

A P O L L O

A L T E R N A T I V E A S S E T S

AP ALTERNATIVE ASSETS, L.P.
Financial Report

*As of September 30, 2013 and December 31, 2012,
and for the three and nine months ended
September 30, 2013 and 2012*

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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” or “AAA”), 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 applicable Guernsey law, applicable Dutch law, and accounting principles generally accepted in the United States of America (“U.S. GAAP”). In accordance with their responsibilities, AAA Guernsey Limited has prepared the financial statements of AP Alternative Assets contained herein to give a true and fair view of the state of affairs of AP Alternative Assets at the end of the fiscal period and has prepared such financial statements in accordance with U.S. GAAP, and the board of directors of AAA Guernsey Limited has approved the financial statements.

The portions of this financial report that relate to AAA Investments, L.P. (“Investment Partnership”), including the financial statements and other financial information of the Investment Partnership, 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 the Investment Partnership. 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 AP Alternative Assets and the Investment Partnership will continue in business. The directors are responsible for keeping proper records which disclose with reasonable accuracy at any time the financial position of the Partnerships and to enable them to ensure that the financial statements comply with applicable Guernsey law and U.S. GAAP. They are also responsible for safeguarding the assets of the Partnerships and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Certain Information

Directors and Advisors

The board of directors of AAA Guernsey Limited currently consists of Leon Black, Marc Rowan, Marc Spilker, Beno Suchodolski, Louise Blouin, 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 currently consists of Leon Black, Marc Rowan and Marc Spilker. 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 the Investment Partnership. The address of Northern Trust International Fund Administration Services (Guernsey) Limited is Trafalgar Court, Les Banques, St. Peter Port, Guernsey, Channel Islands, GY1 3QL.

Deloitte LLP has been retained to serve as the independent auditor of each of AP Alternative Assets and the Investment Partnership. The address of Deloitte LLP in Guernsey is Regency Court, Gategny 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 the Investment Partnership 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 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” or “the Manager”) and is currently invested in an opportunistic investment sponsored by Apollo Global Management, LLC and its subsidiaries (collectively “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 global alternative investment manager with over 23 years of experience investing across the capital structure of leveraged companies.

Our investment mandate is to invest substantially all of our capital in Apollo-sponsored entities, funds and private equity transactions. As of September 30, 2013, our portfolio consisted of a single opportunistic investment in the majority of the economic equity of Athene Holding Ltd. (together with its subsidiaries “Athene”), which was founded in 2009 to capitalize on favorable market conditions in the dislocated life insurance sector. Athene Holding Ltd. is the ultimate parent of various insurance company operating subsidiaries. Through its subsidiaries, Athene Holding Ltd. provides insurance products focused primarily on the retirement market and its business centers primarily on issuing or reinsuring fixed and equity indexed annuities.

On October 2, 2013, Athene Holding Ltd. closed its acquisition of the U.S. annuity operations of Aviva plc (“Aviva USA”). Following the closing of the transaction, Athene is estimated to be one of the largest fixed annuity companies in the United States.

The net asset value of AP Alternative Assets as of September 30, 2013, was approximately \$1,734.7 million.

Competitive Strengths

We believe our competitive strengths include:

- **the strong long-term track record of Apollo in targeted investment classes**
- **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 and flexible approach towards investing across market cycles**

About AP Alternative Assets

About Apollo

Founded in 1990, Apollo is a leading global alternative investment manager with a track record of successful private equity, credit and real estate investing. Apollo is led by its managing partners Leon Black, Joshua Harris and Marc Rowan. At September 30, 2013, Apollo had a team of 691 employees, including 274 investment professionals. Apollo has offices in New York, Los Angeles, Houston, London, Singapore, Frankfurt, Luxembourg, Hong Kong and Mumbai.

The private equity business is a key component of Apollo's investment activities. We believe Apollo has demonstrated the ability to adapt quickly to changing market environments and capitalize on market dislocations through its traditional and distressed investment approach. In prior periods of strained financial liquidity and economic recession, Apollo has made attractive private equity investments by buying the distressed debt of quality businesses, converting that debt to equity, creating value through active management and ultimately monetizing the investment. Apollo's combination of traditional buyout investing with a "distressed option" has been successful throughout prior economic cycles and has allowed its funds to achieve attractive long-term rates of return in different economic and market environments.

Apollo's investment approach is value-oriented and often contrarian in nature. The firm focuses on nine core industries through which it has considerable knowledge while emphasizing downside protection and the preservation of capital. Apollo has successfully applied this investment philosophy in flexible and creative ways over its 23-year history, allowing it to find attractive investment opportunities, deploy capital across the balance sheet of industry leading, or "franchise," businesses and create value throughout economic cycles.

Apollo's credit operations commenced in 1990 as a complement to its private equity investment activity. Apollo's credit platform is organized by several functional groups including U.S. performing credit, structured credit, opportunistic credit, non-performing loans and European credit. Within these groups Apollo manages a diverse range of credit-oriented investments that take advantage of the same disciplined, value-oriented investments that philosophy employed with respect to Apollo's private equity investment activities.

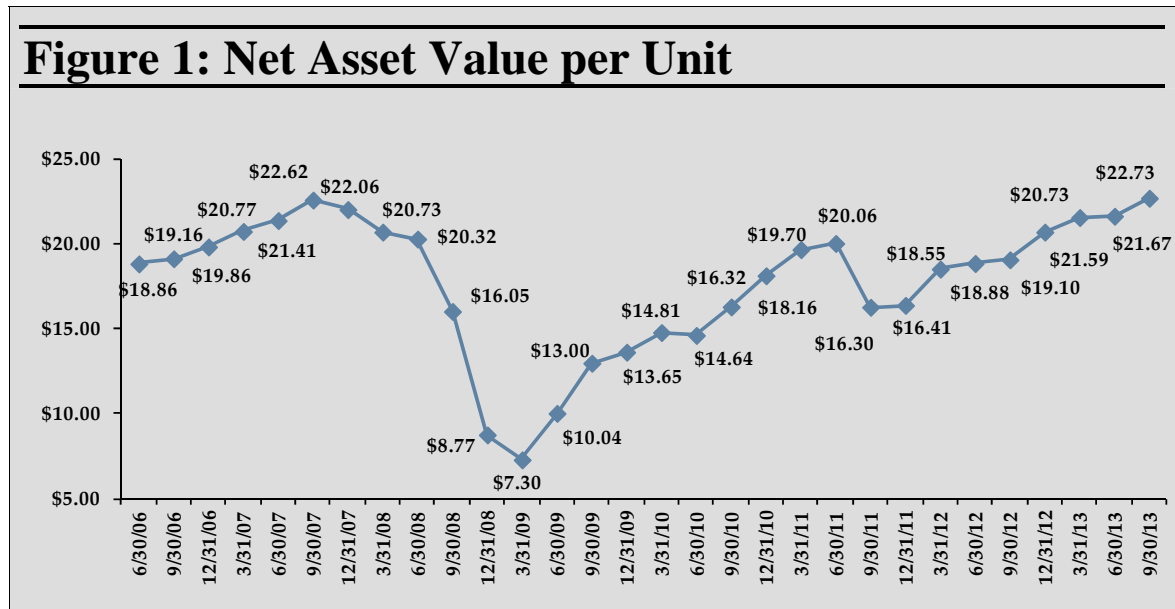
Apollo's investment professionals frequently collaborate and share information across disciplines including market insight, management, banking and consultant contacts as well as potential investment opportunities, which Apollo believes enables it to more successfully invest across a company's capital structure.

AP Alternative Assets has one investment comprised of the entire limited partnership interest in AAA Investments, L.P.

About AP Alternative Assets

Overview of Investment Results

As of September 30, 2013, the net asset value of AP Alternative Assets was approximately \$1,734.7 million, or \$22.73 per common unit. This reflects a net increase in net assets after contributions, distributions and unit purchases of approximately \$80.4 million, or \$1.06 per common unit, during the three months ended September 30, 2013.



Overview of Investment Portfolio

The following portfolio allocation includes the fair value of the Investment Partnership's investment portfolio as of September 30, 2013, and excludes temporary investments.

Figure 2: Portfolio Allocation


(in thousands)

Opportunistic Investment - Athene	\$ 1,728,986
Total Investments	\$ 1,728,986

About AP Alternative Assets

Figure 3: Investments as of September 30, 2013

As of September 30, 2013, our portfolio consisted of a single opportunistic investment in Athene.

Opportunistic Investment	
 ATHENE HOLDING	Financial & Business Services <p>We own the majority of the economic equity of Athene Holding Ltd., which was founded in 2009 to capitalize on favorable market conditions in the dislocated life insurance sector. Athene Holding Ltd. is the ultimate parent of various insurance company operating subsidiaries and is currently estimated to be one of the largest fixed annuity companies in the United States. Through its subsidiaries, Athene Holding Ltd. provides insurance products focused primarily on the retirement market and its business centers primarily on issuing or reinsuring fixed and equity indexed annuities.</p>

Management's Discussion and Analysis of Financial Condition and Results of Operations

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 which is available on the website (www.apolloalternativeassets.com). 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 Global Management, LLC and its subsidiaries including any 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 Assets' 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

Management's Discussion and Analysis of Financial Condition and Results of Operations

statements, AAA is the primary beneficiary of such investments and bears substantially all the risk of loss.

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 (Autoriteit Financiële Markten, "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"). Pursuant to article 5:25v of the Dutch Financial Supervision Act (Wet op het Financieel Toezicht, "FSA"), currently no further dispensation is necessary for the preparation of our financial statements in accordance with U.S. GAAP.

We are subject to the ongoing supervision of the Guernsey Financial Services Commission. The Partnership is also registered with the AFM as an investment institution domiciled in a designated state as referred to in Article 2:66(1) of the FSA, on the basis of which the Partnership is exempted from the requirement to obtain a license under the FSA, but is subject to certain ongoing obligations, including reporting obligations.

AAA is regulated by the Authorised Closed-ended Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission ("GFSC") with effect from December 15, 2008 under The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (the "New Rules"). Effective October 29, 2008, AAA became regulated under the New Rules and is deemed to be an authorized closed-ended investment scheme under the New Rules.

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 and nine months ended September 30, 2013 and 2012.

This financial report includes information required in accordance with Article 5:25e of the FSA and contains a discussion on the material events and transactions which relate to the period from January 1, 2013 through November 6, 2013. Other than as discussed in this financial report, there have been no other material events or transactions during this period which have impacted the financial position of AP Alternative Assets or its group companies.

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

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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, factors and events that affect Athene's business, operations, financial condition, liquidity and prospects, 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.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Business Description

AP Alternative Assets

The Partnership is a Guernsey limited partnership (managed by Apollo Alternative Assets) whose business consists of one investment comprised of the limited partnership interests in AAA Investments, L.P.

AAA Investments

The Investment Partnership is a Guernsey limited partnership whose business purpose consists of making investments in and co-investments with, Apollo-sponsored private equity funds, credit-focused funds or opportunistic investments. 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. The Investment Partnership currently holds one investment, the majority of the economic equity of Athene.

We, 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 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.

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.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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, broken deal expenses, allocated overhead costs and administrative costs.

In general, the purchases and sales made by the Investment Partnership of non-cash and non-temporary investments are with related parties and direct expenses for management fees, broken deal costs, allocated overhead costs and incentive fees are paid to related parties.

Overview and Outlook

As of September 30, 2013 and December 31, 2012, the net asset value of AP Alternative Assets was \$1,734.7 million, or \$22.73 per common unit, and \$1,662.9 million, or \$20.73 per common unit, respectively. For the three months ended September 30, 2013 and 2012, the net increase in net assets from operations of AP Alternative Assets was \$80.4 million, or \$1.04 per common unit, and \$17.3 million, or \$0.23 per common unit, respectively. For the nine months ended September 30, 2013 and 2012, the net increase in net assets from operations of AP Alternative Assets was \$134.0 million, or \$1.73 per common unit, and \$154.5 million, or \$1.83 per common unit, respectively.

On February 10, 2012, AAA commenced a tender offer (the "February Tender Offer") to purchase common units or restricted depositary units (collectively "Units"), at prices ranging from \$9.20 to \$10.70 per Unit. Under the terms of the February Tender Offer, which was oversubscribed, AAA purchased 5,000,000 Units at a price per unit of \$10.00. The amount tendered was \$50.0 million, (\$50.3 million inclusive of expenses), and the Units acquired in the February Tender Offer were cancelled.

On April 20, 2012, AAA commenced a tender offer (the "April Tender Offer") to purchase common Units at prices ranging from \$9.00 to \$10.50 per Unit. Under the terms of the April Tender Offer, which was oversubscribed, AAA purchased 4,967,462 Units at a price per unit of \$10.00. The amount tendered was \$49.7 million, (\$49.8 million inclusive of expenses), and the Units acquired in the April Tender Offer were cancelled.

On November 12, 2012, AAA commenced a tender offer (the "November Tender Offer") to purchase common Units at prices ranging from \$15.00 to \$16.00 per Unit. Under the terms of the November Tender Offer, AAA purchased 3,886,788 Units at a price per unit of \$16.00 during the quarter ended March 31, 2013. The amount tendered was \$62.2 million, (approximately \$62.2 million inclusive of expenses), and the Units acquired in the November Tender Offer were cancelled during March 2013.

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Through September 30, 2013, the Investment Partnership did not hedge its investments denominated in foreign currency, which resulted in net unrealized losses from the foreign currency movements on such investments over the course of the period. Such foreign currency fluctuations are recorded as part of the net change in net unrealized depreciation on such 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 and negative, in the value of our foreign denominated investments.

Portfolio and Investment Activity

Capital is currently deployed in investment opportunities that we believe meet or exceed our risk-reward standards. Consistent with the amended investment criteria outlined for the Partnership, as of September 30, 2013, the Investment Partnership had a concentration invested in an opportunistic investment as described below.

On October 31, 2012, the Investment Partnership closed on an agreement to contribute substantially all of its investments to Athene Holding Ltd. (together with its subsidiaries, "Athene") in exchange for common shares of Athene Holding Ltd., cash and a short term promissory note (the "Transaction"). The Investment Partnership received approximately 46.8 million non-voting common shares of Athene Holding Ltd., cash of \$82.9 million and a promissory note with a principal amount of \$113.3 million in exchange for investments with a fair value of approximately \$1,114.3 million. The promissory note is reported at fair value and bears interest at a rate of 0.30% per annum, is payable upon demand by the Investment Partnership in cash or Athene Holding Ltd. shares at a set price of \$13.46 at the Investment Partnership's option and Athene may prepay at its option at any time, without penalty. The impact of the Transaction resulted in a realized gain of approximately \$178.3 million (or \$2.22 per unit) during the quarter ended December 31, 2012. In addition, the impact of the Transaction resulted in a dilution of approximately \$63.6 million in the Investment's Partnership's interest in Athene and an increase of approximately \$22.1 million of additional allocation to the Investment Partnership's General Partner during the quarter ended December 31, 2012. At the time of the Transaction, there were an additional 1.5 million shares to be issued by Athene Holding Ltd. for the remaining Investment Partnership investments to be contributed that were pending the receipt of required regulatory consents. Following receipt of the required regulatory consents, the Investment Partnership, through a subsidiary, transferred its remaining investments to Athene Holding Ltd. on July 29, 2013, which resulted in a net realized loss of \$121.6 million. At the date of the contribution, there was a \$24.3 million difference in the fair value of the assets contributed and the Athene Holding Ltd. shares received. The impact on unrealized appreciation was partially offset by approximately \$17.6 million through the Investment Partnership's previous investment in Athene.

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Simultaneously with the approval of the Transaction, the Board approved the removal of the diversification requirements within the Investment Partnership's Investment Policies and Procedures (having received the requisite approval of the independent directors) in order for the Investment Partnership to have Athene as its only investment. See "Risk Factors – Portfolio Risks" for a discussion of the risks associated with the Athene investment.

As of September 30, 2013, Athene is the Investment Partnership's only portfolio investment and the Investment Partnership is the largest shareholder of Athene with an approximate 72.5% and 77.2% economic ownership stake as of September 30, 2013 and December 31, 2012, respectively, (without giving to effect to restricted common shares issued under Athene's management equity plan), and effectively 45% of the voting power. During January and February 2013, under its existing agreements, Athene Holding Ltd. called approximately \$82.1 million in capital from other investors. As a result, the Investment Partnership's ownership in Athene as of December 31, 2012 was diluted by approximately \$43.1 million from approximately 77.2% to approximately 72.2%. In accordance with the services agreement among AAA, the Investment Partnership and the other service recipients party thereto and Apollo Alternative Assets, Apollo Alternative Assets receives a management fee for managing the assets of the Investment Partnership. In connection with the consummation of the Transaction, on October 31, 2012, the services agreement was amended. Pursuant to the amendment, the parties agreed that there will be no management fees payable by the Investment Partnership with respect to the shares of Athene Holding Ltd. that were newly acquired by the Investment Partnership in the Transaction, which are those shares in excess of the shares of Athene Holding Ltd. that the Investment Partnership owned prior to the Transaction or had committed to purchase prior to the Transaction (approximately 3.8 million shares at \$11.16 per share, according to a pre-existing capital commitment obligation (the "Excluded Athene Shares"). The Investment Partnership will continue to pay Apollo Alternative Assets the same management fee on the Investment Partnership's investment in Athene (other than with respect to the Excluded Athene Shares), except that Apollo Alternative Assets agreed that AAA Investments' obligation to pay the existing management fee shall terminate on December 31, 2014 (although services will continue through December 31, 2020). Apollo Alternative Assets is entitled to receive a formulaic unwind of its management fee in the event that AAA makes a tender offer for all or substantially all of its outstanding units where the consideration is to be paid in shares of Athene Holding Ltd (or if AAA accomplishes a similar transaction using an alternative structure that is no less favorable in all material respects to the AAA unitholders as a whole), up to a cap of \$30.0 million if the tender offer or similar transaction commences in 2013, \$25.0 million if the tender offer or similar transaction commences in 2014, \$20.0 million if the tender offer or similar transaction commences in 2015 and zero if the tender offer or similar transaction commences in 2016 or thereafter. All such management fees are paid pursuant to a derivative contract between the Investment Partnership and Apollo. Each quarter, management fees earned are translated into an accrued notional number of shares of Athene Holding Ltd., and the accrued notional shares of Athene Holding Ltd. are valued based on the reported value used in preparing the Investment Partnership's financial statements. At the Investment Partnership's option, all notional shares accrued pursuant to the terms of the derivative contract are payable either in shares of Athene

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Holding Ltd. or cash equal to the fair value of such shares of Athene Holding Ltd. at the time of settlement. Settlement occurs on the earlier of a change of control of Athene or October 31, 2017.

