

Apollo Global Real Estate Management, L.P.

FORM ADV

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This brochure provides information about the qualifications and business practices of Apollo Global Real Estate Management, L.P. (“AGREM”). If you have any questions about the contents of this brochure (“Brochure”), please contact us at (212) 515-3200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about AGREM also is available on the SEC’s website at www.advisorinfo.sec.gov.

AGREM is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.

ITEM 2

Material Changes

AGREM, an indirect subsidiary of Apollo Global Management, LLC, is required to identify and discuss material changes made to this Brochure since its last other than annual update filed on August 17, 2012. Accordingly, please note the following material changes:

AGREM, in 2012, became the sole member of: (1) 2012 CMBS-I Management, LLC and (2) 2012 CMBS-II Management LLC. 2012 CMBS-I Management, LLC, and 2012 CMBS-II Management LLC are not separately registered with the SEC as investment advisers but are relying on AGREM's investment adviser registration with the SEC pursuant to SEC staff guidance.

Beginning in 2012, Apollo Capital Management, L.P. ("Apollo Capital Management"), an indirect subsidiary of Apollo Global Management, LLC, provides investment advice to Apollo SK Strategic Management, LLC. Apollo SK Strategic Management, LLC are not separately registered with the SEC as an investment adviser but is relying on Apollo Capital Management's registration under the Advisers Act and is a "relying adviser" pursuant to SEC staff guidance.

In addition, AGREM notes the following material changes disclosed in its last other than annual updated Brochure filed on August 17, 2012:

On August 10, 2012, AGREM affiliate Stone Tower Capital Management LLC changed its name to Apollo ST Fund Management LLC, and AGREM affiliate Stone Tower Debt Advisors LLC changed its name to Apollo ST Debt Advisors LLC. Both Apollo ST Fund Management LLC and Apollo ST Debt Advisors LLC are registered with the SEC as investment advisors.

On April 2, 2012, Apollo Global Management, LLC and its subsidiaries ("Apollo") announced the completion of the acquisition of Stone Tower Capital LLC and its related management companies ("Stone Tower"), an alternative credit manager with approximately \$18 billion of assets under management, into Apollo's capital markets business. Stone Tower manages alternative credit assets across a variety of corporate credit funds through credit opportunity funds, 12 collateralized loan obligations ("CLOs"), structured credit funds and separately managed accounts. Stone Tower's investment expertise spans a variety of alternative asset classes and strategies including senior loans, high yield bonds, long/short credit, private debt solutions, CLO liabilities, CLO equity, residential mortgage-backed securities ("RMBS"), collateralized mortgage-backed securities ("CMBS") and other asset-backed securities ("ABS").

Finally, AGREM notes the following material changes disclosed in the last annual updated Brochure filed on March 30, 2012:

In 2011 AGREM became the sole member of: (1) AGRE-CRE Debt Manager, LLC, the investment manager of the AGRE Debt Fund I; (2) AGRE Europe Management, LLC, the investment manager to Apollo GSS Holdings Cayman, L.P.; and (3) AGRE Asia Pacific Management, LLC, the investment manager to AGRE Asia Pacific Real Estate Fund, L.P. In addition, AGRE CMBS Management II LLC provides discretionary investment advice to 2011 A4 Fund, L.P. starting in 2011.

AGRE-CRE Debt Manager, LLC, AGRE Europe Management, LLC, AGRE Asia Pacific Management, LLC and AGRE CMBS Management II LLC are not separately registered with the SEC as investment advisers but are relying on AGREM's investment adviser registration with the SEC.

On October 24, 2011, Apollo announced that it completed the acquisition of Gulf Stream Asset Management, LLC ("GSAM"). The sole member and principal owner of GSAM is Apollo Capital Management, a registered investment adviser and an indirect subsidiary of Apollo Global Management, LLC. AGREM is also an indirect subsidiary of Apollo Global Management, LLC. GSAM provides investment advisory services to, and serves as collateral manager for, special purpose vehicles that issue CLOs. GSAM provides investment advice to CLOs regarding institutional leveraged loans, high yield debt, corporate debt, structured credit products, derivatives, private debt securities and other loans, credit or debt instruments ("Credit Instruments"). The CLOs seek to achieve their investment objectives by investing primarily in senior, secured loans made to companies whose debt is rated below investment grade ("Senior Loans") and investments with similar economic characteristics. GSAM provides investment advisory services to ten CLOs, including: (1) Gulf Stream Compass CLO 2002-1; (2) Gulf Stream Compass CLO 2003-1; (3) Gulf Stream Compass CLO 2004-1; (4) Gulf Stream Compass CLO 2005-1; (5) Gulf Stream Compass CLO 2005-II; (6) Gulf Stream Sextant CLO 2006-1; (7) Gulf Stream Rashinban CLO 2006-1; (8) Gulf Stream Sextant CLO 2007-1; (9) Gulf Stream Compass CLO 2007-1; and (10) Neptune Finance CCS.

Apollo Capital Management provides investment advice to a number of investment vehicles that offered private placement interests beginning in 2011 including: (1) Apollo Centre Street Partnership, L.P. (indirectly, as the sole member of its investment manager, Apollo Centre Street Management, LLC); (2) Apollo European Credit Fund, L.P. (indirectly, as the sole member of the general partner of its manager, Apollo European Credit Management, L.P.); (3) Apollo European Strategic Investments (Holdings), L.P. (indirectly, as the sole member of the general partner of its investment manager, Apollo European Strategic Management, L.P.); (4) Apollo SPN Investments I, L.P., Apollo SPN Investments II, L.P. and Apollo SPN Investments III, L.P. (indirectly, as the sole member of their investment manager, Apollo SPN Management, LLC); (5) Financial Credit Investment I, L.P. (indirectly, as the sole member of its investment manager, Financial Credit Investment I Manager, LLC); (6) Apollo European Principal Finance Fund II, L.P. (indirectly, as the sole member of the general partner of the investment manager, Apollo EPF Management II, L.P.); and (7) AION Capital Partners Limited (indirectly, as the sole member of the general partner of its investment manager, AION Capital Management Limited). AION Capital Partners Limited is a joint venture with ICICI Venture Funds Management Company Limited.

Apollo Centre Street Management, LLC, Apollo European Credit Management, L.P., Apollo European Strategic Management, L.P., Apollo SPN Management, LLC, Financial Credit Investment I Manager, LLC, Apollo EPF Management II, L.P. and AION Capital Management Limited are not separately registered with the SEC as investment advisers but are relying on Apollo Capital Management's registration under the Advisers Act and are each "relying advisers" pursuant to SEC staff guidance.

Apollo Natural Resources Partners, L.P. (“ANRP”) also began offering private placement interests in 2011. ANRP is managed by AGREM’s affiliate, Apollo Commodities Management, L.P., which is also registered with the SEC as an investment adviser.

Apollo Capital Management is the sole member of Apollo Longevity, LLC, which serves as the sub-adviser, and provides non-discretionary investment advice, to Athene Asset Management, LLC (“AAM”) and RWN Management, LLC. Apollo Longevity, LLC is not separately registered as an investment adviser with the SEC, but is a relying adviser with respect to Apollo Capital Management’s registration.

AAM is owned by Apollo Life Asset Limited and certain members of AAM’s management. Apollo Life Asset Limited is, in turn wholly owned by Apollo Capital Management. AAM became the investment manager to Athene Annuity & Life Assurance Company and Investors Insurance Company, two companies acquired by Athene Holding Ltd. (“Athene Holding”) during 2011.

The discussion above relates solely to material changes made to AGREM’s Form ADV Part 2A, dated March 30, 2012.

ITEM 3

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ITEM 4

Advisory Business

Apollo is a global alternative investment manager. Its primary business is to raise and invest private equity, capital markets and real estate funds as well as managed accounts, on behalf of pension and endowment funds, as well as other institutional and high net worth individual investors. Apollo has three primary business segments, including: (1) *Private Equity*, which primarily invests in control equity and related debt instruments, convertible securities and distressed debt investments; (2) *Capital Markets*, which primarily invests in non-control debt and non-control equity investments, including distressed debt securities; and (3) *Real Estate*, which primarily invests in legacy commercial mortgage-backed securities, commercial first mortgage loans, mezzanine investments and other commercial real estate-related debt investments. Apollo also sponsors real estate funds that focus on opportunistic investments in distressed debt and equity recapitalization transactions.

AGREM is a fully integrated operating division and indirect subsidiary of Apollo Global Management, LLC led by Joseph Azrack, who has assembled a multi-disciplinary team of real estate investment professionals that work integrally with other Apollo investment groups to source, underwrite and structure investments in commercial real estate assets, companies, and operating platforms.

AGREM controls the real estate managers as set forth in (1) through (15) below (collectively, with AGREM, the “Apollo Real Estate Managers”), which generally serve as investment and administrative managers to the Apollo Real Estate Funds (as defined below).

(1) ACREFI Management, LLC (“ACREFI”): ACREFI is a Delaware limited liability company that serves as the investment manager to Apollo Commercial Real Estate Finance, Inc. (“ARI”), a real estate finance company that has elected to qualify and be taxed as a real estate investment trust for United States federal income tax purposes. ARI was formed primarily to originate, invest in, acquire, and manage senior performing commercial real estate mortgage loans (loans on which the borrower is in substantial compliance with the terms of the loan agreement), commercial mortgage-backed securities, commercial real estate corporate debt and loans, and other commercial real estate-related debt investments in the United States.

(2) AGRE CMBS Management LLC (“CMBS Management”): CMBS Management is a Delaware limited liability company. It serves as investment manager to a managed account that was formed to target investments in commercial mortgage-backed securities eligible for funding under the Federal Reserve’s Term Asset-Backed Securities Loan Facility. CMBS Management may also serve as investment manager to additional managed accounts in the future.

(3) AGRE CMBS Management II LLC (“CMBS Management II”): CMBS Management II is a Delaware limited liability company. It serves as investment manager to, and provides non-discretionary investment advice to, the 2011 A4 Fund, L.P. (formerly AGRE CMBS Fund II L.P.), a Delaware limited partnership formed to target investments in certain eligible collateralized mortgage backed securities and/or short-term fixed-income investments.

- (4) AGRE-CRE Debt Manager, LLC (“AGRE-CRE”): AGRE-CRE is a Delaware limited liability company that serves as investment manager to, and provides non-discretionary advice to, AGRE Debt Fund I, L.P. (Cayman). AGRE Debt Fund I, L.P. (Cayman) invests in commercial real estate property specific subordinate debt.
- (5) AGRE NA Legacy Management, LLC (“AGRE NA Legacy”): AGRE NA Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners North America LP, CPI Capital Partners North America Offshore LP, CPI Capital Partners North America Offshore (Cayman), L.P., CPI Capital Partners North America Offshore (WT) LP, and CPI NA Co-Invest LP, a collection of parallel funds. The funds pursue opportunistic real estate and real estate-related investments throughout North America.
- (6) AGRE NA Management, LLC (“AGRE NA”): AGRE NA is a Delaware limited liability company. It acts as investment manager to AGRE U.S. Real Estate Fund, L.P., which pursues investment opportunities to recapitalize, restructure and acquire real estate assets, portfolios and companies primarily in the United States.
- (7) AGRE Asia Pacific Legacy Management, LLC (“AGRE Asia Legacy”): AGRE Asia Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners Asia Pacific, L.P. CPI Capital Partners Asia Pacific, L.P. is a closed-end fund, which pursues opportunistic real estate and real estate-related investments throughout the Asia Pacific region.
- (8) AGRE Asia Pacific Management, LLC (“AGRE Asia”): AGRE Asia is a Delaware limited liability company. It serves as investment manager to AGRE Asia Pacific Real Estate Fund, L.P., which pursues opportunistic real estate and real estate-related investments to recapitalize, restructure and acquire real estate assets, portfolios, operating platforms and companies throughout the Asia Pacific region.
- (9) AGRE Europe Legacy Management, LLC (“AGRE Europe Legacy”): AGRE Europe Legacy is a Delaware limited liability company. It serves as investment manager to CPI Capital Partners Europe, L.P. and CPI Capital Partners Europe (NFR), L.P. CPI Capital Partners Europe, L.P. and CPI Capital Partners Europe (NFR), L.P. are parallel funds which pursue opportunistic real estate and real estate-related transactions in France.
- (10) AGRE Europe Management, LLC (“AGRE Europe”): AGRE Europe is a Delaware limited liability company. It serves as the investment manager to Apollo GSS Holdings (Cayman), L.P., a Cayman Islands limited partnership.
- (11) AGRE-E Legacy Management, LLC (“AGRE-E”): AGRE-E is a Delaware limited liability company. It serves as sub-advisor to certain real estate investment mandates for which Citigroup Alternative Investments LLC serves as general partner, co-general partner, manager, advisor and/or administrator. AGRE-E also serves as asset manager of a portfolio, wholly-owned by Citigroup Alternative Investments LLC, consisting of real estate and real estate-related assets and certain shareholder, membership and limited partner interests in real estate investment vehicles.

(12) AGRE-E2 Legacy Management, LLC (“AGRE-E2”): AGRE-E2 is a Delaware limited liability company. AGRE-E2 also serves as asset manager of a portfolio, wholly-owned by Citigroup Alternative Investments LLC, consisting of real estate and real estate-related assets and certain shareholder, membership and limited partner interests in real estate investment vehicles.

(13) CPI CEE Management LLC (“CPI CEE”): CPI CEE is a Delaware limited liability company. It serves as managing shareholder to CPI CEE Limited, CPI CEE Co-Invest Ltd., CPI CEE Co-Invest 2 Ltd, and CPI CEE Co-Invest 3 Ltd, a collection of parallel funds. The funds invest in Atrium European Real Estate Limited, a leading real estate investor/developer in Central and Eastern Europe and the Commonwealth of Independent States, focused on retail properties.

(14) 2012 CMBS-I Management, LLC: 2012 CMBS-I Management, LLC (“2012 CMBS-I”) is a Delaware limited liability company. It serves as investment manager to, and provides non-discretionary investment advice to 2012 CMBS-I Fund, L.P., a Delaware limited partnership formed to target investments in certain eligible collateralized mortgage backed securities and/or short-term fixed-income investments.

(15) 2012 CMBS-II Management LLC: 2012 CMBS-II Management LLC (“2012 CMBS-II”) is a Delaware limited liability company. It serves as investment manager to, and provides non-discretionary investment advice to 2012 CMBS-II Fund, L.P., a Delaware limited partnership formed to target investments in certain eligible collateralized mortgage backed securities and/or short-term fixed-income investments.

AGREM has also been engaged by AAM, an affiliate of Apollo, to serve as sub-manager to one or more accounts as may be designated by certain affiliated and unaffiliated third party insurance companies.

