

## **AP Alternative Assets releases its financial results relating to the three and nine months ended September 30, 2007**

**Guernsey, Channel Islands, November 13, 2007**

AP Alternative Assets, L.P. ("AAA", Euronext Amsterdam: AAA) today released its financial results for the three and nine months ended September 30, 2007, after the close of trading on Euronext Amsterdam N.V.'s Eurolist by Euronext.

AAA invests its capital through, and is the sole limited partner of, AAA Investments, L.P., which is referred to as the Investment Partnership. At September 30, 2007, the Investment Partnership's net asset value was allocated as follows: 32% in private equity co-investments alongside Apollo Investment Fund VI, L.P. ("Apollo Investment Fund VI"); 29% in the Apollo Strategic Value Offshore Fund, Ltd. ("Apollo Strategic Value Fund"); 17% in AP Investment Europe Limited ("Apollo Investment Europe"); 10% in Apollo Asia Opportunity Offshore Fund, Ltd. ("Apollo Asia Opportunity Fund"), 1% in Apollo European Principal Finance Fund, L.P. ("Apollo European Principal Finance Fund") and 11% in temporary investments and other.

### **Overview**

As of September 30, 2007, the net asset value of AAA approximated \$2,186 million, or \$22.62 per common unit. This compares to \$2,068 million, or \$21.41 per common unit, as of June 30, 2007, and \$1,917 million or \$19.86 per common unit as of December 31, 2006. AAA's annualized rate of return was approximately 20% for the nine months ended September 30, 2007.

Leon Black, a founding partner of Apollo Global Management and Chairman of the board of directors of AAA's managing general partner, remarked, "We are pleased that we were able to successfully navigate the challenging market environment in the third quarter and used the dislocation as a buying opportunity. As value-oriented, contrarian investors, we used our flexible investment approach to capture opportunities in both our private equity and capital markets businesses."

Josh Harris, a founding partner and President of Apollo Global Management, further commented, "Our industry expertise and integrated platform positions us extremely well to source opportunities and build value in our portfolios. We believe our approach will continue to drive our investment performance and deliver long-term value to our unitholders."

In the third quarter, the fair value of four of our private equity co-investments – CEVA Logistics, Momentive Performance Materials Holdings, Inc., Noranda Aluminum Holding Corporation and Rexnord Corporation – appreciated a combined total of approximately \$132.0 million for the quarter. This was a result of improved operating conditions as well as currency movements. As of September 30, 2007, the combined fair value of these investments was approximately \$313.6 million, which is approximately 2.6 times their combined cost basis of approximately \$121.4 million.

### **Results of Operations**

Operating results for AAA for the three and nine months ended September 30, 2007, were highlighted by the following:

- The net increase in net assets resulting from operations was \$120.1 million and \$289.3 million, respectively.
- Net unrealized appreciation of AAA's limited partner interests in the Investment Partnership was \$121.0 million and \$260.8 million, respectively, resulting from the increase in net assets of the Investment Partnership. This increase in net assets was primarily driven by the net underlying increase in the unrealized value of investments held by the Investment

Partnership, including the benefit in 2007 from foreign currency movements impacting the Investment Partnership's foreign currency denominated investments.

- Investment income was \$4.9 million and \$38.4 million, respectively. In the third quarter, investment income primarily represented interest income from cash management activities. In the year to date period, investment income primarily represented interest income from cash management activities, dividend income from portfolio investments and realized gains from sales.
- Investment expense and general and administrative expenses were \$5.8 million and \$9.8 million, which primarily included direct expenses and allocated expenses from the Investment Partnership for professional services, management fees, broken deal costs and other general expenses, as well as, expenses of our Managing General Partner's board of directors and other administrative costs.

Operating results for the Investment Partnership for the three and nine months ended September 30, 2007, were highlighted by the following:

- The net increase in net assets resulting from operations was \$148.1 million and \$341.9 million, respectively, for the three and nine months ended September 30, 2007.
- Total net unrealized appreciation, resulting from investments recorded at fair value, for the three and nine months ended September 30, 2007, was approximately \$148.2 million and \$310.8 million, respectively. Our capital market investments appreciated in value \$13.4 million and \$89.6 million, respectively, and our private equity co-investments appreciated \$134.8 million and \$221.2 million in value, respectively.