In addition, the Investment Partnership's General Partner, is generally entitled to a carried interest that allocates to it 20% of the realized returns (net of related expenses including borrowing costs) on the investments of AAA Investments. The Investment Partnership's General Partner will not be entitled to receive any carried interest in respect of the Excluded Athene Shares. In addition, carried interest payable to the Investment Partnership's General Partner will be paid in shares of Athene Holding Ltd. (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding Ltd., or paid in cash if AAA sells the shares of Athene Holding Ltd.

On November 1, 2012, the Investment Partnership repaid the remaining balance of \$305.2 million on its outstanding term loan.

On December 21, 2012, Athene announced it had entered into an agreement to acquire Aviva plc's U.S. annuity and life insurance operations ("Aviva USA"). Aviva USA had approximately \$57.5 billion of statutory admitted assets as of December 31, 2012. Upon closing the Transaction, which was pending regulatory approvals and was subsequently announced on October 2, 2013, Athene is now one of the largest fixed annuity companies in the United States.

The accompanying schedule shows the Investment Partnership's investments as of September 30, 2013 and December 31, 2012.

<i>(dollars in thousands)</i>	Cost	Fair Value	Fair Value as a Percentage of Net Assets
As of September 30, 2013 (unaudited):			
Opportunistic Investment – Athene	\$ 1,331,942	\$ 1,728,986	95.2%
Total Investments	\$ 1,331,942	\$ 1,728,986	95.2%
As of December 31, 2012:			
Opportunistic Investment – Athene	\$ 1,276,366	\$ 1,578,954	90.9%
Co-investments in Apollo Investment Fund VI portfolio companies	177,153	25,050	1.5%
Total Investments	\$ 1,453,519	\$ 1,604,004	92.4%

(1) Investment in Opportunistic Investment

Through September 30, 2013, the Investment Partnership made investments of \$1,331.9 million in Athene, including transaction-related costs. At September 30, 2013, the fair value of such investment approximated \$1,729.0 million, 95.2% of the net asset value of the Investment Partnership, which resulted in a net life-to-date unrealized appreciation of \$397.0 million. For the

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three and nine months ended September 30, 2013, the investment had a net change in unrealized appreciation of \$83.7 million and \$122.1 million, respectively, on its investment in Athene. Athene continues to capitalize on favorable market conditions in the dislocated annuity insurance sector as a result of several strategic acquisitions during 2012 and 2013 and is positioned to become a global leader in the fixed annuity business.

At December 31, 2012, the fair value of the Investment Partnership's investment in Athene approximated \$1,579.0 million, 90.9% of the net asset value of the Investment Partnership, which resulted in a net life-to-date unrealized appreciation of \$302.6 million. For the three and nine months ended September 30, 2012, the investment had a net change in unrealized appreciation of \$22.6 million and \$49.7 million, respectively. For the three and nine months ended September 30, 2012, Athene continued to generate value as it was able to realize the benefits of locking-in relatively wide spreads on assets deployed during 2011, particularly in the second half of 2011, due to the dislocation in the credit markets. As a reinsurance company, Athene's equity is naturally levered by the future policyholder obligations, which allow Athene to purchase substantially more assets than its original equity base.

(2) Private equity co-investments in Apollo Investment Fund VI and Apollo Investment Fund VII portfolio companies

The Investment Partnership contributed substantially all of its investments in Apollo Investment Fund VI, L.P. (together with its parallel investment vehicles, "Apollo Investment Fund VI") and Apollo Investment Fund VII, L.P. (together with its parallel investment vehicles, "Apollo Investment Fund VII") portfolio companies as a result of the Transaction, except for two of the Investment Partnership's co-investments in Apollo Investment Fund VI that were pending the receipt of required regulatory consents, which were ultimately granted. As a result of the consents the Investment Partnership contributed the remaining assets on July 29, 2013, which resulted in a net realized loss of \$121.6 million on the Investment Partnership's investments in Apollo Investment Fund VI co-investments. For the three and nine months ended September 30, 2013, the net change in unrealized appreciation was \$128.6 million and \$152.1 million, respectively.

At December 31, 2012, the fair value of these two remaining investments approximated \$25.0 million, 1.5% of the net asset value of the Investment Partnership, which resulted in a net life-to-date unrealized depreciation of \$152.1 million. For the three and nine months ended September 30, 2012, the net change in unrealized appreciation was \$3.8 million and \$76.7 million, respectively. The positive change in net unrealized appreciation for the quarter was attributable to an increase in the fair value of certain of the portfolio companies, particularly those in the consumer and retail and packaging and materials sectors. The increase for the three months ended September 30, 2012, was also positively impacted by approximately \$0.2 million as a result of foreign currency movements on the foreign currency denominated co-investments. The positive change in net unrealized appreciation for the nine months ended September 30, 2012 was attributable to an increase in the fair value of certain of the portfolio companies, particularly those in the consumer and retail and packaging and materials sectors. The increase for the nine

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months ended September 30, 2012, was also positively impacted by approximately \$0.1 million as a result of foreign currency movements on our foreign currency denominated co-investments.

Results of Operations

Operating Results of AP Alternative Assets

The following table sets forth AP Alternative Assets' operating results for the three and nine months ended September 30, 2013 and 2012:

<i>(in thousands, unaudited)</i>	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
INVESTMENT INCOME (LOSS) ALLOCATED FROM AAA INVESTMENTS, L.P.)				
Interest, dividends and gains from short-term investments	\$ 39	\$ 4,120	\$ 149	\$ 25,324
Investment expenses	(1,966)	(11,748)	(5,566)	(30,936)
General and administrative expenses	(667)	(673)	(1,865)	(2,007)
Net investment loss	(2,594)	(8,301)	(7,282)	(7,619)
REALIZED AND UNREALIZED (LOSSES) GAINS FROM INVESTMENTS (ALLOCATED FROM AAA INVESTMENTS, L.P.)				
Net realized losses from sales/dispositions of investments	(121,510)	(171,440)	(121,510)	(131,745)
Net change in unrealized appreciation/depreciation on investments	204,476	197,020	262,800	293,851
NET GAIN FROM INVESTMENTS	82,966	25,580	141,290	162,106
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 80,372	\$ 17,279	\$ 134,008	\$ 154,487

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's 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.

Net Increase in Net Assets Resulting From Operations— The net increase in net assets resulting from operations was approximately \$80.4 million, or \$1.04 per common unit, for the three months

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ended September 30, 2013, compared to a net increase of \$17.3 million, or \$0.23 per common unit, for the three months ended September 30, 2012. The net increase in net assets resulting from operations was approximately \$134.0 million, or \$1.73 per common unit, for the nine months ended September 30, 2013, compared to a net increase of \$154.5 million, or \$1.83 per common unit, for the nine months ended September 30, 2012.

Refer to the Operating Results of the Investment Partnership for further details.

Operating Results of the Investment Partnership

The following table sets forth the Investment Partnership's operating results for the three and nine months ended September 30, 2013 and 2012:

<i>(in thousands, unaudited)</i>	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Investment income – interest, dividends and gains on investments	\$ 39	\$ 4,122	\$ 150	\$ 25,338
Expenses	(1,966)	(11,752)	(5,568)	(30,946)
Net investment loss	(1,927)	(7,630)	(5,418)	(5,608)
Net realized losses from sales/dispositions of investments	(121,577)	(171,535)	(121,577)	(131,818)
Net change in unrealized appreciation/depreciation on investments	212,227	201,400	274,248	305,596
Net gain from investments	90,650	29,865	152,671	173,778
Net increase in net assets resulting from operations	\$ 88,723	\$ 22,235	\$ 147,253	\$ 168,170

The Investment Partnership's General Partner is 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, interest, broken deals, direct expenses, such as professional fees and administrative expenses, and allocated expenses under the services agreement with Apollo Alternative Assets.

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012

Investment Income— For the three months ended September 30, 2013, investment income was approximately \$0.04 million, which primarily represented interest income on the note receivable

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from an affiliate. For the three months ended September 30, 2012, investment income was \$4.1 million, which primarily represented distributions of interest income from the debt investment vehicles, dividend income from portfolio companies and accrued interest income from interest bearing securities of portfolio companies.

Expenses—For the three months ended September 30, 2013 and 2012, expenses approximated \$2.0 million and \$11.8 million, respectively. For the three months ended September 30, 2013, these expenses primarily related to management fees, professional fees, and other administrative costs. For the three months ended September 30, 2012, these expenses primarily related to management fees, professional fees, costs associated with the credit facility, certain deal costs, including broken deals, and other administrative costs, including interest expense on the credit facility of \$4.0 million. The significant decrease in management fees and other general and administrative expenses was primarily due to the Transaction in which the Investment Partnership transferred substantially all of its investments to Athene and resulted in a revision to the management fee structure.

Net Realized (Losses) Gains From Sales/Dispositions of Investments— For the three months ended September 30, 2013, there was a net realized loss of \$(121.6) million, which resulted from the contribution to Athene of the two remaining private equity co-investments that were pending regulatory consents as part of the Transaction. For the three months ended September 30, 2012, net realized losses from sales primarily resulted from the recognition of a loss from Apollo Investment Europe of \$(176.0) million, and \$(2.1) million from the redemption of Other Apollo Credit Funds. The realized losses were partially offset by \$6.2 million of realized gains from the proceeds from redemptions of the Apollo Strategic Value Fund, and the sale of the investment in Charter Communications Inc., which resulted in a realized gain of \$1.0 million.

Net Change in Unrealized Appreciation/Depreciation 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, 2013 and 2012 of \$212.2 million and \$201.4 million, respectively. The period over period change in unrealized appreciation on investments was primarily due to the increase in the valuation of the Investment Partnership’s holdings in an opportunistic investment along with the net change in unrealized appreciation/depreciation on the Investment Partnership’s private equity co-investments and credit investments. See “Portfolio and Investment Activity” above for additional discussion of the change in unrealized appreciation/depreciation on our investments.

Net Gain from Investments— During the three months ended September 30, 2013, the net gain from investments was primarily driven by gains in the Investment Partnership’s investment in Athene, along with gains recorded for investments in the media, cable and leisure and financial and business services sectors. During the three months ended September 30, 2012, the net gain from investments was driven by investments in the consumer and retail and packaging and materials sectors and gains from Athene. These gains were partially offset by losses from investments in the distribution and transportation and manufacturing and industrial sectors.

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The table below details the net gain from investments by sector for private equity co-investments, by credit funds and by opportunistic investment:

(in thousands)	For the Three Months Ended	
	September 30, 2013	September 30, 2012
Private Equity:		
Chemicals	\$ —	\$ (6,090)
Consumer and Retail	—	45,200
Debt Investment Vehicles	—	(5,583)
Distribution and Transportation	—	(39,706)
Financial and Business Services	1,013	2,422
Manufacturing and Industrial	—	(14,313)
Media, Cable & Leisure	5,984	1,714
Packaging and Materials	—	20,580
Total Private Equity	6,997	4,224
Credit Funds:		
Apollo Strategic Value Offshore Fund, Ltd.	—	(2,513)
Other Apollo Credit Funds	—	5,489
Opportunistic Investments:		
Athene (includes note receivable from Affiliate)	83,653	22,600
Other Opportunistic	—	65
Net gain from Investments	\$ 90,650	\$ 29,865

Net Increase in Net Assets Resulting From Operations— The net increase in net assets resulting from operations was approximately \$88.7 million and \$22.2 million for the three months ended September 30, 2013 and 2012, respectively.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012

Investment Income— For the nine months ended September 30, 2013, investment income was approximately \$0.2 million, which primarily represented interest income on the note receivable from an affiliate. For the nine months ended September 30, 2012, investment income was \$25.3 million, which primarily represented dividend income from portfolio companies, distributions of interest income from the debt investment vehicles and accrued interest income from interest bearing securities of portfolio companies.

Expenses— For the nine months ended September 30, 2013 and 2012, expenses approximated \$5.6 million and \$30.9 million, respectively. For the nine months ended September 30, 2013, these expenses primarily related to management fees, professional fees, and other administrative costs. For the nine months ended September 30, 2012, these expenses primarily related to management fees, professional fees, costs associated with the credit facility, certain deal costs, including broken deals, and other administrative costs, including interest expense on the credit facility of \$12.4 million. The significant decrease was primarily attributable to a decrease in general and

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administrative expenses of \$14.4 million along with a decrease in management fees of \$10.9 million primarily as a result of the Transaction in which the Investment Partnership transferred substantially all of its investments to Athene and there was a revision to the management fee structure.

Net Realized (Losses) Gains From Sales/Dispositions of Investments— For the nine months ended September 30, 2013, net realized losses from sales/dispositions were approximately \$(121.6) million, which resulted from the contribution to Athene of the two remaining private equity co-investments that were pending regulatory consents as part of the Transaction. For the nine months ended September 30, 2012, net realized losses from sales were \$(131.8) million, primarily related to the recognition of a loss from Other Apollo Credit Funds of \$(176.0) million. The realized losses were partially offset by gains of \$27.0 million from the sale of the investment in Charter Communications Inc., \$12.3 million from the partial sale of the investment in Noranda Aluminum, and \$8.1 million of realized gains from the proceeds from redemptions of the Apollo Strategic Value Fund.

Net Change in Unrealized Appreciation/Depreciation 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/depreciation for the nine months ended September 30, 2013 and 2012 of \$274.2 million and \$305.6 million, respectively. The period over period change in unrealized appreciation/depreciation on investments was primarily attributable to the increase in the valuation of the Investment Partnership’s holdings in an opportunistic investment of \$72.4 million, partially offset by the net change in unrealized appreciation/depreciation on the Investment Partnership’s private equity co-investments and credit investments. See “Portfolio and Investment Activity” above for additional discussion of the change in unrealized appreciation/depreciation on our investments.

Net Gain from Investments— During the nine months ended September 30, 2013, the net gain from investments was driven by gains in the Investment Partnership’s investment in Athene. In addition, significant gains were recorded for investments in the media, cable and leisure sector. During the nine months ended September 30, 2012, the net gain from investments was driven primarily by gains across the majority of the private equity co-investments, specifically those in the consumer and retail, packaging and materials and media, cable and leisure sectors, and debt investment vehicles. Also contributing to the net gain from investments during the nine months ended September 30, 2012 was the investment in Athene.

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The table below details net gain from investments by sector for private equity co-investments, by credit funds and by opportunistic investment:

<i>(in thousands)</i>	For the Nine Months Ended	
	September 30, 2013	September 30, 2012
Private Equity:		
Chemicals	\$ —	\$ (33,013)
Consumer and Retail	—	63,000
Debt Investment Vehicles	—	24,912
Distribution and Transportation	—	(29,429)
Financial and Business Services	2,959	4,802
Manufacturing and Industrial	—	3,085
Media, Cable & Leisure	27,567	22,166
Packaging and Materials	—	59,827
Total Private Equity	30,526	115,350
Credit Funds:		
Apollo Strategic Value Offshore Fund, Ltd.	—	6,571
Other Apollo Credit Funds	—	1,748
Opportunistic Investments:		
Athene (includes note receivable from Affiliate)	122,145	49,700
Other Opportunistic	—	409
Net gain from Investments	\$ 152,671	\$ 173,778

Net Increase in Net Assets Resulting From Operations—The net increase in net assets resulting from operations was approximately \$147.3 million and \$168.2 million for the nine months ended September 30, 2013 and 2012, respectively.

Liquidity and Capital Resources

The Partnership's Sources of Cash and Liquidity Needs

The Partnership's primary uses of cash are to make capital contributions to the Investment Partnership for use in investments, to pay our operating expenses, to buyback its units under the unit buyback programs approved by the Board of Directors and to make distributions to our unitholders in accordance with our distribution policy. The Managing General Partner determined that the Partnership will not make a tax distribution related to 2012 and 2011 taxable income generated by the Partnership. The available cash was used to enable the Partnership to execute tender offers. Distributions to the unitholders will be made only if and as determined by the Managing General Partner in its sole discretion, and distributions may in fact not be paid. Although market conditions may currently preclude some or all of these sources of liquidity, we

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believe that the sources of liquidity described below will be sufficient to fund our working capital requirements within a one year time frame.

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.

We expect to receive cash distributions from the Investment Partnership from time to time to allow us to pay our operating expenses as they become due, buyback our units under the unit purchase programs and to assist us in making cash distributions to our unitholders in accordance with our distribution policy. 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 first quarter of 2013, the Investment Partnership made partners' capital distributions of \$62.2 million to or on behalf of AAA related to the November Tender Offer.

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 unitholders, buyback its units under the unit purchase programs, or to pay operating expenses. We expect that such contributions will be used by the Investment Partnership in the ordinary course of business.

Our Investment Manager may, from time to time, directly or through one or more affiliates, purchase our common units in the open market at prevailing prices, which may be used for compensation or other general purposes.

In November 2011, the Board of Directors of the Managing General Partner agreed with Apollo Alternative Assets to amend and restate the services agreement. The amendments related to the obligations of affiliates of Apollo Alternative Assets to reinvest a portion of the carried interests received by them in respect of investments made by the Investment Partnership in common units or restricted depositary units. The amendments require Apollo Alternative Assets (or its affiliates) to purchase common units or restricted depositary units in the market rather than subscribing for and being issued new common units or restricted depositary units when making

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a reinvestment of a portion of the carried interests from AAA. Apollo is not required to make these market purchases in any quarter where the amount of allocable carried interest to be reinvested is de minimis, and in such event the allocable carried interest will be rolled forward to subsequent quarters until such time as it is of a sufficient size to be used to acquire common units. In addition, Apollo is not obliged to make acquisitions of units or restricted depositary units in a particular quarter where the market price has increased above a pre-defined threshold. In such circumstances the allocable carried interest shall again be rolled over to the subsequent quarter. This was done to reduce the risk of market manipulation of the unit price. Where Apollo has been unable to invest its allocable carried interest in three consecutive quarters or open window periods, whichever is longer, it is obliged to invest the relevant allocable carried interest by way of a subscription for new units or restricted depositary units on the same basis as done prior to this amendment or (at its option) purchase in the market at whatever price is available. No lock-up is imposed on the units or restricted depositary units acquired by Apollo pursuant to the above arrangement as such a lock-up would have the effect of reducing liquidity of the units and restricted depositary units.