In addition, AGREM may serve as investment manager to various co-investment vehicles structured to facilitate investments by affiliated and third party co-investors (“Co-Investment Vehicles”) alongside Apollo Real Estate Funds (as defined below). To the extent that a particular investment opportunity exceeds the desired allocation to an Apollo Fund (as defined below), Co-Investment Vehicle, other real estate investment trust, pooled investment vehicle or separate account advised by the Apollo Real Estate Managers (each a “Client”) in the aggregate in view of investment size, type, available capital, diversification, location, holding period and other relevant considerations, AGREM may offer such co-investment opportunities to its affiliates or to third parties. AGREM and its affiliates may also offer co-investment opportunities to other Clients, persons or firms who AGREM or its affiliates believe will be of benefit to Clients and/or may provide a strategic benefit to AGREM. AGREM may also organize one or more Co-Investment Vehicles to invest in Clients or to co-invest alongside Clients to facilitate personal investments by such persons or firms and by partners, officers and employees and their related parties and associates of AGREM or of control entities. AGREM and its affiliates may elect not to charge a management fee to or receive carried interest from such Co-Investment Vehicles. AGREM and any of its affiliates may charge carried interest, management and other fees to any co-investors.

As supervised persons of AGREM, ACREFI, CMBS Management, CMBS Management II, AGRE-CRE, AGRE NA Legacy, AGRE NA, AGRE Asia Legacy, AGRE Asia, AGRE Europe Legacy, AGRE Europe, AGRE-E, AGRE-E2, CPI CEE, 2012 CMBS-I and 2012 CMBS-II intend to conduct their activities in accordance with the Advisers Act, and the rules thereunder. Any employees of such Apollo Real Estate Managers, and any other persons acting on their behalf, are and shall be subject to the supervision and control of AGREM. ACREFI, CMBS Management, CMBS Management II, AGRE-CRE, AGRE NA Legacy, AGRE NA, AGRE Asia Legacy, AGRE Asia, AGRE Europe Legacy, AGRE Europe, AGRE-E, AGRE-E2, CPI CEE, 2012 CMBS-I and 2012 CMBS-II are not separately registered with the SEC as investment advisers are relying on AGREM's registration under the Advisers Act, are each "relying advisers" pursuant to SEC staff guidance, and are not registering themselves.

The funds described in (1)-(13), together with any real estate investment trusts, managed accounts, Co-Investment Vehicles, alternative investment vehicles, or special purpose vehicles managed by the Apollo Real Estate Managers, are referred to as "Apollo Real Estate Funds." The Apollo Real Estate Funds and the funds or separate accounts managed by the Apollo Managers (as defined below) are collectively referred to as the "Apollo Funds." In addition to the foregoing, AGREM and the Apollo Managers serve as the investment managers to a number of special purpose vehicles through which several Apollo Funds have invested. AGREM and the Apollo Managers generally form special purpose vehicles to facilitate portfolio investments by Apollo Funds for tax, regulatory, or economic purposes. The Apollo Manager that acts as the investment manager to a particular special purpose vehicle is determined on the basis of the Apollo Fund that invests through such special purpose vehicle.

In the future, the Apollo Real Estate Managers may provide investment management services to additional real estate investment trusts, private pooled investment vehicles that are offered to investors on a private placement basis, and separate accounts.

AGREM generally provides investment advice to pooled investment vehicles, such as private equity funds, alternative investment vehicles and Co-Investment Vehicles, managed accounts and real estate investment trusts.

The advisory relationship between each Apollo Real Estate Fund and the relevant Apollo Real Estate Manager is governed by the respective investment management agreement between the Apollo Real Estate Fund and the Apollo Real Estate Manager ("Management Agreement"). The Management Agreements for certain Apollo Real Estate Funds are negotiated between related parties and, as such, their terms, including the fees payable to the Apollo Real Estate Managers, may not be as favorable to the Apollo Real Estate Funds as if they had been negotiated with an unaffiliated, unrelated third party.

The Apollo Real Estate Managers generally seek to acquire, develop, reposition, manage and operate real estate and real estate-related assets in North America, Asia, and Europe. The Apollo Real Estate Managers may also offer advice on the following securities, financial instruments and transactions consistent with the respective Apollo Real Estate Funds' investment strategies and objectives, including (i) CMBS, (ii) whole loans, (iii) commercial real estate corporate debt and loans, (iv) mezzanine loans, (v) commercial real estate mortgage loans, (vi) recapitalization and restructuring of real estate property, (vii) acquisitions of real property, and (viii) non-

performing loans. In connection with certain investments, the Apollo Real Estate Managers may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates and may employ leverage in connection with Clients' investment activities. The Apollo Real Estate Managers may pursue additional opportunistic investment strategies on behalf of Clients consistent with the investment objectives set forth in the constituent documents of such Clients.

The investments of certain Apollo Real Estate Funds are subject to diversification and geographic limitations as set forth in the constituent documents of each Apollo Real Estate Fund, as well as limitations on the amount of leverage that the Apollo Real Estate Managers may utilize in connection with the investment activities of the Apollo Real Estate Fund.

Except in limited circumstances, the Apollo Real Estate Managers have full discretionary authority with respect to the investment decisions of its Clients; however, their advice is provided in accordance with the investment objectives and guidelines set forth in each Client's offering memoranda, constituent documents, and/or investment guidelines. Similarly, the Apollo Real Estate Managers' investment decisions and advice with respect to a managed account (if any) will be in accordance with the investment objectives and guidelines in such managed account's Management Agreement, as well as any other instructions provided by the managed account to the applicable Apollo Real Estate Manager. Clients may also be solicited to invest in one or more private pooled investment vehicles managed by Apollo Real Estate Managers or another Apollo Fund.

Further, the Apollo Real Estate Managers may enter into side letters with certain limited partners of the Apollo Real Estate Funds which impose further restrictions on the Apollo Real Estate Manager's discretionary authority, including limitations on investing in certain types of securities, countries, geographies or businesses with respect to such limited partners.

ACREFI's management of the business affairs of ARI will be conducted in conformity with the policies and the investment guidelines of ARI that are approved and monitored by ARI's board of directors. In addition, ACREFI's role as the manager of ARI is subject to the supervision and direction of the ARI's board of directors.

AGREM manages \$6,902,341,601 of Client assets on a discretionary basis as of December 31, 2011. AGREM does not manage any assets on a non-discretionary basis.

ITEM 5

Fees and Compensation

The Apollo Real Estate Managers and their affiliates may charge carried interest, management fees and other fees to Clients. The specific payment terms and other conditions of the management fee and carried interest compensation available to the Apollo Real Estate Managers (other than ARI) are set forth in the relevant private placement memoranda and constituent documents and with respect to ARI, in its Form S-11 Registration Statement filed with the SEC. All performance fees payable to the Apollo Real Estate Managers and/or their affiliates will be

effected consistent with the requirements of Section 205 of the Advisers Act and Rule 205-3 thereunder.

Fees charged to separately managed accounts are individually negotiated with the investor participating in the separately managed account and established pursuant to such account's Management Agreement. Management fees, performance fees and other fees paid by the Apollo Real Estate Funds to the Apollo Real Estate Managers are not generally negotiated, although the Apollo Real Estate Managers may negotiate fees with limited partners or shareholders in the Apollo Real Estate Funds or for co-investment opportunities in Co-Investment Vehicles outside of the Apollo Real Estate Funds. With respect to private investment funds that the Apollo Real Estate Managers may raise in the future, certain limited partners or shareholders may seek to negotiate terms (including fees payable to the Apollo Real Estate Managers) through the negotiation of the limited partnership agreement, other similar documents, or through side letters. Investors are not permitted to negotiate the constituent documents of ARI.

Clients generally bear all expenses related to their operations, including, by way of example, fees, costs and expenses directly related to the purchase and sale of their investments including, but not limited to, brokerage, trading and exchange fees, taxes, fees of auditors, actuaries, advisers, consultants, valuation experts and counsel, legal expenses (including legal expenses in connection with claims or disputes related to one or more actual or proposed investments), expenses of the advisory boards and annual meetings, insurance, litigation expenses, professional fees, interest expenses, research, review and evaluation of potential investments and negotiating the related transaction documents, travel in connection with the evaluation and negotiation of investments, operations services, valuation services, fund administration services, costs of preparing reports to investors and other financial reporting services, systems, including but not limited to, licenses, development and hosting, broken deal costs, administrative fees (including the expense of operational, secretarial, postage and legal services), custody expenses, service subscriptions utilized with respect to a Client's investment program, including phone and internet charges, all other customary expenses related to the acquisition, ownership and maintenance of investments regardless of whether the person providing or performing the service or output giving rise to the expense is related to Apollo or a third party and any extraordinary expenses.

For certain Clients that are private investment funds, the applicable general partner and/or the relevant Apollo Real Estate Manager will generally have the unilateral discretion to waive or modify the application of certain provisions of the governing documents for each private fund with respect to an investor in such private fund (including those related to management fees, carried interest, transparency, and withdrawals) without obtaining the consent of any other investor. The applicable general partner and/or Apollo Real Estate Manager will generally waive all fees and performance allocations for Apollo principals and employees of Apollo Real Estate Managers and their affiliates, as well as for their family members.

The limited partnership agreements of the Apollo Real Estate Funds (other than ARI) generally provide that limited partners are required to contribute capital to pay their pro-rata share of management fees to the relevant Apollo Real Estate Manager upon the receipt of a capital call from the general partner of the Apollo Real Estate Fund. If the general partner effects a capital call for a contribution of capital by limited partners to pay management fees, the general partner

is generally required to specify in the capital demand notice information regarding the nature and amount of the management fee. The general partners of the Apollo Real Estate Funds generally may also elect to apply distributable proceeds from the sale of an investment to pay management fees. Management fees with respect to ARI are deducted on a quarterly basis from the assets of ARI.

The Apollo Real Estate Funds generally pay the management fee to the applicable Apollo Real Estate Manager either monthly or quarterly in advance.

The Apollo Real Estate Managers may have the right to receive certain fees in connection with its Clients' portfolio investments, such as break-up fees and/or transaction fees. Some or all of such break-up fees, transaction fees and/or monitoring fees generally reduce the management fee payable to the Apollo Real Estate Managers. The specific payment terms and other conditions of any such fees available to the Apollo Real Estate Managers are set forth in the relevant private placement memoranda and constituent documents.

The Apollo Real Estate Managers provide consulting services to portfolio companies, devoting significant internal resources to improving the business and management of such companies. In consideration of providing such consulting services, the Apollo Real Estate Managers may receive monitoring fees from the portfolio companies, as discussed above.

The Apollo Real Estate Funds will also bear expenses related to brokerage expenses and portfolio transactions as described in Item 12 below.

In addition, the Apollo Real Estate Managers may engage, or cause the Apollo Real Estate Funds to engage, placement agents to market and sell interests or shares in Apollo Real Estate Funds to prospective investors. Apollo requires placement agents to have all appropriate licenses and registrations to conduct their business, including when applicable, to be registered as broker-dealers with the SEC and to be members of the Financial Industry Regulatory Authority. Certain Apollo Funds may impose a sales charge on subscriptions, on a disclosed basis, in order to compensate unaffiliated third parties who assist in obtaining subscriptions to such vehicles. In these cases, the sales charge will be deducted from the subscription and will not be treated as part of the investor's capital contribution to the Apollo Real Estate Fund. Alternatively, the applicable Apollo Real Estate Manager may elect to reduce its management fee to the extent any placement fees are borne by the Apollo Real Estate Fund as contemplated by the governing documents of the relevant Apollo Real Estate Fund.

Generally, the management fees payable to the Apollo Real Estate Managers are payable monthly or quarterly in advance as set forth in the applicable Management Agreement or Client constituent documents. The Management Agreements of the Apollo Real Estate Funds (other than ARI) may be terminated upon the winding-up of the Apollo Real Estate Fund or in the event that a specified percentage of limited partners vote to (i) remove the general partner after the occurrence of an act of bad faith, gross negligence, willful misconduct or fraud by the general partner or the Apollo Real Estate Manager, or (ii) dissolve the Apollo Real Estate Fund. Prepaid management fees will not be returned to Clients in the event of termination of the Management Agreement.

The Management Agreement for ARI provides that, in the absence of cause, it may only be terminated by ARI after the third anniversary of the closing of its public offering upon the vote of at least two-thirds of the independent members of the board of directors based upon: (i) ACREFI's unsatisfactory performance that is materially detrimental to ARI, or (ii) a determination that the management fee payable to ACREFI is not fair, subject to ACREFI's right to prevent termination based on unfair fees by accepting a reduction of management fees agreed to by at least two-thirds of the independent members of the board of directors. Additionally, upon a termination by ARI without cause (or upon a termination by ACREFI due to a material breach by ARI), the Management Agreement provides that ARI will pay ACREFI a termination fee (a "Termination Fee").

The Termination Fee will be equal to three times the average annual base management fee earned by ACREFI during the prior 24 month period immediately preceding the date of termination, calculated as of the end of the most recently completed fiscal quarter prior to termination.

Athene Asset Management ("AAM"), an investment manager indirectly controlled by Apollo Capital Management, charges its Clients a negotiated base management fee and, in certain cases, charges a performance fee calculated by comparing AAM's performance to a relative benchmark.

ITEM 6

Performance-Based Fees and Side-by-Side Management

As discussed in Item 5 above, the Apollo Real Estate Managers may charge carried interest, management fees and other fees to Clients. Each affiliate of the Apollo Real Estate Managers that serves as a general partner of an Apollo Real Estate Fund is entitled to receive performance-based compensation from such fund. ARI does not pay incentive fees to AGREM. In addition, the Apollo Real Estate Managers are also entitled to receive a management fee in consideration of advisory services provided to the Apollo Real Estate Funds. Management fees may vary among the Apollo Real Estate Funds.

The existence of carried interest with respect to Clients may create an incentive for the Apollo Real Estate Managers to make more speculative investments on behalf of Clients than they might otherwise make in the absence of such performance-based compensation. The carried interest may also incentivize the Apollo Real Estate Managers to dedicate increased resources and allocate more profitable investment opportunities to Clients who are charged carried interest or a higher carried interest, as the Apollo Real Estate Managers and/or their affiliates have the opportunity to receive carried interest distributions based on the success of portfolio investments. Similarly, the management fees, or higher management fees, may incentivize Apollo Real Estate Managers to dedicate increased resources and allocate more profitable investment opportunities to Clients who are charged such management fees or higher management fees. Further, the Apollo Real Estate Managers are incentivized to allocate investment opportunities to Clients who either pay carried interest or a higher carried interest percentage to their general partners or to Clients whose current performance does not require them to reimburse limited partners for losses

attributable to prior unprofitable investments before distributing carried interest to their general partners.

Terms pertaining to carried interest could also give the Apollo Real Estate Managers an incentive to make decisions regarding the timing and structure of realization transactions that may not be in the best interests of investors. For example, the Apollo Real Estate Managers for certain Apollo Real Estate Funds may be in a position to receive carried interest distributions earlier if profitable investments are liquidated prior to investments that are not profitable because, at the time proceeds from such profitable investments are liquidated, the Apollo Real Estate Managers would not be required to first distribute capital to limited partners to make up for prior losses associated with unprofitable investments.

