rate of 5.29%. The rate as of September 30, 2007 and December 31, 2006 was 5.11% and 5.17%, respectively. The Company adopted Financial Accounting Standards Board Statements No. 107 ("SFAS 107"), Disclosures About Fair Value of Financial Instruments, and has concluded that the company's assets and liabilities are presented at estimated fair value.

Other Assets—At September 30, 2007, other assets were primarily comprised of interest receivable, loan origination costs and prepaid insurance. At December 31, 2006, other assets were primarily comprised of prepaid insurance. Prepaid insurance is amortized on a straight-line basis over the related policy periods. Loan origination costs are amortized over the life of the credit facility.

Income Recognition—The assets of the Investment Partnership generate investment income in the form of capital gains, dividends and interest. Income is recognized when earned. The Investment Partnership also records income in the form of unrealized appreciation or depreciation of its investments, as well as from realized gains and losses on the sale of investments. Any new unrealized appreciation or depreciation in the value of investments is recorded as an increase or decrease in the unrealized appreciation or depreciation of investments. This occurs at the end of each month-end accounting period when investments are valued. See “Valuation of Investments,” above. Security transactions are accounted for on the trade date (the date the order to buy or sell is executed). Capital gains and losses on sales of securities are determined on the identified costs basis.

During the three and nine months ended September 30, 2007, investment income was comprised of interest income related to cash management activities, dividends from investments and realized gains from sales. During the three months ended September 30, 2006 and the period from June 15, 2006 (commencement of operations) to September 30, 2006, investment income was comprised of dividend and interest income related to cash management activities.

Expenses—Expenses are recorded as incurred. Under a services agreement, the Investment Partnership, along with the service recipients have agreed to pay Apollo Alternative Assets a quarterly management fee and to pay expenses incurred by Apollo that are attributable to the Investment Partnership’s operations and reimbursable under the services agreement, See Note 6, “Relationship with Apollo and Related Party Transactions.” There were no direct transaction expenses (apart from any costs that may be included as part of the overall cost of a portfolio position), incurred in connection with portfolio transactions for the three months ended September 30, 2007 and 2006, the nine months ended September 30, 2007 and for the period from June 15, 2006 (commencement of operations) to September 30, 2006.

Taxes—The Investment Partnership is not subject to income taxes in Guernsey and is taxable as a partnership for U.S. federal income tax purposes. As a partnership, the Investment Partnership is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each partner is required to take into account its allocable share of items of income, gain, loss and deduction of the Investment Partnership in computing its U.S. federal income tax liability.

Recent Accounting Pronouncements

In October 2007, the FASB indefinitely deferred the AICPA Statement of Position No. 07-1, Clarification of the Scope of the Audit and Accounting Guide Investment Companies and Accounting by Parent Companies and Equity Method Investors for Investments in Investment Companies ("SOP 07-1") for issuance. SOP 07-1 addresses whether the accounting principles of the AICPA Audit and Accounting Guide Investment Companies (the "Guide") may be applied to an entity by clarifying the definition of an investment company and whether those accounting principles may be retained by a parent company in consolidation or by an investor in the application of the equity method of accounting.

In 2003, the effective date for applying the provisions of FIN No. 46, "Consolidation of Variable Interest Entities," as amended by FIN 46R, was temporarily deferred by the FASB for investment companies that are not regulated by the U.S. Securities and Exchange Commission ("SEC") but that currently account for their investments in accordance with the specialized accounting guidance in the Guide. In May 2007, the FASB issued Staff Position No. FIN 46(R)-7, "Application of FASB Interpretation No. 46(R) to Investment Companies", exempting non-regulated investment companies that account for investments at fair value in accordance with the specialized accounting guidance in the Guide, from consolidation requirements of FIN 46R. As such, AAA does not consolidate the results of operations, assets or liabilities of the Investment Partnership in its financial statements.