On October 31 2012, the Board of Directors of the Managing General Partner agreed with Apollo Alternative Assets to amend and restate the services agreement as a result of the Transaction. Pursuant to the amendment, the parties agreed that there will be no management fees payable by the Investment Partnership with respect to the Excluded Athene Shares. The Investment Partnership will continue to pay Apollo Alternative Assets the same management fee on the Investment Partnership's investment in Athene (other than with respect to the Excluded Athene Shares), except that Apollo Alternative Assets agreed that the obligation to pay the existing management fee shall terminate on December 31, 2014 (although services will continue through December 31, 2020). In the event that AAA makes a tender offer for all or substantially all of its units where the consideration is to be paid in shares of Athene Holding Ltd. (or an alternative transaction that is no less favorable, in all material respects to the AAA unitholders as a whole), the management fee will be unwound and a lump sum payment will be made to Apollo equal to the remaining management fee that would have been due until the expiration date (December 31, 2020), using an 8% discount rate and assuming a 14% growth rate to then existing management fees, compounded annually, until the expiration date, subject to a cap of \$30.0 million if the tender offer or similar transaction commences in 2013, \$25.0 million if the tender offer or similar transaction commences in 2014, \$20.0 million if the tender offer or similar transaction commences in 2015 and zero if the tender offer or similar transaction commences in 2016 or thereafter. All such management fees are paid pursuant to a derivative contract between the Investment Partnership and Apollo. Each quarter, management fees earned are translated into an accrued notional number of shares of Athene Holding Ltd., and the accrued notional shares of Athene Holding Ltd. are valued based on the reported value used in preparing the Investment Partnership's financial statements. At the Investment Partnership's option, all notional shares accrued pursuant to the terms of the derivative contract are payable either in shares of Athene Holding Ltd. or cash equal to the fair value of such shares of Athene Holding Ltd. at the time of settlement. Settlement occurs on the earlier of a change of control of Athene or October 31, 2017.

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In addition, the Investment Partnership's General Partner, is generally entitled to a carried interest that allocates to it 20% of the realized returns (net of related expenses including borrowing costs) on the investments of AAA Investments. The Investment Partnership's general partner will not be entitled to receive any carried interest in respect of the Excluded Athene Shares. In addition, carried interest payable to the Investment Partnership's general partner will be paid in shares of Athene Holding Ltd. (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding Ltd., or paid in cash if AAA sells the shares of Athene Holding Ltd.

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, in July 2011 and April 2011, AAA issued 10,076 common units and 24,482 common units, respectively, in the form of restricted depositary units, to AAA Holdings, L.P., an affiliate of Apollo, at a price per unit of \$12.31 and \$12.56, respectively. During the year ended December 31, 2012, an affiliate of Apollo purchased 170,926 units in the market as part of the carried interest reinvestment program for an average price per unit of \$10.89.

On February 10, 2012, AAA commenced a tender offer (the "February Tender Offer") to purchase common units or restricted depositary units (collectively "Units"), at prices ranging from \$9.20 to \$10.70 per Unit. Under the terms of the February Tender Offer, AAA purchased 5,000,000 Units at a price per unit of \$10.00. The amount tendered was \$50.0 million (\$50.3 million inclusive of expenses). The Investment Partnership made a distribution of \$50.0 million to AAA for the amount of the February Tender Offer, (\$50.3 million inclusive of expenses). The Units acquired in the February Tender Offer were cancelled.

On April 20, 2012, AAA commenced a tender offer (the "April Tender Offer") to purchase a portion of its outstanding Units for a maximum aggregate payment of up to \$50.0 million of cash. Under the terms of the April Tender Offer, AAA purchased 4,967,462 Units at a price per unit of \$10.00. The amount tendered was \$49.7 million (\$49.8 million inclusive of expenses). The Investment Partnership made a distribution of \$49.7 million to AAA for the amount of the April Tender Offer, (\$49.8 million inclusive of expenses). The Units acquired in the April Tender Offer were cancelled.

On November 12, 2012, AAA commenced a tender offer (the "November Tender Offer") to purchase a portion of its outstanding Units at prices ranging from \$15.00 to \$16.00 per unit. Under the terms of the November Tender Offer, AAA purchased 3,886,788 Units at a price per unit of \$16.00 during the quarter ended March 31, 2013. The amount tendered was \$62.2 million, (approximately \$62.2 million inclusive of expenses). The Investment Partnership made a distribution of \$62.2 million to AAA for the amount of the November Tender Offer, (\$62.2 million inclusive of expenses). The Units acquired in the November Tender Offer were cancelled during March 2013.

For the reasons described above, as well as under "The Investment Partnership's Sources of Cash and Liquidity Needs," the Managing Partner has a reasonable expectation that AAA has

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adequate sources of liquidity to continue to conduct business for at least the next year. Accordingly, we continue to adopt the going concern basis in preparing the financial statements.

The Investment Partnership's Sources of Cash and Liquidity Needs

During the nine months ended September 30, 2013, cash decreased approximately \$6.1 million. Cash provided by operating activities of the Investment Partnership was approximately \$60.8 million, primarily comprised of \$62.0 million cash received as a result of paydown on the note receivable from Athene. Cash proceeds were offset by partners' capital distributions of approximately \$66.8 million, which were primarily comprised of a \$62.2 million partners' capital distribution during the first quarter of 2013 to or on behalf of AAA related to the November Tender Offer.

During the nine months ended September 30, 2012, cash increased \$17.6 million. Cash provided by operating activities of the Investment Partnership was \$227.0 million, primarily comprised of \$137.1 million of proceeds from private equity co-investments, specifically \$83.7 million of distributions from LeverageSource, L.P., \$40.0 million related to the sale of Charter Communications, Inc. and \$13.3 million from the partial sale of the investment in Noranda Aluminum. Cash was also provided by Other Apollo Credit Funds totaling a net of \$68.8 million mainly related to redemptions of a portion of the Investment Partnership's interests in the Apollo Asia Opportunity Fund of \$59.5 million, net distributions from the Apollo European Principal Finance Fund of \$9.3 million and \$15.1 million from distributions from Apollo Investment Europe, which were partially offset by a \$15.0 million investment in the Apollo Asia Private Credit Fund. The Investment Partnership also received proceeds of \$21.0 million from the distribution of liquidating shares of the Apollo Strategic Value Fund. Cash used in financing activities was \$209.4 million, which was mainly comprised of partner's capital distributions of \$101.8 million for the February and April Tender Offers, \$10.3 million to the Investment Partnership's General Partner primarily for realized carried interest on co-investments alongside Apollo Investment Fund VII, and partial repayment of the Investment Partnership's credit facility of \$97.2 million.

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.

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. Any available cash that is held by the Investment Partnership is temporarily invested in accordance with our cash management policy.

The Investment Partnership receives cash from time to time from the investments that it makes. The source of cash is in the form of dividends on equity investments, payments of interest and

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principal on fixed income investments and cash consideration received in connection with the disposal or realization of investments. Temporary investments made in connection with our cash management activities provide a more regular source of cash than less liquid investments, but generate returns that are generally lower than returns generated by other 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.

The Managing Investment Partner has reviewed the Investment Partnership's current cash balance and its future obligations and has a reasonable expectation that the Investment Partnership has adequate sources of liquidity to continue to conduct business for at least the next year. This assessment is based on its expected operating expenses, present sources of liquidity and the ability to raise cash through sales of investments and other activities.

There will be no management fees payable by the Investment Partnership with respect to the Excluded Athene Shares. The Investment Partnership will continue to pay Apollo Alternative Assets the same management fee on the Investment Partnership's investment in Athene (other than with respect to the Excluded Athene Shares), except that Apollo Alternative Assets agreed that AAA Investments' obligation to pay the existing management fee shall terminate on December 31, 2014 (although services will continue through December 31, 2020). Apollo Alternative Assets is entitled to receive a formulaic unwind of its management fee in the event that AAA makes a tender offer for all or substantially all of its outstanding units where the consideration is to be paid in shares of Athene Holding Ltd (or if AAA accomplishes a similar transaction using an alternative structure that is no less favorable in all material respects to the AAA unitholders as a whole), up to a cap of \$30.0 million if the tender offer or similar transaction commences in 2013, \$25.0 million if the tender offer or similar transaction commences in 2014, \$20.0 million if the tender offer or similar transaction commences in 2015 and zero if the tender offer or similar transaction commences in 2016 or thereafter. All such management fees are paid pursuant to a derivative contract between the Investment Partnership and Apollo. Each quarter, management fees earned are translated into an accrued notional number of shares of Athene Holding Ltd., and the accrued notional shares of Athene Holding Ltd. are valued based on the reported value used in preparing the Investment Partnership's financial statements. At the Investment Partnership's option, all notional shares accrued pursuant to the terms of the derivative contract are payable either in shares of Athene Holding Ltd. or cash equal to the fair value of such shares of Athene Holding Ltd. at the time of settlement. Settlement occurs on the earlier of a change of control of Athene or October 31, 2017.

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In addition, carried interest payable to the Investment Partnership's General Partner will be paid in shares of Athene Holding Ltd. (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding Ltd., or paid in cash if AAA sells the shares of Athene Holding Ltd. The Investment Partnership's General Partner will not be entitled to receive any carried interest in respect of the Excluded Athene Shares. Furthermore, the promissory note is payable upon demand by the Investment Partnership and Athene may prepay the promissory note at its option at any time, without penalty.

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, coverage of the existing credit facility, 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.

Credit Facility

In 2007, the Investment Partnership obtained a \$900 million senior secured revolving credit facility from certain U.S. financial institutions with the objective of funding the liquidity needs, increasing the amount of cash that is available for working capital and for making additional investments or temporary investments. As a result of debt purchases and pay downs, the revolving credit facility was permanently reduced to \$537.5 million. On December 2, 2011, the Investment Partnership amended its senior secured revolving credit facility and converted it to a \$402.5 million senior secured term loan facility that matures on June 30, 2015.

On November 1, 2012, AAA Investments repaid the remaining balance of \$305.2 million on its term loan outstanding.

Commitments and Contingencies

As of September 30, 2013, the Investment Partnership had no outstanding commitments for future funding.

Legal Proceedings

AAA and the Investment Partnership, may, from time to time, be party to various legal actions arising in the ordinary course of business including claims and litigations, reviews, investigations or proceedings by governmental and self regulatory agencies regarding their respective

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businesses. It is the opinion of the Managing General Partner and Managing Investment Partner, after consultation with counsel, that there are presently no existing matters that would result in a material adverse effect on the financial condition of the Partnership or the Investment Partnership.

For information concerning legal proceedings affecting Apollo, please refer to the various securities filings of Apollo Global Management, LLC, which are publicly available on the United States Securities and Exchange Commission's website at www.sec.gov.

Risk Factors

Portfolio Risks

As a result of the Transaction, substantially all of the assets of the Investment Partnership and the only portfolio investment of the Investment Partnership consist of an indirect beneficial ownership in the common shares of Athene. We make all of our investments through the Investment Partnership and our only significant asset is the limited partner interests in the Investment Partnership. Therefore, the value of your investment in us is directly linked to the value of Athene.

Should we experience a loss on a portion or all of the Athene investment, or on any investment that represented a significant portion of our portfolio, such an event would have a material adverse effect on our business, financial condition and results of operation and may result in a significant loss in the value of your investment in us.

A number of important factors could affect Athene's business, operations, financial condition, liquidity and prospects. Additionally, there may be events that occur that affect Athene that could have a material and adverse effect on your investment in us. These factors and events include, but are not limited to, the following:

- the amount of statutory capital that Athene's insurance subsidiaries have and the amount of statutory capital that they must hold to satisfy their counterparties, to maintain their financial strength ratings, to maintain capitalization requirements dictated by their respective regulators and meet other requirements can vary significantly from time to time and are sensitive to a number of factors outside of Athene's control;
- the ability of Athene and its insurance subsidiaries to obtain additional capital that may be necessary to grow their business, to maintain their financial strength and credit ratings and to meet other requirements and obligations, including the availability of credit or other financings and the impact of equity and credit market volatility;

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- potential conflicts of interest that may arise among Apollo, its affiliates and Athene and its subsidiaries, including but not limited to investment management fees paid to Athene's asset manager, a subsidiary of Apollo, and the failure to manage these potential conflicts appropriately could damage Athene's reputation and adversely affect its business;
- the accuracy of Athene's and its management's assumptions and estimates in determining pricing, expected cash flows and reserves with respect to its investments and liabilities, including the matching of its investments and liabilities;
- the impact of interest rate fluctuations on profitability, cash flows, surrenders and acquisitions of insurance liabilities and businesses;
- Athene's failure to integrate acquisitions successfully, including Aviva USA;
- liabilities and obligations relating to assets acquired by Athene in acquisitions that Athene is required to bear under the terms of the related purchase agreements;
- the credit risk of counterparties, including reinsurance brokers, with whom Athene and its subsidiaries do business;
- its ability to maintain effective relationships with distribution partners that it is highly reliant upon to sell its products, including reinsurance brokers, independent market organizations and other third party distributors, marketers or sellers of fixed annuities;
- the possibility that the value of its investments may decrease due to credit defaults, changes in interest rates or adverse cash flow characteristics than was assumed or estimated by management;
- future issuances or the possibility of future sales of a substantial amount of equity by Athene (including the issuance of additional equity to Apollo in respect of management fees) which may depress the price of your interests in us and result in substantial dilution to you if the Investment Partnership does not or is unable obtain sufficient funds to exercise its preemptive rights;
- the application of significant legal restrictions, regulations and regulatory oversight in connection with Athene's business, including the discretion of various governmental entities in applying such restrictions and regulations;
- regulatory changes or actions, including those relating to regulation of financial services affecting (among other things) underwriting of insurance products and regulation of the sale, underwriting and pricing of insurance products or the ability of its insurance subsidiaries to make cash distributions to Athene;

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- the inability of its subsidiaries and affiliates to generate sufficient cash which may require Athene to sell investments at a loss to cover policyholder withdrawals, meet its insurance, reinsurance or other obligations at inopportune times;
- the failure to retain key employees;
- certain tax risks, including:
 - the risk that the Internal Revenue Service may assert that Athene or its Bermuda reinsurance subsidiary are liable for additional U.S. federal income or excise taxes as the result of Athene's operations, including its reinsurance arrangements;
 - the risk that Bermuda tax laws may change, and that Athene and its Bermuda reinsurance subsidiary may become subject to new Bermuda taxes following the expiration of a current exemption after 2035;
 - the risk that future changes in U.S. tax law could adversely affect Athene's profitability, diminish the attractiveness of the products issued or reinsured by Athene's affiliates, or reduce the after-tax returns of U.S. shareholders of Athene stock;
 - the risk that Athene or its Bermuda reinsurance subsidiary may become subject to withholding on certain investment income or proceeds under the U.S. Foreign Account Tax Compliance Act; and
 - the risk that certain direct or indirect U.S. shareholders of Athene, including U.S. holders of interests in us, may be subject to adverse tax consequences due to the characterization of Athene as a controlled foreign corporation, a passive foreign investment company or as earning related person insurance income for U.S. federal income tax purposes;
- interruption or other operational failures in telecommunications, information technology and other operational systems or a failure to maintain the security, integrity confidentiality or privacy of sensitive data residing on these systems;
- becoming the target or subject of, and Athene's ability to defend itself against or respond to, litigation (including class action litigation), enforcement investigations or regulatory scrutiny;
- the impact on its business of new accounting rules or changes to existing accounting rules, whether GAAP or statutory or whether in the United States or Bermuda;

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- the risk that its risk management policies and procedures are not adequate to protect Athene and its subsidiaries and may leave them exposed to unidentified, unanticipated or inadequately managed risks;
- Athene's ability to compete in its businesses which are highly competitive and contain a number of competitors, many of which are substantially larger and better known than Athene;
- general economic conditions and other factors, including prevailing interest and unemployment rate levels and stock and credit market performance which may affect, among other things, Athene's ability to sell its products, the fair value of its investments, which could result in impairments and OTTI, certain liabilities and the lapse rate and profitability of policies;
- significant operating and financial restrictions imposed by its regulators or financing agreements, including its failure to maintain and comply with covenants applicable to it and its subsidiaries, which may prevent it from capitalizing on business opportunities; and
- the ability to maintain or obtain approval of insurance regulators and other regulatory authorities as required for the operations of its insurance subsidiaries.

There may also be risks that are currently immaterial or not known to Athene, us or the Investment Partnership that may in the future become material and may adversely affect Athene's business, operations, financial condition, liquidity and prospects. These factors may be subject to change.

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 include declines in the values of our investments, movements in prevailing interest rates, changes in foreign currency exchange rates and controls, availability of credit, inflation rates, government regulation. These market risks are outside of our control and may affect the level and volatility of securities prices and the liquidity and the value of investments, and we may not be able to or may choose not to manage our exposure to these risks. We may seek to mitigate such market risks through the use of hedging arrangements and derivative instruments, which may or may not be effective and 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, subject to their internal policies, which may or may not be effective and could result in increased risks. Additionally, we are exposed to concentration risk since Athene is our primarily investment and various risks within each portfolio company in which we invest including market and other risks related to their business activities, including leverage and asset mix. Apollo Alternative Assets, as the service provider under our services agreement, is responsible for

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monitoring all market risks and for carrying out risk management activities relating to our investments.

Global Financial Crisis

Events during the past few years in the global capital markets illustrate that the current environment is one of extraordinary and unprecedented uncertainty and volatility for financial services companies and other market participants and that such uncertainty and volatility has had, and could continue to have, a material adverse effect on the functioning of capital markets, and on the business and operations of asset management businesses and other market participants, worldwide. In light of the uncertainty in the financial services industry, our financial condition may be materially adversely affected, and we may become subject to new legal or regulatory requirements, suffer reputational harm or encounter unforeseen risks that could have a material adverse effect on our business and operations and those of the Investment Partnership. We may be affected by reduced opportunities to exit and realize value from our investments, by lower than expected returns on investments made prior to the deterioration in the credit markets and by the possibility that we may not be able to find suitable investments in which to deploy our capital. In light of volatile market and economic conditions, the Company in which we have invested (either directly or through investments in affiliated funds) may experience decreased revenues, financial losses, credit rating downgrades, difficulty in obtaining access to financing and increased funding costs. The Company may also have difficulty in expanding their businesses and operations or be unable to meet their debt service obligations or other expenses as they become due, including expenses payable to us. In addition, during periods of adverse economic conditions and volatility, we may have difficulty accessing the financial markets, which could make it even more difficult or impossible for us to obtain funding for additional investments and harm our operating results. Significant market volatility may result in lower investment returns, which would further adversely affect our net income. The extent to which the underlying causes of instability are pervasive throughout global financial markets and have the potential to cause renewed instability is not yet clear, and despite the recovery of global capital markets from historically low levels, the sustainability of any recovery of financial markets cannot be foreseen. In addition, due to the uncertain stability of global financial institutions, the security of assets held by any financial institution cannot be guaranteed, notwithstanding the terms of any agreement with such institution. These events, and their underlying causes, are likely to be the catalyst for changes in worldwide financial regulation for some time, and may result in major and unavoidable losses or additional costs to the Investment Partnership.