For certain Apollo Real Estate Funds, the existence of the carried interest creates a potential conflict of interest for the general partner and Apollo Real Estate Manager in valuing investments. For example, because distributions to the partners in certain Apollo Real Estate Funds are calculated in a “deal-by-deal” waterfall, the general partner will not receive a carried interest until the limited partners receive distributions equal to their share of writedowns not taken into account in prior distributions. This creates an incentive for the general partner and the applicable Apollo Real Estate Manager to avoid writing down the value of assets that are not readily marketable or difficult to value, because the general partner will be in a position to receive a higher carried interest. Apollo has adopted written valuation procedures intended to mitigate potential conflicts of interests in respect of the valuation of assets that are not readily marketable or are difficult to value.

AGREM and the Apollo Real Estate Managers accept performance-based fees and management fees from certain Clients. However, as described above, performance compensation and management fees are not charged to all Clients. The variation of compensation structures among Clients may create an incentive for AGREM or the Apollo Real Estate Managers to direct the best investment ideas to, or allocate certain trades or investments in favor of, Clients that pay or allocate performance compensation (or higher performance compensation) or management fees (or higher management fees).

Apollo is committed to allocating investment opportunities on a fair and equitable basis regardless of whether performance compensation is accepted from a Client and has established detailed policies and procedures to address the conflicts of interest described above, including, in part, the following:

(1) Apollo has established a number of allocations committees to determine, among other things, (i) the suitability and available capital of Clients with respect to available investment opportunities, (ii) the resolution of potential conflicts of interest that arise in connection with multiple Clients having interests (including not only an outright position in any issuer but any exposure to such issuer derived through any synthetic and/or derivative instrument) in multiple tranches of securities (or other interests of an issuer) or multiple Clients with interests in the same tranche of an issuer, and (iii) the resolution of allocation conflicts that span more than one Apollo business unit and allocations to separately managed accounts;

(2) The two primary factors on which order allocation decisions are based are each Client's available capital and net asset value. The following additional allocation factors may also be taken into consideration: (i) the relative actual or potential exposure of any particular Client to the type of investment opportunity in terms of its existing investment portfolio; (ii) relative exposure of the Client to market trends; (iii) the investment objective of such Client; (iv) permitted leverage and available financing for the investment opportunity (including, without limitation, taking into account the levels/rates that would be required to obtain appropriate return); (v) likelihood of current income; (vi) size, liquidity and duration of the investment opportunity; (vii) seniority of loan and other capital structure criteria; (viii) with respect to an investment opportunity originated by a third party, the relationships of a particular Client (or the portfolio manager) to such third party; (ix) tax reasons; (x) regulatory reasons; (xi) supply or demand for an investment opportunity at a given price level; (xii) a Client's risk or investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage, liability duration or weighted average life, asset class type or other similar risk metrics); (xiii) whether the investment opportunity is a follow-on investment; (xiv) if the vehicle is in the process of fundraising, or is open to redemptions, notions of net asset value and available capital may be subjectively adjusted to account for anticipated inflows or redemptions; and (xv) such other criteria as are reasonably related to reasonable allocation of a particular investment opportunity to one or more Clients (*e.g.*, in the case of a Client ramp-up period or when incubating a particular investment strategy or product); and

(3) An allocations committee may, in determining the allocation of an investment opportunity with respect to a mandate, take into consideration that: (i) multiple Clients have investment objectives that overlap to greater and lesser degrees; (ii) the applicable legal documents of each Client disclaim to greater or lesser degrees the obligation to offer such Client any investment opportunities that fall within its investment objectives; (iii) Apollo endeavors to not systematically disadvantage any Client; (iv) the investment objectives of a particular Client may change over time; (v) the ultimate character of an investment opportunity (*i.e.*, its risk/reward profile) may not become clear until a great deal of diligence and analysis has been completed by the portfolio manager pursuing such investment; (v) investment opportunities that are outcomes of heavily negotiated transactions are capable of being structured in a variety of ways, each of which presents its own particular risk/reward profile and (vi) a Client may have more than one mandate.

Please see Item 10 with respect to a limited exception to these allocation policies that may exist where AAM and other Apollo Managers (as defined below) invest in the same strategies for different Clients.

Clients may invest in securities or other assets that are illiquid and lack a readily assessable market value. Such illiquid investments are typically subject to the management fees described above and are valued pursuant to the Apollo Real Estate Managers' valuation procedures, unless specific valuation procedures have been agreed upon between the applicable Apollo Real Estate Manager and the Client. Where a Client is a private equity style fund, the Client's private equity-like assets may be valued at fair value for financial statement reporting purposes and at historical cost unless the asset has suffered a permanent impairment in value for purposes of calculating fees and carried interest distributions. Valuing assets at historical cost absent a

permanent impairment of value results in more stable asset values over time and may result in the Apollo Real Estate Managers receiving higher management fees than would otherwise be received if assets were valued at fair value, especially during periods when asset values are generally declining. In addition, valuing assets at historical cost may result in the general partner of a Client receiving a higher carried interest distribution or performance allocation earlier than it would if assets are valued at fair value. If Client assets are valued at other than fair value, the Client's constituent documents will disclose the applicable valuation methodology.

ITEM 7

Types of Clients

AGREM generally provides investment advice to pooled investment vehicles, such as private equity funds, Co-Investment Vehicles, and alternative investment vehicles, separately managed accounts and real estate investment trusts.

With respect to Clients that are investment funds, the minimum investment amount is generally stated in the funds' respective offering documents. The general partners of the Apollo Real Estate Funds (other than ARI) may generally waive the applicable minimum at their respective discretion. ARI is publicly traded and investors may purchase shares at the effective purchase price on the date of the transaction.

Generally, investors participating in Apollo Real Estate Funds (other than ARI) are required to meet certain suitability and net worth qualifications, such as (i) an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), (ii) a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Investment Company Act") or (iii) a "knowledgeable employee" within the meaning of Rule 3c-5 of the Investment Company Act, depending on the applicable eligibility requirements of the respective Apollo Fund. ARI is a publicly traded real estate investment trust and does not have suitability or net worth qualifications.

ITEM 8

Methods of Analysis, Investment Strategies, and Risk of Loss

The following is a summary of the investment strategies and methods of analysis employed by the Apollo Real Estate Managers on behalf of Clients. This summary should not be interpreted to limit in any way Apollo's investment activities. Apollo may offer any advisory services, provide advice with respect to any investment strategies, and make any investments, including those that may not be described in this Brochure, that Apollo considers appropriate subject to each Client's investment objectives and guidelines. Specific descriptions of such strategies and methods are included in each Client's private placement memorandum, subscription agreement, or other constituent documents. In the case of separate accounts managed by the Apollo Real Estate Managers, the investment strategies and methods of analysis employed on behalf of each separately managed account will be set forth in the Management Agreement between the managed account and the respective Apollo Real Estate Manager or in other related documents. There can be no assurance that the investment objectives of any Client will be achieved.

Investment Strategies:

The Apollo Real Estate Managers seek to produce superior risk-adjusted returns by investing in fundamentally high quality properties, portfolios, operating platforms and companies that are improperly capitalized or under managed or without proven operating partners with expertise in their local markets, so that AGREM's financial resources, structuring expertise, management capabilities and industry relationships can materially enhance the operating and financial performance of the assets. AGREM will seek to produce substantial returns and improve the operational performance and capitalization of investments through active asset management while preserving downside protection. AGREM generally implements a fundamental value-based approach to all investments. This approach includes keeping a consistent view and focus on what real estate assets and cash flows should be worth in a stable and balanced market in order to identify opportunities to acquire assets when below this level and liquidate holdings when above; understanding and analyzing economic, financial, demographic and social factors impacting real estate supply and demand in local markets; and approaching opportunities with a comprehensive view of individual and macro factors which are likely to impact the valuation of the asset relative to other real estate or financial assets.

AGREM intends to pursue investment opportunities where it not only perceives compelling valuation but can exercise control with aggressive asset management. AGREM will institute and undertake a proactive asset management program customized for each investment and will generally seek to ultimately secure a controlling interest that assures its control of major investment decisions, including financing, capital expenditures, disposition, annual business plans and budgets, and the selection of third-party service providers.

AGREM's investments will ensure an alignment of interests between the Clients and any property-level operating partners or management teams, by creating a transaction structure that shares risk on the downside and incentivizes the partners or managers adequately on the upside.

Reflecting AGREM's comprehensive due diligence process and the investment expertise of its investment professionals, each transaction will be rigorously reviewed to analyze risk factors, contingency plans, and potential exit scenarios. An understanding of the downside associated with each investment is integral to ensuring appropriate investment decisions are made. Extensive financial analysis will be prepared and focus on what-if scenarios to understand, price and structure and mitigate risk and AGREM will employ aggressive asset management to ensure it is adequately managing risk from each investment's acquisition through to exit.

Methods of Analysis:

The Apollo Real Estate Managers generally oversee the execution of Clients' investment strategies by: (i) identifying unique investment opportunities with best-in-class partners and management teams, (ii) executing a comprehensive due diligence process, (iii) structuring investments in an efficient and flexible manner, (iv) implementing the appropriate business plans for each asset, (v) applying strong portfolio management, and (vi) maintaining and aggressively exploiting diverse exit options.

A description of AGREM's investment process is provided below:

- **Investment Sourcing:** AGREM has broad relationships across the real estate finance, development, investment, operations, and management communities. These relationships may generate a substantial flow of investment opportunities, many of which may involve the restructuring of assets, portfolios, operating platforms and companies.
- **Investment Structuring:** AGREM pursues investment opportunities only where it perceives compelling valuations, realistic business plans, and can mitigate risk through the proper financial and capital structure, control, and aggressive asset management. The optimal investment structure will be achieved through rigorous market analysis, the development and comprehensive understanding of a thoughtful business plan, a complete understanding of the asset(s), financial obligations and capital structure, financial modeling of alternative business strategies and capital structures, and thorough negotiations of purchase agreements, debt financings and equity partnerships.
- **Investment Underwriting:** The underwriting process is characterized by a series of ongoing collaborative discussions and debates among the members of the Investment Committee and the AGREM investment team, with a fundamental philosophy of seeking to challenge or disprove any proposed investment thesis. AGREM's investment team has significant experience in most major property markets and employs a highly analytic, disciplined and value-driven approach. The AGREM team endeavors to avoid confirmation bias by actively seeking divergent views and non-conforming facts.
- **Investment Committee:** The Investment Committee is responsible for approving each investment by the Fund and is comprised of senior members of Apollo who each have substantial principal investment experience. A formal Investment Committee memorandum must be prepared and presented to the Investment Committee for final approval of each investment.
- **Asset Management:** AGREM is actively engaged in the strategic asset management decisions that drive value, namely operating and business plans and budgets, capital expenditures, leasing, repositioning, financing, refinancing and exit. AGREM has instituted and undertaken a proactive asset management program customized to the nature, structure and characteristics of each investment and the expertise and capabilities of each operating partner or management team. Because the real estate and financial markets are highly volatile, AGREM anticipates variances from its plan as investments mature. Accordingly, asset management programs and exit strategies are flexible and can be adapted to changing market dynamics, the macro-economic environment, capital markets, and local real estate fundamentals.
- **Exit Options:** AGREM seeks investments with multiple identifiable exit strategies ranging from simple property sales to public capital markets transactions. Liquidating transactions may include single asset sales or portfolio sales to individual buyers, private investment funds, publicly held companies or institutional investors. Entity or platform level investments secured by underlying real estate offer an additional exit strategy

through a sale of the company as a whole. Consideration may include cash, restricted and unrestricted securities of publicly or privately held companies or partnership interests in new ventures.

Client strategies involve a high degree of uncertainty. The possibility of partial or total loss of capital exists in connection with such strategies and investors should not invest unless they can readily bear the consequences of such loss.

The following risk factors are generally applicable to AGREM's Clients. However, additional risk factors, including risk factors that are specific to a particular Client's investment strategy are described in each Client's private placement memorandum, subscription agreement, or risk disclosure statement.

No Assurance of Investment Returns. AGREM cannot give Clients assurance that investments will generate returns or that returns will be commensurate with the risks of investing in the type of companies and transactions that fall within such Clients' individual investment objectives.

Business and Market Risks. Investments in portfolio companies may involve a high degree of business and financial risk, which could result in substantial loss to a Client. In particular, these risks could arise from changes in the financial condition or prospects of the entity in which the investment is made, changes in national or international economic and market conditions, and changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made, including the risks of war and the effects of terrorist attacks on security operations. In addition, AGREM's strategy for a portfolio company may involve an acquisition program, restructuring and/or operational improvements, all of which entail a high degree of uncertainty. The possibility of partial or total loss of capital will exist.

General Market Risks. Recent legal and regulatory changes, and additional legal and regulatory changes that could occur during a Client's applicable term may adversely impact Clients. The regulation of the US and non-US securities and futures markets and investment funds has undergone substantial change in recent years and such change may continue. The effect of such new regulations on Clients, while impossible to predict, could be substantial and adverse and may, directly or indirectly, subject Clients to increased capital requirements, fees and expenses, as well as limits on the types of investors they may solicit. The full effect of that and future legislation cannot yet be known.

Laws and regulations, particularly those involving taxation, investment and trade, applicable to the activities of a Client can change quickly and unpredictably, and may at any time be amended, modified, repealed or replaced in a manner adverse to the Client's interests. It is impossible to predict what, if any, changes in regulation applicable to Clients or AGREM, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Clients and/or AGREM may be or may become subject to unduly burdensome and restrictive regulation.

In recent years, due to events in the financial markets, the financial services industry generally, and the activities of private funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny in the United States and in other jurisdictions. Such scrutiny and accompanying regulatory changes may increase the exposure of Clients to potential liabilities and to legal, compliance and other related costs and may have an adverse effect on private funds generally, and in particular, on the ability of Clients to achieve their investment objectives. The private fund industry may continue to be adversely affected by the recent developments in the financial markets in the US and abroad going forward, and any future legal, regulatory, or governmental action and developments in such financial markets and the broader global economy could have an adverse effect on the business of Clients, operations and performance.

The entire market or particular instruments traded on a market may decline even if earnings or other factors improve inasmuch as the prices of such instruments are subject to numerous economic, political, psychological and other factors that have little or no correlation to the performance of a particular company. A Client may elect to hedge against market movements or the credit or other risks of any particular portfolio investment, whether by means of a derivative or other financial product or instrument. To the extent that the general partner of a Client engages in certain hedging transactions, there can be no assurances that such hedging will insulate such Client from risks, and hedging techniques, whether via a derivative or other product or instrument, may give rise to certain costs and additional risks, including a risk of the total loss of any amounts invested in hedging instruments.

Regulation & Enforcement; Litigation. Clients are subject to regulation by laws at local and national levels and in multiple jurisdictions, including foreign countries. Specific and general regulations addressing capital markets and real estate related debt-investments, including tax laws and regulations, whether in the United States or abroad, could increase the cost of acquiring, holding, or divesting portfolio investments, the profitability of investments, and the costs of operating the Clients. Additional regulation could also increase the risk of third-party litigation.