In July 2006, the FASB issued Interpretation No. 48, "Accounting for Uncertainty in Income Taxes–an interpretation of FASB Statement No. 109" ("FIN 48"). This Interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS No. 109"). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This Interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 must be implemented for fiscal years beginning after December 15, 2006. The adoption of FIN 48 had no material impact on our financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." SFAS No. 157 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. SFAS No. 157 requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy (i.e., levels 1, 2, and 3, as defined). Additionally, companies are required to provide enhanced disclosure regarding instruments in the level 3 category, including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. We are currently evaluating the impact that the adoption of SFAS No. 157 is expected to have on the investments, which may affect entrance costs and volume discounts in the valuation of our investments.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities--Including an amendment of FASB No. 115." SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. This Statement is expected to expand the use of fair value measurement, which is consistent with the Board's long-term measurement objectives for accounting for financial instruments and applies to all entities. However, the amendment to FASB Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities", applies to all entities with available-for-sale and trading securities. Some requirements apply differently to entities that do not report net income. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FASB Statement No. 157. We are currently evaluating the impact of the adoption of SFAS No. 159 on the investments.

3. INVESTMENTS

Investments are valued as described above in Note 2, "Summary of Significant Accounting Policies – Valuation of Investments," At September 30, 2007 and December 31, 2006, the Investment Partnership's investments had net unrealized appreciation in its overall investments in Apollo Funds and its overall co-investment in portfolio companies of Apollo Investment Fund VI.

4. CAPITAL TRANSACTIONS

In connection with the formation of the Investment Partnership, the General Partner made a $1.0 million cash contribution in respect of its general partner interest. To provide the Investment Partnership with additional capital for making investments, AAA contributed approximately $1.8 billion, which represented substantially all of the cash contributions that AAA received in connection with its initial offering and related transactions to the Investment Partnership. In exchange, AAA received 100% of the limited partner interests in the Investment Partnership. Distributable earnings (losses) are allocated in accordance with the limited partnership agreement. At September 30, 2007 and December 31, 2006, the General Partner's interest in the Investment Partnership was 2.283% and 0.055%, respectively, and the limited partner's interest in the Investment Partnership was 97.717% and 99.945%, respectively. The change in the partners' respective interests from December 31, 2006 to September 30, 2007 is due to carried interest relating to investments made by the Investment Partnership, which was recognized during the quarter. The carried interest entitles the General Partner to receive a portion of the profits generated by the investments.

From time to time, the Investment Partnership makes distributions to or on behalf of AAA to assist AAA in making cash distributions to its unitholders in accordance with AAA's distribution policy and to allow AAA to pay its operating expenses as they become due. During the three and nine months ended September 30, 2007, the Investment Partnership made cash distributions of $21.0 million to AAA and the General Partner. AAA used the proceeds from this distribution to repay the Investment Partnership for funding its working capital needs and cash distributions to unitholders. The General Partner also used the proceeds from this distribution to repay the Investment Partnership for funding its working capital needs. In addition, in the three and nine months ended September 30, 2007, the Investment Partnership also made, or is deemed to have made, distributions on behalf of AAA in the form of tax withholding payments of $3.0 million and $5.6 million, respectively.

On July 27, 2007 and April 30, 2007, AAA issued 10,234 and 78,977 common units, in the form of restricted depository units, to AAA Holdings, L.P. ("AAA Holdings"), an affiliate of Apollo, at a price per unit of $18.22 and $19.485, respectively. The units issued were subscribed by AAA Holdings in fulfillment of Apollo's obligation to reinvest a portion of the carried interests received by it in respect of investments made by the Investment Partnership as set forth in its prospectus.

5. CREDIT FACILITY

On June 1, 2007, the Investment Partnership obtained a $900 million senior secured revolving credit facility from U.S. financial institutions with the objective of funding our liquidity needs, increasing the amount of cash that is available for working capital and for making additional investments or temporary investments. The financial institutions have a security interest in the equity of AAA Guarantors. Interest on borrowings is based on LIBOR plus 1.25%, and there is a commitment fee of 0.20% payable on undrawn commitments. The credit facility matures on May 31, 2012. At September 30, 2007, there were no borrowings outstanding under the loan facility. Included in Other Assets at September 30, 2007, is $6.2 million of loan origination costs related to the credit facility. The loan origination costs are amortized over the life of the credit facility.