Securities Market Risks

Our investments may include investments in publicly traded securities. 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,

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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, including privately held securities, bank debt and other private investments. The value of these investments may also fluctuate due to the factors described in the preceding paragraph, which are largely beyond our control. In addition to these factors, these investments are subject to additional risks. For example, in many cases (including publicly traded securities), we may be prohibited by contract or by applicable securities laws from selling privately held 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 may be heavily dependent on the public equity markets. Furthermore, we may only be able to dispose of large holdings (even of publicly traded equity securities) and holdings of investments in illiquid over-the-counter markets over a substantial period of time, exposing the investment returns to risks of downward movement in market prices during the disposition period. In addition, in periods of extreme market volatility, it may be difficult to sell privately held or illiquid investments even at their current valuation.

Prime Brokers

The Investment Partnership's assets, and the assets of the companies in which it invests, may be held in one or more accounts maintained by prime brokers, which may be located in various jurisdictions. Such brokers, as brokerage firms or commercial banks, are subject to various laws and regulations in various jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Investment Partnership's assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker or any of its sub-custodians, agents or affiliates, or a local broker, it is impossible to generalize about the effect of their insolvency on the Investment Partnership and its assets. Investors should assume that the insolvency of any of the prime brokers or such other service providers would result in a loss to the Investment Partnership, which could be material.

Structure of Ownership Risks

Under AAA's limited partnership agreement, AAA unitholders are not entitled to vote on matters relating to the Partnership or to participate in the management or control of the business. In particular, AAA unitholders do not have the right to cause the Partnership's Managing General Partner to withdraw from the partnership, to cause a new general partner to be admitted

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to the Partnership, to appoint new directors to AAA's Managing General Partner's board of directors, to remove existing directors from AAA's Managing General Partner's board of directors, to prevent a change of control of AAA's Managing General Partner or to propose changes to or otherwise approve the Investment Partnership's investment policies and procedures. As a result, unlike holders of common stock of a corporation, AAA unitholders are not able to influence the direction of the business and affairs, including investment policies and procedures, or to cause a change in management, even if they are unsatisfied with the performance of the Partnership's Managing General Partner.

In addition, the Partnership's Managing General Partner's board of directors has broad discretion to change the investment policies and procedures which may result in a significant change from the investment objectives described in the Partnership's prospectus. AAA unitholders do not have any right to refuse to consent to a change in the Investment Partnership's investment policies and procedures.

Critical Accounting Policies

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. 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 and its affiliates to estimate the investment values. An investment for which a market quotation is readily available is valued using a market price or a quoted price from an active market which is either directly or indirectly observable for the investment as of the end of the applicable accounting period. 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

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method for determining fair value in good faith, the methodologies described below are generally followed when the fair value of an 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 which is based on the net asset value of the Investment Partnership. 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 would be received if such assets were sold or transferred in an orderly transaction between market participants as of a measurement date, 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 may 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. As of September 30, 2013, the Investment Partnership had one investment, an opportunistic investment in Athene.

The value attributed to the portfolio investment in Athene is based on embedded value. Embedded value is a discounted cash flow-based methodology based on the future cash flows of the business. Embedded value is composed of the present value of the estimated net income generated by Athene's business plus Athene's excess capital, which is the capital in excess of what is required to be held against Athene's liabilities. Under the embedded value methodology, excess capital is not shown at discounted value, but at current value on Athene's balance sheet under statutory accounting. The embedded value of the insurance portfolios held by Athene incorporates industry information and assumptions, general economic and market conditions, and other factors deemed relevant, including the cost of capital. In addition, consideration is also given to comparable company multiples.

Values of Co-Investments in Portfolio Companies and Opportunistic Investment

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

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actually be able to realize in the future, such as the possible illiquidity associated with 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 or transferred in an orderly transaction between market participants as of a measurement date. 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), a discounted cash flow approach, an option valuation methodology or a 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.

Value of Athene Investment

The value attributed to the investment in Athene is based on embedded value. Embedded value is a discounted cash flow-based methodology based on the future cash flows of the business. Embedded value is composed of the present value of the estimated net income generated by Athene's inforce business plus Athene's excess capital – capital in excess of what is required to be held against Athene's liabilities (under embedded value, excess capital is not shown at discounted value, but at current value on Athene's balance sheet under statutory accounting). The embedded value of the insurance portfolios held by Athene incorporates industry information and assumptions, general economic and market conditions, and other factors deemed relevant, including the cost of capital. Some consideration is given to comparable company multiples.

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.

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Our investment policies 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 December 2011, the Financial Accounting Standards Board ("FASB") issued guidance to enhance disclosures about financial instruments and derivative instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset. Under the guidance, an entity is required to disclose quantitative information relating to recognized assets and liabilities that are offset or subject to an enforceable master netting arrangement or similar agreement, including the gross amounts of those recognized assets and liabilities, the amounts offset to determine the net amount presented in the statement of financial position, and the net amount presented in the statement of financial position. With respect to amounts subject to an enforceable master netting arrangement or similar agreement which are not offset, disclosure is required of the amounts related to recognized financial instruments and other derivative instruments, the amount related to financial collateral (including cash collateral), and the overall net amount after considering amounts that have not been offset. The guidance is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods and retrospective application is required. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Partnership nor the Investment Partnership.

In January 2013, the FASB issued guidance to clarify the scope of disclosures about offsetting assets and liabilities. The amendments clarify that the scope of guidance issued in December 2011 to enhance disclosures around financial instruments and derivative instruments that are either (1) offset, or (2) subject to a master netting arrangement or similar agreement, irrespective of whether they are offset, applies to derivatives, including bifurcated embedded derivatives,

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repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset or subject to an enforceable master netting arrangement or similar agreement. The amendments are effective for interim and annual periods beginning on or after January 1, 2013. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Partnership nor the Investment Partnership.

In June 2013, the FASB issued guidance to change the assessment of whether an entity is an investment company by developing a new two-tiered approach that requires an entity to possess certain fundamental characteristics while allowing judgment in assessing certain typical characteristics. The fundamental characteristics that an investment company is required to have include the following: (1) it obtains funds from one or more investors and provides the investor(s) with investment management services; (2) it commits to its investor(s) that its business purpose and only substantive activities are investing the funds solely for returns from capital appreciation, investment income or both; and (3) it does not obtain returns or benefits from an investee or its affiliates that are not normally attributable to ownership interests. The typical characteristics of an investment company that an entity should consider before concluding whether it is an investment company include the following: (1) it has more than one investment; (2) it has more than one investor; (3) it has investors that are not related parties of the parent or the investment manager; (4) it has ownership interests in the form of equity or partnership interests; and (5) it manages substantially all of its investments on a fair value basis. The new approach requires an entity to assess all of the characteristics of an investment company and consider its purpose and design to determine whether it is an investment company. The guidance includes disclosure requirements about an entity's status as an investment company and financial support provided or contractually required to be provided by an investment company to its investees. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2013. Earlier application is prohibited. The Partnership and the Investment Partnership are in the process of evaluating the impact that this guidance will have on the financial statements.

Financial Statements of AP Alternative Assets, L.P.

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Financial Statements of AP Alternative Assets, L.P.

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

We have been engaged by AAA Guernsey Limited (the "General Partner") to review the set of financial statements in the quarterly financial report of AP Alternative Assets, L.P. as of September 30, 2013 and December 31, 2012, and for the three and nine months ended September 30, 2013 and 2012, which comprises the Statement of Assets and Liabilities, Statement of Operations, Statement of Changes in Net Assets, the Statement of Cash Flows and related Notes 1 to 8. 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 information in the set of financial statements.

This report is made solely to the General Partner in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the General Partner 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 General Partner, 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 quarterly financial information included in this quarterly financial report has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Our responsibility

Our responsibility is to express to the General Partner a conclusion on the set of financial statements 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

Financial Statements of AP Alternative Assets, L.P.

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 set of financial statements in the quarterly financial report as of September 30, 2013 and December 31, 2012, and for the three and nine months ended September 30, 2013 and 2012 are not prepared, in all material respects, in accordance with U.S. GAAP.

Emphasis of Matter - Fair Value of Investments

In arriving at our review conclusion, which is not modified, we have considered the adequacy of the disclosures made in Note 2 concerning the valuation of investments. The Directors of the General Partner have estimated the fair value of the investment in AAA Investments L.P. at \$1,735.5 million (100.0% of total assets) and \$1,666.4 million (100.0% of total assets) as at September 30, 2013 and December 31, 2012, respectively, in the absence of a readily determinable market value. However, because of the inherent uncertainty of the valuation, the estimated value may differ materially from the value that would have been realized had a disposal of the investments been made between a willing buyer and seller.

Deloitte LLP
Chartered Accountants
Guernsey, Channel Islands
6 November 2013

Financial Statements of AP Alternative Assets, L.P.

AP ALTERNATIVE ASSETS, L.P.		
STATEMENT OF ASSETS AND LIABILITIES		
(in thousands, except per unit amounts)		
	As of September 30, 2013 (unaudited)	As of December 31, 2012
ASSETS		
Investment in AAA Investments, L.P. (cost of \$1,494,358 and \$1,561,154 at September 30, 2013 and December 31, 2012, respectively)	\$ 1,735,525	\$ 1,666,448
Other assets	455	296
TOTAL ASSETS	1,735,980	1,666,744
LIABILITIES		
Accounts payable and accrued liabilities	787	651
Due to affiliates	539	3,224
NET ASSETS	\$ 1,734,654	\$ 1,662,869
NET ASSETS CONSIST OF:		
Partners' capital contribution (76,328,950 and 80,215,738 net common units outstanding at September 30, 2013 and December 31, 2012, respectively)	\$ 1,621,541	\$ 1,683,764
Partners' capital distributions	(112,309)	(112,309)
Accumulated increase in net assets resulting from operations	225,422	91,414
NET ASSETS	\$ 1,734,654	\$ 1,662,869
Net asset value per common unit	\$ 22.73	\$ 20.73
Market price per common unit	\$ 28.49	\$ 14.80
See accompanying notes to financial statements.		

Financial Statements of AP Alternative Assets, L.P.

AP ALTERNATIVE ASSETS, L.P.				
STATEMENT OF OPERATIONS (UNAUDITED)				
(in thousands)				
	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
INVESTMENT INCOME (LOSS) (ALLOCATED FROM AAA INVESTMENTS, L.P.)				
Interest, dividends and gains from short-term investments	\$ 39	\$ 4,120	\$ 149	\$ 25,324
Expenses	(1,966)	(11,748)	(5,566)	(30,936)
	(1,927)	(7,628)	(5,417)	(5,612)
EXPENSES				
General and administrative expenses	(667)	(673)	(1,865)	(2,007)
NET INVESTMENT LOSS	(2,594)	(8,301)	(7,282)	(7,619)
REALIZED AND UNREALIZED (LOSSES) GAINS FROM INVESTMENTS (ALLOCATED FROM AAA INVESTMENTS, L.P.)				
Net realized losses from sales/dispositions on investments	(121,510)	(171,440)	(121,510)	(131,745)
Net change in unrealized appreciation/depreciation of investments	204,476	197,020	262,800	293,851
NET GAIN FROM INVESTMENTS	82,966	25,580	141,290	162,106
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 80,372	\$ 17,279	\$ 134,008	\$ 154,487
See accompanying notes to financial statements.				

Financial Statements of AP Alternative Assets, L.P.

AP ALTERNATIVE ASSETS, L.P.		
STATEMENT OF CHANGES IN NET ASSETS		
(in thousands)		
	For the Nine Months Ended September 30, 2013 (unaudited)	For the Year Ended December 31, 2012
NET (DECREASE) INCREASE IN NET ASSETS RESULTING FROM OPERATIONS		
Net investment loss	\$ (7,282)	\$ (11,964)
Net gain from investments (allocated from AAA Investments, L.P.)	141,290	297,526
Net increase in net assets resulting from operations	134,008	285,562
NET CHANGE FROM CAPITAL TRANSACTIONS		
Partners' capital distributions	—	(2,170)
Purchase of common units	(62,223)	(100,046)
Net decrease in net assets resulting from capital transactions	(62,223)	(102,216)
TOTAL NET INCREASE IN NET ASSETS	71,785	183,346
NET ASSETS — Beginning of period	1,662,869	1,479,523
NET ASSETS — End of period	\$ 1,734,654	\$ 1,662,869
See accompanying notes to financial statements.		

Financial Statements of AP Alternative Assets, L.P.

AP ALTERNATIVE ASSETS, L.P.		
STATEMENT OF CASH FLOWS (UNAUDITED)		
(in thousands)		
	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in net assets resulting from operations	\$ 134,008	\$ 154,487
Adjustments to reconcile net increase in net assets resulting from operations to net cash flows provided by operating activities:		
Net investment loss (allocated from AAA Investments, L.P.)	5,417	5,612
Net gain from investments (allocated from AAA Investments, L.P.)	(141,290)	(162,106)
Changes in operating assets and liabilities:		
Dividend from AAA Investments, L.P.	66,796	99,675
Increase in other assets	(159)	(147)
(Decrease) increase in accounts payable, accrued liabilities and due to affiliates	(2,549)	2,525
Net cash flows provided by operating activities	<u>62,223</u>	<u>100,046</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of common units	<u>(62,223)</u>	<u>(100,046)</u>
Net cash flows used in financing activities	<u>(62,223)</u>	<u>(100,046)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	—	—
CASH AND CASH EQUIVALENTS — Beginning of period	<u>—</u>	<u>—</u>
CASH AND CASH EQUIVALENTS — End of period	<u>\$ —</u>	<u>\$ —</u>
Supplemental Schedule of Non-Cash Financing Activities —		
Partners' capital distribution (paid by AAA Investments, L.P.)	<u>\$ —</u>	<u>\$ 2,170</u>
See accompanying notes to financial statements.		

Financial Statements of AP Alternative Assets, L.P.

Notes to Financial Statements

1. BUSINESS

AP Alternative Assets, L.P. (“AAA” or the “Partnership”) is a Guernsey limited partnership whose partners are 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 NYSE Euronext in Amsterdam, the regulated market of Euronext Amsterdam N.V., under the symbol “AAA”.

The Managing General Partner is a Guernsey limited company and is owned 55% by an individual who is not an affiliate of Apollo Global Management, LLC and its subsidiaries (collectively “Apollo”) and 45% by Apollo Principal Holdings III, L.P., an affiliate of Apollo. The Managing General Partner is responsible for managing the business and affairs of AAA. AAA generally makes all of these investments through AAA Investments, L.P. (the “Investment Partnership”), of which AAA is the sole limited partner. The Partnership’s investment mandate is to invest in Apollo-sponsored entities, funds and private equity transactions. The Partnership may also invest in additional credit funds, private equity funds and opportunistic investments identified by Apollo Alternative Assets, L.P. (“Apollo Alternative Assets” or the “Manager”, the investment manager to both AAA and the Investment Partnership – see Note 5, “Relationship with Apollo and Related Party Transactions”), and in temporary investments that are made in connection with cash management activities. As of September 30, 2013, the Partnership’s portfolio consisted of a single opportunistic investment in the majority of the economic equity of Athene Holding Ltd. (together with its subsidiaries “Athene”). Athene Holding Ltd. is the ultimate parent of various insurance company operating subsidiaries. Through its subsidiaries, Athene Holding Ltd. provides insurance products focused primarily on the retirement market and its business centers primarily on issuing or reinsuring fixed and equity indexed annuities. The financial statements of the Investment Partnership, including a schedule of investments, are included elsewhere within this report and should be read in conjunction with the Partnership’s financial statements.

AAA is regulated under the Authorised Closed-ended Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (“GFSC”) with effect from December 15, 2008 under The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (the “New Rules”). AAA is deemed to be an authorized closed-ended investment scheme under the New Rules.

On October 31, 2012, the Investment Partnership closed on an agreement to contribute substantially all of its investments to Athene in exchange for common shares of Athene Holding Ltd., cash and a short term promissory note (the “Transaction”). The Investment Partnership received approximately 46.8 million non-voting common shares of Athene Holding Ltd., cash of \$82.9 million and a promissory note with a principal amount of \$113.3 million in exchange for investments with a fair value of approximately \$1,114.3 million. The promissory note is reported

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at fair value and bears interest at a rate of 0.30% per annum. It is payable upon demand by the Investment Partnership in cash or Athene Holding Ltd. shares at a set price of \$13.46 at the Investment Partnership's option and Athene may prepay at its option at any time, without penalty. The impact of the Transaction resulted in a realized gain of approximately \$178.3 million (or \$2.22 per unit) during the quarter ended December 31, 2012. In addition, the impact of the Transaction resulted in a dilution of approximately \$63.6 million in the Investment's Partnership's interest in Athene and an increase of approximately \$22.1 million of additional allocation to the Investment's Partnership's General Partner during the quarter ended December 31, 2012. At the time of the Transaction, there were an additional 1.5 million shares to be issued by Athene for the remaining Investment Partnership investments to be contributed that were pending the receipt of required regulatory consents. Following receipt of the required regulatory consents, the Investment Partnership, through a subsidiary, transferred its remaining investments to Athene Holding Ltd. on July 29, 2013, which resulted in a net realized loss of \$121.6 million. At the date of the contribution, there was a \$24.3 million difference in the fair value of the assets contributed and the Athene Holding Ltd. shares received. The impact on unrealized appreciation was partially offset by approximately \$17.6 million through the Investment Partnership's previous investment in Athene.

Simultaneously with the approval of the Transaction, the Board approved the removal of the diversification requirements within the Investment Partnership's Investment Policies and Procedures (having received the requisite approval of the independent directors) in order for the Investment Partnership to have Athene as its only investment. See "Risk Factors – Portfolio Risks" for a discussion of the risks associated with the Athene investment.