On July 21, 2010 the President signed into law major financial services reform legislation in the form of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”). The Dodd-Frank Act, among other things grants regulatory authorities such as the Commodity Futures Trading Commission and the SEC broad rulemaking authority to implement various provisions of the Dodd-Frank Act, including comprehensive regulation of the over-the-counter derivatives markets. These revised and expanded powers may result in rulemaking, supervisory or enforcement actions that could adversely affect Clients or investments made by Clients.

In addition, Clients may invest in distressed investments and, as a result, there is a possibility that the Apollo Real Estate Managers may participate in restructuring activities. It is possible that Clients may become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against the Clients, including their general partners and the

Apollo Real Estate Managers, and ultimately, judgments may be rendered against a Client for which such Client does not carry insurance.

Risks Inherent to Real Estate Market. Clients will primarily invest in debt and equity investments related to real estate. Real estate historically has experienced significant fluctuations and cycles in performance that may result in reductions in the value of the Clients' investments. The performance and value of a Client's investments once acquired depend upon many factors beyond such Client's control. The ultimate performance and value of a Client's investments are subject to the varying degrees of risk generally incident to the ownership and operation of the properties in which the Client will invest and which collateralize or support its investments. The ultimate performance and value of a Client's investments depend upon, in large part, such Client's ability to operate each investment so that it produces sufficient cash flows necessary either to pay the interest and principal due to such Client on its loans and investments or pay the Client as an equity investor. Revenues and cash flows may be adversely affected by:

- changes in national or local economic conditions;
- changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics;
- competition from other properties offering the same or similar services;
- changes in interest rates and in the state of the debt and equity capital markets;
- the ongoing need for capital improvements, particularly in older building structures;
- changes in real estate tax rates and other operating expenses;
- adverse changes in governmental rules and fiscal policies, civil unrest, acts of God, including earthquakes, hurricanes and other natural disasters, acts of war or terrorism, which may decrease the availability of or increase the cost of insurance or result in uninsured losses;
- adverse changes in zoning laws;
- the impact of present or future environmental legislation and compliance with environmental laws;
- the impact of lawsuits which could cause the Clients to incur significant legal expenses and divert management's time and attention from the day-to-day operations of the Clients; and
- other factors that are beyond the Client's control and the control of the property owners.

Development and Construction Risks. The development and construction of real estate assets is subject to timing, budgeting and other risks that may adversely affect the Clients' operating results. Clients may acquire newly-developed and redeveloped properties as suitable investment opportunities arise, taking into consideration general economic conditions. Any renovation, redevelopment, development and related construction activities could subject Clients to a number of risks, including risks associated with:

- construction delays or cost overruns that may increase project costs;
- receipt of zoning, occupancy and other required governmental permits and authorizations;
- development costs incurred for projects that are not pursued to completion;
- acts of God such as earthquakes, hurricanes, floods or fires that could adversely impact a project;
- ability to raise capital; and
- governmental restrictions on the nature or size of a project.

The Clients' inability to complete a project on time or within budget may adversely affect their investment results.

Investments and Acquisitions Through Other Partnerships and Joint Ventures.

Instead of purchasing properties directly, Clients may invest as a partner or a co-venturer with an unaffiliated third party. Partnership or joint venture investments may, under certain circumstances, involve risks not otherwise present, including the possibility that Clients will not be able to implement investment decisions or exit strategies because of limitations on the Clients' control of the property under applicable agreements with a partner or co-venturer, or that a partner or co-venturer may become bankrupt, or may at any time have economic or business interests or goals which are inconsistent with those of the Clients, may fail to fund their share of required capital contributions or otherwise default on their obligations, may make dubious business decisions or may block or delay necessary decisions. Such a partner or co-venturer may also be in a position to take action contrary to the Clients' objectives, including but not limited to forcing sale of a property prior to the Clients' optimal holding period. Such investments may also have the potential risk of an impasse on decisions if neither partner nor co-venturer has full control over the partnership or joint venture. Clients will, however, seek to maintain sufficient rights with respect to such partnerships or joint ventures to permit the Clients' objectives to be achieved.

In addition, disputes between Clients and a partner or co-venturer may result in litigation or arbitration that would increase the Clients' expenses and prevent the general partners and their representatives from focusing their time and effort on the Clients' businesses and investments. Consequently, actions by, or disputes with, a partner or co-venturer might

result in additional risks, including liability for the actions of a third party partner or co-venturer and the ability to enforce fully all rights one partner or co-venturer may have against the other. In the event of litigation, Clients could be found liable to their co-venturer or partner for a range of damages available under applicable law under theories arising in contract, tort or otherwise, including consequential damages well in excess of amounts originally at stake.

Credit Risk of Tenants. Clients may invest in properties in which tenant leases will generate a significant portion of the Clients' revenue. As a result, Clients are subject to the credit risk of their tenants. In particular, local economic conditions and factors affecting the industries in which the Clients' tenants operate may affect the tenants' ability to make lease payments. In the event that the Clients' tenants default on their leases and fail to make rental payments when due, there could be a significant decrease in the Clients' revenues. This loss of revenues could adversely affect the Clients' profitability and their ability to meet their financial obligations. In addition, the Clients may be unable to locate replacement tenants in a timely manner or on comparable or better terms if tenants default on their leases.

Lack of Liquidity of Investments. Real estate investments are relatively illiquid and some are highly illiquid. Such illiquidity may limit the Clients' ability to vary their portfolios of investments in response to changes in economic and other conditions. Illiquidity may result from the absence of an established market for investments as well as the legal or contractual restrictions on their resale. In addition, illiquidity may result from the decline in value of a property comprising a Client's investments. There can be no assurances that the fair market value of any property held by a Client will not decrease in the future, leaving any of such fund's investments relatively illiquid.

Investments in publicly-traded companies (including publicly-traded REITs) may also be subject to legal or contractual restrictions on sale, including the possibility that the general partner, on behalf of a Client, will be in possession of material non-public information about the company. In addition, the ability to exit an investment through the public market will depend on market conditions, and particularly the market for initial public offerings. The possibility of partial or total loss of capital will exist.

Furthermore, the Clients may invest in loans with maturity dates that are later than the dates such funds are expected to terminate. As a result, a Client may have to sell, distribute or otherwise dispose of its investments at a disadvantageous time as a result of dissolution.

Possible Lack of Diversification. Clients' investment portfolios may at times be concentrated in certain property types that are subject to higher risk of foreclosure, or secured by properties concentrated in a limited number of geographic locations. By investing in a limited number of portfolio investments, the aggregate returns realized by a Client may be substantially affected by the unfavorable performance of a small number of such portfolio investments.

Leverage. Clients may borrow and may utilize various other forms of leverage, and generally expect to operate with a significant leverage ratio. Although leverage presents opportunities for increasing a Client's total return, it has the effect of potentially increasing losses as well. If income and appreciation on investments made with borrowed funds are less than the cost of the leverage, the total return of the leveraging fund will decrease. Accordingly, any event which adversely affects the value of a portfolio investment would be magnified to the extent a Client is leveraged. The cumulative effect of the use of leverage by Clients in a market that moves adversely to the Clients' investments or in the event portfolio investments experience credit quality deterioration could result in a substantial loss to Clients that could be substantially greater than if the Clients were not leveraged. In addition, contractual demands by lenders to a Client to reduce its leverage may force such Client to sell investments on an emergency basis at prices less than those obtainable in a more orderly liquidation. To the extent that a creditor has a claim on a Client, such claim would be senior to the rights of an investor in the Client. As a result, if a Client's losses were to exceed the amount of capital invested, an investor could lose its entire investment.

Financing Arrangements. To the extent that a Client enters into financing arrangements in the future, such arrangements may contain provisions that expose it to particular risk of loss. For example, any cross-default provisions could magnify the effect of an individual default. If a cross-default provision were exercised, this could result in a substantial loss for a Client. Also, Clients may enter into financing arrangements that contain financial covenants that could require them to maintain certain financial ratios. If a Client were to breach the financial covenants contained in any such financing arrangement, it might be required to repay such debt immediately in whole or in part, together with any attendant costs, and the Client might be forced to sell some of its assets to fund such costs. Clients might also be required to reduce or suspend distributions or dividends to stockholders, as applicable. Such financial covenants would also limit the ability of the applicable Apollo Real Estate Manager to adopt the financial structure (e.g., by reducing levels of borrowing) which it would have adopted in the absence of such covenants. In addition, pursuant to the partnership agreements of certain Clients, the general partner is permitted to pledge the capital commitments of the limited partners to secure financing arrangements for the Client. The limited partners may be required to honor their capital commitments to permit the Client to pay debt rather than to make investments.

Securitizations. Clients may seek to enhance the returns of all or a senior portion of commercial mortgage loans through securitizations should the market to securitize commercial mortgage loans recover. To securitize portfolio investments, a Client may create a wholly-owned subsidiary and contribute a pool of assets to such subsidiary. This could include the sale of interests in the subsidiary on a non-recourse basis to purchasers whom the Client would expect to be willing to accept a lower interest rate to invest in investment grade loan pools, and the applicable Client would retain a portion of the equity in the securitized pool of portfolio investments. The successful securitization of portfolio investments might expose such Client to losses as the commercial real estate investments in which the Client does not sell interests will tend to be those that are riskier and more likely to generate losses.

Environmental Liability. Clients may be exposed to substantial risk of loss arising from investments involving undisclosed or unknown environmental, health or occupational safety matters, or inadequate reserves, insurance or insurance proceeds for such matters that have been previously identified. Through its interest in real estate, a Client may be subject to a wide range of environmental, health and safety laws, ordinances and regulations, including, without limitation, those relating to the investigation, removal, and remediation of past or present releases of hazardous or toxic substances. Such laws may impose joint and several liability, which can result in a party being obligated to pay for greater than its share, or even all, of the liability involved. Such liability may also be imposed without regard as to whether the owner or operator knew of, or caused, the presence or release of such substances. Environmental liabilities are generally not limited under such laws and could exceed the value of the relevant property and/or the aggregate assets of the responsible party. The presence of such substances, or the failure to properly remediate related contamination, may adversely affect the marketability of the real estate or the value of such property as collateral, which could have an adverse effect on returns on investments. In addition, some environmental laws create a lien on contaminated property in favor of the government for costs it incurs in connection with the contamination. In addition to clean-up actions brought by governmental agencies and private parties, the presence of hazardous substances on a property may lead to claims of personal injury, property damage or other claims by private plaintiffs. Moreover, the ability of a Client to insulate itself against any such environmental liability through the performance of environmental due diligence of the nature customarily performed in the U.S. may be limited in certain foreign countries.

Investments in Non-Performing Assets. Clients may make investments in non-performing or other troubled assets that involve a high degree of financial risk. Investments in properties operating in workout modes or under bankruptcy protection laws may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of a Client's original investment. In addition, under certain circumstances, payments to a Client or distributions to such Client's limited partners may be reclaimed if any such payments or distributions are later determined to have been fraudulent conveyances or preferential payments under applicable law. Furthermore, investments in restructurings may be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made in the form of debt or as equity contributions.

Hedging Policies/Risks. In connection with certain investments, Clients may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates. While such transactions may reduce certain risks, hedging transactions themselves may entail other risks. Thus, while Clients may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for Clients that enter into hedging transactions.

Uncertainty of Financial Projections. As part of its due diligence of a potential investment, the Apollo Real Estate Manager for a Client investing in securities or interests in a company generally may do so on the basis of the company's financial projections. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections and the performance of any investment in such company.

Risks Associated with Investments in Commercial Mortgages and Mezzanine Loans. Clients may be subject to risks associated with investments in commercial mortgage and mezzanine loans which are subject to delinquency, foreclosure and loss which could result in losses to Clients. The commercial mortgage and mezzanine loans in which Clients may invest will generally be secured by commercial property and related assets and will be subject to risks of delinquency and foreclosure, and risks of loss that are greater than similar risks associated with loans made on the security of other assets, such as single-family residential property. The ability of a borrower to repay a loan secured by an income-producing commercial property typically will be dependent primarily upon the successful operation of the property rather than upon the existence of independent income or assets of the borrower. If the net operating income of the property is reduced, the borrower's ability to repay the loan may be impaired. Net operating income of an income-producing property can be affected by, among other things: tenant mix; success of tenant businesses; property management decisions; property location and condition; competition from comparable types of properties; changes in laws that increase operating expenses or limit rents that may be charged; any need to address environmental contamination at the property; changes in national, regional or local economic conditions and/or specific industry segments; declines in regional or local real estate values and declines in regional or local rental or occupancy rates; increases in interest rates, real estate tax rates and other operating expenses; and changes in governmental rules, regulations and fiscal policies, including environmental legislation, acts of God, terrorism, social unrest and civil disturbances.

Commercial mortgage loans generally are not amortizing or do not fully amortize, which necessitates the sale of the property or refinancing of the "balloon" amount at or prior to maturity of the mortgage loan. Accordingly, investors bear the risk that the borrower will be unable to refinance or otherwise repay the mortgage at maturity, thereby defaulting on its obligation.

There may be limits to enforceability or to legal and financial recourse upon a default under the terms of the mortgage loan or applicable state law. Most commercial mortgage loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets. Exercise of foreclosure and other remedies may involve lengthy delays and unforeseen expenses in the face of declining property values. In certain

circumstances, the creditor may also incur environmental liability for conditions existing at or on the property.

Clients' subordinated debt and related investments will involve the risks attendant to real estate investments as well as additional risks attendant to investments in subordinated positions. Subordinate loans such as junior participations in mortgages and mezzanine loans (and participations therein) have a risk of credit loss that is significantly enhanced due to the subordinate nature of such investments. In the event of default, the net proceeds from a foreclosure or restructuring may not be sufficient to cover the expenses of foreclosure and payment in full of the debt. In such event, the holders of subordinate loans will realize a loss of up to all of their investment before the senior debt will suffer any loss.

Lender Liability Risks. Clients may be exposed to lender liability risks including equitable subordination. In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed, "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Clients' investments, they could be subject to allegations of lender liability. In addition, under common law principles that, in some cases, form the basis for lender liability claims, if a lending institution (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as an equity holder to dominate or control a borrower to the detriment of the other creditors of such borrower, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." A Client could be subject to claims from creditors of an obligor that such fund's investments issued by such obligor that are held by the Fund should be equitably subordinated. A decline in the value of the Client's investments may result in reduced risk-adjusted.

Asset-Backed Securities and Mortgage-Backed Securities. Certain Client investments include ABS and mortgage-backed securities ("MBS"), including RMBS. The investment characteristics of ABS and MBS differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time. The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to default and foreclosures) occur on loans underlying MBS and ABS will be affected by a variety of factors including the prevailing level of interest rates as well as economic, demographic, tax, social, legal and other factors. Generally, mortgage obligors tend to prepay their mortgage loans when mortgage rates fall below the interest rates on their mortgage loans.

Particular investments may experience outright losses, as in the case of an interest only security in an environment of faster actual or anticipated prepayments. Also, particular investments may underperform relative to hedges that a portfolio manager may have constructed for these investments, resulting in a loss.