6. RELATIONSHIP WITH APOLLO AND RELATED PARTY TRANSACTIONS

Subject to the supervision of the board of directors of the Managing Investment Partner and the board of directors of the Managing General Partner, Apollo, through the services agreement with Apollo Alternative Assets, is responsible for selecting, evaluating, structuring, performing due diligence, negotiating, executing, monitoring and exiting the investments and for managing the uninvested cash of the Investment Partnership. These investment activities are carried out by Apollo's investment professionals and Apollo's investment committee pursuant to the services agreement or under the investment management agreements between Apollo and its private equity funds. As the service provider, Apollo Alternative Assets' involvement in the investments of the Investment Partnership relates primarily to investments in Apollo-sponsored private equity funds and capital market funds, direct co-investments in portfolio companies of Apollo-sponsored private equity funds, other investments and cash management activities. Apollo, and/or its affiliates, also receive directly from portfolio companies in which the Investment Partnership has direct or indirect investments, transaction, management and other fees related to services provided in connection with acquisitions of such portfolio companies and ongoing management services rendered to such portfolio companies.

Commitment—The Investment Partnership has committed to a co-investment agreement with Apollo Investment Fund VI pursuant to which the Investment Partnership is committed to co-invest with Apollo Investment Fund VI in each of Apollo Investment Fund VI's investments, with Apollo Investment Fund VI allocated 87.5% of each investment and 12.5% allocated to the Investment Partnership, which represents an aggregate co-investment opportunity projected to total approximately $1.5 billion.

Services Agreement and Management Fee—The Investment Partnership, the General Partner, the Managing Investment Partner, AAA and the Managing General Partner have entered into a services agreement with Apollo Alternative Assets pursuant to which Apollo Alternative Assets has agreed to provide certain investment, financial advisory, operational and other services to them. Under the services agreement, Apollo Alternative Assets is responsible for the day-to-day operations of the services recipients and is subject at all times to the supervision of their respective governing bodies, including the board of directors of the Managing Investment Partner and the board of directors of the Managing General Partner.

Under the services agreement, the Investment Partnership and the other service recipients have jointly and severally agreed to pay Apollo Alternative Assets a management fee, quarterly in arrears, in an aggregate amount equal to one-fourth of the sum of (i) AAA's adjusted assets up to and including $3 billion multiplied by 1.25% plus (ii) AAA's adjusted assets in excess of $3 billion multiplied by 1%. For the purposes of the agreement, "adjusted assets" is primarily defined for any quarterly period as the sum of (A)(i) the cumulative net proceeds in cash or otherwise of the issuance of limited partner interests in AAA, after deducting any underwriting costs or commissions and other expenses and costs related to the issuance, for such period and any prior period (ii) the proceeds of any borrowings by AAA or the Investment Partnership outstanding at the end of such period, and (iii) the cumulative distributable earnings of AAA for such period and any prior period (taking into account actual distributions but without taking into account the management fee payable for such period or any non-cash equity compensation expenses incurred in such period or any prior periods) less (B) the sum of (without duplication) (x) any amount paid by AAA for the repurchase of limited partner interests in AAA during such period, (y) an amount equal to our capital invested in Apollo-sponsored funds, and (z) the average of the daily values of our temporary investments held during such three month period, plus any of our cumulative distributable earnings for such three month period as are attributable to such temporary investments, and further adjusted to exclude (i) one-time events pursuant to changes in U.S. GAAP and (ii) any non cash items jointly agreed to by AAA's Managing General Partner (with the approval of a majority of its Independent Directors), on behalf of itself and the other Service Recipients, and the Service Provider. Generally, it is anticipated that adjusted assets for the purpose of the management fee will be approximately equal to our asset value, which includes the value of assets acquired with the proceeds of borrowings incurred by us, if any, less (i) the value of our capital investments in the Apollo-sponsored funds and (ii) the value of our temporary investments. The management fee under the services agreement therefore reflects the value of unrealized investments, other than in respect of capital invested in Apollo-sponsored funds. In respect of capital invested in Apollo-sponsored funds, Apollo will receive management fees directly from the relevant funds. There will be no double charging of management fees.