As of September 30, 2013, Athene is the Investment Partnership's only portfolio investment and the Investment Partnership is the largest shareholder of Athene with an approximate 72.5% and 77.2% economic ownership stake as of September 30, 2013 and December 31, 2012, respectively, (without giving to effect to restricted common shares issued under Athene's management equity plan), and effectively 45% of the voting power. During January and February 2013, under its existing agreements, Athene Holdings called approximately \$82.1 million in capital from other investors. As a result, the Investment Partnership's ownership in Athene was diluted by approximately \$43.1 million from approximately 77.2% to approximately 72.2%. In accordance with the services agreement among AAA, the Investment Partnership and the other service recipients party thereto and Apollo Alternative Assets, Apollo Alternative Assets receives a management fee for managing the assets of the Investment Partnership. In connection with the consummation of the Transaction, on October 31, 2012, the services agreement was amended. Pursuant to the amendment, the parties agreed that there will be no management fees payable by the Investment Partnership with respect to the shares of Athene Holding Ltd. that were newly acquired by the Investment Partnership in the Transaction, which are those shares in excess of the shares of Athene Holding Ltd. that the Investment Partnership owned prior to the Transaction or had committed to purchase prior to the Transaction (approximately 3.8 million shares at \$11.16 per share, according to a pre-existing capital commitment obligation (the "Excluded Athene Shares"). The Investment Partnership will continue to pay Apollo Alternative Assets the same management fee on the Investment Partnership's investment in Athene (other than with respect

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to the Excluded Athene Shares), except that Apollo Alternative Assets agreed that AAA Investments' obligation to pay the existing management fee shall terminate on December 31, 2014 (although services will continue through December 31, 2020). Apollo Alternative Assets is entitled to receive a formulaic unwind of its management fee in the event that AAA makes a tender offer for all or substantially all of its outstanding units where the consideration is to be paid in shares of Athene Holding Ltd (or if AAA accomplishes a similar transaction using an alternative structure that is no less favorable in all material respects to the AAA unitholders as a whole), up to a cap of \$30.0 million if the tender offer or similar transaction commences in 2013, \$25.0 million if the tender offer or similar transaction commences in 2014, \$20.0 million if the tender offer or similar transaction commences in 2015 and zero if the tender offer or similar transaction commences in 2016 or thereafter. All such management fees are paid pursuant to a derivative contract between the Investment Partnership and Apollo. Each quarter, management fees earned are translated into an accrued notional number of shares of Athene Holding Ltd., and the accrued notional shares of Athene Holding Ltd. are valued based on the reported value used in preparing the Investment Partnership's financial statements. At the Investment Partnership's option, all notional shares accrued pursuant to the terms of the derivative contract are payable either in shares of Athene Holding Ltd. or cash equal to the fair value of such shares of Athene Holding Ltd. at the time of settlement. Settlement occurs on the earlier of a change of control of Athene or October 31, 2017.

In addition, the Investment Partnership's general partner, is generally entitled to a carried interest that allocates to it 20% of the realized returns (net of related expenses including borrowing costs) on the investments of AAA Investments. The Investment Partnership's general partner will not be entitled to receive any carried interest in respect of the Excluded Athene Shares. In addition, carried interest payable to the Investment Partnership's General Partner will be paid in shares of Athene Holding Ltd. (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding Ltd., or paid in cash if AAA sells the shares of Athene Holding Ltd.

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 Partnership and the Investment Partnership follow the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "ASC") as the source of authoritative accounting principles in the preparation of financial statements in conformity with U.S. GAAP.

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 within this report and should be read in conjunction with the Partnership's financial statements. AAA has recorded its allocated investment income and losses and realized and unrealized gains and losses from investments from the Investment Partnership within the Statement of Operations. Management has evaluated

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all subsequent events or transactions for potential recognition or disclosure through November 6, 2013, the issuance date of these 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 and nine months ended September 30, 2013 and 2012 and its financial position at September 30, 2013 and December 31, 2012.

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.

The Managing General Partner has reviewed the Partnership's future obligations and expects the Partnership to continue as a going concern for at least the next year. As also detailed under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources" included elsewhere within this report, this assessment is based on the Partnership's expected operating expenses, and because its sources of liquidity depend primarily on distributions by the Investment Partnership, present sources of liquidity, borrowing facilities and the ability to raise cash through sales of investments and other activities.

AAA is, for U.S. GAAP purposes, an investment company and therefore applies the specialized accounting principles of the FASB ASC 946, "Financial Services - Investment Companies." It reflects its investments on the Statement of Assets and Liabilities at their estimated fair value, with unrealized gains and losses resulting from changes in fair value reflected in net change in unrealized appreciation/(depreciation) on investments in the Statement of Operations.

Significant 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 the Managing General Partner and the board of directors of 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.

AAA's investment in the Investment Partnership is valued at \$1,735.5 million (100.1% of net assets) and \$1,666.4 million (100.2% of net assets) as of September 30, 2013 and December 31, 2012, respectively. Such investment's fair value has been estimated by the Managing General Partner's board of directors in the absence of readily available fair values. However, because of

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the inherent uncertainty of the valuation, the estimated value may differ materially from the value that would have been realized had a disposal of the investment been made between a willing buyer and seller. Additionally, widespread economic uncertainty, slowing capital and consumer spending, indeterminate credit markets, volatile equity returns and other risks described elsewhere in this report could have effects on the fair value of investments in future periods.

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 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.

Fair Value of Financial Instruments—U.S. GAAP requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. AAA's financial instruments are recorded at fair value or at amounts whose carrying value approximates fair value. See the valuation policy for limited partner interests above.

Net Investment (Loss) Income and Net Gain from Investments—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.

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

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personnel that carry out investment and other activities are members of the Managing General Partner or employees of Apollo. Their services are provided to AAA or for its benefit in accordance with the services agreement with Apollo Alternative Assets. 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. The Investment Partnership reimburses an affiliate of Apollo Alternative Assets for services provided by an employee of Apollo for assistance with the strategic positioning of AAA.

Taxes—The Partnership is not subject to income taxes in Guernsey and is taxable as a partnership for U.S. federal and state income tax purposes. As a partnership, AAA incurs no U.S. federal or state 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 or state income tax liability. The Partnership has filed U.S. federal and state tax returns for the 2012, 2011 and 2010 tax years. The tax years from 2010 to 2012 are subject to the possibility of an audit until the expiration of the applicable statute of limitations.

The Partnership follows U.S. GAAP when accounting for uncertainty in income taxes recognized in the financial statements. This guidance 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 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Distribution Policy—The Partnership may make cash distributions (which would be payable to all unitholders) in an amount in U.S. dollars which if paid would generally be 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 (if made) 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. There is no assurance that distributions will be made. The Managing General Partner determined that the Partnership will not make a tax distribution related to 2012 and 2011 taxable income generated by the Partnership. The available cash was used to enable the Partnership to execute tender offers.

Recent Accounting Pronouncements— In December 2011, the Financial Accounting Standards Board ("FASB") issued guidance to enhance disclosures about financial instruments and derivative instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset. Under the guidance, an entity is required to disclose quantitative information relating to recognized assets and liabilities that are offset or subject to an enforceable master netting arrangement or similar agreement, including the gross amounts of those recognized assets and liabilities, the amounts offset to determine the net amount presented in the statement of financial position, and the net amount presented in the statement of financial position. With respect to amounts subject to an

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enforceable master netting arrangement or similar agreement which are not offset, disclosure is required of the amounts related to recognized financial instruments and other derivative instruments, the amount related to financial collateral (including cash collateral), and the overall net amount after considering amounts that have not been offset. The guidance is effective for annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods and retrospective application is required. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Partnership.

In January 2013, the FASB issued guidance to clarify the scope of disclosures about offsetting assets and liabilities. The amendments clarify that the scope of guidance issued in December 2011 to enhance disclosures around financial instruments and derivative instruments that are either (1) offset, or (2) subject to a master netting arrangement or similar agreement, irrespective of whether they are offset, applies to derivatives, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset or subject to an enforceable master netting arrangement or similar agreement. The amendments are effective for interim and annual periods beginning on or after January 1, 2013. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Partnership.

In June 2013, the FASB issued guidance to change the assessment of whether an entity is an investment company by developing a new two-tiered approach that requires an entity to possess certain fundamental characteristics while allowing judgment in assessing certain typical characteristics. The fundamental characteristics that an investment company is required to have include the following: (1) it obtains funds from one or more investors and provides the investor(s) with investment management services; (2) it commits to its investor(s) that its business purpose and only substantive activities are investing the funds solely for returns from capital appreciation, investment income or both; and (3) it does not obtain returns or benefits from an investee or its affiliates that are not normally attributable to ownership interests. The typical characteristics of an investment company that an entity should consider before concluding whether it is an investment company include the following: (1) it has more than one investment; (2) it has more than one investor; (3) it has investors that are not related parties of the parent or the investment manager; (4) it has ownership interests in the form of equity or partnership interests; and (5) it manages substantially all of its investments on a fair value basis. The new approach requires an entity to assess all of the characteristics of an investment company and consider its purpose and design to determine whether it is an investment company. The guidance includes disclosure requirements about an entity's status as an investment company and financial support provided or contractually required to be provided by an investment company to its investees. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2013. Earlier application is prohibited. The Partnership is in the process of evaluating the impact that this guidance will have on the financial statements.

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3. INVESTMENTS IN LIMITED PARTNER INTERESTS OF THE INVESTMENT PARTNERSHIP

At September 30, 2013 and December 2012, AAA's only investment consisted of a limited partner interest 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 AAA's capital by the Investment Partnership do not appear as investments in AAA's financial statements, AAA is the primary 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.

Fair Value Measurements

In accordance with U.S. GAAP, the Partnership prioritizes and ranks the level of market price observability used in measuring its investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I—Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level I include listed equities, securities and listed derivatives. AAA and the Investment Partnership do not adjust the quoted price for these investments, even in situations where Apollo holds a large position and a sale could reasonably impact the quoted price.

Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III—Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include private equity, general and limited partner interests in private equity, credit or real estate funds, mezzanine funds, distressed debt, structured debt vehicles and non-investment grade residual interests in securitizations.

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In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. AAA's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table summarizes the valuation of the Partnership's investments in fair value hierarchy levels:

<i>(in thousands)</i>	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
As of September 30, 2013:				
Investment in AAA Investments, L.P.	<u>\$ 1,735,525</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,735,525</u>
As of December 31, 2012:				
Investment in AAA Investments, L.P.	<u>\$ 1,666,448</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,666,448</u>

As of September 30, 2013 and December 31, 2012, the Partnership's Level III investment is valued based on the Net Asset Value of the Investment Partnership (which in turn is based on the Investment Partnership's underlying investments which are valued based on market quotes, broker quotes and the enterprise values at which the company believes it could be sold or transferred in an orderly transaction between market participants as of the measurement date. A market multiple approach that considers a specific financial measure, a discounted cash flow approach, an option valuation methodology or a liquidation analysis is generally used).

The change in the investment measured at fair value for which the Partnership has used Level III inputs to determine fair value is as follows:

<i>(in thousands)</i>	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Beginning Balance	\$ 1,659,093	\$ 1,516,899	\$ 1,666,448	\$ 1,480,152
Purchases	—	—	—	—
Distributions	(4,607)	(50)	(66,796)	(101,845)
Unrealized gains	81,039	17,952	135,873	156,494
Ending Balance	<u>\$ 1,735,525</u>	<u>\$ 1,534,801</u>	<u>\$ 1,735,525</u>	<u>\$ 1,534,801</u>

As of September 30, 2013 and December 31, 2012, AAA had unrealized gains on Level III investments of \$241.2 million and \$105.3 million, respectively. There were no transfers between Level I and II during the three and nine months ended September 30, 2013 and the year ended December 31, 2012.

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4. CAPITAL TRANSACTIONS

At September 30, 2013 and December 31, 2012, AAA had 76,328,950 and 80,215,738, respectively, net common units outstanding, inclusive of 135,167 of common units held in treasury.

On February 10, 2012, AAA commenced a tender offer (the “February Tender Offer”) to purchase a portion of its outstanding common units or restricted depositary units (“RDUs”) (collectively, “Units”) at prices ranging from \$9.20 to \$10.70 per Unit. In accordance with the terms of the February Tender Offer and under a prior mandate of the board of directors of AAA Guernsey Limited, AAA purchased 5,000,000 Units at \$10.00 per Unit for total consideration of \$50.0 million (\$50.3 million inclusive of expenses). The Investment Partnership made a distribution to AAA for the amount of the February Tender Offer. The Units acquired in the February Tender Offer were cancelled.

On April 20, 2012, AAA commenced a tender offer (the “April Tender Offer”) to purchase a portion of its outstanding Units at prices ranging from \$9.00 to \$10.50 per Unit. In accordance with the terms of the April Tender Offer and under a prior mandate of the board of directors of AAA Guernsey Limited, AAA purchased 4,967,462 Units at \$10.00 per Unit for total consideration of \$49.7 million (\$49.8 million inclusive of expenses). The Investment Partnership made a distribution to AAA for the amount of the April Tender Offer. The Units acquired in the April Tender Offer were cancelled.

On November 12, 2012, AAA commenced a tender offer (the “November Tender Offer”) to purchase a portion of its outstanding Units at prices ranging from \$15.00 to \$16.00 per Unit. In accordance with the terms of the November Tender Offer and under a prior mandate of the board of directors of AAA Guernsey Limited, AAA purchased 3,886,788 Units at \$16.00 per Unit for total consideration of \$62.2 million (approximately \$62.2 million inclusive of expenses) during the quarter ended March 31, 2013. During 2013, the Investment Partnership made a distribution to AAA for the amount of the November Tender Offer. The Units acquired in the November Tender Offer were cancelled during March 2013.

Apollo Alternative Assets intends to continue monitoring the trading performance of AAA in the market and may, from time to time, seek to purchase units either directly or through one or more affiliates, when regulatory and market conditions permit.

In addition, under the services agreement, Apollo may require its affiliates to acquire additional common units of 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. In November 2011, the Board of Directors of the Managing General Partner agreed with Apollo Alternative Assets to amend and restate the services agreement. The amendments require Apollo Alternative Assets (or its affiliates) to purchase common units or restricted depositary units in the market rather than subscribing for and being issued new common units or restricted depositary units when making a reinvestment of a portion of the

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carried interests from AAA. Apollo is not be required to make these market purchases in any quarter where the amount of allocable carried interest to be reinvested is de minimis, and in such event the allocable carried interest will be rolled forward to subsequent quarters until such time as it is of a sufficient size to be used to acquire common units. In addition Apollo is not obliged to make acquisitions of units or restricted depositary units in a particular quarter where the market price has increased above a pre-defined threshold. In such circumstances the allocable carried interest shall again be rolled over to the subsequent quarter. This was done to reduce the risk of market manipulation of the unit price. Where Apollo has been unable to invest its allocable carried interest in three consecutive quarters or open window periods, whichever is longer, it is obliged to invest the relevant allocable carried interest by way of a subscription for new units or restricted depositary units on the same basis as done prior to this amendment or (at its option) purchase in the market at whatever price is available. No lock-up is imposed on the units or restricted depositary units acquired by Apollo pursuant to the above arrangement as such a lock-up would have the effect of reducing liquidity of the units and restricted depositary units.

In July 2011 and April 2011, AAA issued 10,076 common units and 24,482 common units, respectively, in the form of restricted depositary units, to AAA Holdings, L.P. (“AAA Holdings”), an affiliate of Apollo, at a price per unit of \$12.31 and \$12.56, respectively. The units issued were subscribed for 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. Common units issued directly to AAA’s affiliates in connection with the carried interest reinvestment program are subject to a general prohibition on transfer for a period of three years from the date of issuance. During the second quarter of 2012, to comply with the amended and restated services agreement which was approved by the board of directors of the Managing General Partner in November 2011, affiliates of Apollo Alternative Assets reinvested a portion of the carried interests received in common units of AAA that were acquired in the market. AAA Holdings acquired 143,300 units at an average purchase price of \$10.13 per unit. No lock-up is imposed on the acquired units.

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 depositary units that are evidenced by restricted depositary receipts, subject to compliance with applicable ownership and transfer restrictions. The restricted depositary units have not been listed on any securities exchange.

During the three and nine months ended September 30, 2013, the Investment Partnership made partners’ capital distributions of \$4.6 million and \$66.8 million, respectively, which consisted of a \$62.2 million distribution related to the November Tender Offer which settled during March 2013 and a \$4.6 million distribution in August 2013 to AAA related to expense reimbursements.

During the year ended December 31, 2012, the Investment Partnership made partners’ capital distributions of \$101.8 million to or on behalf of AAA, of which \$99.7 related to the February Tender Offer and April Tender Offer and \$2.1 million was deemed to be distributed for tax

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withholdings on dividends received. These distributions were paid by the Investment Partnership and are included as a non-cash financing activity on the Partnership's Statement of Cash Flows.

5. 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. Apollo and its affiliates receive management, sub-advisory, monitoring and other fees from Athene related to services provided to Athene. Apollo, and/or its affiliates, also receives directly from portfolio companies in which the Investment Partnership may have 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.

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. Apollo Alternative Assets receives a management fee from the service recipients for providing these services.

The services agreement was amended on October 31, 2012 in connection with the Transaction. Under the original services agreement, AAA, the Investment Partnership and the other service recipients 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 (i) all Adjusted Assets (as defined in the services agreement) up to and including \$3.0 billion multiplied by 1.25% plus (ii) all Adjusted Assets in excess of \$3.0 billion multiplied by 1.0%. Pursuant to the amendment, the parties agreed that there will be no management fees payable by the Investment Partnership with respect to the Excluded Athene Shares. The Investment Partnership's general partner will not be entitled to receive any carried interest in respect of the Excluded Athene Shares. The Investment Partnership will continue to pay Apollo Alternative Assets the same management fee on the Investment Partnership's investment in Athene (other than with respect to the Excluded Athene Shares), except that Apollo Alternative Assets agreed that AAA Investments' obligation to pay the existing management fee shall terminate on December 31, 2014 (although services will continue through December 31, 2020). In the event that AAA makes a tender offer for all or

Financial Statements of AP Alternative Assets, L.P.

substantially all of its units where the consideration is to be paid in shares of Athene Holding Ltd. (or an alternative transaction that is no less favorable, in all material respects to the AAA unitholders as a whole), the management fee will be unwound and a lump sum payment will be made to Apollo equal to the remaining management fee that would have been due until the expiration date (December 31, 2020), using an 8% discount rate and assuming a 14% growth rate to then existing management fees, compounded annually, until the expiration date, subject to a cap of \$30.0 million if the tender offer or similar transaction commences in 2013, \$25.0 million if the tender offer or similar transaction commences in 2014, \$20.0 million if the tender offer or similar transaction commences in 2015 and zero if the tender offer or similar transaction commences in 2016 or thereafter. All such management fees are paid pursuant to a derivative contract between the Investment Partnership and Apollo. Each quarter, management fees earned are translated into an accrued notional number of shares of Athene Holding Ltd., and the accrued notional shares of Athene Holding Ltd. are valued based on the reported value used in preparing the Investment Partnership's financial statements. At the Investment Partnership's option, all notional shares accrued pursuant to the terms of the derivative contract are payable either in shares of Athene Holding Ltd. or cash equal to the fair value of such shares of Athene Holding Ltd. at the time of settlement. Settlement occurs on the earlier of a change of control of Athene or October 31, 2017. In addition, carried interest payable to the Investment Partnership's General Partner will be paid in shares of Athene Holding Ltd. (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding Ltd., or paid in cash if AAA sells the shares of Athene Holding Ltd.