Mortgage loans on commercial properties underlying MBS often are structured so that a substantial portion of the loan principal is not amortized over the loan term but is payable at maturity and repayment of the loan principal thus often depends upon the future availability of real estate financing from the existing or an alternative lender and/or upon the current value of the real estate. Therefore, the unavailability of real estate financing may lead to default. If borrowers are not able or willing to refinance or dispose of encumbered property to pay the principal and interest owed on such mortgage loans, payments on the subordinated classes of the related MBS are likely to be adversely affected. The ultimate extent of the loss, if any, to the subordinated classes of MBS may only be determined after a negotiated discounted settlement, restructuring or sale of the mortgage note, or the foreclosure (or deed in lieu of foreclosure) of the mortgage encumbering the property and subsequent liquidation of the property.

Through the use of trusts and special purpose corporations, various types of assets, primarily automobile and credit card receivables, are securitized in pass-through structures. Through CDOs, Clients may invest in these and other types of ABS that may be developed in the future. ABS present certain risks that are not presented by MBS. Primarily, these securities do not have the benefit of the same security interest in the related collateral. There is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor. The collateral supporting ABS is of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. As with MBS, ABS are often backed by a pool of assets representing the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Mortgage REITs. Clients may invest in securities issued by entities which invest in real estate, including real estate investment trusts ("REITs"). Real estate investments generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate. Such risks include, without limitation, the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing, energy and supply shortages; changes in the tax, real estate, environmental and zoning laws and

regulations; various uninsured or uninsurable risks; natural disasters; and the ability of Clients or third-party borrowers to manage the real properties. In addition, Clients may incur the burden of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property. Further, in addition to the variety of risks associated with real estate and related investments described above, Clients' investments in REITs involve special risks. These special risks include: (i) risks associated with failure to maintain REIT qualification and other tax risks; (ii) risks that may be presented by the type and use of a particular property or target asset class; (iii) risks that the issuer of the security may reduce or eliminate expected dividend payments; and (iv) risks related to REITs organization and structure, including ownership limitations associated with maintaining REIT qualification, and, since many REITs are organized in Maryland, risks related to certain provisions of Maryland law. In addition, REITs tend to be medium-size and small companies. Like small-capitalization stocks in general, REIT stocks can be more volatile than, and at times will perform differently from, large capitalization stocks, such as those found in the Standard & Poors 500 Index.

Risks Applicable to Insurance Company Clients of AAM. In addition to the risks identified above, insurance company Clients are subject to significant risks relating to the matching of assets and liability characteristics such as interest rate duration and weighted average life. If assumptions relating to these characteristics prove to be incorrect and an insurance company is mismatched, such insurance company's financial condition could be adversely affected, which may have resulting regulatory implications. Furthermore, insurance company portfolios tend to have a significant amount of interest rate-sensitive instruments, such as bonds, which may be adversely affected by changes in interest rates. Interest rates are highly sensitive to many factors, including governmental monetary policies and domestic and international economic and political conditions and other factors beyond AAM's control. Because of the unpredictable nature of losses that may arise under insurance liabilities, liquidity needs could be substantial and may increase at any time. Changes in interest rates could have an adverse effect on the value of an insurance company investment portfolio and future investment income. For example, changes in interest rates could expose such Clients to prepayment risks on mortgage-backed securities. Increases in interest rates will generally decrease the value of investments in fixed-income securities. If increases in interest rates occur during periods when a Client is required to sell investments to satisfy liquidity needs, such Client may experience investment losses. If interest rates decline, reinvested funds will earn less than expected.

The Apollo Real Estate Managers generally seek to acquire, develop, reposition, manage and operate real estate and real estate-related assets in North America, Asia, and Europe. AGREM's Clients also invest in commercial real estate mortgage loans, commercial mortgage-backed securities, commercial real estate corporate debt and loans, mezzanine financings and other commercial real estate-related debt investments. The material risks involved in investing in these types of securities are discussed in the preceding paragraphs of this Item 8.

ITEM 9

Disciplinary Information

There are no legal or disciplinary events required to be disclosed pursuant to this Item 9.

ITEM 10

Other Financial Industry Activities and Affiliations

Apollo Global Securities, LLC (“AGS”), an affiliate of Apollo, is registered with the SEC as a broker-dealer. Certain management persons of AGREM that are involved in providing portfolio management services to Clients on behalf of AGREM will also be involved in the business and operations of AGS. Such management persons may face conflicts of interest in dedicating time and resources to Clients, which may have a detrimental effect on Client performance. Apollo addresses this conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests of each Apollo Client and providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo’s policies and procedures.

The Apollo Real Estate Managers have developed a relationship with AGS, as set forth below.

AGS

AGS registered as a broker-dealer with the SEC on April 1, 2011. AGS (i) serves as placement agent for Apollo Funds (other than ARI) and may receive fees from Apollo Funds (other than ARI) for selling interests in those funds; (ii) negotiates the debt and equity investments made by portfolio companies owned or controlled by Apollo Funds or the securities offerings by portfolio companies and receives fees from those companies for such services; (iii) negotiates mergers of portfolio companies, acquisitions and dispositions of portfolio companies by Apollo Funds, or the sale of portfolio companies by Apollo Funds and receives fees from portfolio companies or Apollo Funds for providing such services; (iv) serves as underwriter for portfolio company debt or equity offerings and receives fees from portfolio companies for providing such services; and (v) negotiates the terms of co-investment opportunities for investors in Apollo Funds alongside portfolio investments made by Apollo Funds, places Clients and investors in co-investment vehicles, and may receive fees in connection with such services.

Because the fees that the Apollo Funds and their portfolio companies pay to AGS may not be negotiated at arms length, it is possible that Apollo Funds and portfolio companies may pay higher fees to AGS than they would pay to unaffiliated broker-dealers. In addition, as a result of AGS’s affiliation with AGREM, AGREM may have an incentive to engage AGS instead of unaffiliated broker-dealers. AGREM may elect to reduce the management fee it charges to the Apollo Funds by an amount up to the fees received by AGS.

AP Alternative Assets, L.P.

AGREM is affiliated with AP Alternative Assets, L.P., a limited partnership registered under the laws of Guernsey (“AAA”), whose common units are traded on Eurolist by Euronext, the

regulated market of Euronext Amsterdam N.V. under the symbol “AAA”. AAA invests its capital through, and is the sole limited partner of, AAA Investments, L.P. (“AAA Investments”). AAA Investments generally effectuates the following types of investments:

- Private equity investments consisting mainly of co-investments alongside the Apollo Investment Fund VI, L.P., its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, “AIF VI”) and certain Apollo Investment Fund VII, L.P. investments (collectively with its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles, “AIF VII”). AAA Investments has co-investment arrangements with AIF VI and AIF VII.
- Investments in certain Apollo Funds sponsored or managed by the Apollo Capital Markets Managers (as defined below).
- Opportunistic investments which are comprised of investments in Apollo Life Re Ltd. and GA Data Holdings Ltd. Athene Holding is an Apollo-sponsored vehicle that owns directly or indirectly the equity of Athene Life Re Ltd., a Bermuda-based reinsurance company focused on the life reinsurance sector, Athene Annuity & Life Assurance Company (formerly Liberty Life Insurance Company) and a recently acquired Delaware-domiciled (formerly South Carolina domiciled) stock life insurance company. GA Data Holdings Ltd. is a real estate joint venture established to acquire and redevelop a data center located in the United Kingdom.

Affiliates of AGREM receive a quarterly management fee from AAA Investments, payable in arrears, in an amount equal to a percentage of adjusted assets. AAA Investments will not be directly charged management fees when it invests in an Apollo Fund, as the Apollo Managers (as defined below) will receive management fees directly from the Apollo Funds in which AAA Investments invests.

Each direct investment made by AAA Investments will be subject to carried interest, which will generally entitle affiliates of AGREM to realize a portion of the profits generated by the investment (generally, a percentage of net realized gains or a percentage of the annual increase in net asset value, depending on the type of investment).

AGREM’s affiliation with AAA and AAA Investments is subject to the conflicts of interest set forth below in this Item 10.

Additionally, as part of Apollo’s integrated platform, certain management persons of AGREM may also provide services to other pooled investment vehicles or investment companies sponsored by Apollo. By way of example, certain management persons of AGREM that are involved in providing portfolio management services to Apollo Real Estate Funds may have direct incentive compensation arrangements with such other Apollo Funds that pay incentive fees to their general partners. Such management persons may be incentivized to (i) dedicate additional time and resources to such Apollo Funds with which such persons have a direct incentive compensation arrangement, and (ii) allocate attractive investment opportunities to such Apollo Funds instead of Apollo Real Estate Funds, each of which may have a detrimental effect on the performance of Apollo Real Estate Funds. Apollo addresses this conflict of interest by providing in its Code of Ethics that all supervised persons have a duty to act in the best interests

of each Apollo Client, providing training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo's policies and procedures and by establishing the investment allocation procedures described above.

Affiliated Apollo Managers

The Apollo Real Estate Managers are affiliated with the Apollo Private Equity Managers as set forth in (1) through (8) below (the "Apollo Private Equity Managers"), the Apollo Commodities Manager as set forth in (9) below (the "Apollo Commodities Manager") and the Apollo Capital Markets Managers set forth in (10) through (37) below (the "Apollo Capital Markets Managers") and together with the Apollo Private Equity Managers, the Apollo Commodities Manager and the Apollo Real Estate Managers described in Item 4, the "Apollo Managers").

The Apollo Private Equity Managers are:

- (1) Apollo Management, L.P.: Apollo Management, L.P. ("Apollo Management") is a Delaware limited partnership that is an SEC registered investment adviser and controls the investment managers set forth in (2) through (8) below.
- (2) Apollo Management III, L.P.: Apollo Management III, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund III, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively "AIF III"). AIF III is a private investment fund whose principal investors are public and private pensions and other financial institutions.
- (3) Apollo Management IV, L.P.: Apollo Management IV, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund IV, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, "AIF IV"). AIF IV is a private investment fund whose principal investors are public and private pensions and other financial institutions.
- (4) Apollo Management V, L.P.: Apollo Management V, L.P. is a Delaware limited partnership that acts as the investment manager of Apollo Investment Fund V, L.P. and its related co-investment vehicles, alternative investment vehicles, feeder funds and special purpose vehicles (collectively, "AIF V"). AIF V is a private investment fund whose principal investors are public and private pensions and other financial institutions.
- (5) Apollo Management VI, L.P.: Apollo Management VI, L.P. is a Delaware limited partnership that acts as the investment manager of AIF VI. AIF VI is a private investment fund whose principal investors are public and private pensions and other financial institutions.
- (6) Apollo Management VII, L.P.: Apollo Management VII, L.P. is a Delaware limited partnership that acts as the investment manager of AIF VII (together with AIF III, AIF IV, AIF V, and AIF VI, the "Apollo Private Equity Funds"). AIF VII is an investment fund whose principal investors are public and private pensions and other financial institutions.
- (7) LeverageSource Management, LLC: Leverage Source Management, LLC is a Delaware limited liability company that acts as investment manager to LeverageSource V S.a.r.l. (Lux);

(8) Apollo Management (Mauritius - PE) Ltd.: Apollo Management (Mauritius - PE) Ltd. is a Mauritius limited company that is a sub-adviser to Apollo Management VII, L.P. It also acts as investment manager to Apollo India Private Equity (Mauritius) Ltd., a Mauritius limited company that serves as a sub-account to AIF VII.

The Apollo Private Equity Funds generally seek to make investments in (i) control or influential minority equity and equity equivalent positions, and (ii) debt or other securities providing equity-like returns across the capital structure of companies, including distressed debt investments. Investments are sought across a range of industries and markets. The Apollo Private Equity Funds also may invest in securities across the capital structure including senior secured bank debt, second lien, high yield debt, trade and credit derivatives, and bank loans. In addition, the Apollo Private Equity Funds, either directly or indirectly through a special purpose vehicle may engage in total return swaps, which allow the Apollo Private Equity Funds to derive the economic benefit of owning an asset without retaining legal ownership of such asset. Finally, in connection with certain investments, the Apollo Private Equity Funds may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange rates.

As supervised persons of Apollo Management, the Apollo Private Equity Managers (other than Apollo Management) intend to conduct their activities in accordance with the Advisers Act and the rules thereunder. Any employees of the Apollo Private Equity Managers and any other persons acting on their behalf are and shall be subject to the supervision and control of Apollo Management. The Apollo Private Equity Managers are relying on Apollo Management's registration under the Advisers Act and are not registering themselves.

The Apollo Commodities Manager is:

(9) Apollo Commodities Management, L.P.: Apollo Commodities Management, L.P. is a Delaware series limited partnership that is registered with the SEC as an investment adviser. Apollo Commodities Management, L.P. Series I serves as the investment manager of Apollo Natural Resources Partners, L.P. Each series of Apollo Commodities Management, L.P. will act as the investment manager of different funds and/or accounts.

The Apollo Capital Markets Managers are:

(10) Apollo Investment Management, L.P.: Apollo Investment Management, L.P. is a Delaware limited partnership that is registered as an investment adviser with the SEC. It acts as the investment manager to Apollo Investment Corporation ("AIC"). AIC is a closed-end, non-diversified investment company that has filed an election to be treated as a business development company under the Investment Company Act. AIC primarily invests in mezzanine debt and other debt and equity securities of companies located in the United States.

(11) Apollo SVF Management, L.P.: Apollo SVF Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Strategic Value Master Fund, L.P., a private securities investment fund (together with its two feeder funds, Apollo Strategic Value Fund, L.P., and Apollo Strategic Value Offshore, Ltd., "SVF"). Apollo SVF Management, L.P. also acts as investment manager to: Apollo Special Opportunities Managed Account, L.P.

(“SOMA”), a private securities investment fund to a certain single investor managed account pursuant to specifically negotiated investment limitations; and Permal Apollo Value Investment Fund, Ltd. (“Permal”), a business company with limited liability formed under the laws of the British Virgin Islands. SVF, SOMA, and Permal primarily invest in the securities of leveraged companies in North America and Europe through distressed investments, value driven investments and special opportunities.

(12) Apollo Value Management, L.P.: Apollo Value Management, L.P. is a Delaware limited partnership that is registered with the SEC as an investment adviser. It acts as the investment manager to Apollo Value Investment Master Fund, L.P. (together with its two feeder funds, Apollo Value Investment Fund, L.P. and Apollo Value Investment Offshore Fund, Ltd., the “Value Fund”). The Value Fund primarily invests in the securities of leveraged companies in North America and Europe through distressed investments, value-driven investments and special opportunities.

(13) Apollo Asia Management, L.P.: Apollo Asia Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Asia Opportunity Master Fund, L.P., a private securities investment fund (together with its two feeder funds, Apollo Asia Opportunity Fund, L.P. and Apollo Asia Opportunity Offshore Fund, Ltd., and its wholly-owned subsidiary Apollo Asia Opportunity Master Fund Trading Ltd., the “Asia Fund”). Apollo Management Singapore Pte Ltd., a Singapore company, acts as a sub-adviser to Apollo Asia Management, L.P. The Asia Fund primarily invests in strategic and event-driven investment opportunities through investments in the debt and equity securities of middle market and large companies located in Asia.