Prior to the second quarter of 2007, the period that the profits on the investments of the Investment Partnership that were subject to a carried interest equaled the managers' commissions and placement fees and the other fees and expenses that AAA incurred in connection with AAA's initial offering and related transactions, the management fee that was payable under our services agreement in respect of the quarterly period was subject to reduction by the lower of (i) the aggregate amount of "allocable fund distributions" to Apollo and its affiliates during such period and (ii) (x) 5% of the gross income (other than income that qualifies as capital gain) earned by or allocated to AAA for U.S. federal income tax purposes during such period minus (y) any gross income earned by or allocated to our partnership for U.S. federal income tax purposes during such period that is not "qualifying income" as defined in Section 7704(d) of the U.S. Internal Revenue Code. To the extent that the amount of reductions to the management fee in a particular quarterly period exceeded the amount of the management fee payable in respect of that period, Apollo Alternative Assets was required to credit the difference against any future management fees that became payable under our services agreement. For the three and nine months ended September 30, 2007, the Investment Partnership's management fees were $2.3 million and $3.8

million, respectively. There were no management fees for the three months ended September 30, 2006 and the period from June 15, 2006 (commencement of operations) to September 30, 2006.

The services agreement contains certain provisions requiring the Investment Partnership to indemnify Apollo and its affiliates with respect to all claims, liabilities, losses, costs, expenses or damages arising from the services agreement or the services provided by Apollo Alternative Assets, except to the extent that such claims, liabilities, losses, costs, expenses or damages are finally determined by a court of competent jurisdiction to have resulted from the indemnified person's willful misconduct or gross negligence. The Managing Investment Partner has determined that these guarantees have no material impact on the financial statements of the Investment Partnership at September 30, 2007 or December 31, 2006.

Carried Interests and Investments—Each investment that is made by the Investment Partnership is subject to one carried interest, which will generally entitle an affiliate of Apollo to receive a portion of the profits generated by the investment. There will not be any duplication of carried interest on a given investment. In particular:

- ***Private Equity Fund Investments***—The general partner of each Apollo-sponsored private equity fund in which an investment is made is generally entitled to a carried interest that will allocate to it 20% of the net returns generated by the fund after capital contributions in respect of realized investments and expenses have been returned to limited partners and subject to realized gains and losses of portfolio investments will not be netted across funds and each carried interest will apply only to the results of an individual fund.

- ***Co-investment Facilities***—The General Partner is generally entitled to a carried interest that will allocate to it 20% of the realized gains on each co-investment made pursuant to a co-investment facility (such as the agreement with Apollo Investment Fund VI) after capital contributions in respect of realized investments made pursuant to that co-investment facility have been recovered. The General Partner's carried interest in respect of each investment made pursuant to the co-investment agreement with Apollo Investment Fund VI is subject to the Investment Partnership first achieving a preferred return of 8% per annum on the capital invested pursuant to the agreement. Once such preferred return has been achieved, the General Partner will be entitled to the next 2% (25% of 8%) of net realized gains and, thereafter, such gains will be allocated as 80% to the Investment Partnership and as to 20% to the General Partner. Realized gains and losses on investments made pursuant to one co-investment facility will not be netted against other co-investment facilities in future Apollo private equity funds.

- ***Apollo Strategic Value Fund***—An affiliate of Apollo will be entitled to a carried interest for each year amounting to 20% of any appreciation in net asset value, subject to first making up any losses carried forward from prior years other than losses attributable to capital that the Investment Partnership withdraws from Apollo Strategic Value Fund after losses were incurred.

- ***Apollo Investment Europe and AIC Co-investments***—An affiliate of Apollo will be entitled to receive a performance-based incentive fee in respect of Apollo Investment Europe. The General Partner will be entitled to receive a carried interest in respect to AIC Co-investments. The fee for Apollo Investment Europe and the carried interest for AIC Co-investments is calculated in two parts: the first payable quarterly and calculated as 20% of the investment income (excluding any realized capital gain) on investments of Apollo Investment Europe or AIC Co-Investments (as the case may be), subject to a preferred return of 7% per annum (with a full catch-up) and the second payable annually and calculated as 20% of the realized capital gains of Apollo Investment Europe or AIC Co-investments (as may be the case) and in each case net of realized capital losses and unrealized capital depreciation. The performance of Apollo Investment Europe will not be netted against the performance of AIC Co-investments.