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 Investment Partnership has historically not incurred any liabilities as a result of these guarantees and does not expect to in the future. Accordingly, no liability has been recorded in the accompanying financial statements.

Due to Affiliates—Due to affiliates at September 30, 2013 and December 31, 2012 consisted of \$0.5 million and \$3.2 million, respectively, payable to the Investment Partnership 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, participate in certain of the investments in which the Investment Partnership invests.

Financial Statements of AP Alternative Assets, L.P.

The following is a summary of the personal interests of the directors in such investments at fair value:

<i>(in thousands)</i>	As of September 30, 2013	As of December 31, 2012
Apollo Investment Fund VI, L.P.	N/A	\$75,157

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, 2013 and December 31, 2012, the directors owned approximately 2.3 million and 2.3 million Units of AAA, respectively. This excludes 2.1 million and 2.3 million Units owned by an affiliate of Apollo, which certain directors are deemed to beneficially own at September 30, 2013 and December 31, 2012, respectively.

6. FINANCIAL HIGHLIGHTS

Financial highlights for AAA were as follows:

<i>(in thousands, except per unit amounts)</i>	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Per unit operating performance:		
Net asset value at the beginning of the period	\$ 20.73	\$ 16.41
(Loss) income from investment operations:		
Net investment loss	(0.09)	(0.09)
Net gain from investments	1.82	1.92
Total from investment operations	1.73	1.83
Capital distributions	—	(0.03)
Unit purchases	(0.80)	(1.19)
Accretion from unit purchases/effect of dilution	1.07	2.08
Net asset value at end of the period	\$ 22.73	\$ 19.10
Total return	11.11%	14.16%
Percentage and supplemental data:		
Net assets at the end of the period	\$ 1,734,654	\$ 1,531,794
Ratio to average net assets:		
Expenses	0.54%	2.90%
Investment loss	(0.54)%	(0.68)%

Financial Statements of AP Alternative Assets, L.P.

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.

AAA's turnover ratios for the nine months ended September 30, 2013 and 2012 were 27% and (2)%, respectively.

7. COMMITMENTS AND CONTINGENCIES

AAA may, from time to time, be party to various legal actions arising in the ordinary course of business including claims and litigations, reviews, investigations or proceedings by governmental and self regulatory agencies regarding their respective businesses. It is the opinion of the Managing General Partner and Managing Investment Partner, after consultation with counsel, there are presently no existing matters that would result in a material adverse effect on the financial condition of the Partnership.

As of September 30, 2013, AAA had no outstanding commitments for future funding.

8. SUBSEQUENT EVENTS

On October 2, 2013 Athene announced it had completed the acquisition of the U.S. annuity operations of Aviva plc ("Aviva USA") and related subsidiaries, including Iowa-domiciled Aviva Life and Annuity Company, and New York-domiciled Aviva Life and Annuity Company of New York, for approximately \$1.55 billion (prior to purchase price adjustments at closing). Athene also announced that it has completed the sale of Aviva USA's life insurance operations to Presidential Life Insurance Company – USA, a wholly owned subsidiary of Commonwealth Annuity and Life Insurance Co. and part of the Global Atlantic Financial Group. Terms of that deal were not disclosed. Following the deal's close, Athene has approximately \$60 billion in assets, making it one of the largest fixed annuity companies in the United States. In the future, the fair value of the Investment Partnership's investment in Athene may be impacted by Athene's acquisition of Aviva.

Financial Statements of AAA Investments, L.P.

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Financial Statements of AAA Investments, L.P.

Independent Review Report to the General Partner of AAA Investments, L.P.

We have been engaged by AAA MIP Limited (the "General Partner") to review the set of financial statements in the quarterly financial report of AAA Investments, L.P. as of September 30, 2013 and December 31, 2012, and for the three and nine months ended September 30, 2013 and 2012, which comprises the Statement of Assets and Liabilities, Statement of Operations, Schedule of Investments, Statement of Changes in Net Assets, 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 information in the set of financial statements.

This report is made solely to the General Partner in accordance with International Standard on Review Engagements (UK and Ireland) 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the General Partner 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 General Partner, 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 quarterly financial information included in this quarterly financial report has been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP).

Our responsibility

Our responsibility is to express to the General Partner a conclusion on the set of financial statements 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

Financial Statements of AAA Investments, L.P.

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 set of financial statements in the quarterly financial report as of September 30, 2013 and December 31, 2012, and for the three and nine months ended September 30, 2013 and 2012 are not prepared, in all material respects, in accordance with U.S. GAAP.

Emphasis of Matter - Fair Value of Investment in Athene

In arriving at our review conclusion, which is not modified, we have considered the adequacy of the disclosures made in Note 2 concerning the valuation of the investment in Athene. The Directors of the General Partner have estimated the fair value of the investment in Athene at \$1,729.0 million (94.5% of the total assets) and \$1,582.0 million (90.9% of total assets) at September 30, 2013 and December 31, 2012, respectively in the absence of readily determinable market value. However, because of the inherent uncertainty of the valuation, the estimated value may differ materially from the value that would have been realized had a disposal of the investment in Athene been made between a willing buyer and seller.

Deloitte LLP
Chartered Accountants
Guernsey, Channel Islands
6 November 2013

Financial Statements of AAA Investments, L.P.

AAA INVESTMENTS, L.P.		
STATEMENT OF ASSETS AND LIABILITIES		
(in thousands)		
	As of September 30, 2013 (unaudited)	As of December 31, 2012
ASSETS		
Investments:		
Investment in Opportunistic Investment at fair value (cost of \$1,331,942 and \$1,276,366 at September 30, 2013 and December 31, 2012, respectively)	\$ 1,728,986	\$ 1,578,954
Co-investments – Apollo Investment Fund VI at fair value (cost of \$0 and \$177,153 at September 30, 2013 and December 31, 2012, respectively)	—	25,050
Total Investments	1,728,986	1,604,004
Cash and cash equivalents	12,585	18,661
Note receivable from affiliate	78,953	113,264
Other assets	7,917	354
Due from affiliates	539	3,224
TOTAL ASSETS	1,828,980	1,739,507
LIABILITIES		
Accounts payable and accrued liabilities	543	1,268
Due to affiliates	11,608	1,830
NET ASSETS	\$ 1,816,829	\$ 1,736,409
NET ASSETS CONSIST OF:		
Partners' capital	\$ 1,472,840	\$ 1,539,673
Accumulated increase in net assets resulting from operations	343,989	196,736
NET ASSETS	\$ 1,816,829	\$ 1,736,409
See accompanying notes to financial statements.		

Financial Statements of AAA Investments, L.P.

AAA INVESTMENTS, L.P.			
SCHEDULE OF INVESTMENTS			
(in thousands)			
	<u>Cost</u>	<u>Fair Value</u>	<u>Fair Value as a Percentage of Net Assets</u>
As of September 30, 2013 (unaudited):			
Opportunistic Investment – Athene	\$ 1,331,942	\$ 1,728,986	95.2%
Total Investments	<u>\$ 1,331,942</u>	<u>\$ 1,728,986</u>	<u>95.2%</u>
As of December 31, 2012:			
Opportunistic Investment – Athene	\$ 1,276,366	\$ 1,578,954	90.9%
Co-investments in Apollo Investment Fund VI portfolio companies:	177,153	25,050	1.5%
Total Investments	<u>\$ 1,453,519</u>	<u>\$ 1,604,004</u>	<u>92.4%</u>
See accompanying notes to financial statements.			

Financial Statements of AAA Investments, L.P.

AAA INVESTMENTS, L.P.			
SCHEDULE OF INVESTMENTS (continued)			
(in thousands)			
	Cost	Fair Value	Fair Value as a Percentage of Net Assets
As of September 30, 2013 (unaudited):			
Investments by Geography:			
North America	\$ 1,331,942	\$ 1,728,986	95.2%
	<u>\$ 1,331,942</u>	<u>\$ 1,728,986</u>	<u>95.2%</u>
Investments by Industry:			
Financial & Business Services	\$ 1,331,942	\$ 1,728,986	95.2%
	<u>\$ 1,331,942</u>	<u>\$ 1,728,986</u>	<u>95.2%</u>
As of December 31, 2012:			
Investments by Geography:			
North America	\$ 1,453,095	\$ 1,600,982	92.2%
Europe	424	3,022	0.2%
	<u>\$ 1,453,519</u>	<u>\$ 1,604,004</u>	<u>92.4%</u>
Investments by Industry:			
Financial & Business Services	\$ 1,276,790	\$ 1,581,975	91.1%
Media, Cable & Leisure	176,729	22,029	1.3%
	<u>\$ 1,453,519</u>	<u>\$ 1,604,004</u>	<u>92.4%</u>
See accompanying notes to financial statements.			

Financial Statements of AAA Investments, L.P.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2013	2012	2013	2012
INVESTMENT INCOME:				
Interest, dividends and gains from short-term Investments	\$ 39	\$ 4,122	\$ 150	\$ 25,338
EXPENSES:				
Management fees	(946)	(4,255)	(2,212)	(13,109)
General and administrative expenses	(1,020)	(7,497)	(3,356)	(17,837)
NET INVESTMENT LOSS	(1,927)	(7,630)	(5,418)	(5,608)
REALIZED AND UNREALIZED (LOSSES) GAINS FROM INVESTMENTS:				
Net realized losses from sales/dispositions of investments	(121,577)	(171,535)	(121,577)	(131,818)
Net change in unrealized appreciation/depreciation on investments	212,227	201,400	274,248	305,596
NET GAIN FROM INVESTMENTS	90,650	29,865	152,671	173,778
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 88,723	\$22,235	\$ 147,253	\$ 168,170
See accompanying notes to financial statements.				

Financial Statements of AAA Investments, L.P.

AAA INVESTMENTS, L.P.			
STATEMENT OF CHANGES IN NET ASSETS			
(in thousands)			
	<u>General Partner</u>	<u>Limited Partner</u>	<u>Total</u>
For the Year Ended December 31, 2012:			
NET ASSETS — December 31, 2011	\$ 22,948	\$ 1,480,152	\$ 1,503,100
NET INCREASE IN NET ASSETS FROM OPERATIONS:			
Net investment income (loss)	2	(9,386)	(9,384)
Net gain from investments	57,288	297,526	354,814
Net increase in net assets resulting from operations:	<u>57,290</u>	<u>288,140</u>	<u>345,430</u>
NET DECREASE FROM CAPITAL TRANSACTIONS:			
Partners' capital distributions	(10,277)	(101,844)	(112,121)
Net change from capital transactions	<u>(10,277)</u>	<u>(101,844)</u>	<u>(112,121)</u>
TOTAL INCREASE IN NET ASSETS	<u>47,013</u>	<u>186,296</u>	<u>233,309</u>
NET ASSETS — December 31, 2012	<u>\$ 69,961</u>	<u>\$ 1,666,448</u>	<u>\$ 1,736,409</u>
For the Nine Months Ended September 30, 2013 (unaudited):			
NET INCREASE IN NET ASSETS FROM OPERATIONS:			
Net investment loss	(1)	(5,417)	(5,418)
Net gain from investments	11,381	141,290	152,671
Net increase in net assets resulting from operations:	<u>11,380</u>	<u>135,873</u>	<u>147,253</u>
NET CHANGE FROM CAPITAL TRANSACTIONS:			
Partners' capital distributions	(37)	(66,796)	(66,833)
Net change from capital transactions	<u>(37)</u>	<u>(66,796)</u>	<u>(66,833)</u>
TOTAL INCREASE IN NET ASSETS	<u>11,343</u>	<u>69,077</u>	<u>80,420</u>
NET ASSETS — September 30, 2013	<u>\$ 81,304</u>	<u>\$ 1,735,525</u>	<u>\$ 1,816,829</u>
See accompanying notes to financial statements.			

Financial Statements of AAA Investments, L.P.

AAA INVESTMENTS, L.P. STATEMENT OF CASH FLOWS (UNAUDITED) (in thousands)		
	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net increase in net assets resulting from operations	\$ 147,253	\$ 168,170
Adjustments to reconcile net increase in net assets resulting from operations to net cash flows provided by operating activities:		
Net change in unrealized appreciation/depreciation on investments	(274,248)	(305,596)
Net realized losses from sales/dispositions of investments	121,577	131,818
Changes in operating assets and liabilities:		
Investment in Other Apollo Credit Funds	—	(29,717)
Distributions/Proceeds from Other Apollo Credit Funds	—	98,475
Distributions from Apollo Strategic Value Offshore Fund, Ltd.	—	21,000
Investments in portfolio companies	—	(1,597)
Proceeds from portfolio companies	—	137,095
Investments in opportunistic investments	—	(1,745)
Proceeds from opportunistic investments	—	10,267
Decrease in note receivable from affiliate	62,000	—
Increase in other assets and due from affiliates	(4,878)	(534)
Increase (decrease) in accounts payable, accrued liabilities and due to affiliates	9,053	(633)
Net cash flows provided by operating activities	<u>60,757</u>	<u>227,003</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of credit facility	—	(97,245)
Partners' capital distributions	(66,833)	(112,121)
Net cash flows used in financing activities	<u>(66,833)</u>	<u>(209,366)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(6,076)	17,637
CASH AND CASH EQUIVALENTS — Beginning of period	<u>18,661</u>	<u>229,892</u>
CASH AND CASH EQUIVALENTS — End of period	<u>\$ 12,585</u>	<u>\$ 247,529</u>
Supplemental Disclosure of Cash Flow Information — Interest Paid	<u>\$ —</u>	<u>\$ 11,868</u>
See accompanying notes to financial statements.		

Financial Statements of AAA Investments, L.P.

Notes to Financial Statements

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 who is not an affiliate of Apollo Global Management, LLC and its subsidiaries (collectively "Apollo"), and 45% by Apollo Principal Holdings III, L.P., an affiliate of Apollo, effectively is responsible for managing the Investment Partnership's business and affairs.

The Investment Partnership is the partnership through which AAA and the General Partner make investments. These investments may include investments in Apollo-sponsored entities, funds and private equity transactions. As of September 30, 2013, the Investment Partnership's portfolio consisted of a single opportunistic investment of the majority of the economic equity of Athene Holding Ltd. (together with its subsidiaries, "Athene"). Athene Holding Ltd. is the ultimate parent of various insurance company operating subsidiaries. Through its subsidiaries, Athene Holding Ltd. provides insurance products focused primarily on the retirement market and its business centers primarily on issuing or reinsuring fixed and equity indexed annuities. 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").

On October 31, 2012, the Investment Partnership closed on an agreement to contribute substantially all of its investments to Athene in exchange for common shares of Athene Holding Ltd., cash and a short term promissory note (the "Transaction"). The Investment Partnership received approximately 46.8 million non-voting common shares of Athene Holding Ltd., cash of \$82.9 million and a promissory note with a principal amount of approximately \$113.3 million in exchange for investments with a fair value of approximately \$1,114.3 million. The promissory note is reported at fair value and bears interest at a rate of 0.30% per annum. It is payable upon demand by the Investment Partnership in cash or Athene Holding Ltd. shares at a set price of \$13.46 at the Investment Partnership's option and Athene may prepay at its option at any time, without penalty. The impact of the Transaction resulted in a realized gain of approximately \$178.3 million (or \$2.22 per unit) for the quarter ended December 31, 2012. In addition, the impact of the Transaction resulted in a dilution of approximately \$63.6 million in the Investment's Partnership's interest in Athene and an increase of approximately \$22.1 million of additional allocation to the General Partner for the quarter ended December 31, 2012. At the time

Financial Statements of AAA Investments, L.P.

of the Transaction, there were an additional 1.5 million shares to be issued by Athene for the remaining Investment Partnership investments to be contributed that were pending the receipt of required regulatory consents. Following receipt of the required regulatory consents, the Investment Partnership, through a subsidiary, transferred its remaining investments to Athene Holding Ltd. on July 29, 2013, which resulted in a net realized loss of \$121.6 million. At the date of the contribution, there was a \$24.3 million difference in the fair value of the assets contributed and the Athene shares received. The impact on unrealized appreciation was partially offset by approximately \$17.6 million through the Investment Partnership's previous investment in Athene.

Simultaneously with the approval of the Transaction, the Board approved the removal of the diversification requirements within the Investment Partnership's Investment Policies and Procedures (having received the requisite approval of the independent directors) in order for the Investment Partnership to have Athene as its only investment. See "Risk Factors – Portfolio Risks" for a discussion of the risks associated with the Athene investment.

In connection with the Transaction, AAA announced on December 10, 2012 an extension of a cash tender offer that which was originally launched on November 12, 2012 (the "November Tender Offer") to purchase common units or restricted depositary units ("RDUs") (collectively, "Units") at prices ranging from \$15.00 to \$16.00 per Unit. Under the terms of the November Tender Offer, AAA purchased 3,886,788 Units at a price per Unit of \$16.00 during the quarter ended March 31, 2013. The amount tendered was \$62.2 million, (approximately \$62.2 million inclusive of expenses), and the Units acquired in the November Tender Offer were cancelled during March 2013.

As of September 30, 2013, Athene is the Investment Partnership's only portfolio investment and the Investment Partnership is the largest shareholder of Athene with an approximate 72.5% and 77.2% economic ownership stake as of September 30, 2013 and December 31, 2012, respectively, (without giving to effect to restricted common shares issued under Athene's management equity plan), and effectively 45% of the voting power. During January and February 2013, under its existing agreements, Athene called approximately \$82.1 million in capital from other investors.