(14) Apollo Europe Management, L.P.: Apollo Europe Management, L.P. is a Delaware limited partnership that acts as investment manager to AP Investment Europe Limited, a Guernsey limited company and Apollo Investment Europe II, L.P. (together, “AIE”). AIE primarily invests in the mezzanine debt, other debt and equity of European companies.

(15) Apollo EPF Management, L.P.: Apollo EPF Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo European Principal Finance Fund, L.P., a Cayman Islands exempted limited partnership, and to its feeder fund Apollo European Principal Finance Fund (Feeder), L.P. (together, “EPF”). EPF invests principally in European non-performing loans.

(16) Apollo EPF Management II, L.P.: Apollo EPF Management II, L.P. is a Delaware limited partnership that acts as investment manager to Apollo European Principal Finance Fund II, L.P., a Cayman Islands exempted partnership, and to its feeder funds or other parallel funds that may be established (together, “EPF II”).

(17) Apollo Credit Liquidity Management, L.P.: Apollo Credit Liquidity Management, L.P. is a Delaware limited partnership that acts as investment manager to Apollo Credit Liquidity Fund, L.P., (“CLF”), a private securities investment fund. CLF invests primarily in senior secured debt and a broad range of other subordinated debt and debt-related investments.

(18) Apollo/Artus Management, LLC: Apollo/Artus Management, LLC is a Delaware limited liability company. It acts as the public-side investment adviser to the private securities investment funds, Artus Loan Fund 2007-I, Ltd. and Artus Loan Fund 2007-I, LLC, (collectively, the “Artus Loan Funds”). The Artus Loan Funds primarily invest in U.S. dollar-denominated commercial loans.

(19) Apollo Credit Opportunity Management, LLC: Apollo Credit Opportunity Management, LLC is a Delaware limited liability company. It acts as investment manager to Apollo Credit Opportunity Fund I, L.P. and Apollo Credit Opportunity Fund II, L.P. (collectively, the “Credit Opportunity Funds”). The Credit Opportunity Funds primarily invest in senior secured debt instruments including bank loans and bonds, public and private debt, such as debtor-in-possession financings, bridge financings and other debt-related securities portfolios.

(20) Apollo Management International LLP: Apollo Management International LLP is an English limited liability partnership, which serves as a non-discretionary sub-adviser to certain Apollo Capital Markets Managers, Apollo Private Equity Managers, and Apollo Real Estate Managers, Apollo Management International LLP is regulated by the United Kingdom Financial Services Authority (“FSA”).

(21) Apollo Credit Management (Senior Loans), LLC: Apollo Credit Management (Senior Loans), LLC is a Delaware limited liability company. It acts as investment manager to Apollo/Palmetto Loan Portfolio, L.P., Apollo Credit Senior Loan Fund, L.P., and Apollo/JH Loan Portfolio, L.P. (collectively, the “Loan Portfolio Funds”). Each Loan Portfolio Fund will be comprised of a diversified portfolio generally consisting of performing senior secured floating rate loans and non-first lien fixed income investments and other income generating fixed income investments, including, but not limited to, senior secured bonds.

(22) Apollo Credit Management, LLC: Apollo Credit Management, LLC is a Delaware limited liability company that is registered with the SEC as an investment adviser. It acts as investment manager to Apollo Senior Floating Rate Fund Inc., a Maryland corporation that is registered with the SEC as a closed-end, non-diversified investment company under the Investment Company Act.

(23) AAM: AAM is a Delaware limited liability company that acts as investment manager to certain insurance and reinsurance company subsidiaries of Athene Holding, certain reinsurance accounts related to such subsidiaries and certain unrelated third party insurance companies. AAM, either directly or through the use of subadvisers, including certain Apollo Managers, invests primarily in fixed income and alternative investments.

(24) Apollo Credit Management (CLO), LLC: Apollo Credit Management (CLO), LLC is a Delaware limited liability company that serves as collateral manager to certain Apollo-sponsored special purpose vehicles formed to acquire subordinated notes, collateralized loan obligation assets, and posted collateral.

(25) Financial Credit Investment I Manager, LLC: Financial Credit Investment I Manager, LLC is a Delaware limited liability company (“FCI”) that serves as investment manager for

Financial Credit Investment I, L.P., a Cayman Islands limited partnership that invests in portfolios of life insurance policies that insure the lives of natural persons.

(26) Apollo Longevity, LLC: Apollo Longevity, LLC is a Delaware limited liability company that serves as sub-adviser, and provides non-discretionary investment advice, to AAM and RWN Management, LLC.

(27) ARM Manager, LLC: ARM Manager, LLC is a Delaware limited liability company that serves as the manager and adviser to Apollo Residential Mortgage, Inc., a residential real estate finance company formed primarily to invest in, finance and manage mortgage-backed securities, residential mortgage loans and other residential mortgage assets in the United States. Apollo Residential Mortgage, Inc. is listed on the New York Stock Exchange under the symbol “AMTG.”

(28) Apollo Centre Street Management, LLC: Apollo Centre Street Management, LLC, a Delaware limited liability company that serves as the investment manager for Apollo Centre Street Partnership, L.P., a Delaware limited partnership formed for a strategic partnership with a state pension fund.

(29) Apollo European Credit Management, L.P.: Apollo European Credit Management, L.P. is a Delaware limited partnership that serves as the investment manager for Apollo European Credit Fund, L.P., a Delaware limited partnership that invests in a variety of fixed income investment opportunities in Europe.

(30) Apollo European Strategic Management, L.P.: Apollo European Strategic Management, L.P. is a Delaware limited partnership that serves as the investment manager for Apollo European Strategic Investments (Holdings), L.P., a Cayman Islands limited partnership formed for a strategic partnership with a sovereign wealth fund.

(31) Apollo SPN Management, LLC: Apollo SPN Management, LLC is a Delaware limited liability company that serves as the investment manager to Apollo SPN Investments I, L.P., Apollo SPN Investments II, L.P. and Apollo SPN Investments III, L.P., Cayman Islands limited partnerships formed for a strategic partnership with a state pension fund.

(32) GSAM: GSAM is a limited liability company organized under the laws of the state of North Carolina. GSAM is registered with the SEC as an investment adviser and provides discretionary investment advisory services to, and serves as collateral manager for, special purpose vehicles that issue CLOs. GSAM provides investment advice to the CLOs regarding institutional leveraged loans, high yield debt, corporate debt, structured credit products, derivatives, private debt securities and other loans, credit or debt instruments.

(33) AION Capital Management Limited: AION Capital Management Limited is a private Mauritius company limited by shares that serves as the investment manager to Apollo Capital Partners Limited. AION Capital Management Limited is a wholly owned subsidiary of Apollo India Credit Opportunity Management, LLC, which is a limited liability company incorporated under the laws of Delaware. Apollo India Credit Opportunity Management, LLC is 100% owned by Apollo Capital Management.

(34) Apollo ST Fund Management LLC (f/k/a Stone Tower Fund Management LLC): Apollo ST Fund Management LLC, a Delaware limited liability company, is registered with the SEC as an investment adviser, and is indirectly controlled by Apollo Capital Management. Apollo ST Fund Management LLC serves as the investment manager to: (i) Apollo Credit Master Fund Ltd. (f/k/a Stone Tower Credit Master Fund Ltd.). (“Credit Master Fund”), together with its two feeder funds Apollo Credit Fund LP (f/k/a Stone Tower Credit Fund LP) (“Credit Onshore Fund”) and Apollo Offshore Credit Fund Ltd. (f/k/a Stone Tower Offshore Credit Fund Ltd.), which invests primarily in leveraged loans; (ii) Stone Tower Structured Credit Recovery Master Fund Ltd., together with its two feeder funds, Stone Tower Structured Credit Recovery Fund LP (“Structured Credit Recovery Onshore Fund”) and Stone Tower Offshore Structured Credit Recovery Fund Ltd.), which invests primarily in CLOs, CMBS and RMBS; (iii) Apollo Structured Credit Recovery Master Fund II Ltd. (f/k/a Stone Tower Structured Credit Recovery Master Fund II Ltd.), together with its two feeder funds, Apollo Structured Credit Recovery Fund II L.P. (f/k/a Stone Tower Structured Credit Recovery Fund II LP) (“Structured Credit Recovery Onshore Fund II”) and Apollo Offshore Structured Credit Recovery Fund II Ltd. (f/k/a Stone Tower Offshore Structured Credit Recovery Fund II Ltd.), which invests primarily in CLOs, CMBS and RMBS; (iv) Stone Tower Credit Solutions Master Fund Ltd (together with its two feeder funds, Stone Tower Credit Solutions Fund LP (“Credit Solutions Onshore Fund”) and Stone Tower Credit Solutions Fund Ltd), which invests primarily in private financings and stressed debt; (v) Apollo Credit Strategies Master Fund Ltd. (f/k/a Stone Tower Credit Strategies Master Fund Ltd.), together with its two feeder funds, Apollo Credit Strategies Fund LP (f/k/a Stone Tower Credit Strategies Fund LP) (“Credit Strategies Onshore Fund”) and Apollo Offshore Credit Strategies Fund Ltd. (f/k/a Stone Tower Offshore Credit Strategies Fund Ltd.), which invests primarily in private financings and stressed debt; (vi) Stone Tower Loan Value Recovery Fund LP, which invests primarily in leveraged loans; and (vii) and a number of separately managed accounts which invest primarily in leveraged loans, high yield bonds, stressed and distressed debt, and private financings.

(35) Apollo ST Debt Advisors LLC (f/k/a Stone Tower Debt Advisors): Apollo ST Debt Advisors LLC is a Delaware limited liability company registered with the SEC as an investment adviser, and is controlled by Apollo Capital Management. Apollo ST Debt Advisors LLC provides discretionary investment advice as the investment and collateral manager primarily to structured investment funds including CLOs and CDOs. Apollo ST Debt Advisors LLC also serves as the manager/replacement manager on ABS CDOs comprised of assets consisting of a diverse portfolio of RMBS, CMBS CDOs, monocline-wrapped bonds and other ABS of investment grade and non-investment grade structured finance securities.

(36) Apollo Capital Management: Apollo Capital Management is a Delaware limited partnership that is registered with the SEC as an investment adviser. It controls the Apollo Capital Markets Managers listed in (10) - (35) above. In addition, Apollo Capital Management has been engaged by AAM to serve as sub-manager to one or more accounts to be designated by certain affiliated and unaffiliated third party insurance companies.

(37) Apollo SK Strategic Management, LLC: Apollo SK Strategic Management, LLC is a Delaware limited liability company that serves as the investment manager to Apollo SK Strategic Investments, L.P., a Cayman Islands limited partnership formed for a strategic partnership.

As supervised persons of Apollo Capital Management, the Apollo Capital Markets Managers intend to conduct their activities in accordance with the Advisers Act and the rules thereunder. Any employees of the Apollo Capital Markets Managers and other persons acting on their behalf are and shall be subject to the supervision and control of Apollo Capital Management. The Apollo Capital Markets Managers that are not separately registered with the SEC as investment advisers are relying on Apollo Capital Management's registration under the Advisers Act, are each "relying advisers" pursuant to SEC staff guidance, and are not registering themselves.

Certain inherent conflicts of interest arise from the fact that: (1) AGREM will provide investment management services to more than one Client; (2) Clients may have one or more overlapping investment objectives; and (3) AGREM is affiliated with other Apollo Managers that provide investment management services to Apollo Funds that also may have overlapping investment objectives. Also, the portfolio strategies employed by AGREM for current and future Clients and by Apollo Managers for other Apollo Funds could conflict with the strategies employed by AGREM for current and future Clients, and may affect the prices and availability of the securities and other assets in which such Clients invest. Certain Clients have similar investment strategies, and participation in specific investment opportunities may be appropriate for more than one Client. In such case, participation in such opportunities will be allocated pursuant to AGREM's allocation policy and procedures, as further discussed in Item 6. Such considerations may result in allocations of certain investments among the Clients of AGREM and certain other Apollo Funds on an other than a *pari passu* basis.

Additional conflicts of interest may arise because Apollo partners and principals (including AGREM personnel) may serve as directors of the companies in which Apollo Funds invest. In addition to any fiduciary duties the Apollo partners and principals owe to the Apollo Funds, as directors of portfolio companies, these Apollo partners and principals owe fiduciary duties to the shareholders of the portfolio companies, which in many cases are the Apollo Funds, and to persons other than Clients. In general such director positions are often important to Clients' (and any other Apollo Funds with an investment focus on private equity) investment strategies and may have the effect of enhancing the ability of AGREM and its affiliates to manage investments. However, such positions may have the effect of impairing the ability of AGREM to sell the related securities when, and upon the terms, it may otherwise desire. In addition, such positions may place the Apollo partners and principals in a position where they must make a decision that is either not in the best interests of Clients or not in the best interests of the shareholders of the portfolio company. Should an Apollo partner or principal make a decision that is not in the best interest of the shareholders of a portfolio company, such decision may subject AGREM and the Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify AGREM and its partners and principals from such claims. In addition, because of the potential conflicting fiduciary duties, AGREM may be restricted in choosing investments for Clients, which could negatively impact returns received by Clients.

The Apollo Real Estate Managers and their personnel may have conflicts in allocating their time and services among Clients. The Apollo Real Estate Managers' personnel may provide services to other Apollo Funds and Apollo's other existing and potential business activities. None of the Clients will have an interest in such investments or other investment funds organized or

sponsored by the Apollo Real Estate Managers or Apollo. It is possible that the investments held by such other Apollo Funds may be competitors of the Clients.

A principal or employee of an Apollo Real Estate Manager or a related person may, from time to time, serve as a director or acquire observer rights with respect to portfolio companies, the securities of which are purchased on behalf of Clients. In the event that an Apollo Real Estate Manager or a related person: (i) obtains material non-public information in such capacity with respect to any such company or (ii) is subject to trading restrictions pursuant to the internal policies of such company, the Apollo Real Estate Managers may be prohibited from engaging in transactions with respect to the securities or instruments of such company. Such a prohibition may have an adverse effect on Clients of the Apollo Real Estate Managers.

Apollo currently operates without ethical screens or information barriers that other firms implement to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks from Apollo's decision not to implement such screens, Apollo maintains a Code of Ethics, as described in Item 11, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under Apollo's policies and procedures. In addition, Apollo's Chief Compliance Officer maintains a list of restricted securities as to which Apollo may have access to material non-public information and in which Apollo Funds are not permitted to trade. In the event that any employee of Apollo obtains such material non-public information, AGREM may be restricted in acquiring or disposing investments on behalf of its Clients, which could impact the returns generated for its Clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in the Apollo Real Estate Managers or Apollo, or one of their investment professionals, buying or selling a security while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the Apollo Real Estate Managers' reputation, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact the Apollo Real Estate Managers' ability to perform their investment management services to Clients. In addition, while Apollo currently operates without information barriers on an integrated basis, Apollo could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, Apollo's ability to operate as an integrated platform could also be impaired, which would limit the Apollo Real Estate Managers' access to Apollo personnel and impair their ability to manage Clients' investments in the manner it currently manages investments.