The increase in net unrealized appreciation on our private equity co-investments in the third quarter was primarily due to increases in fair value, including foreign currency movements, of our investments in CEVA Logistics of \$62.8 million, Noranda Aluminum Holding Corporation of \$36.4 million, Momentive Performance Materials Holdings, Inc. of \$18.3 million and Rexnord Corporation of \$14.5 million. Approximately \$6.2 million of the net unrealized appreciation is the result of foreign currency movements on our foreign currency denominated co-investments in CEVA Logistics and Countrywide PLC.

The increase in net unrealized appreciation on our capital markets investments in the third quarter was primarily due to increases in fair value in the Apollo Strategic Value Fund of \$0.3 million and Apollo Asia Opportunity Fund of \$2.5 million, the benefit of foreign currency movements from Apollo Investment Europe of approximately \$19.8 million, offset in part by decreases in the fair value of Apollo Investment Europe of \$6.8 million and Apollo European Principal Finance Fund of \$2.4 million.

- Investment income was \$4.9 million and \$38.8 million, respectively. In the third quarter, investment income primarily represented interest income from cash management activities. In the year to date period, investment income primarily represented interest income from cash management activities, dividend income from portfolio investments and realized gains from sales.
- Expenses were \$5.1 million and \$7.7 million, respectively, which primarily relates to management fees, professional fees, broken deal costs and other administrative costs.

## Investments

As of September 30, 2007, AAA's investments consist of \$2.2 billion invested in AAA Investments, L.P. The underlying portfolio of AAA Investments, L.P. consists of temporary investments of \$251.2 million and portfolio investments approximating \$1,998.7 million as follows:

- Investments aggregating \$1,277.1 million in Apollo-sponsored funds:
  - \$641.7 million in Apollo Strategic Value Fund
  - \$389.0 million in Apollo Investment Europe
  - \$228.8 million in Apollo Asia Opportunity Fund
  - \$17.6 million in Apollo European Principal Finance Fund
- Co-investments alongside Apollo Investment Fund VI aggregating \$721.6 million as follows:
  - \$128.3 million in Realogy Corporation
  - \$116.0 million in CEVA Logistics
  - \$74.9 million in Momentive Performance Materials Holdings, Inc.
  - \$69.2 million in Rexnord Corporation
  - \$62.3 million in Claire's Stores Inc.
  - \$53.5 million in Noranda Aluminum Holding Corporation
  - \$47.8 million in Berry Plastics Group, Inc.
  - \$44.0 million in Oceania Cruise Lines
  - \$33.6 million in Apollo Fund VI BC, L.P.
  - \$32.8 million in Smart & Final Inc.
  - \$31.3 million in Countrywide PLC
  - \$14.7 million in Verso Paper Holdings LLC
  - \$13.3 million in Jacuzzi Brands

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

Subsequent to September 30, 2007, the Investment Partnership made follow-on investments in our debt investment vehicles for \$5.1 million.

## Information for Investors – Teleconference and Webcast

The company will discuss its financial results during a conference call on Wednesday, November 14, 2007, at 5:00 p.m. CET (Amsterdam) / 4:00 p.m. GMT (London) / 11:00 a.m. EST (New York). All interested parties are welcome to participate. You can access this call by dialing 20 717 6857 within The Netherlands or 31 20 717 6857 outside of The Netherlands. Please dial-in approximately 5 to 10 minutes prior to the call. When prompted, callers should reference "AAA Earnings". An archived replay of the conference call will also be available through November 30, 2007, via the company's website at [www.apolloalternativeassets.com](http://www.apolloalternativeassets.com).

## About AAA

AP Alternative Assets was established by Apollo and is a closed-end limited partnership established under the laws of Guernsey. Apollo is a leading private equity and capital markets investor with 17 years of experience investing across the capital structure of leveraged companies. AP Alternative Assets is managed by Apollo Alternative Assets and invests in and co-invests with Apollo's private-equity and capital-markets investment funds. For more information about AP Alternative Assets, please visit [www.apolloalternativeassets.com](http://www.apolloalternativeassets.com).

## **Forward-Looking Statements**

This press release contains forward-looking statements. Forward-looking statements involve risks and uncertainties because they relate to future events and circumstances. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results and developments to differ materially from the historical experience and expressed or implied expectations of AAA. Undue reliance should not be placed on such forward-looking statements. Forward-looking statements speak only as of the date on which they are made and AAA does not undertake to update its forward-looking statements unless required by law.

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**Financial Schedules Follow**

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

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

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

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

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

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

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

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