As a result, Investment Partnership's ownership in Athene as of December 31, 2012 was diluted by approximately \$43.1 million from approximately 77.2% to approximately 72.2%. In accordance with the services agreement among AAA, the Investment Partnership and the other service recipients party thereto and Apollo Alternative Assets, Apollo Alternative Assets receives a management fee for managing the assets of the Investment Partnership. In connection with the consummation of the Transaction, on October 31, 2012, the services agreement was amended. Pursuant to the amendment, the parties agreed that there will be no management fees payable by the Investment Partnership with respect to the shares of Athene Holding Ltd. that were newly acquired by the Investment Partnership in the Transaction, which are those shares in excess of the shares of Athene Holding Ltd. that the Investment Partnership owned prior to the Transaction or had committed to purchase prior to the Transaction (approximately 3.8 million shares at \$11.16 per share, according to a pre-existing capital commitment obligation (the "Excluded Athene Shares"). The Investment Partnership will continue to pay Apollo Alternative Assets the same

Financial Statements of AAA Investments, L.P.

management fee on the Investment Partnership's investment in Athene (other than with respect to the Excluded Athene Shares), except that Apollo Alternative Assets agreed that AAA Investments' obligation to pay the existing management fee shall terminate on December 31, 2014 (although services will continue through December 31, 2020). Apollo Alternative Assets is entitled to receive a formulaic unwind of its management fee in the event that AAA makes a tender offer for all or substantially all of its outstanding units where the consideration is to be paid in shares of Athene Holding Ltd (or if AAA accomplishes a similar transaction using an alternative structure that is no less favorable in all material respects to the AAA unitholders as a whole), up to a cap of \$30.0 million if the tender offer or similar transaction commences in 2013, \$25.0 million if the tender offer or similar transaction commences in 2014, \$20.0 million if the tender offer or similar transaction commences in 2015 and zero if the tender offer or similar transaction commences in 2016 or thereafter. At the Investment Partnership's option, all such management fees are payable either in cash or shares of Athene Holding Ltd. Settlement occurs on the earlier of a change of control of Athene or October 31, 2017.

In addition, the General Partner, is generally entitled to a carried interest that allocates to it 20% of the realized returns (net of related expenses including borrowing costs) on the investments of AAA Investments. The General Partner will not be entitled to receive any carried interest in respect of the Excluded Athene Shares. In addition, carried interest payable to the General Partner will be paid in shares of Athene Holding Ltd. (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding Ltd., or paid in cash if AAA sells the shares of Athene Holding Ltd. The total fees payable under the amended services agreement are based on the value of Athene share equivalents.

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 Partnership and the Investment Partnership follow the Financial Accounting Standards Board ("FASB") Accounting Standards Codification (the "ASC") as the source of authoritative accounting principles in the preparation of financial statements in conformity with U.S. GAAP.

The 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. Management has evaluated all subsequent events or transactions for potential recognition or disclosure through November 6, 2013, the issuance date of these financial statements.

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 the Investment Partnership's activity for the three and nine months ended September 30, 2013 and 2012, and its financial position as of September 30, 2013 and December 31, 2012.

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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.

The Managing Investment Partner has reviewed the current cash balance of the Investment Partnership and its future obligations and expects the Investment Partnership to continue as a going concern for at least the next year. As also detailed under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” included elsewhere within this report, this assessment is based on the Investment Partnership’s expected operating expenses, present sources of liquidity, its borrowing facilities and the ability to raise cash through sales of investments and other activities.

The Investment Partnership is, for U.S. GAAP purposes, an investment company and therefore applies the specialized accounting principles of the FASB ASC 946, “Financial Services - Investment Companies.” It reflects its investments on the Statement of Assets and Liabilities at their estimated fair value, with unrealized gains and losses resulting from changes in fair value reflected in net change in unrealized appreciation/(depreciation) on investments in the Statement of Operations.

Significant 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 the 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 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 makes calculations as to investment value, and the services of independent valuation firms, who performs certain agreed upon procedures with respect to valuations that are prepared by Apollo Alternative Assets to confirm that such valuations are reasonable at each reporting date. An investment for which a market quotation is readily available is valued using the market price or the quoted price from an active market which is either directly or indirectly observable for the investment as of the end of the applicable accounting period. 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 by the Managing General Partner’s board of directors in good faith.

The Investment Manager utilizes a valuation committee consisting of members from senior management that review and approve the valuation results related to direct private equity co-

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investments, opportunistic investments and underlying investments in the credit funds. The Investment Manager also retains independent valuation firms to provide third-party valuation consulting services, which consist of certain limited procedures that management identifies and requests them to perform. The limited procedures provided by the independent valuation firms assist management with validating the Investment Partnership's valuation.

Due to the inherent uncertainty of the valuation, the estimated value may differ materially from the value that would have been realized had a disposal of the investments been made between a willing buyer and seller. Additionally, widespread economic uncertainty, slowing capital and consumer spending, indeterminate credit markets, volatile equity returns, and other risks described elsewhere in this report could have effects on the fair values of investments in the future periods. As part of the valuation process, the Managing Investment Partner considers whether any investments are permanently impaired. The impact of a permanent impairment is the realization of the loss from unrealized depreciation on investments. There were no impairments recorded during the nine months ended September 30, 2013 and 2012.

Value of Athene Investment - The value attributed to the portfolio investment in Athene is based on embedded value. Embedded value is a discounted cash flow-based methodology based on the future cash flows of the business. Embedded value is composed of the present value of the estimated net income generated by Athene's business plus Athene's excess capital, which is the capital in excess of what is required to be held against Athene's liabilities. Under the embedded value methodology, excess capital is not shown at discounted value, but at current value on Athene's balance sheet under statutory accounting. The embedded value of the insurance portfolios held by Athene incorporates industry information and assumptions, general economic and market conditions, and other factors deemed relevant, including the cost of capital. In addition, consideration is also given to comparable company multiples.

Values of Interests in Apollo-Sponsored Private Equity and Credit Funds—The Investment Partnership's interests in Apollo-sponsored private equity funds or credit funds do not have a readily available market value and generally are 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 or transferred in an orderly transaction between market participants as of the measurement date, 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.

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Values of Co-Investments in Portfolio Companies of Apollo-Sponsored Private Equity Funds and Opportunistic 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 or transferred in an orderly transaction between market participants as of a measurement date. 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), a discounted cash flow approach, an option valuation methodology or a 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 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.

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. These are generally cash and cash equivalents. 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.

Fair Value of Financial Instruments—U.S. GAAP requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Investment Partnership’s financial instruments are recorded at fair value or at amounts whose carrying value approximates fair value. See the valuation policy for Investments above.

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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/dispositions and net change in unrealized appreciation/depreciation on investments in the statement of operations. At September 30, 2013, the Investment Partnership did not have any foreign-denominated investments. For the three months ended September 30, 2013, there were no exchange rate fluctuations included in net change in unrealized appreciation/depreciation on investments. For the three months ended September 30, 2012, included in net change in unrealized appreciation/depreciation on investments is \$1.2 million related to exchange rate fluctuations on foreign denominated investments. For the nine months ended September 30, 2013, there were no exchange rate fluctuations included in net change in unrealized appreciation/depreciation on investments. For the nine months ended September 30, 2012, included in net change in unrealized appreciation/depreciation on investments is \$(0.3) million related to exchange rate fluctuations on foreign denominated investments.

Cash and Cash Equivalents—Cash and cash equivalents consist of cash held at banks and liquid investments with maturities, at the date of acquisition, 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, 2013 and December 31, 2012, all cash and cash equivalents were cash held at banks, which are considered to be Level I in the fair value hierarchy.

Other Assets—At September 30, 2013, other assets were primarily comprised of prepaid insurance and prepaid management fees. As part of the amended and restated service agreement (see Note 6), the Investment Partnership will accrue the quarterly management fee due to Apollo Alternative Assets through December 31, 2014 but services are for a period through December 31, 2020. The amount accrued in advance of services being performed is recorded as a prepaid management fee within Other Assets. At December 31, 2012, other assets were primarily comprised of interest receivable and prepaid insurance. Prepaid insurance is amortized on a straight-line basis over the related policy periods.

Capital— Distributable earnings (losses) are allocated to AAA and the General Partner in accordance with the limited partnership agreement.

Income Recognition—The assets of the Investment Partnership generate investment income in the form of 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 on investments is recorded as an increase or decrease in the unrealized appreciation or depreciation on investments. This occurs at the end of

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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). Realized gains and losses on sales of securities are determined based on the identified cost basis.

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.”

Taxes—The Investment Partnership is not subject to income taxes in Guernsey and is taxable as a partnership for U.S. federal and state income tax purposes. As a partnership, the Investment Partnership is not a taxable entity and incurs no U.S. federal and state 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. The Investment Partnership has filed U.S. federal and state tax returns for the 2012, 2011 and 2010 tax years. The tax years from 2010 to 2012 are subject to the possibility of an audit until the expiration of the applicable statute of limitations.

The Investment Partnership follows U.S. GAAP when accounting for the uncertainty in income taxes recognized in the financial statements. This guidance 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 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Distribution Policy—From time to time, the Investment Partnership makes distributions to or on behalf of AAA to allow AAA to pay its operating expenses as they become due, to assist AAA in making cash distributions to its unitholders in accordance with AAA’s distribution policy and to assist AAA in funding any other corporate needs, such as unit buyback programs.

Recent Accounting Pronouncements—In December 2011, the Financial Accounting Standards Board (“FASB”) issued guidance to enhance disclosures about financial instruments and derivative instruments that are either (1) offset or (2) subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset. Under the guidance, an entity is required to disclose quantitative information relating to recognized assets and liabilities that are offset or subject to an enforceable master netting arrangement or similar agreement, including the gross amounts of those recognized assets and liabilities, the amounts offset to determine the net amount presented in the statement of financial position, and the net amount presented in the statement of financial position. With respect to amounts subject to an enforceable master netting arrangement or similar agreement which are not offset, disclosure is required of the amounts related to recognized financial instruments and other derivative instruments, the amount related to financial collateral (including cash collateral), and the overall net amount after considering amounts that have not been offset. The guidance is effective for

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annual reporting periods beginning on or after January 1, 2013 and interim periods within those annual periods and retrospective application is required. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Investment Partnership.

In January 2013, the FASB issued guidance to clarify the scope of disclosures about offsetting assets and liabilities. The amendments clarify that the scope of guidance issued in December 2011 to enhance disclosures around financial instruments and derivative instruments that are either (1) offset, or (2) subject to a master netting arrangement or similar agreement, irrespective of whether they are offset, applies to derivatives, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements, and securities borrowing and securities lending transactions that are either offset or subject to an enforceable master netting arrangement or similar agreement. The amendments are effective for interim and annual periods beginning on or after January 1, 2013. As the amendments are limited to disclosure only, the adoption of this guidance did not have a material impact on the financial statements of the Investment Partnership.

In June 2013, the FASB issued guidance to change the assessment of whether an entity is an investment company by developing a new two-tiered approach that requires an entity to possess certain fundamental characteristics while allowing judgment in assessing certain typical characteristics. The fundamental characteristics that an investment company is required to have include the following: (1) it obtains funds from one or more investors and provides the investor(s) with investment management services; (2) it commits to its investor(s) that its business purpose and only substantive activities are investing the funds solely for returns from capital appreciation, investment income or both; and (3) it does not obtain returns or benefits from an investee or its affiliates that are not normally attributable to ownership interests. The typical characteristics of an investment company that an entity should consider before concluding whether it is an investment company include the following: (1) it has more than one investment; (2) it has more than one investor; (3) it has investors that are not related parties of the parent or the investment manager; (4) it has ownership interests in the form of equity or partnership interests; and (5) it manages substantially all of its investments on a fair value basis. The new approach requires an entity to assess all of the characteristics of an investment company and consider its purpose and design to determine whether it is an investment company. The guidance includes disclosure requirements about an entity's status as an investment company and financial support provided or contractually required to be provided by an investment company to its investees. The guidance is effective for interim and annual reporting periods in fiscal years beginning after December 15, 2013. Earlier application is prohibited. The Investment Partnership is in the process of evaluating the impact that this guidance will have on the financial statements.

3. INVESTMENTS

Investments are valued as described above in Note 2, "Summary of Significant Accounting Policies – Valuation of Investments."

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Fair Value Measurements

In accordance with U.S. GAAP, the Investment Partnership prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level I—Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level I include listed equities, securities and listed derivatives. The Investment Partnership does not adjust the quoted price for these investments, even in situations where Apollo holds a large position and a sale could reasonably impact the quoted price.

Level II—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level III—Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include private equity, general and limited partner interests in private equity, credit and real estate funds, mezzanine funds, distressed debt, structured debt vehicles and non-investment grade residual interests in securitizations.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Investment Partnership's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

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The following table summarizes the valuation of the Investment Partnership's investments in fair value hierarchy levels as of September 30, 2013 and December 31, 2012:

<i>(in thousands)</i>				
	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
As of September 30, 2013:				
Cash and cash equivalents	\$ 12,585	\$ 12,585	\$ —	\$ —
Note receivable from affiliate	78,953	—	—	78,953
Investment in Opportunistic investment	1,728,986	—	—	1,728,986
Total	\$ 1,820,524	\$ 12,585	\$ —	\$ 1,807,939
As of December 31, 2012:				
Co-investments in certain portfolio companies and investment in Charter Communications, Inc.	\$ 22,029	\$ 22,029	\$ —	\$ —
Cash and cash equivalents	18,661	18,661	—	—
Note receivable from affiliate	113,264	—	—	113,264
Equity investments in partnerships and co-investments in certain portfolio companies	1,581,975	—	—	1,581,975
Total	\$ 1,735,929	\$ 40,690	\$ —	\$ 1,695,239

There were no transfers between Level I and II during the three and nine months ended September 30, 2013, and for the year ended December 31, 2012.

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The changes in investments measured at fair value for which the Investment Partnership has used Level III inputs to determine fair value are as follows:

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
<i>(in thousands)</i>				
Beginning Balance	\$ 1,617,445	\$ 1,447,566	\$ 1,581,975	\$ 1,590,318
Purchases	55,576	9,732	55,576	32,871
Sales and return of invested capital	—	(100,490)	—	(213,515)
Realized (losses) gains, net	—	(172,573)	—	(171,105)
Transfers into Level III⁽¹⁾	—	—	—	5,732
Transfers out of Level III⁽²⁾	—	(5,483)	(3,021)	(202,783)
Unrealized gains, net⁽³⁾	55,965	234,049	94,456	371,283
Ending Balance⁽⁴⁾	<u>\$ 1,728,986</u>	<u>\$ 1,412,801</u>	<u>\$ 1,728,986</u>	<u>\$ 1,412,801</u>

- (1) There were no amounts transferred into Level III from Level II for the three and nine months ended September 30, 2013. Amounts transferred into Level III from Level II were \$0.0 million and \$5.7 million for the three and nine months ended September 30, 2012, respectively, as a result of increased variation among the available broker quotes and other support for the valuation of a debt investment.
- (2) There were no amounts transferred out of Level III and into Level I for the three months ended September 30, 2013. Amounts transferred out of Level III and into Level I for the nine months ended September 30, 2013 were \$3.0 million as a result of the initial public offering of certain portfolio companies. Amounts transferred out of Level III were \$5.5 million and \$202.8 million for the three and nine months ended September 30, 2012, respectively, as a result of increased variation among the available broker quotes and other support for the valuation of a debt investment and as a result of the initial public offering of certain portfolio companies.
- (3) Unrealized gains, net, of Level I and II investments were \$128.6 million and \$152.1 million, respectively, for the three and nine months ended September 30, 2013, respectively. Unrealized losses, net, of Level I and II investments were \$(32.6) million and \$(65.7) million, respectively, for the three and nine months ended September 30, 2012, respectively.
- (4) As of September 30, 2013 and December 31, 2012, the cost basis of the Level III investments was \$1,331.9 million and \$1,276.8 million, respectively.

The changes in note receivable from affiliate measured at fair value for which the Investment Partnership has used Level III inputs to determine fair value are as follows:

	For the Three Months Ended September 30, 2013	For the Three Months Ended September 30, 2012	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
<i>(in thousands)</i>				
Beginning Balance	\$ 51,264	\$ —	\$ 113,264	\$ —
Paydowns	—	—	(62,000)	—
Unrealized gains, net	27,689	—	27,689	—
Ending Balance	<u>\$ 78,953</u>	<u>\$ —</u>	<u>\$ 78,953</u>	<u>\$ —</u>

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The following table provides quantitative measures used to determine the fair values of the Level III investments as of September 30, 2013:

Industry	Level 3 Fair Value	Valuation Technique	Unobservable Input	Discount Rate	Implied Multiple
	<i>(in thousands)</i>				
Financial Services	\$ 1,728,986	Discounted Cash Flows	Weighted Average Cost of Capital	15%	1.14x
Total	<u>\$ 1,728,986</u>				

The value attributed to the investment in Athene is based on embedded value. Embedded value is a discounted cash flow-based methodology based on the future cash flows of the business. Embedded value is composed of the present value of the estimated net income generated by Athene's inforce business plus Athene's excess capital – capital in excess of what is required to be held against Athene's liabilities (under embedded value, excess capital is not shown at discounted value, but at current value on Athene's balance sheet under statutory accounting). The embedded value of the insurance portfolios held by Athene incorporates industry information and assumptions, general economic and market conditions, and other factors deemed relevant, including the cost of capital. Some consideration is given to comparable company multiples.

Information Regarding Certain Investments held by the Investment Partnership

Other Apollo Credit Funds is comprised of AP Investment Europe Limited ("Apollo Investment Europe") and Apollo European Principal Finance Fund, L.P. ("Apollo European Principal Finance Fund").

Apollo Investment Europe whose primary investment mandate was to invest in mezzanine, debt and equity investments of both public and private companies primarily located in Europe. Pursuant to a shareholder-approved monetization plan, all investments of Apollo Investment Europe were sold as of July 2, 2012. Apollo Investment Europe will withhold a portion of the remaining cash to cover wind-down costs, audit fees, legal and other expenses, or to cover potential liabilities associated with the sale of certain portfolio investments.

Apollo European Principal Finance Fund invests primarily in European non-performing loans. Apollo European Principal Finance Fund seeks to capitalize on the inefficiencies of financial institutions in managing and restructuring their non-performing loans.

Apollo Asia Opportunity Fund Offshore Fund Ltd. ("Apollo Asia Opportunity Fund") whose primary mandate was to invest in the securities of public and private companies in Asia, excluding Japan, in need of capital for special situations such as acquisitions, refinancing, monetization of assets and distressed financings. During the three and nine months ended September 30, 2012, the Investment Partnership received distributions of \$10.2 and \$59.5 million,

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respectively, from the liquidating shares of the Apollo Asia Opportunity Fund and recognized realized losses of \$2.0 million and \$3.2 million, respectively, on these distributions.