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Apollo Real Estate Managers, their affiliates, and their personnel. AGREM will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances. Affiliates of the Apollo Real Estate Managers may invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of a Client. The Apollo Real Estate Managers' affiliates may give advice or take action for their own accounts that may differ from, conflict with, or be

adverse to, advice given to or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Clients. Potential conflicts also may arise due to the fact that the Apollo Real Estate Managers' affiliates may have investments in some Clients but not in others or may have different levels of investments in the various Clients, and that each of the Clients may pay different levels of fees.

Apollo, together with the Apollo Funds, engages in a broad range of business activities and invests in portfolio companies whose operations may be substantially similar to and/or competitive with the portfolio companies in which Clients have invested. The performance and operation of such competing businesses could conflict with and adversely affect the performance and operation of a Client's portfolio companies, and may adversely affect the prices and availability of business opportunities or transactions available to such portfolio companies. Clients will not be acquiring an interest in such Apollo Funds or competing portfolio companies, nor will they be entitled to a share of any profits generated by such entities. Apollo will seek to resolve conflicts in a manner that Apollo determines in its sole discretion to be fair and equitable.

In addition, the Apollo Real Estate Managers or another Apollo Manager may give advice or take action with respect to the investments of one or more Clients that may not be given or taken with respect to other Clients with similar investment programs, objectives, and strategies. Accordingly, the Clients with similar strategies may not hold the same securities or instruments or achieve the same performance. The Apollo Real Estate Managers or another Apollo Manager also may advise Clients with conflicting investment objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients.

The Apollo Real Estate Managers and their affiliates may also have ongoing relationships with companies whose securities have been acquired by, or are being considered for investment by, Clients. From time to time, the Apollo Real Estate Managers may acquire securities or other financial instruments of an issuer for one Client which are senior or junior securities or financial instruments of the same issuer that are held by, or acquired for, another Client or Apollo Fund (e.g., one Client may acquire senior debt while another Client or Apollo Fund may acquire subordinated debt). For example, in the event such issuer enters bankruptcy, the Client holding securities which are senior in bankruptcy preference may have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to the Client, and as a fiduciary, the applicable Apollo Real Estate Manager would have an obligation to pursue such remedy on behalf of the Client. As a result, a Client holding assets of the same issuer which are more junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and may suffer a loss. The Apollo Managers recognize that conflicts may arise under such circumstances and will endeavor to treat all Apollo Funds fairly and equitably. To that end, the Apollo Managers have adopted procedures that are designed to enable the Apollo Managers to address such conflicts and to ensure that the Apollo Funds are treated fairly and equitably. No Client may acquire securities or other interests of a class that is senior or junior to a class of securities of an issuer already held by another Client unless the disclosure and governing documents for each of the affected Clients contemplate such an investment practice and contain appropriate risk and conflict disclosures.

AAM

AAM is affiliated with AGREM and controlled by Apollo. Certain members of AAM's management, including its Chief Executive Officer, have equity ownership interests in both AAM and Athene Holding and may also be officers of Athene Holding and/or its subsidiaries (together, the "Athene Group"). AAM acts as investment manager to certain insurance and reinsurance company subsidiaries of Athene Holding, certain reinsurance accounts related to such subsidiaries and certain unrelated third party insurance companies. AAM, either directly or through the use of subadvisers, including certain Apollo Real Estate Managers and Apollo Managers, invests primarily in fixed income and alternative investments.

Pursuant to the terms of an investment management agreement, AAM currently charges subsidiaries of Athene Holding monthly management fees that are based on a percentage of assets under management ("Athene Management Fee"). The Athene Management Fee is generally payable to AAM monthly or quarterly in arrears. Athene Holding has also agreed to reimburse AAM for any financial losses incurred to the extent that any such reimbursed amounts, together with all Athene Management Fees paid by Athene Holding directly or indirectly, do not exceed certain thresholds. In addition to the Athene Management Fee, AAM allocates certain AAM employee expenses to Athene Holding or its subsidiaries for services provided by such employees and investment management services, such as risk management, corporate governance, executive management, marketing and information technology services. From time to time, subsidiaries of Athene Holding may agree to amend the Athene Management Agreement, which may include paying AAM higher management fees and/or entering into similar arrangements with other Apollo Managers. Moreover, as further described below, Apollo may be able to cause Athene Holding to agree to raise AAM's fees with respect to Athene Holding and/or its subsidiaries. Such amendments or similar arrangements would be subject to the Conflicts Test (as described below).

In addition to the Athene Management Fee, AAM generally has the authority to hire sub-advisers and to agree to the fees and other remuneration payable to such sub-advisers (subject to the Conflicts Test). In connection therewith, AAM has hired certain Apollo Managers to act as sub-advisers for certain asset classes and may hire additional Apollo Managers in the future with respect to other asset classes (subject to the Conflicts Test). In connection with such services, certain Apollo Managers receive sub-advisory fees payable by the Athene Group.

AAM may also provide discretionary investment advisory services to certain third party insurance companies that are not affiliated with Apollo. Fees charged by AAM to such unaffiliated insurance companies are individually negotiated and established pursuant to each company's investment management agreement. Such companies may or may not agree to allow AAM to appoint sub-advisers and/or may not agree to pay for the additional fees and/or expenses of such sub-advisers. To the extent that Clients do not permit AAM to use sub-advisers and/or to pay the fees and expenses of any such sub-adviser, AAM may manage the Client's account without the use of sub-advisers, including Apollo affiliated investment advisers. As a result, such Client's asset allocation and performance may differ materially from Client's that agree to pay the fees and expenses of such sub-advisers.

Members of the Athene Group have invested in, and in the future may also invest in alternative investments including Apollo Funds. Examples of existing investments in Apollo Fund investments include: two leveraged commercial mortgage backed securities vehicles; a life-settlements fund; a European senior debt fund; a vehicle focusing on Asian micro-loans; a vehicle formed to acquire prime London real-estate; and the equity tranches of two collateralized loan obligation issuers. Apollo will be entitled to receive various forms of consideration with respect to each fund, including management fees, portfolio fees, closing fees, carried interest and/or employment expense reimbursement.

Affiliates of Apollo may also advise members of the Athene Group on certain proposed financial transactions, acquisitions, and other matters related to their strategic interests and will receive fees as consideration for such services pursuant to the terms of a transaction services agreement (“Services Agreement”). Pursuant to such Services Agreement, members of the Athene Group have agreed jointly and severally to pay a quarterly fee based on a percentage of the capital and surplus of Athene Holding (exclusive of certain reimbursements for out-of-pocket expenses) plus a percentage of the aggregate consideration for value paid or provided by Athene Holding and/or its subsidiaries in connection with the closing of any merger, acquisition or similar transaction. In addition, affiliates of Apollo may be entitled to receive a closing fee from Athene Holding equal to a percentage of the amount set forth in each capital call notice delivered to investors under the subscription agreements for certain shareholders of Athene Holding. Upon a qualified initial public offering or a sale, Athene Holding shall jointly pay affiliates of Apollo a lump-sum amount equal to the net present value of any remaining quarterly advisory fees owed from the date of such qualified initial public offering or sale, as applicable, until the expiration of the term of the Services Agreement.

Due to the voting structure of Athene Holding and because certain employees of Apollo control a vehicle that holds the non-economic, voting shares of Athene Holding and that possesses one hundred percent (100%) of the voting control over Athene Holding, including control of its Board of Directors, the potential exists for Apollo to cause members of the Athene Group to enter into transactions that may benefit Apollo (including AAM) at the possible detriment to Athene Holding’s shareholders. In order to mitigate any potential conflicts of interest that may arise, the Third Amended and Restated Shareholders Agreement of Athene Holding (the “Shareholders Agreement”) requires the creation of a conflicts committee (“Conflicts Committee”). The purpose of the Conflicts Committee is to provide consent, if appropriate, to certain conflicts of interest regarding transactions involving Athene Holding and/or its subsidiaries and Apollo and its affiliates, including AAM. The Conflicts Committee consists of the Chief Executive Officer of Athene Holding and AAM, the Chief Executive Officer of Athene Life Re Ltd., a subsidiary of Athene Holding, an independent director and two directors designated by investors controlled by Apollo. The two members of the Conflict Committee designated by Apollo represent the interests of two Athene Holding institutional investors. Nevertheless, Apollo’s ability to designate Conflict Committee members may significantly influence the Conflicts Committee with respect to Athene Holding businesses that may compete directly with or do business with Apollo businesses.

Not all potential Apollo conflicts are subject to the approval of the Conflicts Committee (for example, non-material transactions or transactions that are less likely to be on terms that are less advantageous to the Athene Group than can be obtained through arms-length negotiations are not required to be reviewed by the Conflicts Committee). However, the Amended and Restated By-Laws of Athene Holding require that entering into new (or amending existing) transactions between Apollo (and its subsidiaries) and Athene Holding (and its subsidiaries) be, at the time such transaction is approved, (i) fair and reasonable, taking into account the totality of the relationship between the parties involved (including other transactions that may be or have been particularly favorable or advantageous to the Athene Group), or (ii) on an arms-length basis, or (iii) approved by the disinterested directors of Athene Holding, or (iv) approved by the holders of a majority of the issued and outstanding Class A common shareholders of Athene Holding, or (v) approved by the Conflicts Committee (the “Conflicts Test”). Additionally, Athene Holding must maintain a log of all contracts, agreements and arrangements that its board of directors, acting in its sole discretion, deems to involve a potential conflict of interest with Apollo, and shareholders may review such log from time to time upon reasonable request.

Because certain Apollo Funds and portfolio companies have similar investment programs and/or engage in similar business objectives and strategies as Athene Holding, Apollo may identify opportunities that are appropriate and fall within the investment or business objectives of Athene Holding as well as the Apollo Funds and portfolio companies.

To the extent that the Apollo Funds may pay higher fees and/or carried interest to Apollo, Apollo may be incentivized to allocate investment opportunities to such Apollo Funds. With respect to the categories of investments which are managed by Apollo, Apollo will make such investments in accordance with Apollo’s allocation policies as then in effect from time to time, which allocation policies are intended to satisfy Apollo’s fiduciary duties to all of its Clients under the Advisers Act.

Apollo Funds may engage in cross trades (as defined below) with the Athene Group. In addition, AAM may effect cross trades between its Clients from time to time, including between different members of the Athene Group, between a member of the Athene Group and an unaffiliated third party client, between unaffiliated third party clients and/or between AAM’s Clients and Apollo Clients. The potential conflicts of interest associated with such cross trades are addressed in Item 11.

From time to time, there may be different investment teams for AAM and Apollo respectively investing in the same strategies for different Clients. Where Apollo Managers source investment opportunities, allocations of such investment opportunities are made across all suitable Clients. However, where Athene investment teams, including employees of AAM, source a particular investment opportunity, AAM and Apollo investment teams function independent of each other and do not share investment opportunities. As a result, in certain situations Clients may compete for the same investment opportunities, potentially disadvantaging the competing Clients. These situations deviate from the general allocation policies described in Item 6.

In addition, certain Apollo Funds may own the same securities and other financial instruments that AAM has selected for its Clients. The Apollo Funds may acquire such securities at different

times and/or different prices than Athene Holding and its subsidiaries or other AAM Clients and may acquire different classes of securities of the same issuer (e.g., an Apollo Fund owns subordinated debt and an AAM Client owns senior debt in an issuer). Apollo and its affiliates may also make investments that are contrary to the investments made by Athene Holding and its subsidiaries and/or other AAM Clients (e.g., Apollo may take a short position in a security in which Athene Holding or such other AAM Client holds a long position). This may give rise to conflicts of interest regarding the management strategy taken toward such securities held by Athene Holding or such other AAM Clients and the Apollo Funds.

Similarly, certain AAM Clients may acquire the same securities and financial instruments at different times and/or different prices and may acquire different classes of securities of the same issuer. Certain AAM Clients may also make investments that are contrary to the investments made by other AAM Clients. This may also create conflicts of interest regarding the management strategy taken toward such securities held by such AAM Clients.

Other Related Persons

Related persons of the Apollo Real Estate Managers serve as sponsors or syndicators of limited partnerships. Apollo, and certain affiliates of Apollo, serve as general partners of Apollo Funds and are regularly engaged in the business of sponsoring pooled investment vehicles and separately managed accounts. Conflicts of interest associated therewith are discussed above in this Item 10.

Since participation in specific investment opportunities may be appropriate, at times, for more than one Client and for other Apollo Funds, Apollo has established policies and procedures for allocating investment opportunities among the Clients, the Apollo Managers and the Apollo Funds. The procedures have been adopted to ensure that each Client and Apollo Fund is treated in a manner that, over time, is fair and equitable and to take into account the fact that Clients and Apollo Funds tend to have broad investment mandates that may overlap. Please see Item 6 for a more detailed description of Apollo's policies for allocating investment opportunities.

ITEM 11

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

Code of Ethics.

Apollo and the Apollo Managers, including AGREM, have adopted a Code of Ethics (the "Code") designed to ensure compliance with Rule 204A-1 under the Advisers Act. The Code applies to all partners, principals, directors, officers, employees and supervised persons of Apollo (each a "Covered Person"). AGREM and the other Apollo Managers strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. Accordingly, the Code incorporates the following general principles that all Covered Persons are expected to uphold:

- (i) Covered Persons must at all times place the interests of the Apollo Funds first;
- (ii) all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of a Covered Person's position of trust and responsibility must be avoided;
- (iii) Covered Persons must not take inappropriate advantage of their positions;
- (iv) information concerning the identity of securities and financial circumstances of the Apollo Funds, including investors in Apollo Funds, must be kept confidential; and
- (v) independence in the investment decision-making process must be maintained at all times.

Finally, Covered Persons are required to comply with applicable federal securities laws at all times.

Personal Trading Restrictions.

The Code requires that Covered Persons' personal investment activities comply with all applicable laws and regulations. In addition, Covered Persons are required to obtain prior approval for all securities transactions, other than those involving: US Government and municipal securities; exchange-traded funds and closed-end funds; mutual funds (i.e. open ended investment companies); variable annuities; and transactions in fully-managed accounts where Covered Persons or other Relevant Persons (as defined below) significantly contribute. Covered Persons are prohibited from purchasing securities in initial public offerings.

The Code provides that approval will generally not be granted for securities of companies on Apollo's Restricted List. Further, approval will generally not be granted for proposed securities transactions in securities of companies with a market capitalization for the outstanding equity on the date of trade of more than \$100 million and less than \$10 billion. This "market-capitalization band" may be changed from time to time.

Personal Securities Holdings and Transaction Reports.

Subject to limited exceptions, each Covered Person must periodically submit to the Compliance Officer a report of the holdings in the accounts in which the following persons have a direct or indirect beneficial ownership interest or over which the following persons exercise any investment control, influence or discretion: (i) the Covered Person, (ii) any member of the Covered Person's immediate family who resides with the Covered Person or to whose support the Covered Person significantly contributes, which may include the Covered Person's spouse, children, stepchildren, grandchildren, parents, grandparents, stepparents, siblings, persons with whom a Covered Person has an adoptive or in-law relationship or (iii) any other person who may reside with a Covered Person or to whose support a Covered Person significantly contributes. (Each individual identified in clauses (ii) and (iii) a, "Relevant Person").