- ***Apollo Asia Opportunity Fund*** —An affiliate of Apollo will be entitled to a carried interest for each year amounting to 20% of any appreciation in net asset value, subject to first making up any losses carried forward from prior years other than losses attributable to capital that the Investment Partnership withdraws from Apollo Asia Opportunity Fund after losses were incurred.

- ***Apollo European Principal Finance Fund*** — For an interim period, an affiliate of Apollo will be entitled to a carried interest that will allocate to it 20% of the realized returns of returns on each investment made by this fund. Realized gains and losses on one such investment will not be netted against any other such investments. If and when significant third party investors are admitted to this fund, it is anticipated that the carried interest payable in respect of investments made by such fund will be subject to change.

- ***Additional investments***—The General Partner is generally entitled to a carried interest that will allocate to it 20% of the realized returns of each of the additional investments made by the Investment Partnership. Realized gains and losses on an additional investment will not be netted against any other additional investments. The General Partner will not be entitled to a carried interest in respect to temporary investments.

Until such time as the profits on the Investments Partnership's investments that are subject to a carried interest equal the commissions and placement fees and other fees and expenses that AAA incurred in connection with the Partnership's initial offering and related transactions, the General Partner will forego its carried interest otherwise earned through the Investment Partnership's co-investment facilities and carried interest earned on additional investments. In addition, until such time, subject to certain limitations, Apollo Alternative Assets will reduce the management fee that is payable under the services agreement based on the amount of distributions that are made in respect of carried interests allocated to Apollo by Apollo-sponsored funds and attributable to the Investment Partnership's investments. At September 30, 2007, the General Partner was allocated $49.8 million related to carried interest on private equity co-investments. For nine months ended September 30, 2007, $0.4 million was distributed to the General Partner by the Investment Partnership for carried interest on realized gains on private equity co-investments. For the three and nine months ended September 30, 2007, affiliates of Apollo received $0.1 million and $11.7 million related to carried interest for appreciation in net asset values in Strategic Value Fund and Apollo Investment Europe. There was no carried interest at December 31, 2006.

Apollo enters into monitoring agreements with the portfolio companies of its private equity funds in which it receives periodic fees for assisting the portfolio companies on an ongoing basis with respect to management, operational and other matters. Apollo may also receive transaction and closing fees in connection with portfolio company investments and, in the case of unconsummated investments, potential break-up fees. For the three and nine months ended September 30, 2007, Apollo received monitoring, transaction, closing and break-up fees of $3.5 million and $20.9 million, respectively, related to the Investment Partnership's investments in private equity co-investments. For the three months ended September 30, 2006, and the period from June 15, 2006 (commencement of operations) to September 30, 2006, Apollo received monitoring, transaction, closing and break-up fees of $6.2 million, respectively, related to the Investment Partnership's investments in private equity co-investments.

Apollo Fund VI BC, L.P. — At September 30, 2007, included in the Investment Partnership's co-investments in portfolio companies of Apollo Investment Fund VI is an investment in Apollo Fund VI BC, L.P. ("Bondco") This vehicle was formed by affiliates of Apollo to invest in the debt securities of a number of companies to take advantage of volatility in the credit markets. At September 30, 2007, approximately 86% of Bondco's portfolio of debt securities includes the debt of Berry Plastics Group, Inc., CEVA Logistics, Countrywide PLC, Realogy Corporation and Rexnord Corporation, all Apollo Investment Fund VI portfolio companies.

Due from affiliates—Included in due from affiliates at September 30, 2007 and December 31, 2006, is $0.1 million and $0.2 million, respectively, receivable from AAA for expenses paid on behalf of AAA. Also included in due from affiliates at September 30, 2007, is $2.1 million receivable from Apollo Investment Fund VI.