Apollo Strategic Value Offshore Fund Ltd. (“Apollo Strategic Value Fund”) primarily invests in the securities of leveraged companies in North America and Europe through three core strategies: distressed investments, value-driven investments and special opportunities. In connection with the redemptions requested by the Investment Partnership of its investment in Apollo Strategic Value Fund, the Investment Partnership’s investment in the Apollo Strategic Value Fund was converted into liquidating shares issued by the Apollo Strategic Value Fund. The liquidating shares were initially allocated a pro rata portion of each of the Apollo Strategic Value Fund’s existing investments and liabilities, and as those investments are sold, the Investment Partnership is allocated the proceeds from such disposition less its proportionate share of any current expenses incurred by the Apollo Strategic Value Fund. During the three and nine months ended September 30, 2012, the Investment Partnership received proceeds from redemptions of \$12.0 million and \$21.0 million, respectively, from the Apollo Strategic Value Fund and recognized realized gains on the distributions of \$6.2 million and \$8.1 million, respectively.

Investments made pursuant to the Investment Partnership’s co-investment arrangement with certain Apollo funds are not redeemable. When the Apollo funds with which the Investment Partnership co-invested, determine to sell or otherwise dispose of the investment, the Investment Partnership must sell or otherwise dispose of its investment, concurrently with, and on substantially equivalent economic terms as those applicable to such funds.

4. CAPITAL TRANSACTIONS

At September 30, 2013 and December 31, 2012, the General Partner’s interest in the Investment Partnership was 4.475% and 4.029%, respectively, and the limited partner’s interest in the Investment Partnership was 95.525% and 95.971%, respectively. The change in the partners’ respective interests from December 31, 2012 to September 30, 2013 is primarily due to the accrued carried interest generated during the nine months ended September 30, 2013 on the opportunistic investment of \$13.0 million. The carried interest entitles the General Partner to receive a portion of the profits generated by the investments.

For the nine months ended September 30, 2013, the Investment Partnership made total partners’ capital distributions of \$66.8 million. Partners’ capital distributions consisted of a \$62.2 million distribution related to the November Tender Offer, which settled during March 2013, and a \$4.6 million distribution in August of 2013 to AAA related to expense reimbursements.

For the nine months ended September 30, 2012, the Investment Partnership made total partners’ capital distributions of \$112.1 million. The distributions to the General Partner totaled \$10.3 million and primarily related to carried interest. Partners’ capital distributions made to or on behalf of AAA were \$101.8 million, primarily related to the February Tender Offer and April Tender Offer and for tax withholdings on dividends received.

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5. CREDIT FACILITY

In 2007, the Investment Partnership obtained a \$900 million senior secured revolving credit facility from certain U.S. financial institutions with the objective of funding the liquidity needs, increasing the amount of cash that is available for working capital and for making additional investments or temporary investments. As a result of debt repurchases and pay downs, the revolving credit facility was permanently reduced to \$537.5 million. On December 2, 2011, the Investment Partnership amended its senior secured revolving credit facility and converted it to a \$402.5 million senior secured term loan facility that matures on June 30, 2015. On November 1, 2012, AAA Investments repaid the remaining balance of \$305.2 million on its term loan outstanding.

At September 30, 2013 and December 31, 2012, there were no borrowings outstanding under the loan facility since it was repaid November 1, 2012. Included in general and administrative expense for the nine months ended September 30, 2012 is \$12.4 million related to interest expense on 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. Apollo and its affiliates receive management, sub-advisory, monitoring and other fees from Athene related to services provided to Athene. Apollo, and/or its affiliates, also receives directly from portfolio companies in which the Investment Partnership may have direct or indirect investments, transaction, management, underwriting, monitoring, board of director 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 no remaining commitments as of September 30, 2013.

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. Apollo Alternative Assets receives a management fee from the service recipients for providing these services.

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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 the capital invested in Apollo-sponsored funds, and (z) the average of the daily values of the temporary investments held during such three month period, plus any of the 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 the 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 the asset value, which includes the value of assets acquired with the proceeds of borrowings incurred by us, if any, less (i) the value of the capital investments in the Apollo-sponsored funds and (ii) the value of the 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.

On October 31 2012, the Board of Directors of the Managing General Partner agreed with Apollo Alternative Assets to amend and restate the services agreement in connection with the Transaction. Pursuant to the amendment, the parties agreed that there will be no management fees payable by the Investment Partnership with respect to the Excluded Athene Shares. The Investment Partnership will continue to pay Apollo Alternative Assets the same management fee on the Investment Partnership's investment in Athene (other than with respect to the Excluded Athene Shares), except that Apollo Alternative Assets agreed that AAA Investments' obligation to pay the existing management fee shall terminate on December 31, 2014 (although services will continue through December 31, 2020). In the event that AAA makes a tender offer for all or substantially all of its units where the consideration is to be paid in shares of Athene Holding Ltd. (or an alternative transaction that is no less favorable, in all material respects to the AAA unitholders as a whole), the management fee will be unwound and a lump sum payment will be made to Apollo equal to the remaining management fee that would have been due until the expiration date (December 31, 2020), using an 8% discount rate and assuming a 14% growth rate to then existing management fees, compounded annually, until the expiration date, subject to a

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cap of \$30.0 million if the tender offer or similar transaction commences in 2013, \$25.0 million if the tender offer or similar transaction commences in 2014, \$20.0 million if the tender offer or similar transaction commences in 2015 and zero if the tender offer or similar transaction commences in 2016 or thereafter. At the Investment Partnership's option, all such management fees are payable either in cash or shares of Athene Holding Ltd. Settlement occurs on the earlier of a change of control of Athene or October 31, 2017.

In addition, carried interest payable to the Investment Partnership's general partner will be paid in shares of Athene Holding Ltd. (valued at the then fair market value) if there is a distribution in kind of shares of Athene Holding Ltd., or paid in cash if AAA sells the shares of Athene Holding Ltd. The Investment Partnership's general partner will not be entitled to receive any carried interest in respect of the Excluded Athene Shares. The total fees payable under the amended services agreement are based on the value of Athene share equivalents.

For the three months ended September 30, 2013 and 2012, the Investment Partnership's management fees were \$0.9 million and \$4.3 million, respectively. For the nine months ended September 30, 2013 and 2012, the Investment Partnership's management fees were \$2.2 million and \$13.1 million, respectively. Management fees payable of \$10.2 million and \$0.6 million are included in due to affiliates in the Investment Partnership's Statement of Assets and Liabilities at September 30, 2013 and December 31, 2012, respectively.

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 Investment Partnership has historically not incurred any liabilities as a result of these guarantees and does not expect to in the future. Accordingly, no liability has been recorded in the accompanying financial statements.

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. In particular:

- **Opportunistic Investment**—The General Partner is generally entitled to a carried interest that will allocate to it 20% of the realized returns (net of related expenses, including any allocable borrowing costs) of the opportunistic investment in Athene made by the Investment Partnership, except that the General Partner is not entitled to receive any carried interest in respect of the Excluded Shares.

Prior to the Transaction, the following investments were subject to carried interest:

- **Co-Investment Facilities**—The General Partner was generally entitled to a carried interest that was to allocate to it 20% of the realized gains (net of related expenses,

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including any allocable borrowing costs) on each co-investment made pursuant to a co-investment facility (such as the agreement with Apollo Investment Fund VI, L.P. (together with its parallel investment vehicles “Apollo Investment Fund VI”) after capital contributions in respect of realized investments made pursuant to that co-investment facility had 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 was subject to the Investment Partnership first achieving a preferred return of 8% per annum on the capital invested pursuant to the agreement. There was no preferred return requirement in determining carried interest relating to co-investments alongside Apollo Investment Fund VII, L.P. Once such preferred return had been achieved, the General Partner was entitled to the next 2% (25% of 8%) of net realized gains and, thereafter, such gains were to 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 were not netted against other co-investment facilities in future Apollo private equity funds.

- ***Apollo Strategic Value Fund***—An affiliate of Apollo was 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 withdrew from Apollo Strategic Value Fund after losses were incurred.
- ***Other Apollo Credit Funds***—For the Apollo European Principal Finance Fund, an affiliate of Apollo was entitled to a carried interest that was to allocate to it 20% of the realized returns generated by the fund after capital contributions in respect of realized investments and expenses had been returned to the limited partners, and subject to achieving an 8% preferred return (with a full catch-up) on such capital contributions. In connection with the wind down of the Apollo Asia Opportunity Fund, an affiliate of Apollo was only entitled to a carried interest on the original liquidating shares at an annual rate of 20%, subject to first making up any losses carried forward from prior years on the original liquidating shares. Effective May 1, 2012, the management fees for the Investment Partnership’s investment in Apollo Asia Opportunity Fund were reduced to 0.75% annually. For the period prior to April 30, 2012, the management fees charged ranged from 1.0% or 1.5% on existing capital to 2% on capital that was previously converted into liquidating shares. For Apollo Asia Private Credit Fund, L.P., an affiliate of Apollo was entitled to a carried interest that was to allocate to it 12.5% of the realized returns generated by the fund after capital contributions and expenses have been returned to the limited partners, and subject to achieving a 7% priority return.
- ***Other Opportunistic Investment***—An affiliate of Apollo was entitled to a carried interest of 20% of the realized profits related to the Investment Partnership’s investment in GA Data Holdings Ltd, subject to the Investment Partnership achieving a 15% preferred return.

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- *Temporary Investments (including cash)* —The General Partner was not entitled to a carried interest with respect to temporary investments.

For the three months ended September 30, 2013 and 2012, the General Partner was not allocated any carried interest on private equity co-investments. For the nine months ended September 30, 2013 and 2012, the General Partner was allocated \$0.0 million and \$2.3 million, respectively, related to changes in carried interest on private equity co-investments. During the three and nine months ended September 30, 2013, the Investment Partnership did not pay realized carried interest to the General Partner. For the three months ended September 30, 2013 and 2012, \$7.6 million and \$4.2 million, respectively, was allocated to the General Partner by the Investment Partnership for carried interest on opportunistic investments. For the nine months ended September 30, 2013 and 2012, \$11.3 million and \$9.3 million, respectively, was allocated to the General Partner by the Investment Partnership for carried interest on opportunistic investments. For the three and nine months ended September 30, 2013, affiliates of Apollo received carried interest of \$0.0 million and \$33.0 million, respectively, for appreciation in net asset values in certain credit funds. For the three and nine months ended September 30, 2012, affiliates of Apollo did not receive carried interest for appreciation in net asset values in certain credit funds.

From time to time, the Investment Partnership may participate in transactions with affiliates of the General Partner including with, but not limited to, other funds managed by affiliates of its General Partner, portfolio companies of the Investment Partnership, and other affiliates of the General Partner. These transactions (which include, but are not limited to, the sale of portfolio assets among Apollo-sponsored funds or entities) are generally executed at fair value as determined by the investment manager.

Asset Management—During 2009, Apollo formed Athene Asset Management LLC (“Athene Asset Management”), an investment manager that provides asset management services to Athene including asset allocation and portfolio management strategies, and receives fees from Athene for providing such services. In addition, certain Apollo affiliates manage assets for Athene Asset Management and earn sub-advisory fees for these services. As of September 30, 2013, all of Athene’s assets were managed by Athene Asset Management.

Athene Asset Management receives a gross management fee equal to 0.40% per annum on all assets under management in accounts owned by or related to Athene (the “Athene Accounts”), with certain limited exceptions.

In connection with the Transaction, a subsidiary of the Investment Partnership contributed three investment partnerships to Athene (the “Contributed Partnerships”). The Contributed Partnerships pay a quarterly management fee and carried interest to Apollo with respect to the assets contributed in the Transaction. With respect to capital invested in an Apollo fund, Apollo receives management fees directly from the relevant funds under the investment management agreements with such funds and not pursuant to the services agreement with the Contributed Partnerships. In addition, carried interest is payable by the Contributed Partnerships with respect to each investment or group of investments (as specified in the particular partnership

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agreement), at a rate of 20% of the profit of such investment or group of investments, subject to applicable hurdle rates. Each investment or group of investments is treated separately for the purposes of calculating carried interest. The contributed assets also included certain investments in funds managed by Apollo, carried interest on which is assessed at the fund level.

Under an amended services contract with Athene, effective February 6, 2013, Apollo earns a quarterly monitoring fee of 0.50% of Athene's capital and surplus as of the end of the applicable quarter multiplied by 2.5, other than with respect to the Excluded Athene Shares, at the end of each quarter through December 31, 2014, the termination date. This quarterly monitoring fee is not applicable to the amount of invested capital attributable to the Excluded Athene Shares. All such monitoring fees are paid pursuant to a derivative contract between the Athene and Apollo. Each quarter, monitoring fees earned are translated into an accrued notional number of shares of Athene Holding Ltd., and the accrued notional shares of Athene Holding Ltd. are valued based on the reported value used in preparing the Investment Partnership's financial statements. At Athene's option, all notional shares accrued pursuant to the terms of the derivative contract are payable either in shares of Athene Holding Ltd. or cash equal to the fair value of such shares of Athene Holding Ltd. at the time of settlement. Settlement occurs on the earlier of a change of control of Athene or October 31, 2017.

As of September 30, 2013 and 2012, Athene Asset Management and other Apollo subsidiaries earned in the aggregate \$117.5 million and \$13.1 million of management fees, sub-advisory fees, monitoring fees and net carried interest income, respectively, from Athene. For the nine months ended September 30, 2013 and 2012, Athene Asset Management and other Apollo subsidiaries earned in the aggregate \$224.1 million and \$52.4 million of management fees, sub-advisory fees, monitoring fees and net carried interest income related fees, respectively, from Athene.

Athene has entered into shared services and cost sharing agreements (the "Agreements") with Athene Asset Management effective on or after January 1, 2012. The services to be provided under the Agreements include the following, among others, (i) for each U.S. subsidiary of Athene, executive management, corporate development, marketing communications, human resources, legal, corporate governance, risk management and liability hedging and investment accounting and (ii) for Athene and each non-U.S. subsidiary, investment advice in connection with stock acquisition activities, shareholder activities related to capital raising and reporting and non-investment services related to stock acquisitions. Pursuant to the Agreements, the services to be provided by Athene Asset Management are provided at cost, with such cost determined based on (i) the compensation, benefits, employment taxes and other expenses paid by Athene Asset Management in respect of each Athene Asset Management employee or consultant who is spending time on certain services provided to the applicable subsidiary of Athene and (ii) each such employee's or consultant's time spent on such services, as reasonably estimated by each such employee or consultant on at least a monthly basis based on the percentage of time spent on such services for each subsidiary of Athene.

Note Receivable From Affiliate— Included in note receivable from affiliate at September 30, 2013 and December 31, 2012 is a short-term promissory note from Athene with a principal amount of

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approximately \$51.3 million and \$113.3 million, respectively. This note bears interest at a rate of 0.30% per annum and is payable upon demand by the Investment Partnership in cash or Athene Holding Ltd. shares at a set price of \$13.46 at the Investment Partnership's option and Athene may prepay at its option at any time, without penalty. During the nine months ended September 30, 2013, the Investment Partnership received a \$62.0 million paydown on the note receivable from Athene. This note is reported at fair value of \$79.0 million and \$113.3 million at September 30, 2013 and December 31, 2012, respectively. The Investment Partnership has determined that the note receivable from affiliate would be categorized as a Level III asset in the fair value hierarchy. The fair value was determined based on the Athene share valuation. See Note 3 for the quantitative measures used to determine fair value of the Athene Holding Ltd. shares.

Due From Affiliates—Included in due from affiliates at September 30, 2013 and December 31, 2012 is \$0.5 million and \$3.2 million, respectively, receivable from AAA for expense reimbursements.

Due to Affiliates—Due to affiliates at September 30, 2013 and December 31, 2012 consisted of \$10.2 million and \$0.6 million, respectively, payable to Apollo Alternative Assets or affiliates for management fees, broken deal expenses, investment-related expenses and other general and administrative expenses payable. Also included in due to affiliates is \$1.4 million and \$1.3 million payable at September 30, 2013 and December 31, 2012, respectively, to Apollo Alternative Assets or affiliates for services rendered by an employee of Apollo for assistance with the strategic positioning of AAA.

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., 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 at fair value:

<i>(in thousands)</i>	As of September 30, 2013	As of December 31, 2012
Apollo Investment Fund VI	N/A	\$75,157

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, 2013 and December 31, 2012, the directors owned approximately 2.3 million and 2.3 million Units of AAA, respectively. This excludes 2.1 million and 2.3 million Units owned by an affiliate of Apollo, which certain directors are deemed to beneficially own at September 30, 2013 and December 31, 2012, respectively.

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7. FINANCIAL HIGHLIGHTS

Financial highlights for the Investment Partnership were as follows:

	For the Nine Months Ended September 30, 2013	For the Nine Months Ended September 30, 2012
Total return*	11.69%	15.27%
Ratios to average net assets*:		
Expenses	0.38%	2.69%
Investment loss	(0.37)%	(0.50)%

* 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.

The Investment Partnership's turnover ratios were (4)% and 12% for the nine months ended September 30, 2013 and 2012, respectively.

8. COMMITMENTS AND CONTINGENCIES

The Investment Partnership may, from time to time, be party to various legal actions arising in the ordinary course of business including claims and litigations, reviews, investigations or proceedings by governmental and self regulatory agencies regarding their respective businesses. It is the opinion of the Managing General Partner and Managing Investment Partner, after consultation with counsel, that there are presently no existing matters that would result in a material adverse effect on the financial condition of the Investment Partnership.

9. SUBSEQUENT EVENTS

On October 2, 2013, Athene announced it had completed the acquisition of the U.S. annuity operations of Aviva plc ("Aviva USA") and related subsidiaries, including Iowa-domiciled Aviva Life and Annuity Company, and New York-domiciled Aviva Life and Annuity Company of New York, for approximately \$1.55 billion (prior to purchase price adjustments at closing). Athene also announced that it has completed the sale of Aviva USA's life insurance operations to Presidential Life Insurance Company – USA, a wholly owned subsidiary of Commonwealth Annuity and Life Insurance Co. and part of the Global Atlantic Financial Group. Terms of that deal were not disclosed. Following the deal's close, Athene has approximately \$60 billion in assets, making it one of the largest fixed annuity companies in the United States. In the future, the fair value of the Investment Partnership's investment in Athene may be impacted by Athene's acquisition of Aviva.