The holdings reports must contain, at a minimum: (i) the title and type of security, and, as applicable, the exchange ticker symbol or CUSIP number, number of shares and principal

amount of each reportable security in which the Relevant Persons have any direct or indirect beneficial ownership, (ii) the name of any broker, dealer or bank with which the Relevant Persons maintain an account in which any securities are held for the Relevant Person's direct or indirect benefit, (iii) if securities are held other than with a broker, dealer or bank, the location of the securities, and (iv) the date that the Covered Person submits the report to the Compliance Officer.

Each Covered Person must also send to the broker-dealer(s) or financial institution(s) carrying each account a letter authorizing and directing that it forward duplicate monthly statements, as well as any other information or documents as AGREM's Compliance Officer may request, directly to AGREM.

The Code requires each Covered Person to prepare or certify, on at least an annual basis, reports of securities holdings and transactions. Covered Persons may submit monthly account statements instead of providing the above described holdings report.

Material, Non-Public Information.

The Code includes policies and procedures concerning "inside information" (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. Covered Persons are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis. The Insider Trading Policies prohibit the Apollo Real Estate Managers and Covered Persons from trading for Clients or themselves, or recommending trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it.

By reason of their various activities, Apollo Managers may have access to Inside Information and, as a result, be restricted from effecting transactions in certain investments that might otherwise have been initiated. For example, there may be certain cases where the Apollo Managers or their personnel receive Inside Information due to their various activities on behalf of Apollo Funds, which could result in either limited liquidity or in the Apollo Real Estate Managers or their personnel being prohibited from using such information for the benefit of Apollo Funds. The Apollo Managers seek to minimize those cases whenever possible, consistent with applicable law and the Insider Trading Policies, but there can be no assurance that such efforts will be successful and that such restrictions will not occur.

Other Provisions of the Code.

Covered Persons are subject to additional standards of conduct relating to the use of funds and property, conflicts of interest and opportunities belonging to the Apollo Funds, managing investments of related parties, and general standards of conduct including the conduct expected when dealing with Apollo Funds and the investors in Apollo Funds. In addition, Covered Persons are subject to Apollo's Anti-Money Laundering procedures. Covered Persons are required to certify periodically that they have complied with the terms of the Code. Violations of the Code are subject to the imposition of sanctions, up to and including termination.

A copy of the Code will be provided to any Client or prospective Client upon request.

The Apollo Real Estate Managers and their personnel do not purchase any securities for their own accounts from, or sell any securities for their own accounts to, Apollo Funds. However, from time to time, subject to applicable Client investment guidelines and restrictions, the Apollo Real Estate Managers may direct one Client to sell securities to another Client through an internal cross transaction. These “cross transactions” also may occur with other Apollo Funds. Cross trades may be executed with the assistance of a broker-dealer or as an “internal cross” where the Clients’ custodian(s) is instructed to book the transaction at a price determined in accordance with Apollo’s valuation policies. No fees will be charged to Clients in connection with the completion of a cross trade. Cross trades may be viewed as principal transactions due to the ownership interests in the Client by the Apollo Real Estate Managers and their personnel.

Cross transactions and principal transactions may give rise to conflicts of interest between Clients. For example, one Client could be advantaged to the detriment of another Client in the event that the securities being exchanged are not priced in a manner that reflects their fair value. In addition, the Apollo Real Estate Managers could use their investment authority to transfer unappealing securities from one Client to another Client.

To the extent that any such cross transaction may be viewed as a principal transaction due to the ownership interest in the Client by the Apollo Real Estate Managers and their personnel, the Apollo Real Estate Managers will comply with the requirements of Section 206(3) of the Advisers Act and their internal policies and procedures. Specifically, the Apollo Real Estate Managers’ investment professionals must provide notice to, and obtain the approval of, AGREM’s Chief Compliance Office or designee and a member of the legal department, prior to executing a principal trade or cross trade. When reviewing a proposed principal trade or cross trade, the Chief Compliance Officer or designee shall confirm, among other things: (i) that such trade is allowed by the applicable Client’s investment guidelines, (ii) that AGREM’s valuation procedures were followed when pricing the transaction, including obtaining a third-party valuation when appropriate, and (iii) in the case of principal trades, that notice of the specific trade was provided to the Client and written consent from the Client was obtained.

The Apollo Real Estate Managers generally do not co-invest in any of the Apollo Funds. However, Apollo’s principals, officers and employees and certain of Apollo’s affiliates may have direct and indirect investments of their own capital in the Apollo Funds through, for example, employee co-investment vehicles, direct investments, deferred compensation agreements, performance allocation and carried interest. Certain principals of Apollo may become investors in ARI through an equity incentive plan, or through the acquisitions of shares of ARI’s common stock through a private placement. Additionally, the Apollo Real Estate Managers may become an investor in a Client as a result of management fee waiver programs. The existence of the carried interest or performance allocation with respect to Clients may create an incentive for the Apollo Real Estate Managers to make more speculative investments on behalf of Clients than they might otherwise make in the absence of such performance-based compensation. The terms of the carried interest or performance allocation could give the Apollo Real Estate Managers an incentive to make decisions regarding the timing and structure of realization transactions that are not applicable to the interests of investors.

AGREM has put in place Personal Trading Policies and Procedures, as set forth in the Code of Ethics and as discussed more fully above in this Item 11, designed, among other things, to address the conflicts of interest that arise in connection with personal trading.

AGREM's Clients may have similar investment strategies, and participation in specific investment opportunities may be appropriate for more than one Client. If it is not possible to satisfy in full the investment interest of multiple Clients in an investment opportunity, then AGREM will determine each Client's participation in one of the following ways: (i) pro rata allocation or (ii) allocation according to AGREM's allocation policies and procedures which are described more fully in Item 6 and Item 10 above.

ITEM 12

Brokerage Practices

To the extent portfolio transactions are executed by brokers, such brokers will be selected by AGREM in its absolute discretion. In placing portfolio transactions, AGREM must use reasonable diligence to ascertain the "best" market price for all securities bought/ sold in that market so that the price to the Apollo Funds is as favorable as possible under prevailing market conditions. The determinative factor is whether the transaction represents the best qualitative execution for the investor/ fund and not whether the lowest possible commission cost is obtained. AGREM considers the full range of quality of the broker's service in selecting brokers to meet best execution obligations and may not pay the lowest commission rates available. AGREM generally takes the following factors into account to select brokers for portfolio transactions: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution, (iii) the financial strength, integrity and stability of the broker, (iv) the broker firm's risk in positioning a block of securities, (v) the quality, comprehensiveness and frequency of available research services considered to be of value, and (vi) the competitiveness of commission rates in comparison with other brokers satisfying AGREM's other selection criteria. AGREM is not required to weigh any of these factors equally.

The constituent documents of certain Apollo Funds authorize the use of "soft dollars." The term "soft dollars" refers to the receipt by Apollo Managers of products and services provided by brokers without any cash payment by Apollo Managers, based on the volume of revenues generated from brokerage commissions for transactions executed for Apollo Funds. The Apollo Managers may in the ordinary course use "soft dollars" to obtain research products and services. Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers who use "soft dollars" generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to investment managers in the performance of their investment decision-making responsibilities. Although certain Apollo Managers have the discretion to use soft dollars to obtain services and products that would not be within the safe harbor afforded by Section 28(e) of the Exchange Act and for which it would otherwise be required to pay in cash, they have no plans to do so, and will notify the Apollo Funds of any change to that policy.

Consistent with Section 28(e) of the Exchange Act, research products or services obtained with soft dollars generated by one or more Clients may be used by AGREM or another Apollo Manager to service one or more other Clients, including Clients that may not have paid for the benefits. Apollo Managers may not allocate soft dollar benefits to Clients in proportion to the soft dollar credits each Client generates. Apollo Managers do not seek to allocate soft dollar benefits to Clients in proportion to the soft dollar credits each Client generates.

Where a product or service obtained with soft dollars provides both research and non-research assistance, Apollo Managers will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist because the allocation of beneficial services may benefit Apollo Managers in addition to Apollo Clients. Apollo Managers currently have no formal arrangements with broker-dealers with respect to soft dollars, but may receive unsolicited research from broker-dealers that execute Client trades.

If an Apollo Manager determines that the purchase or sale of the same security is in the best interest of more than one Client, the Apollo Manager may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price with transaction costs allocated *pro rata* based on the size of each Client's participation in the order (or allocation in the event of a partial fill) as determined by the Apollo Manager. In the event of a partial fill, allocations generally will be made *pro rata* based on the initial order, but may be modified on a basis that the Apollo Manager deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. This may result in allocations of certain investments on other than a *pari passu* basis.

ITEM 13

Review of Accounts

The portfolio managers across the Clients managed by AGREM and the Apollo Real Estate Managers engage in ongoing monitoring of each investment. In addition, AGREM and the Apollo Real Estate Managers conduct periodic reviews of Client accounts in order to assess trends that may impact an individual investment's ability to generate cash, profitability, asset values, financing needs, potential liability and ability to service any debts.

The Investment Practices Committee of Apollo (the "IPC") meets on a quarterly basis to review portfolio management and investment processes and related documents evidencing compliance with written policies and procedures for all Apollo Funds. Generally, the IPC provides oversight of issues relating to the investment and trading of Apollo Funds, such as allocations and best execution. The IPC ensures certain management reports and certifications are reviewed by members of Apollo's Compliance, Finance, Operations and Legal Departments.

The Apollo Real Estate Funds (other than ARI) generally deliver on a quarterly basis to investors a report which includes a portfolio summary, market outlook, the net asset value of portfolio investments and financial statements, and on an annual basis, financial statements.

As a result of ARI's public offering of its common stock, ARI is subject to the information and reporting requirements of the Exchange Act. ARI files periodic reports and proxy statements. Annual reports containing audited financial information for each year and quarterly reports for the first three quarters of each fiscal year containing unaudited interim financial information are available to stockholders.

ITEM 14

Client Referrals and Other Compensation

Neither AGREM nor the Apollo Real Estate Managers compensate any person who is not a supervised person, including solicitors or placement agents, for Client referrals. However, AGREM and/or the Apollo Real Estate Managers may enter into arrangements with, and compensate, solicitors for investor referrals to the Funds. These solicitation arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of Rule 206(4)-3 under the Advisers Act, which applies to Clients. Generally, the terms of such arrangements will vary but call for the Apollo Real Estate Manager to pay the solicitor a fee equal to a percentage of capital contributions, management fees, incentive fees, incentive allocations or a combination of such contributions or fees borne by each investor introduced to an Apollo Fund by the solicitor.

ITEM 15

Custody

AGREM and the Apollo Real Estate Managers generally are deemed to have custody of Client funds and securities (other than those of ARI) because they have the authority to obtain Client funds or securities, for example because: (1) they have affiliated entities that act as (i) the general partner of a Client formed as a limited partnership or (ii) the managing member of a Client formed as a limited liability company; or (2) they have the authority to withdraw Client funds from an account or withdraw Client fees. Qualified custodians send Client account statements to AGREM and/or the Apollo Real Estate Managers.

AGREM is subject to, and complies with, Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). With respect to the Apollo Real Estate Funds (other than ARI), AGREM is deemed to have complied with the Custody Rule because each Apollo Fund is audited at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and each Apollo Real Estate Fund distributes its audited financial statements to all investors no later than 120 days after the end of the Fund's fiscal year.

With respect to ARI, AGREM and ACREFI are not required to comply with the Custody Rule because ARI is an investment company registered with under the Investment Company Act.

ITEM 16

Investment Discretion

AGREM and the Apollo Real Estate Managers have full discretionary authority with respect to investment decisions, and their advice with respect to the Apollo Real Estate Funds is provided in accordance with the investment objectives and guidelines as set forth in their respective offering memoranda and constituent documents. The offering documents of the Apollo Real Estate Funds generally place limitations on the Apollo Real Estate Managers regarding their management of the Apollo Real Estate Funds, including: (i) the number of portfolio investments that the Apollo Real Estate Funds may acquire; (ii) the size of portfolio investments; (iii) the amount of leverage that the Apollo Real Estate Funds may use to acquire portfolio investments; and (iv) the percentage of portfolio investments acquired by the Apollo Real Estate Funds that are organized and operated primarily outside of the United States. Limited partners in the Apollo Real Estate Funds may also negotiate with the general partners in side letter agreements for more specific limitations applicable to the limited partner, such as prohibited investments in specified countries. AGREM is delegated the authority to consummate investments on behalf of the Apollo Real Estate Funds by the terms of the limited partnership agreements of the Apollo Real Estate Funds, and the investment management agreements entered into between the Apollo Real Estate Funds and the relevant Apollo Real Estate Manager.

Similarly, AGREM's investment decisions and advice with respect to a managed account will be in accordance with the investment objectives and guidelines in such managed account's investment management agreement, as well as any other instructions provided by the Client to AGREM.

ACREFI has formed an investment committee (the "ACREFI Investment Committee") that will advise and consult with ACREFI's senior management team with respect to ARI's investment strategy, investment portfolio holdings, sourcing, financing and leverage strategies, and investment guidelines, and will approve ARI's investments. All investments by ACREFI require the approval of the ACREFI Investment Committee. While ACREFI manages ARI's investment portfolio pursuant to broad investment guidelines, ACREFI has discretionary authority with respect to individual investment decisions, which do not require the approval of ARI's board of directors.

ITEM 17

Voting Client Securities

The Apollo Real Estate Managers have been delegated the authority to vote proxies regarding their Client accounts. The Apollo Real Estate Managers may have conflicts of interest where they have a substantial business relationship with a company and the failure to vote in favor of company management could harm the Apollo Real Estate Managers' relationship with management. Conflicts may also arise in the event a senior executive of a company and principal of Apollo has a significant personal relationship that could affect how the adviser would vote on a matter relating to the company.

The Apollo Real Estate Managers have adopted and implemented policies and procedures which they believe are reasonably designed to ensure that the Apollo Real Estate Managers vote proxies in the best interests of their Clients. For example, if an Apollo representative sits on the board of directors of a company that is the subject of a proxy, the Chief Compliance Officer or designee will undertake a review prior to any vote by the proxy recipient to determine whether a material conflict of interest exists between the applicable Apollo Real Estate Manager and the interests of its Client or between such Apollo Real Estate Manager and its Client and the company shareholders. In the event that a material conflict of interest is identified, the Chief Compliance Officer or designee will take such steps as he or she deems necessary in order to determine how to vote the proxy in the best interests of the Client, including, but not limited to, consulting with the legal department, outside counsel, a proxy consultant or the investment professionals responsible for the relevant portfolio company. In each instance, when exercising their voting discretion, the Apollo Real Estate Managers seek to avoid any direct or indirect conflict of interest between their Clients and their voting decision.

A copy of the proxy voting policy is available to Clients upon request. Further, upon request, Clients will be provided with a record of how proxies have been voted.

ITEM 18

Financial Information

This Item 18 is not applicable. AGREM is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19

Requirements for State-Registered Advisers

This Item 19 is not applicable.