Due to affiliates—Included in due to affiliates at September 30, 2007 is $17.9 million payable to Bondco for unsettled trades, $2.3 million payable to Apollo Alternative Assets for management fee payable and $1.8 million payable to Apollo Alternative Assets for expense reimbursements. Included in due to affiliates at December 31, 2006 is $0.1 million payable to Apollo Alternative Assets for expense reimbursements.

Personal Interests of Directors —Certain directors of the Managing General Partner, the Managing Investment Partner and Apollo Alternative Assets, GP Limited, the general partner of Apollo Alternative Assets, L.P., the manager of the Investment Partnership, participate in certain of the investments in which the Investment Partnership invests. The following is a summary of the personal interests of the directors in such investments:

	As of September 30, 2007	As of December 31, 2006
Apollo Strategic Value Fund	$ 12,576	$ -
Apollo Investment Europe	30,199	-
Apollo Asia Opportunity Fund	5,114	-
Apollo Investment Fund VI [(a)]	58,974	17,900

[(a)] Note: The Investment Partnership invests alongside Apollo Investment Fund VI for private equity investments. Investments in Apollo Investment Fund VI are as of June 30, 2007, the most recent reporting period available.

In addition, certain directors of the Managing General Partner, the Managing Investment Partner and Apollo Alternative Assets, GP Limited are AAA unitholders. At September 30, 2007 and December 31, 2006, the directors owned 1,895,064 and 0 units of AAA, respectively. This excludes 3.0 million and 3.7

million units owned by an affiliate of Apollo, which certain directors are deemed to beneficially own at September 30, 2007 and December 31, 2006, respectively.

7. FINANCIAL HIGHLIGHTS

Financial highlights for the Investment Partnership were as follows:

	For the Nine Months Ended September 30, 2007	For the Period from June 15, 2006 (Commencement of Operations) to December 31, 2006
Total return (annualized)	**23.89%**	**9.91%**
Ratios to average net assets:		
Expenses (annualized)	**0.56%**	**0.21%**
Net investment income (annualized)	**1.97%**	**2.78%**

These financial highlights have been calculated using a methodology in accordance with U.S. GAAP. The total return and ratios to average net assets have been presented on an annualized basis and were calculated on a weighted average basis.

8. COMMITMENTS AND CONTINGENCIES

We may become subject to various legal actions including claims and litigations arising in the ordinary course of business. Additionally, we may also become involved in reviews, investigations or proceedings by governmental and self regulatory agencies regarding our business. Although the ultimate outcome of these potential matters cannot be ascertained at this time, we do not believe that we or the Investment Partnership have any pending or threatened legal or other proceedings that, if adversely determined, would have a material adverse effect on our financial position, results of operations or cash flows.

During the normal course of business, through its co-investments in portfolio companies of Apollo Investment Fund VI and investments in Apollo sponsored funds, the Investment Partnership makes commitments to fund such investments in the future. As of September 30, 2007, the Investment Partnership's outstanding commitments for future funding totaled approximately $1,052.3 million. Whether these commitments will be consummated depends on the satisfaction of a number of conditions, some or all of which may not be in our control. No assurances can be made as to whether or when these commitments will be consummated, if at all.

9. SUBSEQUENT EVENTS

On October 11, 2007, AAA issued 511 common units, in the form of restricted depository units, to AAA Holdings, L.P. ("AAA Holdings"), an affiliate of Apollo, at a price per unit of $16.83. The units issued were subscribed by AAA Holdings in fulfillment of Apollo's obligation to reinvest a portion of the carried interests received by it in respect of investments made by the Investment Partnership as set forth in our prospectus.

Subsequent to September 30, 2007, the Investment Partnership made investments of $79.2 million in Apollo European Principal Finance Fund by way of partial draw downs of its aggregate commitment of $400 million.

Subsequent to September 30, 2007, the Investment Partnership made follow-on investments in Bondco and Deepwood, L.P., an investment vehicle formed by affiliates of Apollo with similar investment goals to those of Bondco, for $5.1 million.

Whether these commitments will be consummated depends on the satisfaction of a number of conditions, some or all of which may not be in our control. No assurances can be made as to whether or when these commitments will be consummated, if at all.